

Reborn Coffee Provides Fourth Quarter and Full Year 2024 Corporate Update and Financial Results

FY 2024 Annual Revenue Growth to \$5.9 Million and Strong 31% Increase in Q4 Revenue to \$1.8 Million

Approved as U.S. Franchisor and Signed Commitments for 33 New Locations Through a Combination of Area Development and Franchise Agreements

BREA, Calif., March 31, 2025 (GLOBE NEWSWIRE) -- Reborn Coffee Inc. (Nasdaq: REBN), a leader in the specialty coffee market, has reported its financial and operational results for the fourth quarter and year ended December 31, 2024.

Key Financial and Operational Highlights

- Q4'24 revenue improved 31% to \$1.8 million, compared to \$1.4 million in Q4'23.
- Despite higher food costs, in the full year 2024 revenue improved 8% to \$5.9 million as compared to \$5.5 million the same period revenue in 2023.
- Company-operated store gross margins for the year ended December 31, 2024, decreased to 63% compared to 66% for the same period in 2023.
- Ended Q4'24 with 11 open locations, with 1 location in development, reinforcing our national growth strategy.
- Full Year 2024 wholesale and online sales grew 47% to \$0.4 million from \$0.2 million in 2023, as Reborn Coffee continues to scale its omnichannel footprint.

Q4 2024 and Subsequent Events

- Approved as U.S. Franchisor, setting the stage for expansive growth across U.S. markets.
 - Signed commitments for 33 new locations through a combination of area development and franchise agreements following a highly successful Franchise Seminar.
 - Bosco Bakery in Los Angeles, California joined Reborn Coffee as a franchise, marking a strategic expansion into the artisan bakery segment.
- Partnered with Eachome Shopping, a retail platform under Shenzhen Media Group, offering a wide range of products and services to consumers across China, to expand retail footprint across China.
- Announced Reborn Coffee Dubai, the Middle Eastern hub of Reborn Coffee's international expansion, is spearheading a bold new initiative to establish flagship locations in Europe. Openings are set for Vienna, Austria; Florence, Italy; and Prague, Czech Republic.
- Collaborating with Finlays, a global leader in premium tea and coffee solutions, to launch new ready-to-drink (RTD) 4th Wave Cold Brew product line.
- Acquired a 58% stake in Bbang Ssaem Bakery, one of Korea's most iconic bakery brands with an estimated \$7 million trailing twelve months revenue through November, 2024, serving as a launchpad for Reborn Coffee's entry into the South Korean franchise market and deliver premium coffee and bakery experiences to new locations.
 - Landmark distribution agreement through Bbang Ssaem Bakery F&B will bring Reborn's preservative-free, signature baked goods to approximately 8,000 stores of a major coffee chain across South Korea.
- Entered into a securities purchase agreement and a common stock purchase agreement for up to a total of \$60 million in financing commitments with Arena Investors, LP ("Arena") and Arena Business Solutions Global SPC II, Ltd. ("ABS").

Management Commentary

"The fourth quarter and early 2025 was highlighted by strong progress of our global expansion initiatives and the rollout of our U.S. franchise business," said Jay Kim, Chief Executive Officer of Reborn. "Our U.S. company stores faced ongoing challenges with the combination of rising input costs, heightened consumer price sensitivity, and increased capital costs that affected gross margins. Despite these challenges, we improved revenue in 2024 by 8% through the opening of new locations, and a strong focus on marketing efforts to grow brand recognition. We also continue to optimize operating expenses while maintaining a strong Average Unit Volume ("AUV") comparable to previous periods.

"We were recently approved as a U.S. franchisor, setting the stage for an ambitious expansion plan, targeting the opening of more than 100 franchise locations nationwide within the next three years. We are now approved to operate in the state of California and non-franchise registration states, with additional franchise approvals in other registration states actively in progress. This phased approach ensures a strategic and comprehensive nationwide rollout. Following a highly successful Franchise Seminar held in February, we secured commitments for 33 new franchise locations in California, Florida, Georgia, Arizona and more. With our area development model, we are accelerating our footprint nationwide while ensuring strong local partnerships that will drive operational success. Most recently, Bosco Bakery in Los Angeles, California officially joined Reborn Coffee as a franchise. This flagship franchise will serve as a model for future hybrid café-bakery locations.

"Internationally, we partnered with Eachome Shopping in China to scale our retail presence by integrating with their extensive online and offline platforms. By leveraging Eachome Shopping's robust media resources, we aim to enhance brand visibility and engage a broader consumer base. The collaboration also paves the way for future online ventures, with aspirations to expand beyond China into the broader Southeast Asian market. Concurrently, Reborn Coffee Dubai is working to establish flagship locations in Europe including Vienna, Austria; Florence, Italy; and Prague, Czech Republic. The Prague flagship store is set to open in June 2025, strategically aligning with the peak tourist season, with announcements for Florence and Prague coming soon.

"We have also made progress for the launch of our Ready-To-Drink (RTD) 4th Wave Cold Brew product line, partnering for launch with Finlays, a global leader in premium tea and coffee solutions. Finlays was selected for its state-of-the-art cold brew extraction process, which ensures superior flavor and extended shelf life for RTD coffee beverages. The collaboration has resulted in three distinct offerings including Miami Passion, Signature Blend, and Single-Origin Colombian Cold Brew. The RTD cold brew coffee market continues to experience double-digit growth as consumers seek healthier, more convenient options for their fast-paced lifestyles. Reborn Cold Brew will stand out by delivering a smoother, less acidic coffee experience with natural ingredients, zero sugar, and bold caffeine flavors tailored to a new generation of coffee drinkers.

"Looking ahead, we believe our growing international presence, introduction of innovative new products, rapidly expanding online ecommerce sales, and targeted marketing initiatives will deliver on our comprehensive growth strategy in the long term. We are working diligently to expand and diversify our global operations with strategic partnerships and initiatives across Asia, Eastern Europe, and the Middle East in some of the world's fastest-growing coffee markets. Our longer-term goals extend beyond these regions, and we have established a target of over 300 locations worldwide within the next two years designed to establish Reborn Coffee as a household name around the world. As we continue to penetrate new markets, we are poised to redefine the future of specialty coffee on a global scale.

"At our US retail locations and ecommerce, we will continue to focus on driving sales and improving gross profit, enhanced by new beverages, complementary product launches, and new company-owned retail locations. We believe the newly secured franchise agreements underscore the strong demand for Reborn Coffee's specialty coffee, tea, and bakery concept, and the franchise model will position us as a leading force in the U.S. coffee industry. We look forward to additional updates on our anticipated milestones in the weeks and months to come," concluded Kim.

Anticipated Milestones

- Accelerate Reborn Coffee's footprint across China with multiple flagship stores opening in key tier-1 cities

including Guangzhou, Shanghai, and Shenzhen, supported by regional master license agreements to drive multi-unit expansion.

- Establish a landmark flagship café inside the New Century Global Center in Chengdu, one of the largest shopping complexes in the world, integrating café, tea, and bakery concepts in a premium lifestyle destination.
- Expand into Northern China through our Shenyang flagship location, with a focus on family-oriented retail experiences and integration into large-scale amusement and entertainment complexes via strategic partners.
- Introduce AI-powered operational systems in new China stores, with future rollout planned across U.S. franchise locations to enhance efficiency, consistency, and customer engagement.
- Strengthen our presence in Southern China, with a focus on the Greater Bay Area as a key growth hub, aligning with Reborn's lifestyle branding and café experiences.
- Initiate global distribution of Reborn's patented Coffeeware, starting with the Reborn Tumbler, targeting specialty coffee markets in the U.S., China, Korea, and Southeast Asia, with plans to license or co-develop additional designs.
- Open flagship location in Dubai, UAE, as a launchpad into the Middle East region, with plans for 20+ additional locations, supported by a centralized distribution center, roasting facility, and regional warehouse to support scalability.
- Strengthen omnichannel revenue streams through expanded wholesale, ecommerce, and RTD cold brew product sales across major digital and retail platforms.

Fourth Quarter and Full Year 2024 Financial Results

Revenues were \$1.8 million for the three months ended December 31, 2024, compared to \$1.4 million for the comparable period in 2023, representing an increase of 31%. The increase in sales for the period was primarily due to increased customer traffic as a result of enhanced brand awareness and expanded marketing efforts. For the year ended December 31, 2024, revenues were \$5.9 million, compared to \$5.5 million in the prior year period, an increase of 8%. The increase in sales for the periods were primarily driven by the opening of new locations, and to the continued focus on marketing efforts to grow brand recognition.

Company-operated store gross profit was \$0.8 million for the three-month period ended December 31, 2024, compared to \$0.7 million for the comparable period in 2023. Q4'24 company-operated store gross margins decreased to 45% compared to 61% for the same period in 2023.

Company-operated store gross profit was \$3.5 million for the year ended December 31, 2024, compared to \$3.5 million for the comparable period in 2023. Full year 2024 company-operated store gross margins decreased to 63% compared to 66% for the same period in 2023.

Wholesale and online revenue for the fourth quarter of 2024 was (\$9,878), compared to \$177,365 in the fourth quarter of 2023. The decrease in revenue was due to B2B orders and a strategic shift in marketing focus toward in-store promotions, positioning the company for stronger omnichannel growth in 2025.

Total operating costs and expenses for the three-month period ended December 31, 2024, were \$3.5 million compared to \$3.0 million for the comparable period in 2023. Total operating costs and expenses for the year ended December 31, 2024, were \$10.5 million compared to \$10.1 million for the comparable period in 2023, representing an increase of 5%.

Net loss for the fourth quarter of 2024 was \$1.8 million, compared to a net loss of \$1.7 million for the fourth quarter of 2023. Net loss for the year ending December 31, 2024, was \$4.8 million, compared to a net loss of \$4.7 million for the year ending December 31, 2023.

Net cash used in operating activities for the year ended December 31, 2024, was \$3.5 million, compared to \$3.2 million for the year ended December 31, 2023.

Cash and cash equivalents totaled \$0.2 million as of December 31, 2024, compared to \$0.2 million as of December 31, 2023. On February 6, 2025, the Company entered into a securities purchase agreement and a common stock purchase agreement for up to a total of \$60 million in financing commitments with Arena Investors, LP ("Arena") and Arena Business Solutions Global SPC II, Ltd. ("ABS").

About Reborn Coffee

Reborn Coffee, Inc. (NASDAQ: REBN) is focused on serving high quality, specialty-roasted coffee at retail locations, kiosks, and cafes. Reborn is an innovative company that strives for constant improvement in the coffee experience through exploration of new technology and premier service, guided by traditional brewing techniques. Reborn believes they differentiate themselves from other coffee roasters through innovative techniques, including sourcing, washing, roasting, and brewing their coffee beans with a balance of precision and craft. For more information, please visit www.reborncoffee.com.

Forward-Looking Statements

All statements in this release that are not based on historical fact are "forward-looking statements." While management has based any forward-looking statements included in this release on its current expectations, the information on which such expectations were based may change. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including those risks and uncertainties described in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our recent filings with the Securities and Exchange Commission ("SEC") including our Form 10-K year ended December 31, 2024, which can be found on the SEC's website at www.sec.gov. Such risks, uncertainties, and other factors include, but are not limited to, the Company's ability to continue as a going concern as indicated in an explanatory paragraph in the Company's independent registered public accounting firm's audit report as a result of recurring net losses, among other things, the Company's ability to successfully open the additional locations described herein as planned or at all, the Company's ability to expand its business both within and outside of California (including as it relates to increasing sales and growing Average Unit Volumes at our existing stores), the degree of customer loyalty to our stores and products, the fluctuation of economic conditions, competition and inflation. We urge you to consider those risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

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REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<i>December 31, 2024</i>	<i>December 31, 2023</i>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 158,215	\$ 164,301
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$0, respectively	67,309	56,938
Inventories, net	169,615	185,061
Prepaid expense and other current assets	467,613	359,124
Total current assets	862,752	765,424
Property and equipment, net	4,080,004	3,494,050
Operating lease right-of-use asset	2,653,179	4,566,968
Other assets	193,188	425,712
Total assets	\$ 7,789,123	\$ 9,252,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 558,444	\$ 632,753
Accrued expenses and current liabilities	774,826	611,290
Loans payable to financial institutions, current	111,300	791,352
Loans payable to others	427,073	609,027
Loans payable to shareholders	-	100,000
Loan payable, emergency injury disaster loan (EIDL), current	30,060	30,060
Loan payable, payroll protection program (PPP), current	37,494	45,678
Operating lease liabilities, current	844,177	1,003,753
Total current liabilities	2,783,374	3,823,913
Loans payable to financial institutions, net of current	-	335,147
Loan payable, emergency injury disaster loan (EIDL), net of current	469,940	469,940
Loan payable, payroll protection program (PPP), net of current	26,307	51,595
Operating lease liabilities, net of current	1,906,760	3,725,153
Total liabilities	5,186,381	8,405,748
Commitments and Contingencies		
Stockholders' equity		
Common Stock, \$0.0001 par value, 40,000,000 shares authorized; 4,274,508 and 1,866,174 shares issued and outstanding at December 31, 2024 and 2023, respectively	428	187
Common stock issuable, \$0.0001 par value, 294,000 shares issuable at \$5.00 per share	1,470,000	-
Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized; no shares issued and outstanding at December 31, 2024 and 2023, respectively	-	-
Additional paid-in capital	22,674,095	17,603,143
Accumulated deficit	(21,562,872)	(16,756,924)
Accumulated other comprehensive income (loss)	21,091	-
Total stockholders' equity	2,602,742	846,406
Total liabilities and stockholders' equity	\$ 7,789,123	\$ 9,252,154

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	<i>Years Ended December 31,</i>	
	<i>2024</i>	<i>2023</i>
Net revenues:		
Stores	5,573,247	5,266,783
Wholesale and online	355,286	241,356
Total net revenues	5,928,533	5,508,139
Operating costs and expenses:		
Product, food and drink costs - stores	2,062,460	1,782,681
Cost of sales-wholesale and online	142,114	105,714
General and administrative	8,343,505	8,162,523
Total operating costs and expenses	10,548,079	10,050,918
Loss from operations	(4,619,546)	(4,542,779)
Other income (expense):		
Other income (expense)	55,140	(8,942)
Asset impairment loss	(25,602)	-
Loss on the sale of building	-	(36,094)
Interest expense	(215,140)	(129,480)
Total other expense, net	(185,602)	(174,516)
Loss before income taxes	(4,805,148)	(4,717,295)
Provision for income taxes	800	7,828
Net loss	\$ (4,805,948)	\$ (4,725,123)
Loss per share:		
Basic and diluted	\$ (1.66)	\$ (2.86)
Weighted average number of common shares outstanding:		
Basic and diluted	2,896,960	1,652,034

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Years Ended December 31,</i>	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net loss	\$ (4,805,948) \$ (4,725,123)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock compensation	600,061	285,000
Stock issued for services	187,152	-
Operating lease	(64,180) 256,618
Depreciation	391,263	262,019
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(10,371) (56,158)
Decrease (increase) in inventories	15,446	(52,718)
Decrease (increase) in other assets, net	124,035	(71,822)
Increase (decrease) in accounts payable	(53,218) 544,944
Increase (decrease) in accrued liabilities, net	163,536	378,237
Net cash used in operating activities	<u>(3,452,224</u>	<u>) (3,179,003)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(1,109,374) (2,413,257)
Proceeds from disposal of assets	132,157	-
Net cash used in investing activities	<u>(977,217</u>	<u>) (2,413,257)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	4,283,980	-
Proceeds from common stock issuable	1,470,000	
Repayment of borrowings from shareholder	(100,000) -
Proceeds from loan payable to others	(181,954) -
Proceeds from line of credit	-	1,000,000
Repayment of loan payable, PPP	(33,472) -
Proceeds from loan payable to financial institutions	-	1,784,628
Repayments of loan payable to financial institutions	(1,015,199) (47,102)
Net cash provided by financing activities	<u>4,423,355</u>	<u>2,737,526</u>
Net increase (decrease) in cash	<u>(6,086</u>	<u>) (2,854,734)</u>
Cash at beginning of year	164,301	3,019,035
Cash at end of year	<u>\$ 158,215</u>	<u>\$ 164,301</u>
Supplemental disclosures of non-cash investing and financing activities:		
Conversion of credit line to common stock issuances	<u>\$ -</u>	<u>\$ 1,000,000</u>
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	<u>\$ 215,000</u>	<u>\$ 129,000</u>
Income taxes	<u>\$ 800</u>	<u>\$ 800</u>

