

BAB, Inc. Reports Profit for 2nd Quarter FY 2019

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DEERFIELD, Ill., July 08, 2019 (GLOBE NEWSWIRE) -- BAB, Inc. (**OTCQB: BABB**), announced its financial results for the second quarter ended May 31, 2019.

For the quarter ended May 31, 2019, BAB had revenues of \$774,000 and net income of \$128,000, or \$0.02 per share, versus revenues of \$560,000 and net income of \$178,000, or \$0.02 per share, for the same quarter last year. On December 1, 2018, BAB, Inc. adopted Accounting Standards Codification (ASC) 606 utilizing the modified retrospective transition method. The adoption of ASC 606 changes how revenue is recognized for franchise fees, license fees and gift card revenue. Had ASC 606 not been adopted, second quarter 2019 net income would have been \$120,000. A material addition to revenue, due to the adoption of ASC 606, is the inclusion of marketing fund payments in revenues for the second quarter of 2019 in the amount of \$256,000. This marketing fund adoption did not affect net income because an offsetting amount of \$256,000 is included in expenses.

For the six months ended May 31, 2019, BAB had revenues of \$1,487,000 and net income of \$225,000, or \$0.03 per share, versus revenues of \$1,061,000 and net income of \$278,000, or \$0.04 per share for the same period in 2018. Had ASC 606 not been adopted, the six months ended May 31, 2019 net income would have been \$257,000. A material addition to revenue is the inclusion of marketing fund payments in revenues for the six months ended May 31, 2019 in the amount of \$485,000. This marketing fund adoption did not affect net income because an offsetting amount of \$485,000 is included in expenses.

Total operating expenses for the quarter ended May 31, 2019, were \$641,000, versus \$383,000, in 2018. Total operating expenses for the six months ended May 31, 2019 were \$1,252,000 versus \$768,000 for the six months ended May 31, 2018. Included in 2019 three months and six months expenses were Marketing expenses of \$256,000 and \$485,000, respectively.

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)

Contact: BAB, Inc.

Michael K. Murtaugh (847) 948-7520 Fax: (847) 405-8140

www.babcorp.com

BAB, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended			Six Months Ended		
	05/31/19	05/31/18	% Change	05/31/19	05/31/18	% Change

REVENUES

Royalty fees from franchised stores	\$ 419,737	\$ 425,435	-1.3%	\$ 792,855	\$ 810,486	-2.2%
Franchise and area development fee revenue	3,413	1,500	127.5%	16,826	1,500	1021.7%
Licensing fees and other income	95,232	133,536	-28.7%	192,213	248,952	-22.8%
Marketing Fund Revenue	255,832	-	N/M	484,620	-	N/M
Total Revenue	774,214	560,471	38.1%	1,486,514	1,060,938	40.1%

OPERATING COSTS AND

EXPENSES

Selling, general and administrative	384,968	382,656	0.6%	766,481	767,165	-0.1%
Depreciation and amortization	401	288	39.2%	800	440	81.8%
Marketing Fund Expenses	255,832	-	N/M	484,620	-	N/M
Total Expense	<u>641,201</u>	<u>382,944</u>	67.4%	<u>1,251,901</u>	<u>767,605</u>	63.1%
Income from operations	<u>133,013</u>	<u>177,527</u>	-25.1%	<u>234,613</u>	<u>293,333</u>	-20.0%
Interest expense	-	-	-	-	-	-
Interest/other income	124	23	439.1%	384	47	717.0%
Income taxes	(5,000)	-	N/M	(10,000)	(15,000)	N/M
NET INCOME	<u>\$ 128,137</u>	<u>\$ 177,550</u>	-27.8%	<u>\$ 224,997</u>	<u>\$ 278,380</u>	-19.2%
Earnings per share - basic and diluted	\$ 0.02	\$ 0.02	N/M	\$ 0.03	\$ 0.04	N/M
Average number of shares outstanding	7,263,508	7,263,508		7,263,508	7,263,508	

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