Rent the Runway Announces Corporate Debt Restructuring

January 31, 2023

Transaction enhances Rent the Runway's ability to pursue its growth goals by extending maturity to October 2026 and reducing cash interest payments significantly

NEW YORK, Jan. 31, 2023 (GLOBE NEWSWIRE) -- Rent the Runway, Inc. ("Rent the Runway" or "RTR") (Nasdaq: RENT), the largest shared designer closet, today announced that it has amended its credit facility with the existing lender and administrative agent ("Existing Lender"), as noted in our disclosed regulatory filings. The amended facility extends the maturity date from October 2024 to October 2026, reduces cash interest payments, and amends certain other terms, as described below (the "Amended Facility").

The combination of the extended maturity and reduced cash interest payments, totaling over $20M in cash during the next two years, provides significant strategic flexibility, strengthening Rent the Runway's financial profile, cash flow trajectory and ability to fund profitable growth. The Amended Facility complements the steps Rent the Runway has already taken to significantly improve its cost structure and profitability, such as reducing its fixed cost base, transforming the capital efficiency of its product acquisition and changing its subscription programs, which have resulted in doubling of gross margins since 2019 to 41% in Q3'22.

"We are thrilled to close Rent the Runway's 2022 fiscal year with this important milestone, yet another proofpoint of our commitment to balancing robust growth with profitability. The Amended Facility significantly improves our credit position and cash interest obligations over the next several years, and, we believe, bolsters our path to free cash flow profitability in the medium term," said Scarlett O'Sullivan, CFO of Rent the Runway.

"We believe this extension in maturity and reduction in cash interest is transformative to our strategic plans and puts RTR in an even better position to reach our growth and profitability goals and capture the large opportunity we see ahead," said Jennifer Hyman, Co-Founder, Chair and CEO of Rent the Runway.

The key terms of the Amended Facility include:

- **2-Year Maturity Date Extension:** From October 2024 to October 2026
- **Cash Interest Rate Reduction:** Previously 12% total interest (consisting of 7% cash and 5% paid in kind) revised as follows: 2% cash interest from February 1, 2023 through July 31, 2024, increasing to 5% cash interest for the remaining lduration of the term (with the remainder of the total interest in each period to be paid in kind). The total interest rate wil remain unchanged at 12% through January 31, 2024, subsequently increasing 1% annually.
- **New Warrants:** Existing Lender will receive warrants to purchase two million shares of RTR's Class A Common Stock at $5.00/share strike price.
- **Board of Directors Observer Seat:** Existing Lender will continue to maintain one observer seat, as they have done since 2018.
- **Certain other clarifications and updates**

Other key provisions of the Amended Facility remain unchanged from the existing facility, including the minimum liquidity covenant of $50M.

Additional information about the Amended Facility can be found in the Current Report on Form 8-K filed by RTR with the SEC today and available on the RTR's Investor Relations website (investors.renttherunway.com).

About Rent the Runway
Founded in 2009, Rent the Runway is disrupting the trillion-dollar fashion industry and changing the way women get dressed through the Closet in the Cloud, the world's first and largest shared designer closet. RTR's mission has remained the same since its founding: powering women to feel their best every day. Through RTR, customers can subscribe, rent items a-la-carte and shop resale from over 800 designer brands. The Closet in the Cloud offers a wide assortment of millions of items for every occasion, from evening wear and accessories to ready-to-wear, workwear, denim, casual, maternity, outerwear, blouses, knitwear, loungewear, jewelry, handbags, activewear, ski wear, home goods and kidswear. RTR has built a two-sided discovery engine, which connects deeply engaged customers and differentiated brand partners on a powerful platform built around its brand, data, logistics and technology. Under CEO and Co-Founder Jennifer Hyman's leadership, RTR has been named to CNBC's "Disruptor 50" five times in ten years, and has been placed on Fast Company's Most Innovative Companies list four times, while Hyman herself has been named to the "TIME 100: Most Influential People in the World" and as one of People Magazine's "Women Changing the World."

Cautionary Statement Regarding Forward-Looking Statements
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical fact, including statements related to Rent the Runway's financial profile, future cash runway and interest payments, future growth and profitability goals, market opportunities, and shareholder value. Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission, including in the section entitled "Risk Factors" in Rent the Runway's Quarterly Report on Form 10-Q for the quarter ended October 31, 2022, and subsequent reports that Rent the Runway files with the Securities and Exchange Commission. Forward-looking statements represent Rent the Runway's beliefs and assumptions only as of the date of this release. Rent the Runway disclaims any obligation to update forward-looking statements, except as required by law.

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