

BAB, Inc. Reports Results for 2nd Quarter FY 2020

DEERFIELD, Ill., July 10, 2020 (GLOBE NEWSWIRE) -- BAB, Inc. (OTCQB: **BABB**) announced its financial results for the second quarter ended May 31, 2020.

For the quarter ended May 31, 2020, BAB had revenues of \$352,000 and a net loss of \$72,000, or \$0.01 per share loss, versus revenues of \$774,000 and net income of \$128,000, or earnings of \$0.02 per share, for the same quarter last year. Royalty revenue, license fees and other income and marketing fund revenue all decreased for the second quarter 2020 because of the effect of the Coronavirus pandemic on franchisee sales.

For the six months ended May 31, 2020, BAB had revenues of \$1,048,000 and a net loss of \$28,000, or \$0.00 (zero) per share, versus revenues of \$1,487,000 and net income of \$225,000, or \$0.03 per share for the same period in 2019. The Coronavirus pandemic which occurred in the second quarter 2020 has affected the revenues and net income, creating lower revenues and a year to date loss.

Total operating expenses for the quarter ended May 31, 2020, were \$423,000, versus \$641,000 in 2019. Total operating expenses for the six months ended May 31, 2019 were \$1,061,000 versus \$1,252,000 for the six months ended May 31, 2019.

On May 1, 2020, BAB Systems, Inc., a wholly owned subsidiary of BAB, Inc. received a Payroll Protection Program loan under the CARES Act in the amount of \$228,000. The Company has used the funds for payroll and certain other acceptable expenses and believes is it likely that the loan will be forgiven in full. This will reduce the expenses for the fiscal year in which it is forgiven.

While the Coronavirus pandemic has created challenges for restaurants around the country, we are proud of the work our franchisees have put in to adapt to changing regulations and government mandates. As states begin to open up and ease restrictions we have seen franchise locations total system-wide sales rebound from down approximately 67% in week 20 of our fiscal year to down approximately 12% in week 32. We are continuing to evaluate the effects of the Coronavirus pandemic on our operations.

BAB, Inc. franchises and licenses Big Apple Bagels®, My Favorite Muffin®, SweetDuet® frozen yogurt and Brewster's® Coffee. The Company's stock is traded on the OTCQB under the symbol BABB and its website can be visited at www.babcorp.com.

Certain statements in this press release constitute forward-looking statements or statements which may be deemed or construed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "forecast," "estimate," "project," "intend," "expect," "should," "would," "believe" and similar expressions and all statements which are not historical facts are intended to identify forward-looking statements. These forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors which could cause the company's actual results, performance (financial or operating), or achievements to differ from the future results, performance (financial or operating), or achievements expressed or implied by such forward-looking statements. The above factors are more fully discussed in the company's SEC filings.

(TABLE FOLLOWS)

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BAB, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended			Six Months Ended		
	05/31/20	05/31/19	% Change	05/31/20	05/31/19	% Change
REVENUES						
Royalty fees from franchised stores	\$ 238,491	\$ 419,737	-43.2%	\$ 625,830	\$ 792,855	-21.1%
Franchise and area development fee revenue	3,874	3,413	13.5%	7,524	16,826	-55.3%
Licensing fees and other income	62,424	95,232	-34.5%	139,598	192,213	-27.4%
Marketing Fund Revenue	47,031	255,832	-81.6%	274,552	484,620	-43.3%
Total Revenue	351,820	774,214	-54.6%	1,047,504	1,486,514	-29.5%
OPERATING COSTS AND EXPENSES						
Selling, general and administrative	375,672	384,968	-2.4%	785,005	766,481	2.4%
Depreciation and amortization	774	401	93.0%	1,514	800	89.3%
Marketing Fund Expenses	47,031	255,832	-81.6%	274,552	484,620	-43.3%
Total Expense	423,477	641,201	-34.0%	1,061,071	1,251,901	-15.2%

Income from operations	<u>(71,657)</u>	<u>133,013</u>	-153.9%	<u>(13,567)</u>	<u>234,613</u>	-105.8%
Interest expense	-	-	-	-	-	-
Interest/other income	97	124	-21.8%	201	384	-47.7%
Income taxes	-	(5,000)	N/M	(15,000)	(10,000)	N/M
NET INCOME	<u>\$ (71,560)</u>	<u>\$ 128,137</u>	-155.8%	<u>\$ (28,366)</u>	<u>\$ 224,997</u>	-112.6%
Earnings per share - basic and diluted	\$ (0.01)	\$ 0.02	N/M	\$ (0.00)	\$ 0.03	N/M
Average number of shares outstanding	7,263,508	7,263,508		7,263,508	7,263,508	