

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 11, 2023**

**Rent the Runway, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-40958**  
(Commission  
File Number)

**80-0376379**  
(IRS Employer  
Identification Number)

**Rent the Runway, Inc.**  
10 Jay Street  
Brooklyn, New York 11201  
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: **(212) 524-6860**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.001 par value per share	RENT	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On April 12, 2023, Rent the Runway, Inc. (the “Company”) issued a press release announcing its financial results for the quarter and year ended January 31, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated by reference.

Information in Exhibit 99.1 of this Form 8-K shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise incorporated by reference into any filing pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise expressly stated in such filing.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On April 11, 2023, Scarlett O’Sullivan resigned as the Company’s Chief Financial Officer, effective May 25, 2023 (the “Transition Date”). On April 11, 2023, in connection with Ms. O’Sullivan’s resignation, the Company’s Board of Directors appointed Siddharth Thacker as the Company’s new Chief Financial Officer, effective on the Transition Date. Mr. Thacker will succeed Ms. O’Sullivan as the principal financial officer and principal accounting officer as of the Transition Date.

Mr. Thacker, age 46, previously served as the Company’s Senior Vice President, FP&A since July 2022. From January 2020 to March 2022, Mr. Thacker served as an Investment Partner at Coalition Investment Partners, an alternative asset manager. From June 2018 to January 2020, Mr. Thacker served as CEO of SAR Capital Advisors, LP, an investment advisory firm, and from August 2011 to December 2017, he served as Founder, CEO and CIO of Signpost Capital Advisors, LP, an investment advisory firm. Mr. Thacker holds a BA from Oberlin College and an MBA from Harvard Business School.

In connection with his appointment, the Company has entered into an offer letter amendment with Mr. Thacker, dated April 11, 2023 (the “Thacker Agreement”). The Thacker Agreement provides that, effective as of April 15, 2023, Mr. Thacker’s annual base salary will be increased from \$350,000 to \$475,000; he shall be eligible to participate in the fiscal year 2023 executive bonus program with a target bonus opportunity of 38% of his base salary; and notwithstanding anything to the contrary in the Company’s Amended and Restated Executive Severance Plan (the “Severance Plan”) or his previous participation letter, Mr. Thacker shall be eligible to participate in the Severance Plan at the level of “Executive Officer Group” for purposes of any severance benefits payable thereunder.

In addition, the Company’s Compensation Committee determined to grant Mr. Thacker an award of 425,000 restricted stock units (“RSUs”) in connection with his promotion, which will be effective immediately following the effectiveness of the Company’s next Form S-8 Registration Statement. The RSUs will vest as to 1/12 of the underlying shares on each quarterly anniversary of March 15, 2023 such that the RSUs will be fully vested on March 15, 2026, subject to his continued service through the applicable vesting dates.

In addition, in connection with Ms. O’Sullivan’s transition, the Company has entered into a Transition Agreement with Ms. O’Sullivan, dated April 11, 2023 (the “Transition Agreement”). The Transition Agreement provides that, following her resignation as Chief Financial Officer on the Transition Date, Ms. O’Sullivan will serve as a consultant advisor to the Company through August 25, 2023 (or such later date as may be mutually agreed to by the Company and Ms. O’Sullivan) (such period, the “Advisory Period”). As consideration for her provision of advisory services through the end of the Advisory Period, her execution and non-revocation of a release of claims and continued compliance with any applicable restrictive covenant obligations, Ms. O’Sullivan will be entitled to: (i) continued base salary payments for twelve months following the Transition Date, payable in accordance with the Company’s regular payroll practices, (ii) her annual bonus for fiscal year 2023, determined based on actual performance achievement and prorated for the portion of the fiscal year Ms. O’Sullivan served through the Transition Date, payable when fiscal year 2023 bonuses are payable to other executives of the Company, and (iii) payment of the costs of COBRA premiums for her and her covered dependents through May 31, 2024 (or, if earlier, the date upon which Ms. O’Sullivan is no longer eligible for COBRA continuation coverage).

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In addition, the Transition Agreement provides that (i) the post-termination exercise period of all outstanding vested options held by Ms. O'Sullivan as of the last day of the Advisory Period will extend through the last day of the original term of such options, (ii) any outstanding time-based equity awards that would have become vested on or prior to May 25, 2024 had Ms. O'Sullivan remained a service provider through such date will accelerate and vest as of the earlier of (x) the last day of the Advisory Period and (y) immediately prior to any stock option exchange program implemented by the Company (such date, the "Accelerated Vesting Date"), and (iii) Ms. O'Sullivan will be permitted to participate in any stock option exchange program implemented by the Company, subject to approval of such exchange program by the Company's Board and stockholders, on the same terms as other eligible participants except that only Ms. O'Sullivan's outstanding vested stock options held as of the Accelerated Vesting Date may be exchanged and all restricted stock units received by Ms. O'Sullivan in connection with such an exchange will be fully vested as of the grant date.

The foregoing summary of the terms of the Thacker Agreement and the Transition Agreement are qualified in their entirety by reference to the complete text of the Thacker Agreement and the Transition Agreement, respectively, copies of which are filed as Exhibit 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated by reference herein.

**Item 7.01 Regulation FD Disclosure.**

The slides for the Company's earnings presentation on April 12, 2023 for the quarter and year ended January 31, 2023 is available through the "Events & Presentations" page of the Company's investor relations website at [investors.renttherunway.com](http://investors.renttherunway.com).

In addition, the Company will be participating in various upcoming meetings with investors and analysts. A copy of the Company's presentation materials that may be used at these meetings is labeled "Company Overview" and is available through the "Events & Presentations" page of the Company's investor relations website at [investors.renttherunway.com](http://investors.renttherunway.com).

The information in Item 7.01 of this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">Offer Letter Amendment, between the Company and Siddharth Thacker, dated April 11, 2023.</a>
10.2	<a href="#">Transition Agreement, between the Company and Scarlett O'Sullivan, dated April 11, 2023.</a>
99.1	<a href="#">Press Release issued by Rent the Runway, Inc. on April 12, 2023</a>
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**RENT THE RUNWAY, INC.**

By:           /s/ Cara Schembri            
Cara Schembri  
General Counsel and Corporate Secretary

Date: April 12, 2023



April 11, 2023

Siddharth Thacker  
Delivered via email

Re: Amendment to Offer Letter

Dear Sid,

This letter (this "Letter Agreement") is intended to amend certain terms of the offer letter, dated June 14, 2022, between Rent the Runway, Inc. (the "Company") and you (the "Offer Letter"). The Offer Letter is amended as follows:

1. Effective May 25, 2023, you will serve in the position of Chief Financial Officer, reporting to Jennifer Hyman.
2. Commencing April 15, 2023, your salary will be \$475,000 per year, payable in accordance with the Company's standard payroll processes, subject to tax and other withholdings as required by law.
3. You will be eligible to receive an annual cash incentive bonus in fiscal year 2023 with a target opportunity of 38% of your base salary. This will be based on Company performance metrics, as determined by the Compensation Committee of the Board of Directors. For the avoidance of doubt, the annual bonus for fiscal year 2023 will not be pro-rated.
4. Notwithstanding anything to the contrary in the Company's Amended and Restated Executive Severance Plan (the "Severance Plan") or the previous participation letter entered into by you, as a condition to receiving the benefits under this Letter Agreement you shall enter into a new participation letter under the Severance Plan, substantially in the form attached as Exhibit A, which shall supersede your prior Severance Plan participation letter.
5. The Company will grant you an award of 425,000 restricted stock units under the Company's Amended and Restated 2021 Incentive Award Plan and applicable form of award agreement. The restricted stock units will vest as to 1/12 of the shares underlying such restricted stock units on each quarterly anniversary of March 15, 2023 such that the restricted stock units will be fully vested on March 15, 2026, subject to your continued service through the applicable vesting dates.

Except as explicitly amended by this Letter Agreement, the Offer Letter shall continue in full force and effect in accordance with its terms. The Offer Letter, as amended by this Letter Agreement, and the Confidentiality, Intellectual Property, and Other Covenants Agreement by and between the Company and you, dated June 16, 2022, contain the principal terms and conditions of your

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employment with the Company and supersede any prior representations or agreements, whether written or oral, regarding your employment.

Sincerely,

/s/ Jennifer Y. Hyman

Jennifer Y. Hyman  
CEO & Chair

I have read and agree to the terms and conditions contained in this Letter Agreement:

/s/Siddharth Thacker

4/11/23

\_\_\_\_\_  
Siddharth Thacker

\_\_\_\_\_  
Date

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**Exhibit A**

**RENT THE RUNWAY, INC.  
EXECUTIVE SEVERANCE PLAN  
PARTICIPATION LETTER**

We are pleased to inform you that you have been designated as a Participant in the Rent the Runway, Inc. (“Company”) Executive Severance Plan (the “Plan”), subject to your execution and delivery of this Participation Letter. A copy of the Plan is attached to this Participation Letter. Please see the attached Appendix B, Appendix C, and Appendix D for purposes of calculating your severance benefits under the Plan.

Your participation in the Plan is subject to the terms and conditions of the Plan, this Participation Letter, and your continued compliance with the Restrictive Covenant Agreements (as defined in the Plan). Severance benefits are also subject to the execution and non-revocation of a release of claims upon any Qualifying Termination, as set forth in the Plan.

Sincerely,

**Rent the Runway, Inc.**

**By:** \_\_\_\_\_  
**Name:** Andrea Alexander  
**Title:** Chief People Officer

**Accepted, Acknowledged and Agreed,**

\_\_\_\_\_

**Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**APPENDIX B**  
**CALCULATION OF SEVERANCE BENEFITS**

<b>Years of Credited Service with Company Group</b>	<b>Severance Payment</b>	<b>Severance Period</b>	<b>COBRA Period (1)</b>
5 years or less	50% Base Salary Rate	6 months	6 months
More than 5 years	100% Base Salary Rate	12 months	12 months

(1) COBRA Period begins on the first day of the month following the month in which the Qualifying Termination occurs.

**APPENDIX C**  
**CALCULATION OF CIC SEVERANCE BENEFITS**

<b>CIC Severance Payment</b>	<b>Bonus Multiplier</b>	<b>COBRA Period (1)</b>	<b>Equity Treatment</b>
100% Base Salary Rate	1.0	12 months	Full vesting of the time-based vesting portion of any outstanding Equity Awards; the performance-based vesting portion of any outstanding Equity Awards to accelerate to the extent provided in any written agreement between the Participant and the Company Group

(1) COBRA Period begins on the first day of the month following the month in which the Qualifying Termination occurs.



**APPENDIX D**  
**QUALIFYING VOLUNTARY RESIGNATION<sup>(1)</sup>**

<b>Equity Treatment</b>
Acceleration of the vesting of the portion of any time-based vesting Equity Awards that would have vested during the period beginning on the date of the Participant's Termination of Employment and ending on the three-month anniversary thereafter, as if the Participant had remained employed with the Company Group through such date.

(1) A voluntary resignation by the Participant (other than for Good Reason) and the Participant gives the Company three months or more advance notice in accordance with Section 14.2 of the Plan.

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## TRANSITION AGREEMENT

WHEREAS, Scarlett O’Sullivan (“Employee” or “You”) has been the Chief Financial Officer of Rent the Runway, Inc. (“Rent the Runway” or the “Company”) since September 2015;

WHEREAS, you informed the Company of your desire to voluntarily resign from the Company, effective as of May 25, 2023;

WHEREAS, the Company has asked you to consider remaining engaged by the Company as a consultant advisor for a period of time to ensure a smooth transition to a new Chief Financial Officer; and

WHEREAS, you have agreed to remain so engaged, and the Company has agreed to provide you with certain payments and benefits in exchange therefor and in exchange for your release of claims and for other good and valuable consideration, the sufficiency of which all parties acknowledge and agree.

NOW, THEREFORE, the Company and you hereby agree to the terms and conditions of this Transition Agreement and General Release (“Agreement”), dated as of April 10, 2023 (the “Effective Date”), as set forth below:

1. Transition and Advisory Services. You and the Company agree that you hereby resign from your current role as Chief Financial Officer of the Company effective as of May 25, 2023 (the “Separation Date”) and then transition to serve as a consultant advisor to the Company from the Separation Date through August 25, 2023 (the “Advisory Period”); provided, that the Advisory Period may be extended beyond August 25, 2023 upon the mutual written consent of you and the Company. Effective as of the Separation Date, you will cease to serve as an employee and officer of the Company, and from all other offices, directorships and positions you may hold at the Company and the Company’s subsidiaries. During the Advisory Period, you agree that you will (i) provide such consulting and advisory services as may be reasonably requested by the Company’s Board of Directors (the “Board”) or Chief Executive Officer, (ii) use your reasonable best efforts to advance the interests of the Company and facilitate the successful transition of your authority, duties and/or responsibilities to your successor, and (iii) communicate a message regarding your transition and advisory role that has been mutually agreed with the Board and/or Chief Executive Officer (the “Advisory Services”).

2. Compensation & Benefits. As consideration for your provision of the Advisory Services through the end of the Advisory Period, your execution and non-revocation of the Release of Claims set forth below and your continued compliance with the Invention and Non-Disclosure Agreement and the Non-Competition and Non-Solicitation Agreement entered into between you and the Company as well as any other applicable restrictive covenant obligations (“Restrictive Covenant Agreements”):

a. You will be entitled to receive the following payments and benefits:

(i) continued base salary payments during the twelve month period following the Separation Date, which equals an aggregate amount of \$600,000, less applicable taxes and withholding deductions, payable in accordance with the Company’s regular payroll practices,

(ii) your annual bonus for fiscal year 2023 determined based on actual performance achievement up to a maximum of 100% of target, prorated based on the number of days between February 1, 2023 and the Separation Date, which shall be payable on the date fiscal year 2023 annual bonuses are payable to other similarly situated executives of the Company; and

(iii) subject to your timely election pursuant to COBRA, the Company will pay the costs of COBRA premiums for you and your covered dependents through May 31, 2024 (or, if earlier, the day you are no longer eligible for COBRA continuation coverage or become eligible to receive group health plan coverage by means of subsequent employment) at the same benefit levels in effect on the Separation Date. Thereafter, you may continue such coverage for the remainder of the COBRA period at your own expense and in accordance with the terms of the applicable plans and COBRA.

b. Your outstanding and unvested equity awards held by you as of the Separation Date will continue to vest in accordance with their terms during the Advisory Period, subject to your continued service with the Company. Subject to (and in consideration for) your execution, within 21 days following the end of the Advisory Period (without revocation during the seven day period following your execution), of a separate release of claims agreement substantially in the form attached hereto as Exhibit A, and so long as you do not resign or otherwise terminate your services as an advisor to the Company during the Advisory Period, the Company agrees that:

(i) notwithstanding anything to the contrary in any stock option agreement between you and the Company, the post-termination exercise period of all outstanding vested options held by you as of the last day of the Advisory Period (taking into account any acceleration described in this Section 2(b)), will extend through the last day of the original term of such options.

(ii) notwithstanding anything to the contrary in any stock option, restricted stock unit or other incentive equity award agreement between you and the Company, any outstanding time-vesting equity awards held by you that are unvested and that would become vested on or prior to May 25, 2024 if you had remained an employee, consultant or other service provider of the Company will accelerate and vest as of the earlier of (x) the last day of the Advisory Period or (y) immediately prior to an Exchange (as defined below), (the “Accelerated Vesting Date”); and

(iii) you will be permitted to participate in any stock option exchange program implemented by the Company (the “Exchange”) that occurs on or prior to the last day of the Advisory Period to the extent you hold eligible options, subject to approval of any such Exchange by the Board and the Company’s stockholders. Your participation in an Exchange will be on the same terms as other eligible participants, except as follows: (x) only your outstanding stock option awards held by you that are unexercised and that are vested as of the Accelerated Vesting Date (taking into account any acceleration described in this Section 2(b)) may be exchanged in an Exchange, and (y) all restricted stock units received by you in connection with such Exchange will be fully vested and settled on the grant date (or, if later than the grant date, shall be settled on the first business day on or following such date that you may sell shares of the Company’s Class A common stock to cover applicable withholding taxes in accordance with the Company’s Insider Trading Policy).

For the avoidance of doubt, all Company equity awards held by you that remain unvested immediately following the Accelerated Vesting Date (after taking into account any acceleration described in this Section 2(b)) will be forfeited automatically in accordance with their terms.

3. Release of Claims. In consideration for the payments and benefits to be provided to you pursuant to Paragraph 2 above and other valuable consideration, and except as provided below, you, for yourself and for your heirs, executors, administrators, trustees, legal representatives, successors and assigns forever release and discharge the Company and any and all of the Company's past and present parent companies, subsidiaries, affiliates, partners, successors and assigns, and its and their respective past and present officers, directors, employees, shareholders, agents, attorneys, and employee benefit plans and their administrators and trustees, all in their individual and official capacities (collectively, the "Released Parties"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which you ever had, now have, or may have against any of the Released Parties by reason of any act, omission, transaction, practice, plan, policy, procedure, conduct, occurrence, or other matter, up to and including the date you sign this Agreement, including but not limited to all claims under, without limitation, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Sections 1981 through 1988 of Title 42 of the United States Code, Sections 503 and 504 of the Rehabilitation Act of 1973, the National Labor Relations Act, the Employee Retirement Income Security Act, all claims under the Family and Medical Leave Act and other federal, state and local leave laws, all claims under the Workers Adjustment and Retraining Notification Act and similar state and local laws, the Consolidated Omnibus Budget Reconciliation Act, and similar state and local laws, all claims under any whistleblower protection law, including but not limited to any claims under the Sarbanes-Oxley Act or the Dodd-Frank Wall Street Reform and Consumer Protection Act; the New York Labor Law, New York State Human Rights Law, the New York City Human Rights Law, the New York City Administrative Code; the New York Equal Pay Act, the New York Lawful Off-Duty Activities Discrimination Law, the New York Code of Rules and Regulations (including, but not limited to, 12 N.Y.C.R.R. §142-3.2); all claims of discrimination, harassment, and retaliation in connection with your employment, the terms and conditions of such employment and your separation from employment; all claims sounding in tort or breach of contract (express or implied), wrongful discharge, whistleblowing, detrimental reliance, defamation, emotional distress or compensatory and/or punitive damages; and all claims for attorneys' fees, costs, disbursements and/or the like. All of the above statutes as amended. Notwithstanding the foregoing or anything to the contrary anywhere, you are not releasing: claims arising after you sign this Agreement; claims related to enforcement of this Agreement; any rights or claims you may have to workers' compensation or unemployment benefits; claims for accrued, vested benefits under the Company's 401(k) plan or reimbursement of covered expenses under any group health plan in which you participated, subject in each case to the terms of such plans; your rights under that certain Indemnification Agreement between you and the Company dated as of November 8, 2021, or any applicable Directors' and Officers' insurance policy or other indemnification coverage under the Company's bylaws, plans, programs, agreements or arrangement; and/or any claims or rights which cannot be waived by law.

4. Acknowledgement of Waiver of ADEA Claims. You acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") and that this waiver and release is knowing and voluntary. You and the

Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date you sign this Agreement. You acknowledge that the consideration given for this Agreement is beyond that which you were previously entitled. You further acknowledge that you have been advised by this writing that:

- a. you should consult with an attorney prior to executing this Agreement;
- b. you were informed that you have 21 days within which to consider the Agreement; if you sign this Agreement before the end of such 21-day period, you will have done so voluntarily and with full knowledge that you are waiving this right to have 21 days to consider this Agreement, and any changes made to this Agreement, whether material or immaterial, will not extend or re-start the 21-day period for you to consider this Agreement;
- c. you have the right to revoke this Agreement at any time within the seven (7) day period after you sign this Agreement, provided, however, that any such revocation must be in writing and delivered to Cara Schembri at cara@renttherunway.com by the close of business on or before the seventh day from the date that you sign this Agreement;
- d. this Agreement shall not be effective until the eighth day after you execute and do not revoke this Agreement; and nothing in this Agreement prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

5. Affirmations. You agree that you have been paid and/or received (or will be paid or receive) all leave (paid or unpaid), compensation, wages, bonuses, severance or termination pay, commissions, notice period, and/or benefits to which you may have been entitled and that no other remuneration or benefits are due to you, except as set forth in this Agreement. You affirm that you have had no known workplace injuries or occupational diseases. The Company's obligations under this Agreement are in full discharge of any and all of the Company's liabilities and obligations to you of any type whatsoever, whether written or oral, including, without limitation, any claim for guaranteed employment, severance pay, bonus compensation or other remuneration of any type, whether under a plan, individual agreement, or otherwise. You further represent that you do not have, and have not asserted in the past, any claims against the Company the factual foundation of which involves unlawful harassment, discrimination or retaliation. You also represent that you have disclosed to the Company any information you have concerning any fraudulent or unlawful conduct involving the Released Parties.

6. Non-Disparagement. You and the Company agree that, subject to Paragraph 10 below, you will not disparage or encourage or induce others to disparage any of the Released Parties, and the Company shall instruct its officers and directors not to disparage you, at any time following the Effective Date. For the purposes of this Agreement, the term "disparage" includes, without limitation, comments or statements on the internet or social media, to the press and/or media, to any Released Party or to any individual or entity with whom you or any of the Released Parties have a business relationship which would adversely affect in any manner (i) the conduct of the business of any of the Released Parties (including, without limitation, any business plans or prospects) or (ii) the business reputation of you or the Released Parties.



7. Confidentiality of this Agreement. You agree that, except as set forth in Paragraph 10 below, you have not and in the future will not disclose to any other person or entity (directly or indirectly) the terms and conditions of this Agreement and the circumstances leading up to this Agreement without the prior written consent of the Company, except (a) as may be required pursuant to a valid subpoena, a request by a government agency in connection with any charge filed, investigation or proceeding or as otherwise required by law, (b) as may be required by applicable law, including applicable U.S. securities laws, or (c) to your immediate family members, financial advisors and attorneys, provided that you first inform them of the confidentiality of this Agreement and they agree to maintain its confidentiality. You further agree not to solicit or initiate any demand by others not party to this Agreement for any disclosure of the terms and conditions of this Agreement.

8. Company Confidential and Proprietary Information. You acknowledge that during the course of your employment with the Company, you have had access to confidential and proprietary information relating to the Company and/or the Released Parties that is not generally known by persons not employed by the Company (or by its parent companies, subsidiaries or affiliates) and that could not easily be determined or learned by someone outside of the Company. This information includes, without limitation, trade secrets, client lists, passwords, confidential client information, financial information, personnel and policy information (“Confidential Information”). You understand and agree that, except as set forth in Paragraph 10 below, you are legally required to protect the confidentiality of Confidential Information regardless of whether you sign this Agreement, and you agree not to disclose or use any Confidential Information at any time in the future, except as authorized by the Company or as required by law. Notwithstanding the foregoing, non-compliance with the disclosure provisions of this Agreement shall not subject you to criminal or civil liability under any Federal or State trade secret law for the disclosure of a Company trade secret: (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney in confidence solely for the purpose of reporting or investigating a suspected violation of law; (ii) in a complaint or other document filed in a lawsuit or other proceeding, provided that any complaint or document containing the trade secret is filed under seal; or (iii) to an attorney representing you in a lawsuit for retaliation by the Company for reporting a suspected violation of law or to use the trade secret information in that court proceeding, provided that any document containing the trade secret is filed under seal and you do not disclose the trade secret, except pursuant to court order.

9. Cooperation and Notification of Legal Process. You agree that you will cooperate with the Released Parties and their respective counsel in connection with any investigation or litigation relating to any matter that occurred during your employment in which you were involved or of which you have knowledge. You further agree that, in the event you are subpoenaed by any person or entity which in any way relates to your employment with the Company, you will give prompt written notice of such request to [legal@renttherunway.com](mailto:legal@renttherunway.com). Nothing in this provision shall preclude you from timely responding to a valid subpoena.

10. Reservation of Rights. Nothing in this Agreement or any of the provisions above shall be construed to prevent or limit you from (i) responding truthfully to a valid subpoena; (ii) filing a charge or complaint with, or participating in any investigation conducted by, a governmental agency including the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission and/or any

state or local human rights agency; (iii) filing, testifying or participating in or otherwise assisting in a proceeding relating to, or reporting, an alleged violation of any federal, state or municipal law relating to fraud or any rule or regulation of the Securities Exchange Commission (“SEC”), the Commodity Futures Trading Commission (“CFTC”) or any self-regulatory organization (including, but not limited to, the Financial Industry Regulatory Authority), or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, (iv) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which you are entitled, (v) exercising any rights you may have under Section 7 of the U.S. National Labor Relations Act or (vi) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that you have reason to believe is unlawful. Prior authorization of the Company shall not be required to make any reports or disclosures under this Paragraph 10 and you are not required to notify the Company that you have made such reports or disclosures. Nevertheless, you acknowledge and agree that by virtue of the Release of Claims set forth above, you have waived any relief available to you (including without limitation, monetary damages, equitable relief and reinstatement) under any of the claims and/or causes of action waived in this Agreement. Therefore, except as set forth herein, you agree that you will not seek or accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Agreement. This Agreement does not, however, waive or release your right to receive a monetary award from the SEC or CFTC for information provided to the SEC or CFTC.

11. Return of Property. You represent that you will return to the Company all property belonging to the Company following the conclusion of the Advisory Period or upon request by the Company, including but not limited to laptop, cell phone, passwords, computer user names, voicemail code, phone cards, Company credit card, keys, card access to the building, internal policies and other confidential business information and documents. You further acknowledge and agree that the Company shall have no obligation to provide the compensation and benefits following the Advisory Period referred to in Paragraph 2 above unless and until you have satisfied your obligations pursuant to this paragraph.

12. No-Admission of Wrongdoing. The making of this Agreement is not intended, and shall not be construed, as an admission that the Company or any of the Released Parties have violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrongdoing whatsoever against you or otherwise.

13. Severability and Interpretation. If any provision of this Agreement (or aspect of any provision) is held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision (or aspect of any provision) shall have no effect; however, the remaining provisions shall be enforced to the maximum extent possible; provided, however, if the release and waiver above is deemed to be illegal, void or unenforceable, you agree, to enter into a valid release satisfactory to the Company, or at your option, to return the amounts received as consideration for this Agreement. Further, if a court should determine that any portion of this Agreement is overbroad or unreasonable, such provision shall be given effect to the maximum extent possible by narrowing or enforcing in part that aspect of the provision found overbroad or unreasonable. Should any provision of this Agreement require interpretation or construction, it is agreed by the parties that the entity interpreting or constructing this Agreement shall not apply a presumption against one



party by reason of the rule of construction that a document is to be construed more strictly against the party who prepared the document.

14. Binding Effect; Amendment. This Agreement is binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns. In the event of a sale, merger, consolidation or other change in the effective ownership or control of the Company, the Company agrees that it shall require the successor company in connection with any such change in control to assume the Company's obligations hereunder. No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach. This Agreement may not be modified or amended except in a writing signed by an authorized officer of the Company and you.

15. Governing Law and Enforcement. This Agreement shall, for all purposes, be construed, governed and enforced in accordance with the laws of the State of New York without regard to New York's principles of conflicts of law. Additionally, any action to enforce the terms of this Agreement shall be commenced in New York County, New York. Both parties consent to personal jurisdiction in federal and state courts in New York, New York.

16. Section 409A. This Agreement shall be construed and interpreted consistently with the intent that all amounts payable hereunder be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder ("Section 409A"). For purposes of Section 409A, each installment in any series of payments shall be treated as a separate payment. No provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from you or any other individual to the Company or any of its affiliates, employees or agents. In addition, to the extent permissible under Section 409A, the right to receive any installment payments hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

17. Withholding; Consulting Status. All payments and other remuneration described in this Agreement are subject to withholding of such amounts as the Company determines to be required by applicable law. Regardless of the amount withheld, you are solely responsible for all taxes (including interest and penalties) on compensation paid or imputed to you, except the employer's share of employment tax. You and the Company acknowledge and agree that while you are providing the Advisory Services during the Advisory Period, you will be an independent contractor. During the Advisory Period and thereafter, you shall not be an agent or employee of the Company and shall not be authorized to act on behalf of the Company. Personal income and self-employment taxes for equity awards that vest during the Advisory Period or with respect to any other applicable compensation shall be your sole responsibility.

18. Entire Agreement. You agree that this Agreement constitutes the complete understanding between the Company and you, along with any Restrictive Covenant Agreements, which are incorporated by reference into this Agreement and have obligations continuing beyond the termination of your employment. This Agreement and the Restrictive Covenant Agreements, as applicable, supersede any and all agreements, understandings, and discussions, whether written or

oral, between you and any of the Released Parties with respect to the subject matter herein, and you agree that are not relying on any promises or representations not contained in this Agreement. No other promises or agreements shall be binding unless in writing and signed by both the Company and you after the Effective Date of this Agreement. You are not eligible for any compensation or benefits in connection with your termination other than as specified in this Agreement.

19. Counterparts. This Agreement and General Release may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument. Any signature made and transmitted by facsimile or e-mail (via PDF format) for the purpose of executing this Agreement shall be deemed an original signature for purposes of this Agreement, and shall be binding upon the party transmitting its or her signature by facsimile or e-mail (via PDF format).

20. ACKNOWLEDGMENTS. BY SIGNING BELOW, YOU ACKNOWLEDGE THAT YOU: (A) HAVE CAREFULLY READ THIS AGREEMENT IN ITS ENTIRETY; (B) ARE ADVISED BY THE COMPANY TO CONSULT WITH AN ATTORNEY OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT; (C) FULLY UNDERSTAND THE SIGNIFICANCE OF ALL OF THE TERMS AND CONDITIONS OF THIS AGREEMENT AND HAVE DISCUSSED THEM WITH AN ATTORNEY OF YOUR CHOICE, OR HAVE HAD A REASONABLE OPPORTUNITY TO DO SO; AND (D) ARE SIGNING THIS AGREEMENT VOLUNTARILY AND OF YOUR OWN FREE WILL AND AGREE TO ABIDE BY ALL THE TERMS AND CONDITIONS CONTAINED HEREIN.

**RENT THE RUNWAY, INC.**

By: /s/ Jennifer Hyman

Name: Jennifer Hyman

Title: CEO

/s/ Scarlett O'Sullivan

\_\_\_\_\_  
Scarlett O'Sullivan

Date: 4/11/23

## **Exhibit A**

### **Release**

This General Release of Claims (this “*Release*”) is made by [NAME] (“*Employee*”) and Rent the Runway, Inc. (the “*Company*”) and the “*Releasees*” (as defined below), as of the date of Employee’s execution of this Release.

1. **Release.** In exchange for the payments and benefits provided to Employee pursuant to that certain Transition Agreement and General Release entered into by and between the Company and Employee, dated as of April 10, 2023 (the “*Agreement*”) and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Employee, on behalf of Employee, Employee’s spouse, Employee’s children, Employee’s heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns (the “*Employee Releasing Parties*”) agrees unconditionally and forever to release and discharge the Company and the Company’s affiliated, related, parent and subsidiary corporations, as well as their respective past and present parents, subsidiaries, affiliates, associates, members, stockholders, employee benefit plans, attorneys, agents, representatives, partners, joint venturers, predecessors, successors, assigns, insurers, owners, employees, officers, directors and all persons acting by, through, under, or in concert with them, or any of them (hereinafter the “*Releasees*”) from any and all manner of claims, actions, causes of action, in law or in equity, demands, rights, or damages of any kind or nature which he or she may now have, or ever have, whether known or unknown, fixed or contingent, including any claims, causes of action or demands of any nature (hereinafter called “*Claims*”), that Employee now has or may hereafter have against the Releasees by reason of any and all acts, omissions, events or facts occurring or existing prior to Employee’s execution of this Release. The Claims released hereunder specifically include, but are not limited to, any claims for fraud; breach of contract; breach of implied covenant of good faith and fair dealing; inducement of breach; interference with contract; wrongful or unlawful discharge or demotion; violation of public policy; sexual or any other type of assault and battery; invasion of privacy; intentional or negligent infliction of emotional distress; intentional or negligent misrepresentation; conspiracy; failure to pay wages, benefits, vacation pay, severance pay, commissions, equity, attorneys’ fees, or other compensation of any sort; failure to accommodate disability, including pregnancy; discrimination or harassment on the basis of pregnancy, race, color, sex, gender, national origin, ancestry, religion, disability, handicap, medical condition, marital status, sexual orientation or any other protected category; any claim under the Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621 et seq. (“*ADEA*”); the Older Workers’ Protection Benefit Act of 1990; Title VII of the Civil Rights Act of 1964, as amended, by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; Equal Pay Act, as amended, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act, 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act (“*WARN*”), as amended, 29 U.S.C. § 2101 et seq.; the Fair Labor Standards Act, 29 U.S.C. § 215 et seq.; the New York Human Rights Law, N.Y. Exec Law Art. 15, § 290 et seq.; the New York State WARN Act; the New York State Labor Law; the New York City Human Rights Law; the New York City Earned Sick Time Act; Section 125 of the New York Workers’ Compensation

Law, New York State Civil Rights Law, Article 23-A of the New York State Corrections Law; and any federal, state or local laws of similar effect.

2. Claims Not Released. This Release shall not apply to Employee's right to bring to the attention of the Equal Employment Opportunity Commission ("EEOC") claims of discrimination (provided, however, that Employee releases his or her right to secure any damages for alleged discriminatory treatment); any right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator; any right to file an unfair labor practice charge under the National Labor Relations Act ("NLRA"); Employee's vested rights under any retirement or welfare benefit plan of the Company; or any other rights that may not be waived under applicable law.

3. Unknown Claims. Employee acknowledges that Employee has been advised of and is familiar with the provisions of California Civil Code section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Employee, being aware of said Code section, hereby expressly waives any rights he or she may have thereunder, as well as under any other statutes or common law principles of similar effect.

4. Acknowledgment of Waiver of ADEA Claims. Employee acknowledges that Employee is waiving and releasing any rights Employee may have under the ADEA and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Employee signs this Release. Employee acknowledges that the consideration given for this Release is beyond that which Employee was previously entitled. Employee further acknowledges that Employee has been advised by this writing that:

- (a) Employee should consult with an attorney prior to executing this Release;
- (b) Employee was informed that Employee has 21 days within which to consider the Release; if Employee signs this Release before the end of such 21-day period, Employee will have done so voluntarily and with full knowledge that Employee is waiving this right to have 21 days to consider this Release, and any changes made to this Release, whether material or immaterial, will not extend or re-start the 21-day period for Employee to consider this Release;
- (c) Employee has the right to revoke this Release at any time within the seven (7) day period after Employee signs this Release, provided, however, that any such revocation must be in writing and delivered to [Name] at [ ] by the close of business on or before the seventh day from the date that Employee signs this Release;
- (d) this Release shall not be effective until the eighth day after Employee executes and does not revoke this Release; and

(e) nothing in this Release prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

5. Representations. Employee represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he or she may have against Releasees, or any of them, and Employee agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against Employee under this indemnity. Employee agrees that if he or she hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then Employee agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

6. No Actions. Employee represents and warrants to the Company that Employee has no pending actions, Claims or charges of any kind. Employee agrees that if Employee hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against the Releasees any of the Claims released hereunder, then Employee will pay to the Releasees against whom such Claim(s) is asserted, in addition to any other damages caused thereby, all attorneys' fees incurred by such Releasees in defending or otherwise responding to said suit or Claim; provided, however, that Employee shall not be obligated to pay the Releasees' attorneys' fees to the extent such fees are attributable to Employee's right to file a charge with the EEOC; however, Employee hereby waives any right to any damages or individual relief resulting from any such charge.

7. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit Employee (or Employee's attorney) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission ("*SEC*"), the Financial Industry Regulatory Authority, the EEOC, the NLRB, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "*Government Agencies*"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, (iii) receiving an award for information provided to any Government Agency, (iv) exercising any rights you may have under Section 7 of the U.S. National Labor Relations Act, and/or (v) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that you have reason to believe is unlawful. Pursuant to 18 USC Section 1833(b), Employee will not be held criminally or civilly liable under any federal or state



trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Release is intended to or shall preclude Employee from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Employee is required to provide testimony, then unless otherwise directed or requested by a Governmental Agency or law enforcement, Employee shall notify the Company in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least ten (10) days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Company a reasonable opportunity to challenge the subpoena, court order or similar legal process.

8. Miscellaneous.

(a) *No Admission.* Employee understands and agrees that neither the payment of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees.

(b) *Severability.* If any sentence, phrase, section, subsection or portion of this Release is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Release, which shall remain fully valid and enforceable.

(c) *Headings.* The headings in this Release are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Release.

(d) *Construction of Agreement.* Employee has been represented by, or had the opportunity to be represented by, counsel in connection with the negotiation and execution of this Release. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Release.

(e) *Entire Agreement/Integration.* This Release, together with the Agreement and the Restrictive Covenant Agreement, which is attached to the Agreement as an exhibit, constitutes the entire agreement between Employee and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Release. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Release. No amendments to this Release will be valid unless written and signed by Employee and an authorized representative of the Company.

Sign only within 21 days after the end of the Advisory Period, as defined in the Agreement.

EMPLOYEE

Date: \_\_\_\_\_

\_\_\_\_\_  
Scarlett O'Sullivan

COMPANY

\_\_\_\_\_  
[Name]

[Title]





**Rent the Runway, Inc. Announces Fourth Quarter and Full Year 2022 Results**

**Accelerating Subscriber Growth:**

**Record High 141,205 Active Subscribers as of April 8, 2023**

**Guiding to More than 25% Active Subscriber Growth for Year-End 2023**

**FY 2023 Growth Strategy Focuses on Continuously Delivering More Value to the Customer**

**Record Annual Revenue of \$296.4M in FY 2022, up 46% YoY**

**Q4 2022 and FY 2022 Net Losses Narrowed Significantly YoY**

**Positive Adjusted EBITDA for First Full Year & Third Consecutive Quarter**

**Anticipates YoY Reduction in Cash Consumption by Almost 50% in FY 2023**

**Scarlett O'Sullivan to Transition Out of CFO Role;  
SVP, FP&A Sid Thacker Appointed as Successor**

**New York (April 12, 2023)** - Rent the Runway, Inc. ("Rent the Runway" or "RTR") (NASDAQ: RENT), the world's first and largest shared designer closet platform, today reported financial results for the fiscal quarter and fiscal year 2022 ended January 31, 2023.

"I'm proud that in fiscal 2022, we achieved 46% Revenue growth and completed a significant financial transformation, doubling our gross margins compared to 2019, right-sizing our fixed cost base, improving the capital efficiency of our product acquisition and restructuring our debt. These efforts drove progress on our path to FCF profitability, as we posted our first full year and third consecutive quarter of positive Adjusted EBITDA ahead of the timeline we outlined at IPO," said Jennifer Hyman, CEO and Co-Founder of Rent the Runway. "We believe we've built the financial foundation and infrastructure to capture the vast opportunity ahead and have conviction that we'll continue to grow and become a profitable business by delivering meaningful value and innovation to the customer. We kicked off our customer-centric strategy in 2023 by changing all of our subscription programs to include an additional item in every shipment, which has already improved retention and rejoin rates, and contributed to our record high active subscriber count of 141,205 as of April 8, 2023."

CFO Scarlett O'Sullivan stated, "The fulfillment and product spend efficiencies we have driven in fiscal year 2022 have enabled us to provide an additional item in our subscription programs with minimal anticipated impact to our gross margins. Combined with the \$25 million in annualized fixed cost savings we expect from our Q2 2022 restructuring, we believe we are set up for strong Adjusted EBITDA and significantly lower cash consumption in fiscal 2023, on our path to achieve free cash flow breakeven."

#### Fourth Quarter 2022 Key Metrics and Financial Highlights

- Revenue was \$75.4 million, an 18% increase year-over-year from \$64.1 million in the fourth quarter of fiscal year 2021.
- 126,712 ending Active Subscribers, representing an increase of 10% year-over-year from 115,240 at the end of the fiscal year 2021.
- 141,205 Active Subscribers as of April 8, 2023, reaching record high.
- 130,476 Average Active Subscribers, representing an increase of 12% year-over-year from 116,037 at the end of the fourth quarter of 2021.
- 171,998 ending Total Subscribers, representing an increase of 8% year-over-year from 159,544 at the end of the fiscal year 2021.
- Gross Profit was \$33.3 million, representing an increase of 42% from \$23.5 million in the fourth quarter of 2021. Gross Margin was 44.2%, as compared to 36.7% in the fourth quarter of 2021.
- Net Loss was \$(26.2) million, as compared to \$(39.3) million in the fourth quarter of 2021. Net Loss as a percentage of revenue was (34.7)%, as compared to (61.3)% in the fourth quarter of 2021.
- Adjusted EBITDA was \$7.1 million, as compared to \$(5.5) million in the fourth quarter of 2021. Adjusted EBITDA margin was 9.4%, as compared to (8.6)% in the fourth quarter of 2021.

#### Fiscal Year 2022 Key Metrics and Financial Highlights

- Revenue was \$296.4 million, a 46% increase year-over-year from \$203.3 million in fiscal year 2021.
- 128,586 Average Active Subscribers, representing an increase of 38% year-over-year from 93,371 at the end of fiscal year 2021.
- Gross Profit was \$120.0 million, representing an increase of 72% from \$69.7 million in fiscal year 2021. Gross Margin was 40.5%, as compared to 34.3% in fiscal year 2021.
- Net Loss was \$(138.7) million, as compared to \$(211.8) million in fiscal year 2021. Net Loss as a percentage of revenue was (46.8)%, as compared to (104.2)% in fiscal year 2021.
- Adjusted EBITDA was \$6.7 million, as compared to \$(19.2) million in fiscal year 2021. Adjusted EBITDA margin was 2.3%, as compared to (9.4)% in fiscal year 2021.
- Net cash used in operating activities plus net cash used in investing activities was \$(92.0) million for fiscal year 2022, as compared to \$(64.8) million for fiscal year 2021.
- Net cash used in operating activities plus net cash used in investing activities as a percentage of revenue was (31.0)% for fiscal year 2022, as compared to (31.9)% for fiscal year 2021.
- As of January 31, 2023, cash and cash equivalents were \$154.5 million.

#### Fiscal Fourth Quarter, Fiscal Year 2022 and Recent Business Highlights

- In March 2023, permanently added an extra item to every shipment of our rental subscription programs to deliver greater value to subscribers. Early launch results already show improved retention and rejoin rates, with minimal expected impact on gross margin in fiscal year 2023.
- In March 2023, rolled out "Rent the Look", a highly requested feature that showcases how to rent full outfits styled on-model and presents similar items if a particular item is not available to rent right now.

- In February 2023, executed this year's first major technology launch to deliver best-in-class product discovery, completing the integration of our new product catalog, EPIC, into our new search service. As a result, we believe richer and fresher product attributes are yielding better search results.
- In fiscal 2022, completed migration to the cloud to unlock better resiliency, site performance and reliability, increased developer velocity, and the ability to scale more efficiently with subscriber growth.
- Q4 2022 saw continued strong subscriber engagement, with 28% of subscribers adding one or more paid additional items into their subscription program.
- Expanded at-home pickup to 34 markets covering 60% of our subscriber base. In addition, 29% of at-home pickups in Q4 2022 were "live-swap" (where the delivery and return happen simultaneously), leading to consolidation-based transportation cost savings. Subscriber adoption of at-home pickup within eligible zip codes was 37% at the end of Q4 2022 up from 34%<sup>1</sup> at the end of Q3 2022.
- Achieved our product acquisition goal of 60% non-wholesale in fiscal 2022, excluding the opportunistic pull-forward of product spend from fiscal 2023 into fiscal 2022. Inclusive of all product spend for the year, non-wholesale represented 58% in fiscal 2022.
- In March 2023, launched 360, full-funnel "Era of Extra" marketing campaign to announce the launch of RTR's new subscription plans, which included collaboration with social media creators, video content to members from our CEO, full site and app takeover, a multi-touch email campaign, full coverage on paid social and search, plus activation with the RTR ambassador community.
- In March 2023, executed continued integration of Rent the Runway's brand into pop culture with notable inclusion in Netflix's *Next in Fashion* hosted by Gigi Hadid and Tan France. Winner Nigel Xavier's collection -- which appears exclusively on RTR -- features upcycled garments, including pre-loved items from RTR.

## Outlook

For fiscal year 2023, Rent the Runway expects:

- Ending Active Subscriber growth of more than 25%
- Revenue in the range of \$320 million to \$330 million
- Adjusted EBITDA Margin of 7% to 8%
- YoY reduction in cash consumption by almost 50%

For the fiscal first quarter of 2023, Rent the Runway expects:

- Revenue in the range of \$72 million to \$74 million
- Adjusted EBITDA Margin of 2% to 3%

Please see our fourth quarter 2022 earnings presentation at <https://investors.renttherunway.com/> under the "Presentations" section for supplemental guidance.

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<sup>1</sup> Q3 2022 previously reported erroneously as 39%. Home pickup adoption is calculated using adoption levels and total eligible shipments during the final week of the applicable fiscal period.

## CFO Transition

RTR also announced today that Scarlett O'Sullivan, its Chief Financial Officer has made the decision to transition out of her role effective May 25, 2023 (the "Effective Date") and that Sid Thacker, currently the SVP, FP&A, has been appointed as Chief Financial Officer as of the Effective Date. Ms. O'Sullivan will continue to serve as an advisor to RTR until August 25, 2023 (or such other date as may be mutually agreed to by RTR and Ms. O'Sullivan).

"On behalf of the entire company and Board of Directors, I would like to thank Scarlett for her extensive contributions to Rent the Runway over the past seven-plus years," said Hyman. "Scarlett has been a consistent and strong strategic partner to me, helping to guide Rent the Runway through critical financial and business transformations: from an a la carte business to a subscription business, through COVID-19, and from private company to public company. Scarlett's leadership post-IPO enabled us to double our gross margins, restructure our debt and position the company for future free cash flow profitability. I'm personally grateful for Scarlett embodying a true founder mentality along every exciting stop of her journey at RTR, and appreciate her commitment to a smooth transition."

"Having completed a significant financial transformation of the business over the past several years, I believe that now is the right time to transition out of the role and elevate Sid Thacker, who has already proven himself an invaluable partner to me, Jenn and the company," said O'Sullivan. "As a public investor for 20+ years, he brings a new perspective to our already strong team and we believe is the right finance leader to shepherd RTR through its next chapter. I am grateful to Jenn, the Executive Team and Board of Directors for their support. I have confidence in the 2023 plan, believe Rent the Runway has a great journey ahead and look forward to following the company's success for years to come."

"I'm honored to assume the role of CFO of Rent the Runway. I appreciate the confidence that Jenn, Scarlett, and the Board of Directors have in me. I'm grateful to be joining the leadership team of the company at an important inflection point," said Thacker. "Over my investment career, I've seen companies succeed when they focus on their customers. I believe the 'Era of Extra' additional item subscription initiative, the exciting product improvements we are making this year and beyond, and the financial transformation over the past few years are a winning combination. I think our opportunity is considerable, and I look forward to working with the Board and Executive team to achieve our goals and help build a growing and free cash flow positive company."

## **Earnings Presentation, Conference Call and Webcast**

The fourth quarter and fiscal year 2022 Earnings Presentation is now accessible through the Investor Relations section of Rent the Runway's website at <https://investors.renttherunway.com/> under the "Presentations" section.

Rent the Runway will host a conference call and webcast to discuss its fourth quarter and fiscal year 2022 financial results and provide a business update today, April 12, 2023, at 4:30 pm EDT.

The financial results and live webcast will be accessible through the Investor Relations section of Rent the Runway's website at <https://investors.renttherunway.com/> under the "Events" section. To access the call through a conference line, dial 1-877-407-3982 (in the U.S.) or 1-201-493-6780 (international callers).

A replay of the conference call will be posted shortly after the call and will be available for at least fourteen days. To access the replay, dial 1-844-512-2921 (in the U.S.) or 1-412-317-6671 (international callers). The access code for the replay is 13737124.

## **About Rent the Runway, Inc.**

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 hundreds of 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 and ski wear. 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."

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements. These statements include, but are not limited to, statements regarding our future results of operations, financial position, and revenue, future product launches, strategic initiatives, business objectives, anticipated macroeconomic environment, anticipated impacts of our restructuring plan, benefits of our customer-focused strategy and other strategic initiatives, expectations regarding customer loyalty and other subscriber trends, and the transition of the Chief Financial Officer role, the anticipated timing of Ms. O'Sullivan's service as an advisor and Mr. Thacker's expected contributions as Chief Financial Officer. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements because they contain words such as "aim," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "toward," "will," or "would," or the negative of these words or other similar terms or expressions. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made and were based on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management as of that time with respect to future events. These statements are subject to risks and uncertainties, many of which involve factors or circumstances that are beyond our control, that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this press release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties include our ability to manage our growth effectively; risks related to the macroeconomic environment; the highly competitive and rapidly changing nature of the global fashion industry; our ability to cost-effectively grow our customer base; any failure to retain customers; risk related to the COVID-19 pandemic and other future pandemics or public health crises; risks related to shipping, logistics and our supply chain; our ability to accurately forecast customer demand, manage our offerings effectively and plan for future expenses; risks arising from the restructuring of our operations; our reliance on the effective operation of proprietary technology systems and software as well as those of third-party vendors and service providers; our ability to remediate our material weaknesses in our internal control over financial reporting; laws and regulations applicable to our business; failure by us to adequately obtain, maintain, protect and enforce our intellectual property and proprietary rights; compliance with data privacy, data security, data protection and consumer protection laws and industry standards; risks associated with our brand and manufacturing partners; our reliance on third parties for elements of the payment processing infrastructure underlying our business; our dependence on online sources to attract consumers and promote our business which may be affected by third-party interference or cause our customer acquisition costs to rise; failure by us, our brand partners, or third party manufacturers to comply with our vendor code of conduct or other laws; and risks related to our Class A capital stock and ownership structure. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from the Company's expectations is included in our Quarterly Report on Form 10-Q for the quarter ended October 31, 2022, as will be updated in our Annual Report on Form 10-K for the year ended January 31, 2023. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments, or otherwise.

## **Key Business and Financial Metrics**

Active Subscribers is defined as the number of subscribers with an active membership as of the last day of any given period and excludes paused subscribers.

Average Active Subscribers is defined as the mean of the beginning of quarter and end of quarter Active Subscribers for a quarterly period; and for other periods, represents the mean of the Average Active Subscribers of every quarter within that period.

Gross Profit is defined as total revenue less fulfillment expense, revenue share and rental product depreciation. We depreciate owned apparel assets over three years and owned accessory assets over two years net of 20% and 30% salvage values, respectively, and recognize the depreciation and remaining cost of items when sold or retired on our statement of operations. Rental product depreciation expense is time-based and reflects all items we own. We use Gross Profit and Gross Profit as a percentage of revenue, or Gross Margin to measure the continued efficiency of our business after the cost of our products and fulfillment costs are included.

## **Non-GAAP Financial Measures**

This press release and the accompanying tables contain the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin. In addition to our results determined in accordance with GAAP, we believe that Adjusted EBITDA and Adjusted EBITDA margin are useful in evaluating our performance. Adjusted EBITDA is a key performance measure used by management to assess our operating performance and the operating leverage of our business prior to capital expenditures. These non-GAAP financial metrics are not meant to be considered as indicators of our financial performance in isolation from or as a substitute for our financial information prepared in accordance with GAAP and should be read only in conjunction with financial information presented on a GAAP basis. There are limitations to the use of the non-GAAP financial metrics presented in this press release. For example, our non-GAAP financial metrics may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial metrics differently than we do, limiting the usefulness of those measures for comparative purposes.

We define Adjusted EBITDA as net loss, adjusted to exclude interest expense, rental product depreciation, other depreciation and amortization, share-based compensation expense, write-off of liquidated assets, non-recurring adjustments, and non-ordinary course legal fees (see below footnotes to reconciliation table), restructuring charges, loss on asset impairment related to restructuring, income taxes, other income and expense, gain / loss on warrant liability revaluation, net, gain / loss on debt extinguishment, net, and other gains / losses. Adjusted EBITDA margin is defined as Adjusted EBITDA calculated as a percentage of revenue.



The reconciliation of the non-GAAP financial metrics to the most directly comparable GAAP financial measure is presented below. We encourage reviewing the reconciliation in conjunction with the presentation of the non-GAAP financial metrics for each of the periods presented. In future periods, we may exclude similar items, may incur income and expenses similar to these excluded items, and may include other expenses, costs and non-recurring items. Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin guidance to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity, and low visibility with respect to the charges excluded from these non-GAAP measures, in particular, share-based compensation expense and non-recurring expenses which can have unpredictable fluctuations based on unforeseen activity that is out of our control and/or cannot reasonably be predicted.

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**Rent the Runway, Inc.**  
**Consolidated Balance Sheets**  
(in millions)

	January 31,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 154.5	\$ 247.6
Restricted cash, current	3.1	5.4
Prepaid expenses and other current assets	14.5	11.7
Total current assets	172.1	264.7
Restricted cash	6.0	6.6
Rental product, net	78.7	76.3
Fixed assets, net	44.7	57.2
Intangible assets, net	4.1	6.4
Operating lease right-of-use assets	26.7	31.5
Other assets	3.9	4.8
Total assets	\$ 336.2	\$ 447.5
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 12.4	\$ 15.9
Accrued expenses and other current liabilities	24.4	30.0
Deferred revenue	12.0	10.4
Customer credit liabilities	6.8	6.9
Operating lease liabilities	4.4	5.6
Total current liabilities	60.0	68.8
Long-term debt, net	272.5	260.8
Operating lease liabilities	38.3	46.4
Other liabilities	0.7	0.4
Total liabilities	371.5	376.4
Stockholders' equity (deficit)		
Class A common stock	0.1	0.1
Class B common stock	—	—
Preferred stock	—	—
Additional paid-in capital	904.5	872.2
Accumulated deficit	(939.9)	(801.2)
Total stockholders' equity (deficit)	(35.3)	71.1
Total liabilities and stockholders' equity (deficit)	\$ 336.2	\$ 447.5

**Rent the Runway, Inc.**  
**Consolidated Statements of Operations**  
(in millions, except share and per share amounts)

	Three Months Ended January 31,		Year Ended January 31,	
	2023	2022	2023	2022
Revenue:				
Subscription and Reserve rental revenue	\$ 68.4	\$ 58.8	\$ 268.6	\$ 185.8
Other revenue	7.0	5.3	27.8	17.5
Total revenue, net	<u>75.4</u>	<u>64.1</u>	<u>296.4</u>	<u>203.3</u>
Costs and expenses:				
Fulfillment	22.7	20.4	92.2	61.9
Technology	12.8	12.3	55.4	45.3
Marketing	7.7	8.3	35.1	26.5
General and administrative	24.9	28.0	109.0	104.4
Rental product depreciation and revenue share	19.4	20.2	84.2	71.7
Other depreciation and amortization	3.8	4.8	16.4	19.4
Restructuring charges	0.4	—	2.4	—
Loss on asset impairment related to restructuring	1.5	—	5.3	—
Total costs and expenses	<u>93.2</u>	<u>94.0</u>	<u>400.0</u>	<u>329.2</u>
Operating loss	(17.8)	(29.9)	(103.6)	(125.9)
Interest income / (expense), net	(8.6)	(9.3)	(36.8)	(53.0)
Gain / (loss) on warrant liability revaluation, net	—	—	—	(24.9)
Gain / (loss) on debt extinguishment, net	—	—	—	(12.2)
Other income / (expense), net	0.1	—	1.5	3.9
Net loss before income tax benefit / (expense)	<u>(26.3)</u>	<u>(39.2)</u>	<u>(138.9)</u>	<u>(212.1)</u>
Income tax benefit / (expense)	0.1	(0.1)	0.2	0.3
Net loss	<u>\$ (26.2)</u>	<u>\$ (39.3)</u>	<u>\$ (138.7)</u>	<u>\$ (211.8)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.40)</u>	<u>\$ (0.62)</u>	<u>\$ (2.16)</u>	<u>\$ (8.51)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>64,965,578</u>	<u>63,012,950</u>	<u>64,254,930</u>	<u>24,874,061</u>

**Rent the Runway, Inc.**  
**Consolidated Statements of Cash Flow**  
(in millions)

	Year Ended January 31,	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (138.7)	\$ (211.8)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Rental product depreciation and write-offs	46.2	45.6
Write-off of rental product sold	6.7	4.7
Other depreciation and amortization	16.4	19.5
(Gain) / loss from lease termination and write-off of fixed and intangible assets	0.6	—
Loss on asset impairment related to restructuring	4.9	—
Proceeds from rental product sold	(17.9)	(12.9)
(Gain) / loss from liquidation of rental product	(2.7)	(0.6)
Accrual of paid-in-kind interest	14.3	38.8
Settlement of paid-in-kind interest	—	(6.3)
Amortization of debt discount	4.3	5.9
Loss on debt extinguishment	—	12.2
Share-based compensation expense	25.4	26.6
Remeasurement of warrant liability	—	24.9
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(2.8)	(7.0)
Operating lease right-of-use assets	2.0	3.4
Other assets	0.9	(3.0)
Accounts payable, accrued expenses and other current liabilities	(3.9)	18.4
Deferred revenue and customer credit liabilities	1.5	4.7
Operating lease liabilities	(4.6)	(6.2)
Other liabilities	(0.3)	0.8
Net cash (used in) provided by operating activities	<u>(47.7)</u>	<u>(42.3)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of rental product	(62.1)	(30.8)
Proceeds from liquidation of rental product	8.8	5.7
Proceeds from sale of rental product	17.9	12.9
Purchases of fixed and intangible assets	(8.9)	(10.3)
Net cash (used in) provided by investing activities	<u>(44.3)</u>	<u>(22.5)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock upon IPO, net of offering costs	—	327.3
Proceeds from issuance of redeemable preferred stock	—	21.2
Proceeds from exercise of stock options under stock incentive plan	—	3.3

Principal repayments on long-term debt	—	(135.0)
Debt extinguishment costs	—	(4.7)
Proceeds from short-term financing agreements	—	5.0
Other financing payments	(4.0)	(1.9)
Net cash (used in) provided by financing activities	(4.0)	215.2
Net (decrease) increase in cash and cash equivalents and restricted cash	(96.0)	150.4
Cash and cash equivalents and restricted cash at beginning of period	259.6	109.2
Cash and cash equivalents and restricted cash at end of period	<u>\$ 163.6</u>	<u>\$ 259.6</u>

**Rent the Runway, Inc.**  
**Consolidated Statements of Cash Flow**  
(in millions)

	Year Ended January 31,	
	2023	2022
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS</b>		
Cash and cash equivalents	\$ 154.5	\$ 247.6
Restricted cash, current	3.1	5.4
Restricted cash, noncurrent	6.0	6.6
Total cash and cash equivalents and restricted cash	<u>\$ 163.6</u>	<u>\$ 259.6</u>
<b>Supplemental Cash Flow Information:</b>		
Cash payments (receipts) for:		
Interest paid on loans	\$ 19.8	\$ 10.2
Interest paid on financing leases	0.1	0.1
Fixed operating leases payments (reimbursements), net	13.5	15.8
Fixed and intangible assets received in the prior period	0.8	0.5
Rental product received in the prior period	6.5	3.6
Non-cash financing and investing activities:		
Financing leases right-of-use asset amortization	\$ 0.5	\$ 0.3
ROU assets obtained in exchange for lease liabilities	1.2	0.9
Purchases of fixed and intangible assets not yet settled	0.1	0.8
Purchases of rental product not yet settled	5.4	6.5
Reconciliation of loss on asset impairment:		
Accrued expense related to the loss on asset impairment	\$ 0.4	\$ —

**Rent the Runway, Inc.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(in millions)

The following table presents a reconciliation of net loss, the most comparable GAAP financial measure, to Adjusted EBITDA for the periods presented:

	Three Months Ended January 31,		Year Ended January 31,	
	2023	2022	2023	2022
	(in millions)			
Net loss	\$ (26.2)	\$ (39.3)	\$ (138.7)	\$ (211.8)
Interest (income) / expense, net <sup>(1)</sup>	8.6	9.3	36.8	53.0
Rental product depreciation	11.9	12.7	52.9	50.3
Other depreciation and amortization <sup>(2)</sup>	3.8	4.8	16.4	19.4
Share-based compensation <sup>(3)</sup>	6.4	5.2	25.4	26.6
Write-off of liquidated assets <sup>(4)</sup>	0.9	0.8	5.8	4.8
Non-recurring adjustments <sup>(5)</sup>	—	0.7	1.3	5.3
Non-ordinary course legal fees <sup>(6)</sup>	0.1	—	0.1	—
Restructuring charges <sup>(7)</sup>	0.4	—	2.4	—
Loss on asset impairment related to restructuring <sup>(8)</sup>	1.5	—	5.3	—
Income tax (benefit) / expense	(0.1)	0.1	(0.2)	(0.3)
(Gain) / loss on warrant liability revaluation, net <sup>(9)</sup>	—	—	—	24.9
(Gain) / loss on debt extinguishment, net <sup>(10)</sup>	—	—	—	12.2
Other (income) / expense, net <sup>(11)</sup>	(0.1)	—	(1.5)	(3.9)
Other (gains) / losses <sup>(12)</sup>	(0.1)	0.2	0.7	0.3
Adjusted EBITDA	<u>\$ 7.1</u>	<u>\$ (5.5)</u>	<u>\$ 6.7</u>	<u>\$ (19.2)</u>
Adjusted EBITDA Margin <sup>(13)</sup>	<u>9.4 %</u>	<u>(8.6)%</u>	<u>2.3 %</u>	<u>(9.4)%</u>

<sup>(1)</sup> Includes debt discount amortization of \$1.1 million in the three months ended January 31, 2023, \$1.0 million in the three months ended January 31, 2022, \$4.3 million in the year ended January 31, 2023 and \$5.9 million in the year ended January 31, 2022.

<sup>(2)</sup> Reflects non-rental product depreciation and capitalized software amortization.

<sup>(3)</sup> Reflects the non-cash expense for share-based compensation. The three months and the year ended January 31, 2022 include \$14.4 million of costs incurred for one-time IPO-related RSU vesting events.

<sup>(4)</sup> Reflects the write-off of the remaining book value of liquidated rental product that had previously been held for sale.

<sup>(5)</sup> Non-recurring adjustments for the three months ended January 31, 2022 includes \$0.7 million of costs related to public company SOX readiness preparation. Non-recurring adjustments for the year ended January 31, 2023 includes \$1.3 million of costs related to public company SOX readiness and for the year ended January 31, 2022 includes \$5.2 million of costs primarily associated with public readiness preparation.

<sup>(6)</sup> Non-ordinary course legal fees for the three months and the year ended January 31, 2023 includes \$0.1 million of costs related to a class action lawsuit.

- (7) Reflects restructuring charges for severance and related costs in connection with the September 2022 restructuring plan.
- (8) Reflects the asset impairment charges related to discontinuing warehouse operations projects in connection with the September 2022 restructuring plan.
- (9) Reflects the expense associated with revaluing prior liability classified lender warrants to the respective fair value at period end, or prior to conversion. As of January 31, 2023, all outstanding warrants are equity classified and therefore do not require remeasurement going forward.
- (10) Includes debt extinguishment costs related to debt paydown in the periods presented.
- (11) Primarily includes \$1.4 million of monetized tax credits for the year ended January 31, 2023 and \$4.0 million of insurance claim proceeds for the year ended January 31, 2022.
- (12) Includes costs associated with the write-off of non-rental product asset disposals, operating lease termination and foreign exchange (see "Note 5 - Leases – Lessee Accounting" in the Notes to the Consolidated Financial Statements).
- (13) Adjusted EBITDA Margin calculated as Adjusted EBITDA as a percentage of revenue.