Rent the Runway Permanently Adds Extra Item to Every Subscription Shipment, Meaningfully Investing in Customer Experience

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Company Ushers in Its “Era of Extra” Focused on Delivering More Value to the Customer

NEW YORK, March 06, 2023 (GLOBE NEWSWIRE) -- Rent the Runway, Inc. (“Rent the Runway” or “RTR”) (Nasdaq: RENT), the world’s first and largest shared designer closet, today announced that it is evolving its customer experience by permanently adding an extra item to every shipment of its iconic rental subscription program, the first move in what the company is calling its “Era of Extra” focused on continued investment in the customer. This means, for example, that subscribers who are currently in Rent the Runway’s most popular 8-item, 2-swap plan will now receive 10 items per month, or 25 percent more value for the same price.

This latest effort is one of many RTR plans to introduce in fiscal 2023 and beyond to reinvest in and reimagine the customer experience by delivering even greater value to subscribers. As a service that is used multiple times a week by many customers, Rent the Runway’s focus is to make the customer journey as efficient and delightful as possible.

“We believe that there is strategic value in giving her more items in her subscription, because we have seen from years of testing that providing an additional item drives higher loyalty and engagement,” said Jennifer Hyman, Co-Founder and CEO of Rent the Runway. “Especially at a time when consumers are doing the math on what they spend and many companies are taking away rather than giving back, we are confident that this is the right move for our customer and for our business. The more items she receives from RTR, the more she wears. When she rents more frequently, we believe that she is more likely to widen her use cases, share RTR more with her friends and be a subscriber longer.”

While this is the first time an additional item will be permanently part of its subscription offering, Rent the Runway has seen benefits to retention, rejoin and referral rates during temporary extra-item promotions in historical testing. The company has also seen engagement benefits, like an increase in the number of items a subscriber wears and an increase in the number of items she buys from RTR.

Rent the Runway’s extensive work over the past three years to transform the financial profile of the business and improve the capital efficiency of its inventory acquisition programs has enabled this benefit to customers. “The significant improvements we have driven in our gross margin and continued fulfillment and inventory acquisition efficiencies allow us to provide this value to customers with minimal impact on our gross margins," said Scarlett O’Sullivan, Chief Financial Officer, Rent the Runway. “We also expect to continue to deliver higher fixed cost leverage, and improving Adjusted EBITDA and Free Cash Flow margins as we scale subscribers and revenue."

Rent the Runway plans to provide more details about the anticipated impact of this launch when it announces its fourth quarter 2022 and fiscal year 2022 results next month.

The “Era of Extra” will come to life in a 360, full funnel marketing campaign launching today and planned throughout the next several months. As the centerpiece of this initiative, the brand has engaged an army of creators and real-life customers as brand ambassadors to bring to life the benefit of experiencing more Rent the Runway every day. The creators will activate across social media platforms including Instagram and TikTok, and span geographies, ages and interests. New and existing Rent the Runway subscribers will also see surprises like in-shipment gifts and online perks from brand partners, as well as a new content series for making the most of an RTR subscription.

This month, RTR also plans to introduce new product features to make finding and choosing items for shipments easier and more intuitive. For example, RTR expects that customers will soon be able to rent the complete outfit as styled on RTR’s site, and more quickly navigate to similar available items. Additionally, the brand continues to launch new designers like Favorite Daughter, Coperni and Cara Cara, and is adding depth in styles across popular brands including Ulla Johnson, Staud, Reformation and more to ensure customers can experience more RTR across all their reasons for getting dressed.

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 customer experience and satisfaction levels, future product plans and strategies, anticipated benefits of the “Era of Extra” campaign and fixed cost leverage, Adjusted EBITDA and Free Cash Flow margin goals. Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from expectations, including our ability to manage our growth and compete effectively, changes in consumer discretionary spending, our ability to attract new and retain existing customers, and our ability to manage inventories. 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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