



Investor Deck 2022

# FORWARD LOOKING AND CAUTIONARY STATEMENTS

This presentation contains certain statements that are, or may be considered to be, “forward-looking statements” for the purpose of federal securities laws, including, but not limited to, statements that reflect our current views with respect to future events and financial performance. We generally identify these statements by words or phrases such as “may,” “might,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “intend,” “predict,” “future,” “potential” or “continue,” the negative or any derivative of these terms and other comparable terminology. Forward-looking statements are based on current expectation and assumptions that are subject to risks and uncertainties which may cause results to differ materially from the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise. Risks and uncertainties to which our forward-looking statements are subject include: (1) macroeconomic and industry risks such as (a) the COVID-19 pandemic has had and is expected to continue to have an adverse effect on our business and results of operations; (b) continued or further declines in retail consumer traffic could adversely affect our financial performance and profitability; (c) declines in general global economic conditions could lead to disproportionately reduced discretionary consumer spending and demand for our products; (d) consumer interests change rapidly and our success depends on the ongoing effectiveness of our marketing and online initiatives to build consumer affinity for our brand and drive consumer demand for our products and services; (e) our profitability could be adversely impacted by fluctuations in petroleum products prices; and (f) our business may be adversely impacted by a variety of significant competitive threats; (2) operational risks such as: (a) we may be unable to generate demand for our interactive retail experience and products, including timely responses to consumer preferences; (b) failure to execute our omnichannel strategy and the costs of investments in e-commerce and digital technology could adversely affect our profitability; (c) we are subject to risks associated with technology and digital operations; (d) we may be unable to renew, renegotiate our store leases or enter into new store leases on favorable terms; (e) our company-owned distribution center and our third-party distribution center providers may experience disruptions or operate inefficiently; and (f) we may not be able to evolve our store locations to align with market trends, successfully diversify our store models and formats, or otherwise effectively manage our overall portfolio of stores; (3) international risks such as: (a) we may not be able to operate our international corporately-managed locations profitably; (b) we rely on a few global supply chain vendors to supply substantially all of our merchandise, and significant price increases or disruption in their ability to deliver merchandise could harm our ability to source products and supply inventory to our stores; (c) our merchandise is manufactured by foreign manufacturers and the availability and costs of our products, as well as our product pricing, may be negatively affected by risks associated with international manufacturing and trade and foreign currency fluctuations; and (d) we may be unable to effectively manage our international franchises, attract new franchisees or the laws relating to our international franchises change; (4) Legal, technology and intellectual property risks such as: (a) we are subject to a number of risks related to disruptions, failures or security breaches of our information technology infrastructure; (b) we may fail to renew, register or otherwise protect our trademarks or other intellectual property and may be sued by third parties for infringement or misappropriation of their proprietary rights; (c) we may suffer negative publicity or be sued if the manufacturers of our merchandise or Build-A-Bear branded merchandise sold by our licensees ship products that do not meet current safety standards or production requirements or if such products are recalled or cause injuries; (d) we may suffer negative publicity or be sued if the manufacturers of our merchandise violate labor laws or engage in practices that consumers believe are unethical; and (e) we may suffer negative publicity or a decrease in sales or profitability if the products from other companies that we sell in our stores do not meet our quality standards or fail to achieve our sales expectations; (5) Risks related to owning our common stock such as: (a) fluctuations in our operating results could reduce cash flow or result in restrictions under our credit agreement and we may be unable to repurchase shares; (b) fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; (c) the market price of our common stock is subject to volatility, which could in turn attract the interest of activist shareholders; and (d) provisions of our corporate governing documents and Delaware law may prevent or frustrate attempts to replace or remove our management by our stockholders, even if such replacement or removal may be in our stockholders’ best interests; and (6) general risks such as: (a) we may not be able to operate successfully if we lose key personnel; and (b) we may be unsuccessful in acquiring businesses or engaging in other strategic transactions, which may negatively affect our financial condition and profitability. For additional information concerning factors that could cause actual results to materially differ from those projected herein, please refer to our most recent reports on Form 10-K, Form 10-Q and Form 8-K.





# EXECUTIVE SUMMARY

# A DIVERSIFIED COMPANY WITH A MULTI-GENERATIONAL BRAND

Started as  
an experiential  
mall-based retailer  
focused on children



Has transformed into a multi-  
dimensional, digital, growing  
business with a broad and  
diverse consumer demographic

## EXPANDED OMNICHANNEL CAPABILITIES DRIVING DIGITAL DEMAND

Sustained growth in digital demand  
which has grown to be nearly 20% of  
net retail sales in FY2021

## DIVERSIFIED PORTFOLIO

~35%

of stores are  
not located in a  
traditional mall

## NEARLY 500 GLOBAL LOCATIONS\*

365 114

United States International

## CONNECTED

200MM+

Furry friends sold  
in nearly 25 years

## MULTI-GENERATIONAL APPEAL

>40%

of sales are to tweens, teens  
and adults

## DEEP AND EXTENSIVE LICENSING RELATIONSHIPS

Covering over 75  
entertainment, sports and  
pop culture properties

## POWERFUL BRAND

~90% Agree BAB is a fun experience for a child\*\*

Known, emotional and leverageable brand equity

## SKILLED PASSIONATE EMPLOYEES

3,500+

Associates



\* Store count at end of fiscal Q2-2022. US store count includes 62 third-party retail locations, 6 seasonal shops and excludes vending machines; International includes corporately-managed stores in Canada, the UK and Ireland as well as 62 franchise shops and 3 third-party retail locations

\*\* US Moms of Kids ages 2-12 in the US, C&R Research, 2022

# KEY INVESTOR CONSIDERATIONS



## Profitable business with high margins and free cash flow

- FY2021 total revenues of \$411.5MM and pre-tax income of \$50.7MM, the highest in the company's nearly 25-year history. First half 2022 total revenues of \$218.3MM and pre-tax income of \$25.8MM, both of which are the highest in the company's history.
- The Company has affirmed its guidance for FY2022 for total revenues in the range of \$440 million to \$460 million and pre-tax income in the range of \$52 million to \$62 million
- Finished fiscal Q2-2022 with \$14.4MM in cash and equivalents. Returning value to shareholders, the Company paid a special dividend in Q4-2021 of approximately \$20 million and as of August 9, 2022, had completed the \$25.0MM stock repurchase program authorized by its Board of Directors on November 30, 2021. The Board authorized a new \$50.0MM buyback program on August 31, 2022.



## Powerful brand with multi-generational appeal capturing today's zeitgeist including desire for experience, personalization and "DIY" while recognized as trusted, giving and a part of pop culture

- Over 10 billion media impressions in 2021 demonstrating strong interest from business, trade, entertainment and consumer outlets
- Over 3.6MM social media followers (Facebook, Instagram, Twitter, TikTok, Pinterest and YouTube)



## Successfully proven and growing diversified omnichannel business model

- Offerings include experiential brick-and-mortar stores with 1:1 interactive engagement that deliver profitability while supporting omnichannel fulfillment for growing digital demand as well as diverse e-commerce shopping platforms and experiences
- Expanding addressable consumer base with new experiences and products targeting tween, teen and adult affinity and gifting segments
- Leverageable brand strength to diversify revenue streams through licensing, content and entertainment development



## Accomplished team created an expanding and profitable business now focused on delivering sustained diversified and profitable growth

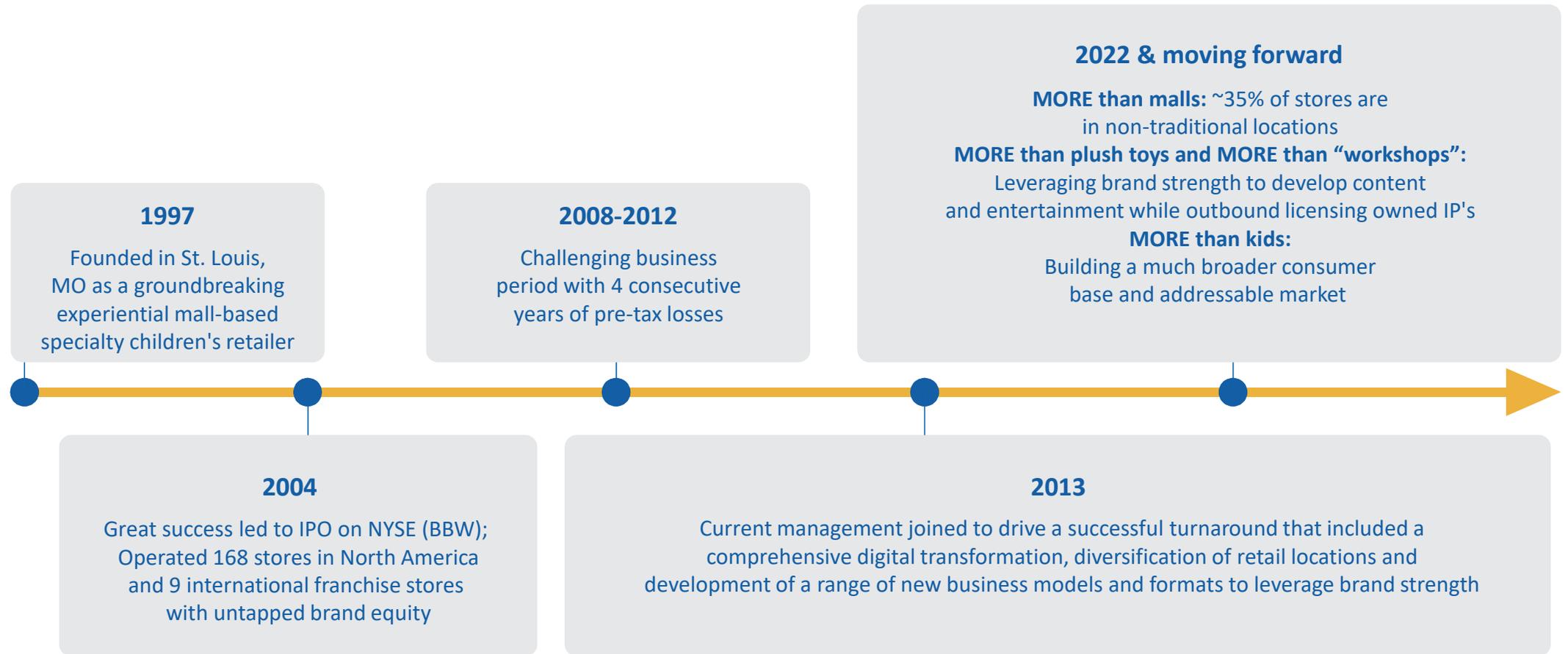
- Returned business to profitability while simultaneously building infrastructure to support a multi-dimensional, digital, growing business with a broad and diverse consumer base



# CELEBRATING OUR 25TH ANNIVERSARY IN 2022



Started as a specialty retailer that became a powerful consumer brand



Now positioned as an evolved thriving entity that is poised for a compelling future





**BELOVED ICONIC BRAND**

# BUILD-A-BEAR IS A POWERFUL BRAND

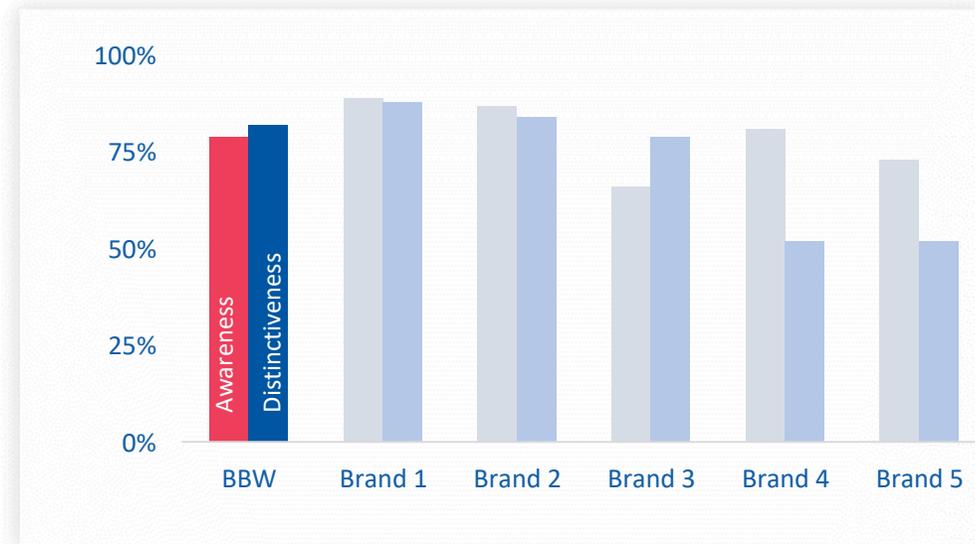
Well-Known

Multi-Generational

Emotional

Trusted

Extendable



US data, C&R Research with Moms of kids ages 2-12 2022

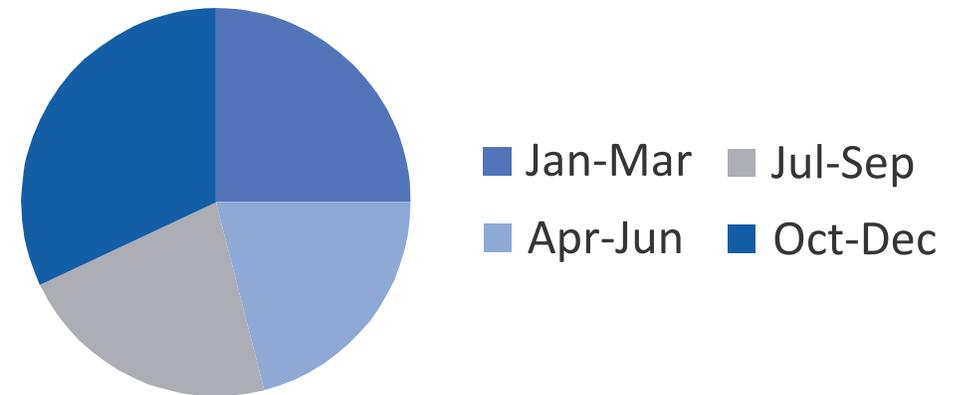
~80% aided brand awareness (US Moms of Kids ages 2-12)

~80% of those surveyed said Build-A-Bear was "distinctive"

Other retail brands include American Girl, Disney, 5 Below, Claire's and LEGO

>60% of store visits are planned and the top occasion is a birthday

Contributing to balanced business seasonality\*



14MM+

- First party data email contacts in CRM database
- Vast majority in Bonus Club loyalty program

\* Reflects average results of multiple years

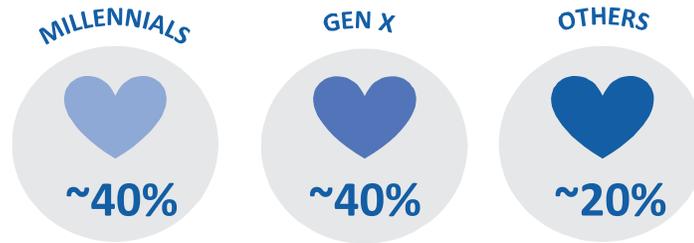


# DIVERSE AND HIGHLY COVETED CONSUMERS

Build-A-Bear is uniquely positioned to reach a targeted demographic market with strong purchasing power

## The profile of Build-A-Bear's ~10 million active Bonus Club membership:

### Wide interest across ages



### Household Profile

~70% have children giving us reach within households to approximately 20 million people

### Interests include:

Eating out, books/reading, visiting amusement parks



### Educated with spending power:

Professional careers, Appx 70% attended college



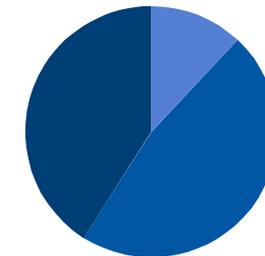
Over 80% are homeowners



Approximately 70% are married

### Diverse Demographic

Over 40% of furry friends are for tweens, teens and adults



■ Infant/Toddler

■ Kids

■ Tweens, Teens, Adults

Source: BBW proprietary loyalty program database



# STRATEGIC SHIFT TO CAPTURE OUR SHARE OF DIGITAL ECONOMY

Rather than “digitizing” the store experience that families love, a strategic shift to diversify the consumer base fueled strong e-commerce growth after updating and upgrading the digital platform and capabilities with CAGR of 34% since 2016



## RETAIL STORE CONSIDERATIONS

- Hands on interactive experience as important as the product
- Opportunity to engage with brand at younger ages and retain for “one more year” to drive higher “childhood value”
- Store positioning where families go for fun and entertainment for ease of shopping

## E-COMMERCE CONSIDERATIONS

- Product foremost with ease and convenience of shopping online
- Once challenging to efficiently market, new tools allow us effectively reach teens/adults
- Likely to have experienced BABW as a child, they still have strong brand affinity but need a “reason” to reengage

Our objective is to extend the reach and size of diverse consumer segments through expanded products and licensed relationships, experiences, occasions, partnerships and marketing activities



# BUILD-A-BEAR GETS NOTICED

Over 10 Billion media impressions in 2021 (and 2020)



**Build-A-Bear unveils new Matrix Bear ahead of The Matrix Resurrections**  
 This new Matrix-themed bear dubbed 'Matrix Bear' from Build-A-Bear can't dodge bullets, but when it's ready, it won't have to.  
 Published Fri, Dec 18 2021 1:48 AM CST | Updated Tue, Jan 4 2022 4:44 PM CST



**Build-A-Bear Has Finally Released Its Baby Yoda Plush, and Look How Cute!**



**Build-A-Bear Workshop \$50 eGift Card (Email Delivery)**  
 \$37.99  
**GMA CONSUMER ALERT: HOW TO SAVE MONEY ON GIFT CARDS**  
 TIPS & TRICKS TO PAY BELOW FULL PRICE



**Build-A-Bear Workshop: We See Much More Upside**  
 Dec. 06, 2021 2:42 PM ET | Build-A-Bear Workshop, Inc. (BBW) | 1 Comment | 2 Likes

**Next Build-A-Bear Eevee Evolutions Plush is Glaceon**



**WATCH THE VIDEO**  
 UN-BEAR-LIEVABLE Mum shares clever trick to get a Build-A-Bear for just \$1



**Furry friends start at \$4 during Build-A-Bear's sale Tuesday**



ST. LOUIS - Build-A-Bear's "NO LINE, ON-LINE, BEAR-BUILDING SALE" is returning on Tuesday, July 27. It is a one-day sale and was introduced in 2020.



**Build-A-Bear Debuts Spellbinding New Harry Potter Line of Cuddly Witches and Wizards**



**Build-A-Bear reinvents online shopping experience with 3D workshop**



**Dad brought to tears after receiving a teddy bear with his late mother's voice**



**Car wash company donates 100 Build-A-Bears for children at East Texas Crisis Center**

**Ashanti Is Looking for the Next Big Pop Star in 'Honey Girls' Trailer (Exclusive)**



**Nutanix (NTNX), Build-A-Bear Tie Up For Bear Builder 3D Workshop**

**Fast-paced Momentum Stock Build-A-Bear (BBW) Is Still Trading at a Bargain**

**Baby 'graduates' from NICU in full cap and gown, bought from a Build-A-Bear store**



**Build-A-Bear Announces Breakup Bears On April Fools' Day**

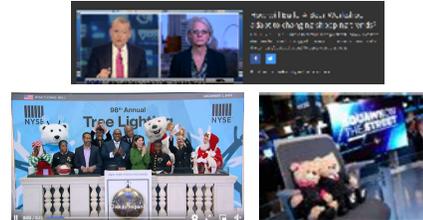


**'Animal Crossing' Build-A-Bear: When and How to Buy New Collection Online**

By PHILLIP MARTINEZ ON 4/6/21 AT 10:47 AM EDT

The One Where Build-A-Bear® Announces New FRIENDS™ Product

**Build-A-Bear's new Christmas movie to premiere on Hallmark Channel Friday**



# BUILD-A-BEAR IS POP CULTURE

Our brand is regularly mentioned on popular TV shows, movies and in celebrity news



# BUILD-A-BEAR PARTNERS WITH LEADING BRANDS

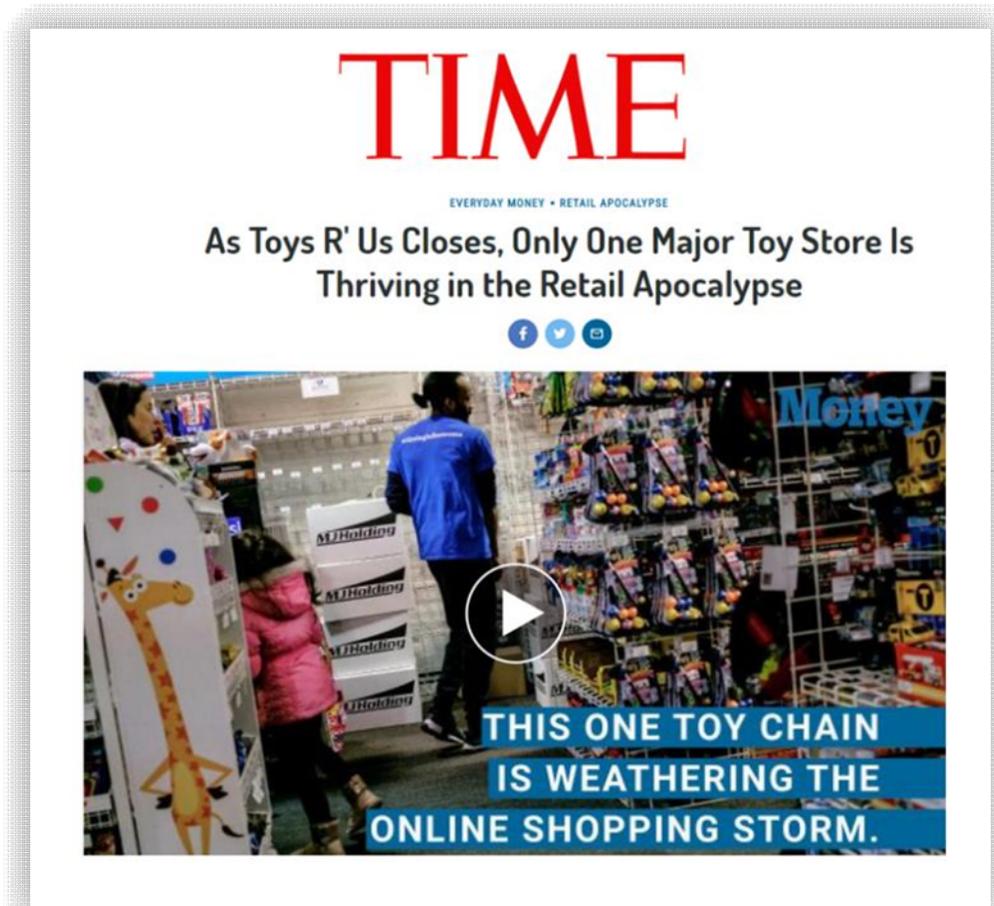
License relationships with over 75 world-class collaborators from film, TV, art, games, sports and more support collectible, affinity and gifting business with appeal to expanded consumer demographics



# STRONG AFFINITY AND BRAND LOYALTY – HIGHLY MONETIZABLE

**Consumers' emotional connection** with the Build-A-Bear brand position it to be more resilient with the ability to diversify beyond toys, beyond kids and beyond malls

“When you buy something at Build-A-Bear ... there’s an emotional attachment ...The thing about Build-A-Bear is that it isn’t just for kids. Whatever you’re into, and whatever your age, Build-A-Bear probably has a stuffed animal accessory for you.”





**GROWING OMNICHANNEL REVENUE MODEL**

# A MODEL OF CONTINUOUS ENGAGEMENT

A continuous circle of engagement driving retail and leveraging brand equity is designed to build a more powerful and profitable business model

## CONSUMER

Expand the CONSUMER BASE & ENGAGEMENT by enabling participation in the brand in multiple ways



## RETAIL

Leverage the POWER and EMOTIONAL CONNECTION CREATED by THE ONE-TO-ONE retail guest engagement & marketing model to DRIVE BRAND EQUITY



## BRAND EQUITY

MONETIZE the earned BRAND EQUITY in CATEGORIES & CHANNELS beyond traditional "retail"

## BRAND LEVERAGE

Into NEW CATEGORIES & CHANNELS

**...EVEN IN THE  
COVID DISRUPTION**



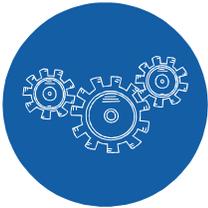
# PROFITABLE STORES BUILD BRAND AND SUPPORT OMNICHANNEL



97% of corporately-managed stores in North America were profitable in 2021 with over 25% average store contribution and 99% were EBITDA positive with an average rate of 28%



Iconic hands-on store experience builds emotional connection and brand awareness creating consumer loyalty that becomes a driver to build e-commerce and other revenue streams



A range of store formats and designs allows retail locations to operate with less total square footage and higher productivity per square foot



Physical stores act as mini distribution centers for increased digital demand fulfillment (no additional labor or overhead needed)



# OUR EXPERIENCES CREATE MEMORIES

Plan a family visit to build (stuff) a furry friend for an engaging experience that forms an emotional connection and makes a shared special memory



Celebrate special occasions with friends and loved ones including birthdays and holidays. Host a "Build-A-Party" for a shared group memory



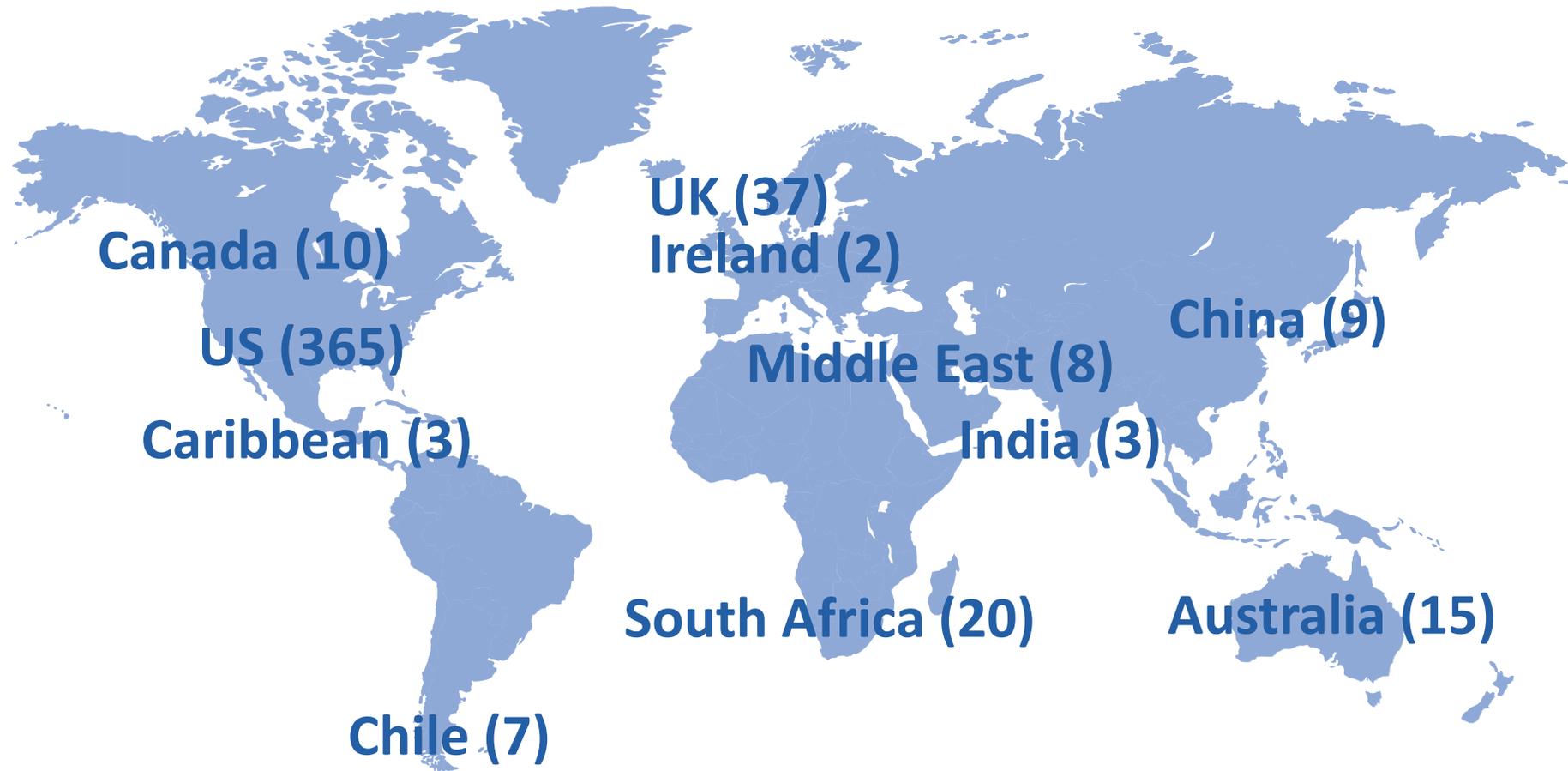
Make a gift that is personal and from the heart for family, friends or a favorite teacher. Personalize it with a recorded message that goes in the bear



From Valentine's Day to anniversaries, give a hug that will last a lifetime



# GLOBAL LOCATIONS WITH EXPANSION OPPORTUNITIES



Corporately-managed and third-party retail locations in North America and Europe;  
International franchise stores in South America, Africa, Asia and Australia

Corporately-managed stores in the United States, Canada, the United Kingdom and Ireland as of end of fiscal Q2-2022 including 6 seasonal shops and excluding vending machines

Third party retail includes 62 locations in the US and 3 locations in the Caribbean with Beaches Resorts

International franchise locations in Chile, South Africa, Australia, India, China, Kuwait, Qatar and the United Arab Emirates as of end of Q2 2022



# DIVERSE DIGITAL EXPERIENCES

Build-A-Bear offers various online shopping experiences and product options to meet the preferences of diverse consumer segments for multiple occasions

[www.buildabear.com](http://www.buildabear.com)

An e-commerce option that delivers convenience and efficiency; popular with gift givers and affinity segments

**THE-BEAR-BUILDER**

A guided process that gives consumers a higher customization experience with additional engagement features

**BEAR  
BUILDER 3D**

A revolutionary and unique interactive make-your-own animated digital experience to create the perfect furry friend from anywhere the consumer wants to shop

**HEARTBOX**

A new gifting solution offering stylish, themed, curated gift boxes for a convenient online option for a wide range of adult-to-adult gifting occasions

**BUILD-A-BEAR GIFTSHOP**

Makes gift shopping easy and fun with options sorted by season, occasion, recipient, price and category

**THE BEAR CAVE**

Slightly cooler and slightly edgier, while still on brand, with many web-exclusive products for teen and adult gift givers and collectors

**facebook**

**amazon.com**

Third party marketplaces allow consumers to shop online at their preferred site

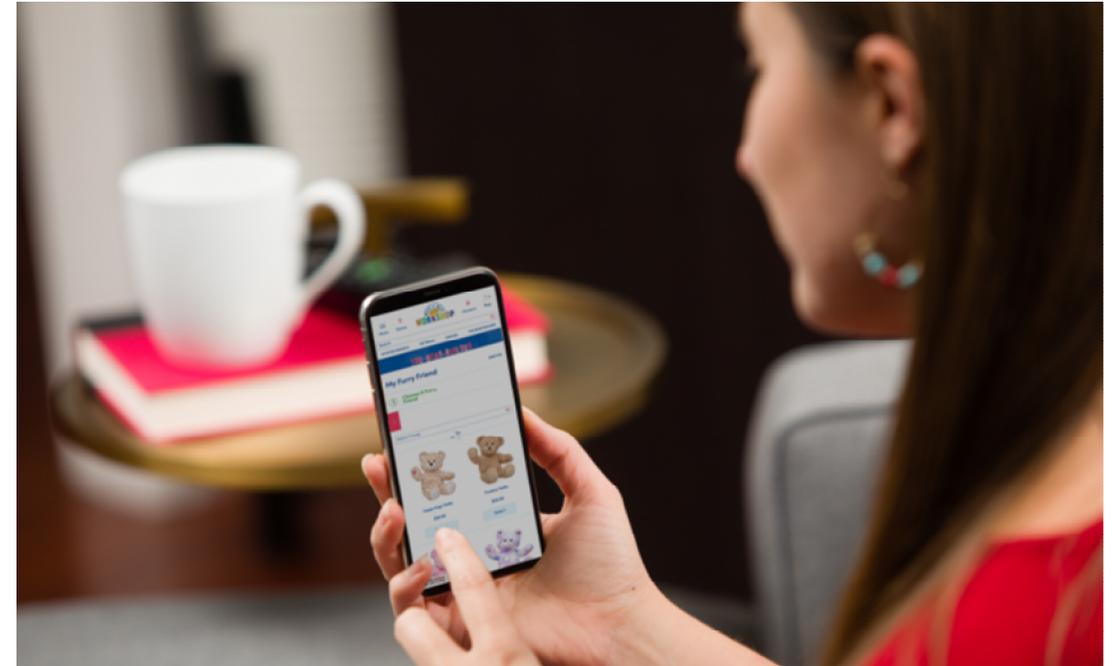


# GROWING AND PROFITABLE E-COMMERCE PLATFORM

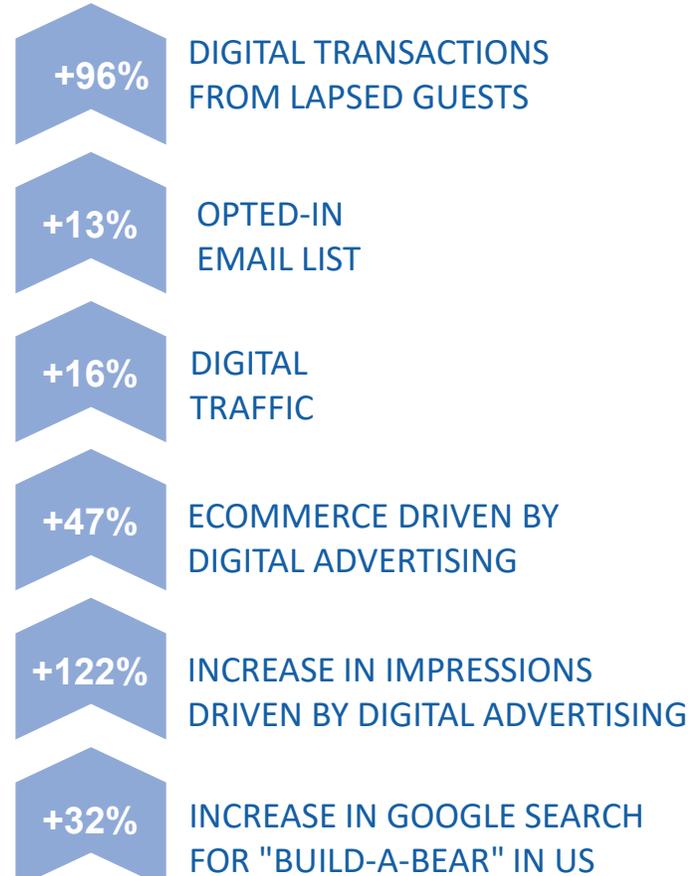
**2021 digital demand of \$73MM representing a 34% CAGR since 2016**

**Nearly 20% of net retail sales in 2021, up from 4% in 2012**

- E-commerce in both US and UK
  - Positive site traffic trends +30% over prior year\*
  - Unique visitors average ~2.6MM/month\*\*
  - Site visits average ~4.2MM/month\*\*
- Addition of Salesforce technology expanded digital capabilities and efficiencies in marketing and analytics
- Ongoing digital developments and initiatives planned or underway designed to drive further growth including recently launched experiential Bear Builder 3D Workshop
- Order fulfillment supported by new warehouse management system and omnichannel capabilities
  - In addition to modern warehousing, physical stores serve as mini distribution centers for online orders leveraging existing real estate and labor costs
- Continued momentum with growth in consolidated digital demand for first half 2022 +~180% compared to first half 2019



# DIGITAL MARKETING CAPABILITIES DRIVING E-COMMERCE



**+97% increase in digital transactions from new guests**

**Digital demand +9% 2021 vs 2020 +157% 2021 vs 2019**

Traffic driven with messaging to over 14MM opted-in email accounts including ~10MM Bonus Club members as well as on social media platforms like Facebook, Instagram, Google Ads (YouTube, Search, Display), TikTok, and programmatic marketing



Comparisons are for FY2021 compared to FY2020 unless otherwise noted

# DIVERSE FORMATS AND BUSINESS MODEL OPTIONS

## Wide range of formats:



- Multiple formats serving a wide range of locations including tourist, traditional malls, shop-in-shops including Walmart, seasonal venues or event locations
- Can operate for days (events such as the NFL Experience), weeks (Gaylord seasonal shops) to months and years

## Multiple business model options:

### Corporately-managed store model

352 long-term and seasonal locations in the US, Canada, the UK and Ireland

- 99% of NA stores were profitable in FY2021 with 28% average EBITDA as a percent of sales
- Omnichannel capabilities drive efficiency



### Third-party retail model

Currently 65 locations with 12 partners/operators primarily in the US

- Wholesale business model with entertainment and hospitality partners. Top partners include Carnival Cruise Lines and Great Wolf Lodge
- Little to no startup capital to open stores and no direct operational overhead (rent, labor, etc)



### International franchise model

Currently 62 locations in 8 countries

- Long-term potential for expansion in existing and new territories
- Established efficient supply chain support for sourcing products, fixtures and equipment



# NOT OVERSTORED: FUTURE GROWTH PLANNED IN NORTH AMERICA

**Build-A-Bear can match the real estate opportunity with the business model** and store format to optimize profitable growth with plans to add approximately 20 locations in fiscal 2022 in North America through a combination of corporately-managed and third-party retail models



- **Room to profitably expand:** 97% of NA stores were profitable in FY2021 with over 25% average contribution margin and 99% were EBITDA positive with an average rate of 28%
- **Support for digital demand:** Omnichannel capabilities drive store efficiency
- **High flexibility:** Strong lease optionality with over 75% of locations having a lease event in next 3 years giving high flexibility to continually refine portfolio
- **Innovation pipeline**
  - Build-A-Bear Adventure, a destination party-oriented concept, diversifies our location strategy and experiences
  - New vending machine (Automatic Teddy Machine or “ATM”) is low-labor, efficient way to add non-traditional locations such as airports, children’s hospitals and more
  - Hybrid center locations extend reach beyond enclosed traditional malls



# LEVERAGING BRAND STRENGTH TO DIVERSIFY REVENUE STREAMS

**OUTBOUND LICENSING** leverages the emotional connection and trust that consumers have for Build-A-Bear allowing for expansion into non-plush products sold in other retailers



# LEVERAGING BRAND STRENGTH TO DEVELOP CONTENT & ENTERTAINMENT

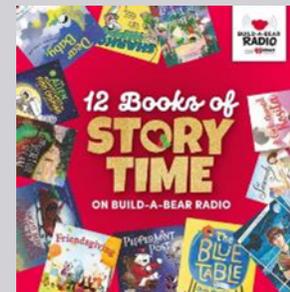
The emotional connection with the brand makes content and story-telling a central part of consumer engagement. Build-A-Bear Entertainment creates original music, videos and movies in partnership with leaders in the entertainment industry that serves as marketing to drive interest in other revenue channels

## BUILD-A-BEAR Entertainment

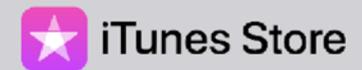
### MOVIES



### RADIO



### MUSIC





# FINANCIALS

# 2021 FINANCIAL SNAPSHOT

## THE MOST PROFITABLE YEAR IN BBW HISTORY

TOTAL REVENUES  
**\$411.5MM**  
+61.2% OVER 2020  
+21.6% OVER 2019

PRE-TAX INCOME  
**\$50.7MM**  
+\$70.9MM OVER 2020  
+\$49.1MM OVER 2019  
HIGHEST IN NEARLY  
25-YEAR HISTORY

GROSS PROFIT MARGIN  
**53.0%**  
+1,480 BPS VS 2020  
+760 BPS VS 2019

CASH AND EQUIVALENTS  
**\$32.8MM\***  
+\$34.8MM 2020  
+\$26.7MM 2019

\* After ~\$20MM special dividend paid in Dec '21

- Delivered the highest revenue in over a decade and highest profit in company's history even with ongoing impact of global pandemic
- Positive momentum has continued into Q1 2022 and while we are navigating an environment with higher costs and a tight supply chain as well as monitoring the evolving external environment, we have issued guidance reflecting further growth for fiscal 2022 compared to fiscal 2021



# CONTINUED MOMENTUM IN FISCAL 2022

## H1 2022 DELIVERED RECORD-SETTING TOTAL REVENUES AND PROFITABILITY

### TOTAL REVENUES

**\$218.3MM**

Highest H1 in company history  
VS \$186.4MM IN H1 2021\*  
VS \$87.0MM IN H1 2020\*\*

### PRE-TAX INCOME

**\$25.8MM**

Highest H1 in company history  
VS \$22.7MM IN H1 2021\*  
VS (\$32.6MM) IN H1 2020\*\*

### EBITDA

**\$32.1MM**

Highest H1 in company history  
VS \$28.8MM IN H1 2021\*  
VS (\$25.9MM) IN H1 2020\*\*

- In fiscal H1-2021, the Company's European stores were temporarily closed for the majority of first quarter
- In fiscal H1-2020, the Company's North American and European stores were temporarily closed as of March 18, 2020; by the end of H1 2020, 90% of stores had reopened

## FISCAL 2022 GUIDANCE AT THE MIDPOINT OF THE RANGE

### TOTAL REVENUES

**~\$450MM**

VS \$411.5MM IN FY2021  
VS \$255.3MM IN FY2020

HIGHEST IN BBW'S  
25-YEAR HISTORY

Guidance range of \$440MM-\$460MM

### PRE-TAX INCOME

**~\$57MM**

VS \$50.7MM IN FY2021  
VS (\$20.2MM) IN FY2020

HIGHEST IN BBW'S  
25-YEAR HISTORY

Guidance range of \$52MM-\$62MM

### EBITDA

**~\$70MM**

VS \$63.0MM IN FY2021  
VS (\$7.0MM) IN FY2020

HIGHEST IN BBW'S  
25-YEAR HISTORY

Guidance range of \$65MM-\$75MM



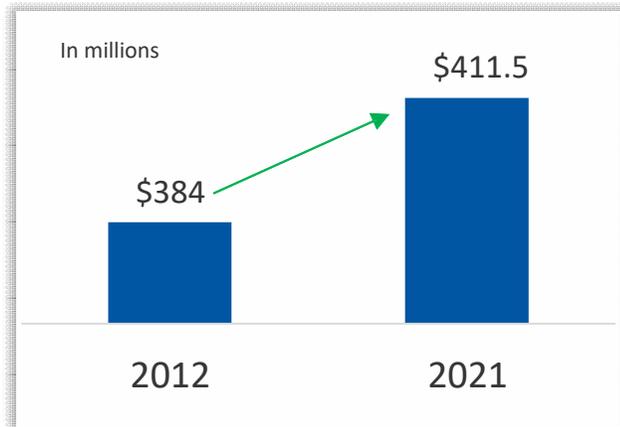
The annual guidance takes into account anticipated ongoing inflationary pressures as well as plans to mitigate the impact on margin and assumes no additional material changes in either our supply chain, the macro environment or relevant foreign currency exchange rates



# CURRENT MANAGEMENT LED SUCCESSFUL BUSINESS TURNAROUND

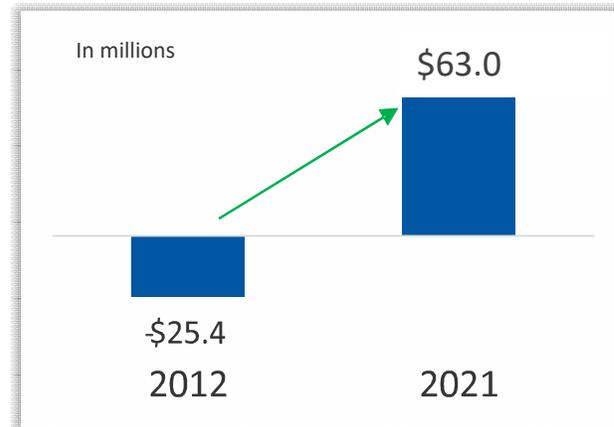
## TOTAL REVENUES

2021 highest level in over a decade



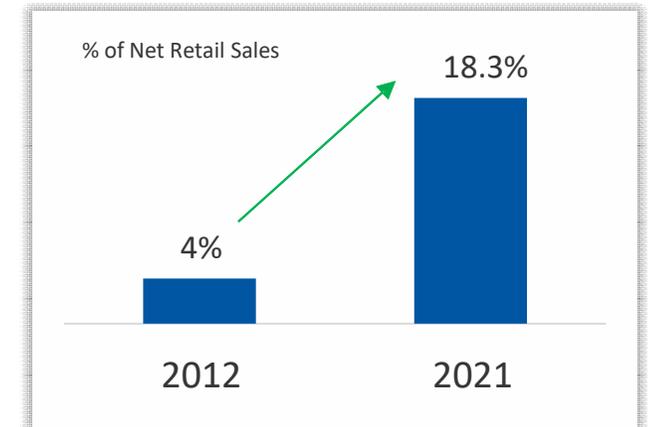
## EBITDA

Over \$85MM swing in profitability



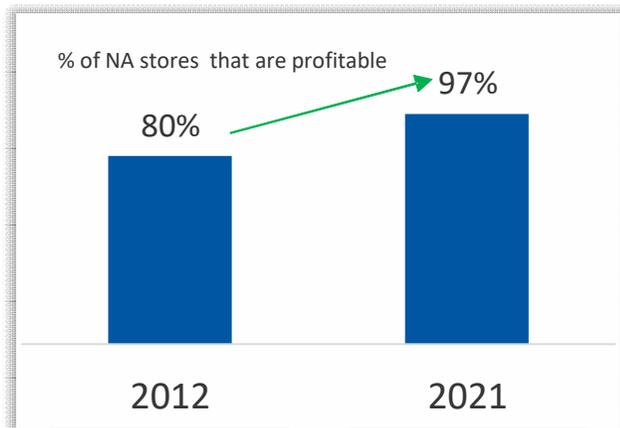
## DIGITAL DEMAND

Digital revenue has grown to \$73MM



## PROFITABLE STORES

In North America

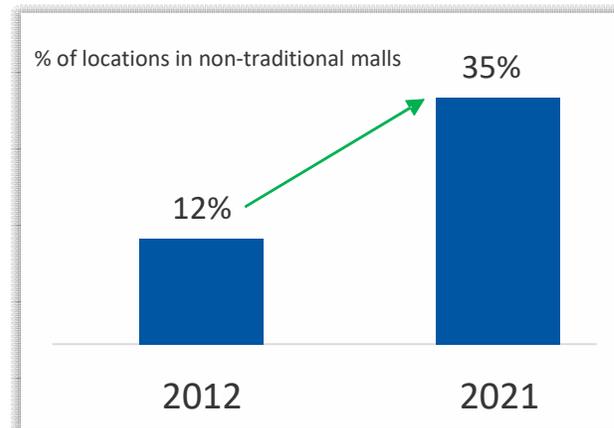


Contribution margin <10%

Contribution margin >25%

## LOCATION DIVERSIFICATION

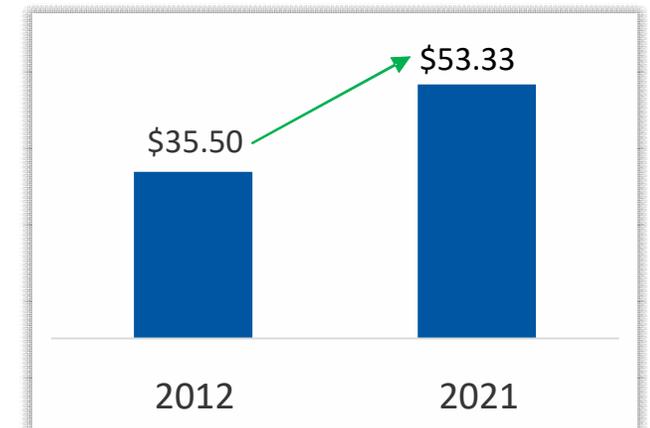
More than doubled non-traditional locations



EOY fiscal 2021 vs EOY fiscal 2012

## AVERAGE DOLLARS PER TRANSACTION

Over 50% appreciation in Avg DPT



# CAPITAL MARKETS SUMMARY\*

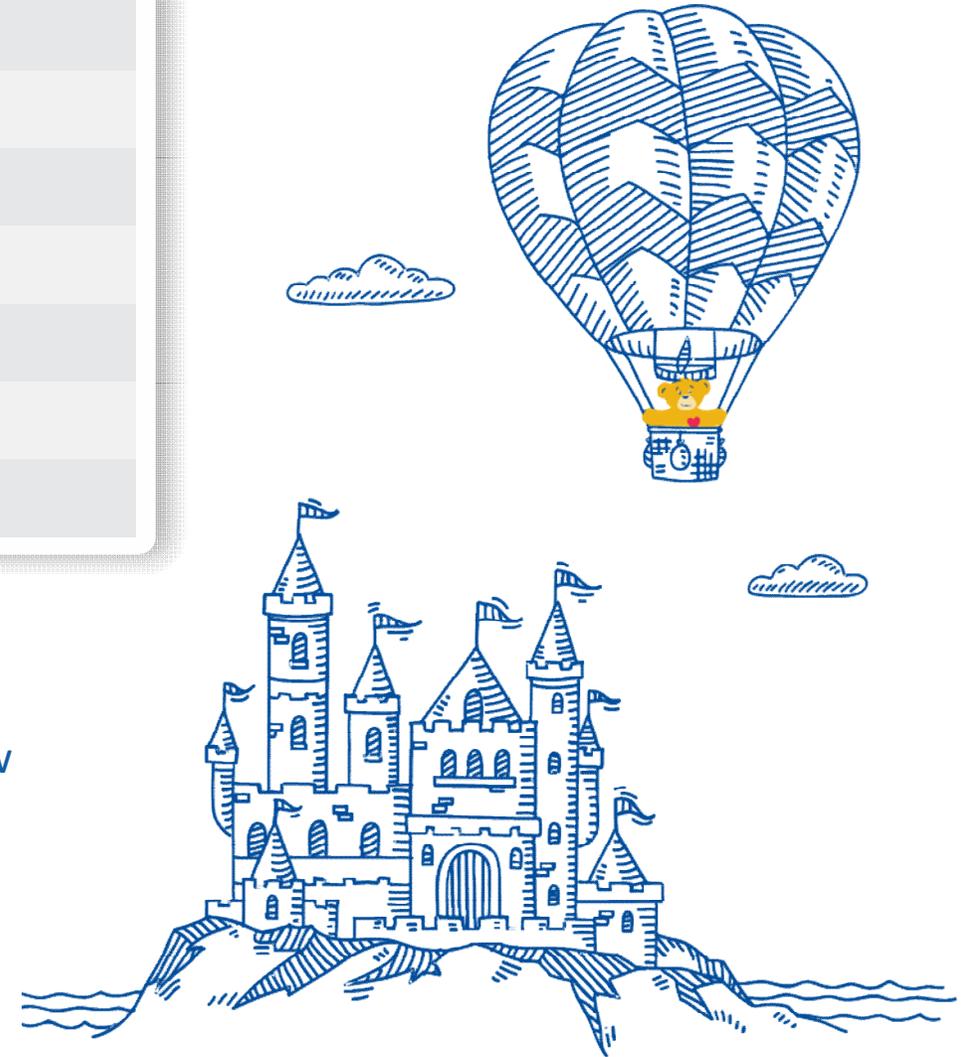
Exchange and Ticker	NYSE: BBW
Corporate Headquarters	St. Louis, MO
Basic Shares Outstanding*	15.3MM
Diluted Shares Outstanding*	15.5MM
52 Week High/Low	\$23.50 / \$13.81
Market Capitalization	\$240.1MM
Borrowings on Credit Facility	\$0

Board authorized a share repurchase program of up to \$25MM on November 30, 2021 which the company completed on August 9, 2022. The Board authorized a new \$50.0MM buyback program on August 31, 2022\*\*

Information on Shares, Market Capitalization and Borrowings on Credit Facility as of July 30, 2022

\* Basic and Diluted shares are the year-to-date weighted average as of July 30, 2022

\*\* Share repurchase program in effect through August 31, 2025





**ACCOMPLISHED & DRIVEN TEAM FOCUSED ON DIVERSIFIED GROWTH**

# 2020: RAPID AND DISCIPLINED COVID RESPONSE

## Initial crisis management when governmental mandates forced all stores to temporarily close



Pivoted to manage TRIPLE-DIGIT increase in e-commerce demand



Focused immediately on preserving CASH and reducing EXPENSES



Furloughed over 90% of workforce; Salaries temporarily reduced for all others



Shifted to VIRTUAL workforce at HQ

## Simultaneously executed key initiatives with emphasis on driving growth

### Accelerated the digital transformation to drive awareness, demand and revenue

- Drove demand with key licensed products with e-commerce first strategy
- Innovated with digital only promotions and events

### Rapidly evolved retail leveraging rent optionality and safely reopening with modified service model

- Implemented omnichannel initiatives with Buy Online Ship From or Pickup in Store leveraging available labor and inventory
- Over 99% of leases were renegotiated in NA (and >90% in EU)

### Secured financial stability and well-being

- Secured new asset-based credit agreement
- Restructured organization and reduced corporate overhead



# 2021: SHIFT TO DELIVERING PROFITABLE GROWTH

## Further acceleration of digital transformation

Expand digital capabilities and drive optimization across the entire organization to grow revenues and improve profitability including content and entertainment initiatives

## Rapidly evolve omnichannel retail capabilities

Extend ways to connect with and meet the changing needs of consumers across all retail channels while driving omnichannel engagement and expanded delivery options

## Leverage financial position to drive growth

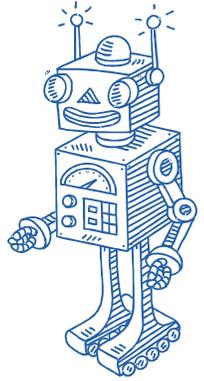
Maintain the financial discipline required to support our business while leveraging strong balance sheet to make select strategic investments designed for future growth while continuing to manage through an environment with higher costs and a tight supply chain as well as monitoring the evolving external environment



# 2022: PLANS FOR SUSTAINED PROFITABLE GROWTH

## 1 Leverage ongoing digital transformation to drive growth

- Increase repeat purchases leveraging the addition of new advanced digital capabilities
- Expand addressable consumer base beyond kids with new products and incremental purchase occasions
- Utilize digital media, content & entertainment as marketing and brand-building tools to engage consumers and drive sales



## 2 Leverage omnichannel capabilities while evolving retail experiences

- Strategically add locations in North America thru corporate and third-party retail focused on tourist locations
- Capitalize on BAB's 25th celebration to drive incremental visits and sales
- Re-introduce in-store parties (after COVID hibernation) with a fresh take and homage to our 25th "birthday"
- Develop new digital experiences such as the recently launched Bear Builder 3D Workshop to drive digital demand



## 3 Leverage financial strength and drive sustained profitability

- Maintain disciplined expense management in an environment with higher costs and a tight supply chain, including SG&A, ongoing lease negotiations as we continue to evolve our real estate portfolio while also monitoring the changing external environment
- Strategically manage capital to support strategic initiatives while returning value to shareholders



# 2022: SELECT PLANNED INITIATIVES

Leverage ongoing digital transformation to drive growth

Leverage omnichannel capabilities while evolving retail experiences

Leverage financial strength and drive sustained profitability

## ...To reach more consumers

- Drive lifetime value: leverage advanced capabilities including new loyalty module to use our rich first party CRM database
- Expand lead acquisition: grow addressable market with focus on gifting, affinity and collectible consumers

## ...To offer more experiences

- Expect to add ~20 locations in North America in fiscal 2022 through the planned expansion of corporate and third-party retail focused on tourist locations
- Capitalize on Company's 25th anniversary celebration throughout 2022 with exclusive products and events
- After not celebrating birthdays and parties in our Workshops due to COVID for nearly 2 years, in-store parties have been reintroduced which have historically accounted for ~5% of retail sales
- Leverage digital experiences such as Build-A-Bear Gift Shop, the Bear Builder, Bear Cave and the recently launched Bear Builder 3D Workshop as well as new HeartBox gifting option

## ...To fuel innovation

- Expand newly created vending machine model or ATM's (Automatic Teddy Machines) through a relationship with Hudson, a leader in travel retail, adding 25-50 ATM's/locations in airports over the next 2 years
- Launch of a new retail concept called BUILD-A-BEAR ADVENTURE in off-mall locations that includes party rooms, game room, the Build-A-Bear experience and e-commerce fulfillment capabilities with first store open in St. Louis, MO



# PROVEN MANAGEMENT TEAM

Passionate and driven management team that returned the company to profitability while simultaneously executing a multi-faceted diversification strategy to leverage the strength of the brand while developing an integrated omnichannel platform, restructuring the organization and adding critical talent, creating new retail business models and systematically rebuilding IT infrastructure to support strategy and growth



**Sharon Price John**  
President and Chief Executive Officer

Former President of Stride Rite Children's Group LLC, a division of Wolverine World Wide, Inc. Also: Hasbro, Inc., VTech Industries, Inc. and Mattel, Inc.



**Eric Fencil**  
Chief Administrative Officer,  
General Counsel and Secretary

Former Executive Vice President, General Counsel and Secretary: Outsourcing Solutions Inc.; Legal positions at Monsanto Company, McDonnell Douglas Corporation and Bryan Cave LLP. Also: Arthur Young & Company



**Voin Todorovic**  
Chief Financial Officer

Former Head of Finance and Operations Lifestyle Group Wolverine World Wide, Inc.; Vice President - Finance and Administration of the Stride Rite Children's Group. Also: Collective Brands, Inc. and Payless ShoeSource



**J. Christopher Hurt**  
Chief Operations Officer

Former Senior Vice President, North America and Vice President/ General Manager - Factory, Canada, Mexico Retail American Eagle Outfitters, Inc.; Also: Polo Ralph Lauren and The Procter & Gamble Company



**Jennifer Kretchmar**  
Chief Digital & Merchandising Officer

Former Senior Vice President of Product and Brand Management of Stride Rite Children's Group LLC, a division of Wolverine World Wide, Inc. Also: The Timberland Company, Goldbug, and the United States Department of Agriculture Foreign Service



# ACCOMPLISHED BOARD OF DIRECTORS



**Craig Leavitt**  
Non-Executive Chairman

Former CEO/Director: Kate Spade & Company;  
President Global Retail: Link Theory Holdings.  
Also: Diesel, S.p.A, and Polo Ralph Lauren



**Robert L. Dixon Jr.**  
Director

Owner: The RD Factor, Inc.; Former Global Chief Information Officer and Senior Vice President of PepsiCo, Inc. Also: Procter & Gamble Company



**Maxine Clark**  
Director and Founder

CEO: Clark-Fox Family Foundation, Founder and Former Chief Executive Bear: Build-A-Bear Workshop.  
Also: Payless ShoeSource and The May Department Stores Company



**George Carrara**  
Director

Former President and Chief Operating Officer: Kate Spade & Company; Chief Operating Officer: Tommy Hilfiger North America.  
Also: Mirage Apparel Group and Price Waterhouse



**Sharon Price John**  
Director, President and Chief Executive Officer

Former President of Stride Rite Children's Group LLC, a division of Wolverine World Wide, Inc. Also: Hasbro, Inc., VTech Industries, Inc. and Mattel, Inc.



**Narayan Iyengar**  
Director

Former Senior Vice President, Digital and E-Commerce: Albertsons Companies; Vice President, E-Commerce and Digital Analytics: The Walt Disney Company. Also: McKinsey & Company



**Lesli Rotenberg**  
Director

Former Chief Programming Executive & General Manager, Children's Media & Education of the Public Broadcasting Service (PBS); Senior management at Discovery Communications, Inc.



# BUILD-A-BEAR IN SUMMARY



Highly profitable business with strong profit margins and significant cash resources



Strong brand that connects emotionally with global reach



Poised for future advancement with an established platform reaching broad consumer segments through a diversified omnichannel business model



Led by a seasoned and accomplished management team that transformed the business into a profitable, digital, growth company



# Explanatory Note on Non-GAAP Financial Measures

Build-A-Bear Workshop (NYSE: BBW) reports its financial results in accordance with generally accepted accounting principles (GAAP). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP financial measures. These results are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help identify underlying trends in the Company's business and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company's core operating results. These measures should not be considered a substitute for or superior to GAAP results. These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure within this appendix.



# Reconciliation of Non-GAAP Measures:

\$ in millions	H1 FY22	FY22*
Income before income taxes (pre-tax)	\$25.8	\$50.7
Interest	\$0	\$0
Depreciation & Amortization	\$6.3	\$12.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$32.1	\$63.0

\*FY2022 at mid-year of annual guidance



# Reconciliation of Non-GAAP Measures:

Q2 and Fiscal 2021; Q2 and Fiscal 2020

\$ in millions	H1 FY21	FY21
Income before income taxes (pre-tax)	\$22.7	(\$20.2)
Interest	\$0	\$0
Depreciation & Amortization	\$6.1	\$13.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$28.8	(\$7.0)

\$ in millions	H1 FY20	FY20
Income (Loss) before income taxes (pre-tax)	(\$32.6)	\$1.6
Interest	\$0	\$0
Depreciation & Amortization	\$6.7	\$13.7
Earnings (Loss) before interest, taxes, depreciation and amortization (EBITDA)	(\$25.9)	\$15.3





[Buildabear.com](http://Buildabear.com)