

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): February 19, 2024

The RealReal, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38953
(Commission File Number)

45-1234222
(IRS Employer
Identification No.)

55 Francisco Street Suite 150
San Francisco, CA 94133
(Address of Principal Executive Offices, including Zip Code)

(855) 435-5893
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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 (see General Instructions A.2. below):

- 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
Common stock, \$0.00001 par value	REAL	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 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On February 21, 2024, The RealReal, Inc. (the “Company”) announced that Ajay Gopal has been appointed by the Board of Directors (the “Board”) of the Company to serve as the Company’s Chief Financial Officer, effective March 18, 2024 (the “Start Date”).

Mr. Gopal, age 49, is currently serving as Chief Financial Officer of Outside Interactive, Inc., a position he has held since December 2020. Mr. Gopal previously served as Chief Financial Officer of Good Eggs, Inc. from July 2019 to December 2020, of Helix, Inc. from July 2018 to July 2019, and of StubHub from April 2013 to June 2018. Prior to these roles, Mr. Gopal held senior roles at eBay, Inc. and numerous management roles with GE HealthCare Technologies, Inc. Mr. Gopal holds a Master of Management Studies degree from the Birla Institute of Technology and Science.

There is no arrangement or understanding between Mr. Gopal and any other person pursuant to which Mr. Gopal has been appointed as Chief Financial Officer, and there is no family relationship between Mr. Gopal and any of the Company’s directors or executive officers. Mr. Gopal has no interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Compensation Arrangements with Mr. Gopal

Mr. Gopal entered into an offer letter (the “Offer Letter”) with the Company on February 19, 2024, providing for an annual compensation package consisting of a base salary of \$500,000 and a target bonus opportunity of 75% of base salary (prorated for 2024). In addition, the Offer Letter provides for a one-time sign-on bonus in the amount of \$300,000 (the “Sign-On Bonus”), payable in the first regularly scheduled pay date following the Start Date, less applicable withholdings and deductions. The Offer Letter also provides that Mr. Gopal will work from the Company’s headquarters in San Francisco, California, with regular travel to the Company’s other business locations. If Mr. Gopal is terminated by the Company for “cause” or resigns from the Company without “good reason” (each term, as defined in the CIC Agreement (defined below)): (a) on or prior to the first anniversary of the Start Date, Mr. Gopal will repay 100% of the Sign-On Bonus to the Company within 30 days of his termination of employment; or (b) following the first anniversary of the Start Date but on or before the second anniversary of the Start Date, Mr. Gopal will repay 50% of the Sign-On Bonus to the Company within 30 days of his termination of employment.

The Company will recommend that the Board grant Mr. Gopal two equity awards following his Start Date, as follows: (a) 700,000 time-based restricted stock units (“RSUs”), which will vest 25% on the first anniversary of the vesting commencement date and in 12 substantially equal quarterly installments thereafter, subject to Mr. Gopal’s continuous employment with the Company through the applicable vesting date; and (b) 550,000 performance-based restricted stock units (“PSUs”), which will be eligible to vest over a four-year performance period (the “Performance Period”) based on (i) Mr. Gopal’s continuous employment with the Company and (ii) the Company’s stock price achievement, as summarized below:

Tranche ⁽¹⁾	PSUs Eligible to Vest	Service Condition ⁽²⁾	Performance Condition ⁽³⁾
1	100,000	12 months	\$ 5.00
2	100,000	24 months	\$ 7.50
3	150,000	36 months	\$ 10.00
4	200,000	48 months	\$ 15.00

- (1) The PSUs will vest on the first date on which both the service condition and performance condition are achieved for the applicable PSU tranche (referred to herein as “time-vesting” and “performance-vesting”, respectively) during the Performance Period.
- (2) Mr. Gopal must be continuously employed by the Company from the vesting commencement date through the service period set forth above for the applicable PSU tranche to time-vest; provided that the service condition will be deemed satisfied (a) upon the consummation of a “change in control” (as defined in the CIC Agreement) in which the PSUs are not assumed or substituted or (b) upon his termination without “cause” or resignation with “good reason” (in each case, as defined in the CIC Agreement) (i) within the three-month period prior to a change in control or (ii) following a change in control through the 48-month anniversary of the vesting commencement date.
- (3) The Company must achieve the stock prices set forth above during the Performance Period for the applicable PSU tranche to performance-vest. Stock price performance will be measured based on the 60-day volume-weighted average price of one share of the Company’s common stock registered on Nasdaq, as well as on the last trading day prior to the occurrence of a change in control.

The terms and conditions of these awards will be consistent with the terms and conditions of the Company’s 2019 Equity Incentive Plan (the “2019 Plan”) and the applicable executive form of award agreements. Beginning in 2025, Mr. Gopal will also be eligible to participate in the 2019 Plan (or any successor long term incentive plan) on an annual basis and receive annual grants of long-term incentive awards at a level commensurate with his position.

Mr. Gopal will enter into the Company’s form Severance and Change in Control Agreement (the “CIC Agreement”) and, upon entry into the CIC Agreement, will be entitled to the compensation and benefits described therein for the Company’s executives (other than Chief Executive Officer). Mr. Gopal will also enter into the Company’s Indemnity Agreement upon or as soon as practicable after the Start Date in the same form entered into by the Company’s other executive officers.

The foregoing description of the Offer Letter is a general description only and is qualified in its entirety by reference to the full text of the Offer Letter, a copy of which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Cessation of Interim Chief Financial Officer Role

Todd Suko, Chief Legal Officer and Secretary of the Company, was appointed as Interim Chief Financial Officer effective February 1, 2024 to serve in such capacity while a search for the Company’s permanent Chief Financial Officer was underway. Effective as of the Start Date, the Interim Chief Financial Officer role will terminate, and Mr. Suko will remain with the Company in his previous roles.

Item 7.01 Regulation FD Disclosure.

On February 21, 2024, the Company issued a press release. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information in Item 7.01 to this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and 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 incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

On February 21, 2024, The RealReal, Inc. (the “Company”) announced that Karen Katz has been appointed as independent Chairperson of the Board and that Rob Krolik will no longer serve as Lead Independent Director of the Board, in each case, effective as of February 20, 2024. Ms. Katz and Mr. Krolik have served on the Board since February 2021 and January 2019, respectively. The Company will pay Ms. Katz an additional fee of \$30,000 in respect of her role as Chairperson, payable in equal quarterly installments in arrears and prorated for any partial quarter or year of service.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Offer Letter by and between The RealReal, Inc. and Ajay Gopal dated February 19, 2024
99.1	Press Release dated February 21, 2024
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

The RealReal

February 19, 2024
Ajay Madan Gopal
Via E-mail

Re: Offer of Employment

Dear Ajay:

Congratulations and welcome to The RealReal, Inc. (“**TRR**”) team! We are excited to offer you the full-time, exempt position of Chief Financial Officer. You will report to TRR’s Chief Executive Officer. This offer is contingent on successful clearance of your completed background check and receipt of proof of authorization to work in the United States.

Your anticipated start date is March 18, 2024 (the “**Start Date**”). You will be expected to perform the duties and responsibilities of the position and other reasonable duties and responsibilities as may be assigned to you from time to time. Except as approved by our Chief Legal Officer as it relates to external board or advisory roles, you agree to devote your full time and best efforts to the performance of your duties at TRR and you agree, during your employment with TRR, not to directly or indirectly engage or participate in any other employment, occupation, or other activities which may conflict with your obligations to TRR or the best interests of TRR.

Base Compensation. We are offering you a starting base salary at the annual rate of \$500,000, less applicable withholdings and deductions. Wages are paid bi-weekly in accordance with TRR’s normal payroll procedures. Your base salary will be reviewed by TRR’s Board of Directors (the “**Board**”) beginning in 2025 and annually thereafter.

Work Location. You will work from TRR’s headquarters in San Francisco, California, with regular travel to TRR’s other business locations. Your business travel will be reimbursed by TRR in accordance with its travel and expense policy, as in effect from time to time.

Discretionary Bonus. You will be eligible to participate in The RealReal, Inc. Discretionary Bonus Plan (the “**Bonus Plan**”), as it may be amended from time to time. Pursuant to the Bonus Plan or any successor plan, you will be provided with the opportunity to earn a cash, discretionary incentive bonus expressed as a percentage of your salary for the relevant period (annual), which amount may be adjusted based on achievement of company and/or individual performance as set in advance by the Board in consultation with you. Determination of bonuses is at the sole and absolute discretion of the Board. Each year, your bonus target will be set at 75% of your base salary. Pursuant to the Bonus Plan, your 2024 bonus opportunity will be prorated to account for your start date. Payment of any bonus is subject to your continuous employment through the date of payment, except as set forth in the CIC Agreement (defined below) or otherwise provided by applicable law. The Board may modify the Bonus Plan at any time, in its sole discretion. Bonus payments are subject to supplemental income tax withholding.

Benefits. You will also be eligible to receive employee benefits (medical, dental, Discretionary Time Off), according to the terms of the applicable TRR policy or benefit plan, as the same may be amended from time to time.

Equity Compensation. If you accept this role, as a material inducement to your acceptance, TRR will recommend that the Board grant you two equity awards, as follows: (a) 700,000 time-based restricted stock units (“*RSUs*”), which vest 25% on the first anniversary of the vesting commencement date and in 12 substantially equal quarterly installments thereafter, subject to your continuous employment with TRR through the applicable vesting date; and (b) 550,000 performance-based restricted stock units (“*PSUs*”), which are eligible to vest over a four-year performance period (the “*Performance Period*”) based on (i) your continuous employment with TRR and (ii) TRR’s stock price achievement, as summarized below:

Tranche⁽¹⁾	PSUs Eligible to Vest	Service Condition⁽²⁾	Performance Condition⁽³⁾
1	100,000	12 months	\$5.00
2	100,000	24 months	\$7.50
3	150,000	36 months	\$10.00
4	200,000	48 months	\$15.00

(1) The PSUs will vest on the first date on which both the service condition and performance condition are achieved for the applicable PSU tranche (referred to herein as “time-vesting” and “performance-vesting”, respectively) during the Performance Period.

(2) You must be continuously employed by TRR from the vesting commencement date through the service period set forth above for the applicable PSU tranche to time-vest; provided that the service condition will be deemed satisfied (a) upon the consummation of a “change in control” (as defined in the CIC Agreement) in which the PSUs are not assumed or substituted or (b) upon your termination without “cause” or resignation with “good reason” (in each case, as defined in the CIC Agreement) (i) within the three-month period prior to a change in control or (ii) following a change in control through the 48-month anniversary of the vesting commencement date.

(3) TRR must achieve the stock prices set forth above during the Performance Period for the applicable PSU tranche to performance-vest. Stock price performance will be measured based on the 60-day volume-weighted average price of one share of TRR’s common stock registered on Nasdaq, as well as on the last trading day prior to the occurrence of a Change in Control.

These awards will be consistent with the terms and conditions of TRR’s 2019 Equity Incentive Plan (the “*2019 Plan*”) and the applicable executive form of award agreements. Following the vesting of the RSUs or PSUs, as applicable, you will receive one share of TRR common stock for each vested RSU or PSU, as applicable, subject to tax withholding. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continued vesting or employment.

Beginning in 2025, you will also be eligible to participate in the 2019 Plan (or any successor long term incentive plan) on an annual basis and receive annual grants of long-term incentive awards at a level commensurate with your position.

Recoverable Sign-On Bonus. You will also be paid a one-time sign-on bonus of \$300,000 (“*Sign-On Bonus*”), payable on the first regularly scheduled pay date following your Start Date, less applicable withholdings and deductions. If you are terminated by TRR for “cause” or you resign without “good reason” (each term, as defined in the CIC Agreement): (a) on or prior to the first anniversary of the Start Date, you agree to repay 100% of the Sign-On Bonus to TRR within thirty (30) days of your termination of employment; or (b) following the first anniversary of the Start Date but on or before the second anniversary of the Start Date, you agree to repay 50% of the Sign-On Bonus to TRR within thirty (30) days of your termination of employment, in either case, without the necessity of any demand from TRR. You further agree, to the maximum extent permitted by law, that TRR shall be able to recover any legal fees incurred to recover these funds, should TRR prevail in such matter before an arbitrator or court of competent jurisdiction, to the maximum extent permitted by law.

Severance. You will be eligible to enter into TRR’s form Severance and Change in Control Agreement (the “*CIC Agreement*”), and, upon entry into the CIC Agreement, will be entitled to the compensation and benefits described therein for TRR’s executives (other than the Chief Executive Officer).

Indemnification Agreement. Upon or as soon as practicable after the Start Date, you will be provided with a form of indemnification agreement containing terms no less favorable than any indemnification agreement to which any other TRR officer or director is a party or becomes a party, and such agreement will be amended from time to time to the extent any more favorable terms are subsequently provided to any officer or director.

No conflicts. By signing below, you agree that there is no lawful reason to prevent you from accepting a position with TRR. We also ask that, if you have not already done so, you disclose to TRR any and all agreements relating to your prior employment that may affect your eligibility to be employed by TRR or limit the manner in which you may be employed. It is TRR’s understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree not to bring any third-party confidential information to TRR, including that of your former employer, and confirm and agree that in performing your duties for TRR you will not in any way utilize any such information.

Company Policies. As a TRR employee, you will be expected to abide by TRR’s rules and policies. Specifically, you will be required on your first day to sign an acknowledgment that you have received, read and that you understand TRR’s rules of conduct which are included in TRR Employee Handbook. Company policies may change from time to time in accordance with applicable laws and in TRR’s sole discretion.

Clawback Provisions. All incentive compensation paid to you pursuant to this offer or otherwise in connection with your employment with TRR shall be subject to (a) TRR's clawback policy(ies) and any other clawback, forfeiture or other similar policy adopted by TRR and as in effect from time to time and (b) applicable law, regulation or stock exchange listing requirement. By signing this offer, you are deemed to have acknowledged and consented to TRR's clawback policy(ies) and TRR's application, implementation and enforcement of any clawback, forfeiture or other similar policy adopted by TRR and any provision of applicable law or stock exchange listing requirement relating to reduction cancellation, forfeiture or recoupment and to have agreed that TRR may take such actions as may be necessary to effectuate any such policy, requirement or applicable law, without further consideration or action.

Business Protection and Arbitration Agreement. This offer and your employment are conditioned on your execution prior to the Start Date of, and your continued compliance with, a Business Protection and Arbitration Agreement with TRR. A copy of this Business Protection and Arbitration Agreement is enclosed for you to review and consider as an integral part of this employment offer. By your signature below, you acknowledge that nothing in this letter or in any policy or agreement with TRR shall be construed or applied to prohibit or limit you (or your attorney) from initiating communications directly with, responding to any inquiry from, volunteering information (including confidential information) to, or providing testimony before, the Securities and Exchange Commission, the Department of Justice, FINRA, any other self-regulatory organization or any other governmental, law enforcement, or regulatory authority, regarding any reporting of, investigation into, or proceeding concerning suspected violations of law. You further acknowledge that you are not required to advise or seek permission from TRR before engaging in any such activity, but that, in connection with any such activity, you must inform such authority that the information provided is confidential. Despite the foregoing, you are not permitted to reveal to any third-party, including any governmental, law enforcement, or regulatory authority, information you learn during the course of employment with TRR that is protected from disclosure by any applicable privilege, including but not limited to the attorney-client privilege or attorney work product doctrine, as TRR does not waive any applicable privileges or the right to continue to protect its privileged attorney-client information, attorney work product, and other privileged information.

At-Will Employment. Your employment is at-will, which means that either TRR or you can terminate your employment at any time with or without notice and with or without cause.

Conditions to Employment. Your job offer is contingent upon a satisfactory background investigation and/or reference checks, in accordance with applicable law. Also, you will need to provide to us evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire.

Severability/Construction. To the extent any provision of this Offer Letter or application of it to any person, place, or circumstance shall be determined to be invalid, unlawful or otherwise unenforceable, in whole or in part, the remainder of the Offer Letter shall remain in full force and effect, and this agreement shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible.

Acceptance of Offer. To accept TRR's offer, please sign and date this letter in the space provided below, and return them to Todd Suko, TRR's Chief Legal Officer, no later than February 20, 2024.

The RealReal Names Ajay Gopal as its Chief Financial Officer and Appoints Karen Katz as Chairperson of its Board of Directors

San Francisco, CA – February 21, 2024 – The RealReal (Nasdaq: REAL)—the world’s largest online marketplace for authenticated, resale luxury goods—today announced that it has hired Ajay Gopal as its Chief Financial Officer (CFO), effective March 18, 2024, and that it has appointed its current board member Karen Katz as Chairperson of its Board of Directors (Board), effective February 20, 2024.

“I’m thrilled to welcome Ajay to The RealReal,” said John Koryl, The RealReal’s Chief Executive Officer. “Not only does Ajay have robust experience in high-growth and transformative businesses, but his diverse background and experience across eCommerce and two-sided marketplaces is invaluable as The RealReal continues its drive toward profitability.”

Mr. Gopal currently serves as CFO of Outside Interactive and has extensive experience helming tech-enabled consumer companies, having previously served as CFO at Good Eggs, Helix and StubHub. He has also held senior leadership positions in finance at eBay and GE Healthcare. Mr. Gopal has proven his strategic ability to leverage finance organizations to help drive profitable growth. At StubHub, he led finance through a transformative time when the business doubled in size to exceed \$1B in global revenues and expanded its presence from four to over 45 countries.

"Over the past few years, resale has gained significant momentum and attention from consumers as well as investors," said Mr. Gopal. "I am drawn to The RealReal’s best-in-class experience, and I’m excited to be partnering with this exceptional team to continue to execute on its strategy and create long-term value for our stockholders."

Mr. Gopal holds a Master of Management Studies degree from the Birla Institute of Technology and Science.

On the appointment of Ms. Katz as Chairperson of the board, Mr. Koryl continued, “Karen has made immeasurable contributions to The RealReal since she joined the Board in 2021. Her industry knowledge, strategy expertise and proven track record is unmatched. This appointment comes at a critical time for the company as we focus on profitable growth, and I am confident she will help take The RealReal to new heights.”

With a career spanning decades in luxury retail, Ms. Katz has established herself as a visionary leader. As the former CEO of Neiman Marcus Group, Ms. Katz leveraged Neiman Marcus’ brick-and-mortar presence – including Neiman Marcus, Bergdorf Goodman and Last Call – to launch its omnichannel strategy, integrating customers’ online and in-store experiences through

technology and personalization. She also led the 2014 acquisition of luxury e-commerce retailer, Mytheresa, scaling its e-commerce offerings to support Neiman Marcus' omnichannel strategy.

"We are thrilled to name Karen as Chairperson of the Board," said Rob Krolik, who served as The RealReal's Lead Independent Director from January 2019 until Ms. Katz's appointment as Chairperson. "Her vast experience and industry leadership is unparalleled. It has been an honor to serve on the Board with Karen, and I look forward to continue working with her as she propels The RealReal into this next phase of the business."

Ms. Katz currently serves on the Board of Directors at Under Armour, Humana, and Rokt.

About The RealReal Inc.

The RealReal is the world's largest online marketplace for authenticated, resale luxury goods, with more than 34 million members. With a rigorous authentication process overseen by experts, The RealReal provides a safe and reliable platform for consumers to buy and sell their luxury items. We have hundreds of in-house gemologists, horologists and brand authenticators who inspect thousands of items each day. As a sustainable company, we give new life to pieces by thousands of brands across numerous categories—including women's and men's fashion, fine jewelry and watches, art and home—in support of the circular economy. We make selling effortless with free virtual appointments, in-home pickup, drop-off and direct shipping. We do all of the work for consignors, including authenticating, using AI and machine learning to determine optimal pricing, photographing and listing their items, as well as handling shipping and customer service.

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