
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended January 31, 2026

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number: 001-32320

BUILD-A-BEAR WORKSHOP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

415 South 18th St.
St. Louis, Missouri
(Address of Principal Executive Offices)

43-1883836
*(I.R.S. Employer
Identification No.)*

63103
(Zip Code)

(314) 423-8000
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	BBW	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

[Table of Contents](#)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected to not 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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

There is no non-voting common equity. The aggregate market value of the common stock held by non-affiliates (based upon the closing price of \$49.36 for the shares on the New York Stock Exchange on August 2, 2025) was \$649.5 million as of August 2, 2025, the last business day of the registrant's most recently completed second fiscal quarter.

As of April 14, 2026, there were 12,580,479 issued and outstanding shares of the registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its June 12, 2025, Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The Registrant's definitive proxy statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

BUILD-A-BEAR WORKSHOP, INC.
INDEX TO FORM 10-K

	Page
Forward-Looking Statements	4
Part I	
Item 1. Business	5
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	21
Item 1C. Cybersecurity	21
Item 2. Properties	23
Item 3. Legal Proceedings	23
Item 4. Mine Safety Disclosure	23
Part II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	23
Item 6. [Reserved]	25
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	26
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	36
Item 8. Financial Statements and Supplementary Data	36
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	36
Item 9A. Controls and Procedures	37
Item 9B. Other Information	39
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	39
Part III	
Item 10. Directors, Executive Officers and Corporate Governance	39
Item 11. Executive Compensation	40
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	40
Item 13. Certain Relationships and Related Transactions and Director Independence	40
Item 14. Principal Accountant Fees and Services	40
Part IV	
Item 15. Exhibits and Financial Statement Schedules	41
Item 16. Form 10-K Summary	71
Exhibit Index	68
Signatures	72

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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,” “will,” “could,” “target,” “project,” “contemplate,” or “continue,” the negative or any derivative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include, among other things, projections or statements regarding:

- our future financial performance and the sufficiency of our cash generated from operations and borrowings under our credit facility;
- our anticipated operating strategies and future strategic expansion initiatives;
- our future capital expenditures;
- our anticipated rate of store relocations, openings and closures; and
- our anticipated costs related to store relocations, openings and closures.

These statements are only predictions based on our current expectations and projections about future events. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements, including those factors discussed under the caption entitled “Risk Factors” as well as other places in this Annual Report on Form 10-K.

We operate in a competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all the risk factors, nor can it assess the impact of all the risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K, as a prediction of actual results and may not contain all of the material factors that are important to you.

You should read this Annual Report on Form 10-K completely and with the understanding that our actual results may be materially different from what we expect. Except as required by law, we undertake no duty to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

Unless the context otherwise requires, references in this Annual Report on Form 10-K to the “Company,” “we,” “us,” and “our” refer to Build-A-Bear Workshop, Inc. and, where appropriate, its subsidiaries.

The following discussion contains references to fiscal 2025, fiscal 2024 and fiscal 2023, which represent our fiscal years ending January 31, 2026, February 1, 2025 and February 3, 2024, respectively.

PART I

ITEM 1. BUSINESS

Overview

Build-A-Bear Workshop, Inc., a Delaware corporation, was formed in 1997 as a mall-based, experiential specialty retailer for children. Build-A-Bear has evolved to become a leading global "retailtainment" brand on a mission to add a little more heart to life. At Build-A-Bear, guests are invited to create personalized furry friends through a unique stuffing, dressing, accessorizing and naming process, accentuated by a memorable Heart Ceremony that creates moments of connection for people of all ages. Over the years, Build-A-Bear has grown into a multi-generational phenomenon, positioned at the intersection of pop-culture trends. Beyond its signature retail experience, our brand also offers pre-stuffed plush, gifting, partnerships with best-in-class licensed and collectible characters, and original storytelling through Build-A-Bear Entertainment, LLC. Build-A-Bear's current brand platform and message, "The Stuff You Love," crosses ages and cultures while celebrating nearly 30 years of helping people mark life's meaningful moments.

The Build-A-Bear brand has high consumer awareness and positive affinity, and we leverage our brand strength to expand the footprint of our retail experience locations through a range of store sizes, formats, and locations, including tourist destinations. In addition to growing our corporately-managed store footprint, we are also growing through partner-operated and franchise locations, particularly for our international expansion. Our ongoing digital transformation, which touches our e-commerce business, consumer loyalty program, and digital content, has led to omnichannel growth over the past several years. Build-A-Bear's pop-culture appeal plays a key role in expanding our total addressable market beyond children to teens and adults with sports licensing, collectible and gifting offerings, as well as to categories beyond plush.

As of January 31, 2026, the Company had 662 global locations through a combination of its corporately-managed, partner-operated, and franchise models. This reflects 375 corporately-managed locations, including 333 stores in the United States ("U.S.") and Canada and 42 stores in the United Kingdom ("U.K.") and the Republic of Ireland, 178 partner-operated locations in which we sell our products on a wholesale basis to other companies that then, in turn, execute our retail experience, and 109 franchise locations operating internationally, all under the Build-A-Bear Workshop brand. In addition to these stores, we sell products on our company-owned e-commerce sites and third-party marketplace sites, our franchisees sell products through sites that they manage as well as other third-party marketplace sites. Additionally, other parties sell our products on their sites under wholesale agreements. For the 2025 fiscal year, the Company had net new unit growth of 64 experience locations, comprised of seven corporately managed locations, 40 partner-operated locations, and 17 international franchise locations.

Segments and Geographic Areas

Our business is conducted through three reportable segments consisting of direct-to-consumer ("DTC"), commercial, and international franchising. Our reportable segments are primarily determined by the types of customers they serve and the types of products and services that they offer. Each reportable segment may operate in many geographic areas. Financial information related to our segments and the geographic areas in which we operate is contained in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." See Note 15 — "Segment Information" to the consolidated financial statements for information regarding sales, results of operations and identifiable assets of the Company by business segment and by geographic area.

Description of Operations

Build-A-Bear Workshop offers interactive entertainment experiences via both physical and digital engagement, targeting a range of consumer segments and purchasing occasions through digitally-driven, diversified omnichannel capabilities. We operate a vertical retail channel with corporately-operated experience locations that feature a unique combination of interactivity and product in which guests can "make their own" furry friends by participating in the stuffing, dressing, accessorizing and naming of their own teddy bears and other stuffed animals along with the now-famous Heart Ceremony that helps to make the experience memorable by bringing the furry friend to "life." Our retail footprint also comprises both domestic and international partner-operated and franchise locations that extend our unique combination of experience and product beyond our corporately-operated locations. We also operate buildabear.com that serves as an information and communications tool to plan a store visit as well as an e-commerce platform that focuses on gift-giving, collectible merchandise and licensed products that appeal to consumers that have an affinity for characters from a range of entertainment, sports, art, and gaming properties. Our engaging digital purchasing experiences include our online "Bear-Builder" and an age-gated adult-focused "Bear Cave" microsite. Our retail stores also act as "mini distribution centers" that provide efficient omnichannel support for our digital demand. While the primary consumer target for our retail stores is families with children, our e-commerce sites focus on collectors and gift givers that are primarily tweens, teens and adults. We have also extended our business model by leveraging our brand strength and owned intellectual properties through the creation of engaging content for kids and adults while also offering products at wholesale and in non-plush consumer categories via outbound licensing agreements with leading manufacturers.

We seek to provide outstanding guest experiences across all channels and touch points including our retail locations, our e-commerce sites, our mobile sites and apps as well as traditional, digital, and social media. We believe the hands-on and interactive nature of our experience locations, our personal service model and engaging digital shopping experiences result in guests forming an emotional connection with our brand which has multi-generational appeal that captures today's zeitgeist including desire for engaging experiences, personalization and "DIY" while being recognized as trusted, giving, and a part of pop culture.

Operating Strategies

Our operating strategies have enabled us to build a strong foundation while continuing to invest in the brand's iconic status, diversifying and growing the business by reaching more consumers, in more places, with more products, for more occasions. Upon that foundation, we have evolved to focus on scaling our company through a four-pillar strategic framework, supported by four platform areas. These four pillars are intended to leverage the strength of the brand to drive incremental revenue, with pillars one and two continuing to activate proven strategies, with an expectation that they will help fund the expansion into the newer revenue streams represented by pillars three and four.

These four pillars are as follows:

- **Pillar One is Organic Growth.** While we expect to add new and faster-growing revenue streams over time, we must also continue to drive our core business. We plan to do this by optimizing our omnichannel model via deeper integration, greater visibility, and more meaningful engagement with guests to improve lifetime value. Our physical experience locations remain critical in building the strength of the Build-A-Bear brand with our core kid consumer. At the same time, our e-commerce business remains our single largest store, serving as a key information destination and a highly complementary channel that extends our reach beyond the core by over-indexing with teen and adult gifting and collectible consumers.
- **Pillar Two is Location Expansion.** We expect to continue growing our experiential location footprint across all three retail business models, including corporately operated, partner-operated, and franchise, with a particular focus on international growth through our asset-light partner-operated approach. We expect to continue opening across global locations, in a broad range of formats, from smaller shop-in-shops to larger, tourist-destination locations.
- **Pillar Three is Wholesale and Outbound Brand Licensing.** We are enhancing our capabilities, from systems to sourcing to replenishment, to be able to seamlessly sell branded pre-stuffed products based on a variety of form factors, to traditional wholesale customers beyond our experience locations. This effort is not only designed to drive incremental revenue but also to extend the brand presence to tens of thousands of new points of sale. We also intend to leverage our nearly 30 years of multi-generational brand equity to access substantial whitespace and enter adjacent non-plush categories through outbound licensing relationships, again, to bring Build-A-Bear-branded items to more places. Importantly, we view these additional spaces as complementary to our Workshops, with the intention of ultimately serving as a mechanism for awareness and trial, driving more traffic to our stores for the full Build-A-Bear experience.
- **Pillar Four is Gifting and Personalization.** This pillar is designed to gain more share of the growing multi-billion-dollar gifting and personalization markets. Build-A-Bear offers beloved gifts that creates memories for both the gift-giver and recipient across multiple age groups and occasions. With over one-third of our revenue currently driven by birthdays, we have already proven that the brand is associated with gifting occasions but believe there is a robust opportunity to expand into gifts for more of life's special moments, with our powerful brand and personalization options serving as an important competitive point of difference.

These four pillars are enabled by our continued focus on four platform areas that span each of the pillars and support their continued growth. The four platforms are as follows:

- **Platform One is Enhance Brand.** Building our brand is core to our long-term growth, as it is the cornerstone of our ability to bring the unique and memorable Build-A-Bear experience to more guests around the world. We leverage innovative, brand-aligned marketing strategies to reach and engage our guests to enhance their affinity with and trust of Build-A-Bear.
- **Platform Two is Leverage Content.** We drive elevated consumer engagement with Build-A-Bear through the strategic integration of product and experience across several different content strategies, including: stories that we tell through the launches of seasonal collections; owned Intellectual Property that can evolve from a screen-based character into plush; and partnerships with licensed brands for whom we can create unique "make-your-own" plush interpretations of their beloved characters.
- **Platform Three is Evolve Technology.** We strategically evolve our technological infrastructure as needed to support our future growth and make data-driven decisions that allow us to scale more effectively.
- **Platform Four is Elevate Organization.** We elevate our workforce to support the capabilities required for growth both through the development of current talent and the strategic addition of new team members to our organization.

Merchandise Sourcing and Inventory Management

Our stores and e-commerce sites offer an extensive and coordinated selection of merchandise, including a wide range of different styles of plush products to be stuffed, pre-stuffed plush products, sounds and scents that can be added to the stuffed animals and a broad variety of clothing, shoes and accessories, as well as other brand appropriate toy and novelty items, sourced from multiple vendors primarily in China and Vietnam. Our plush products and clothing are produced from high quality, man-made materials or natural fibers, and the stuffing is made of a high-grade polyester fiber.

We are committed to complying with governmental safety requirements specific to each product category and country where there are Build-A-Bear Workshop locations. Specifically, we believe all of the toy products sold in our stores and through our e-commerce sites meet Consumer Product Safety Commission (CPSC) requirements including the Consumer Product Safety Improvement Act (CPSIA) for children's products. We also believe we comply with American Society for Testing and Materials (ASTM-F963), European Toy Safety Standards (EN71), China National Toy Standards (GB6675/GB5296.5), China Compulsory Certification (CCC), Australian/New Zealand Standard (AS/NZS 8124), Canadian Consumer Product Safety Act Toys Regulation (CCPSA), Chile Standard on Safety of Toys NCh 3251 and India Safety of Toys (IS:9873). Our products are tested through independent third-party testing labs for compliance with toy safety standards. Packaging and labels for each product indicate the age grading for the product and any special warnings in accordance with guidelines established by the CPSC or other applicable authority. We require our supplier factories to be compliant with the International Council of Toy Industries (ICTI) Ethical Toy Program certification or with other comparable third-party social compliance programs. The ICTI Ethical Toy Program process is a social compliance program to promote ethical manufacturing in the form of fair labor treatment, as well as employee health and safety in the toy industry supply chain worldwide. In order to obtain this certification, each factory completes a rigorous evaluation performed by an accredited ICTI agent on an annual basis.

Historically, the average time from product conception to the arrival in stores has been approximately 12 months, including approximately 90 to 150 days from the beginning of production to in-store delivery. Through an ongoing analysis of selling trends, we regularly update our product assortment by increasing quantities of productive styles and eliminating less productive styles. Our relationships with our vendors generally are on a purchase order basis without contractual obligation to provide adequate supply or acceptable pricing on a long-term basis.

As of January 31, 2026, our inventory balance was \$82.2 million, an increase of \$12.4 million compared to February 1, 2025 driven by higher tariffs and inventory levels required to support expected increased sales activity. We are comfortable with the composition and level of our inventory.

Distribution and Logistics

We own a 350,000 square-foot distribution center in Groveport, Ohio (near Columbus), that services the majority of our stores in the U.S. and Canada. We also contract with a third-party warehouse in southern California to service our West Coast stores. The contract has a one-year term and is renewable. In Europe, we contract with a third-party distribution center in Selby, England under an agreement guaranteed through January 2026, which is currently continuing because neither party has terminated the agreement, to fulfill our store and e-commerce fulfillment needs. This agreement contains clauses that allow for termination if certain performance criteria are not met. In Asia, we contract for office space and a third-party distribution center in Shanghai, China, with the office space contract ending in August 2026 and the distribution center contract ending in April 2026, with both contracts expected to be renewed before their respective expiration dates.

Transportation from the warehouses to stores is managed by several third-party logistics providers. In the U.S., Canada and Europe, merchandise is shipped by a variety of distribution methods, depending on the store and seasonal inventory demand. Shipments from our distribution centers are scheduled throughout the week in order to smooth workflow, and stores are grouped together by shipping route to reduce freight costs. All items in our assortment are eligible for distribution, depending on allocation and fulfillment requirements, and we typically distribute merchandise and supplies to each store once every other week or once a week on a regular schedule, which allows us to consolidate shipments in order to reduce distribution and shipping costs. Back-up supplies, such as stuffing for the plush animals, are often stored in limited amounts at regional pool points.

During fiscal 2020, we introduced "Buy Online, Ship From Store" and "Buy Online, Pick Up In Store" for orders placed in the U.S. and "Click and Collect" for orders placed in the U.K. These ongoing programs allow our brick-and-mortar locations to operate essentially as mini distribution centers allowing us to leverage the geographic proximity of stores, available inventory and labor to fulfill digital demand.

Human Capital Management

Employees

As of January 31, 2026, we had approximately 1,200 full-time and 4,300 part-time employees in the U.S., Canada, China, the UK, and the Republic of Ireland. The number of part-time employees at all locations fluctuates depending on our seasonal needs. We believe our relationship with our employees is positive. Recently, unions have attempted to organize our employees at a small number of corporately-managed stores in the U.S. with employees at one location voting to unionize in December 2025.

Our Culture

Our mission statement is to "add a little more heart to life." This tenet guides both the experience that we provide our guests and the way we treat our fellow associates, vendors and partners. Every day, we work to create a unique and fun environment that values and promotes teamwork and individual contributions. In accordance with our company values, our culture goals include collaboration, fostering a learning culture, and looking for new possibilities to help us strive for breakthrough results.

Employee Engagement

We encourage our teams to acknowledge success, recognize individual and team contributions, and to have fun along the way. It is important for our associates to feel that they are a part of a bigger mission to spread joy around the world because, as our founder Maxine Clark said, "a teddy bear hug is understood in every language." We pride ourselves on cultivating engaging connections with associates such as regular Global Bearquarters Meetings, Experience First Fun (monthly in-person events), philanthropic team-building events via our Foundation and periodically scheduled events that facilitate direct access to our leadership team.

Human Capital Management Oversight

Our recruitment is all about finding the perfect fit for each position. We seek out individuals who will thrive and contribute to our special Bear family. Our Build-A-Bear HR teams scout for the best talent to fill a wide variety of roles and functions. They rely on various avenues to support their efforts, including internal job placements and promotions, career websites, social media, internships, and temporary hiring services, as well as guests who have a desire to join our team. We have set a minimum age of 18 to work in our stores, Bearhouse, and Bearquarters. We ensure the right fit by providing each of our managers access to digital surveys completed by candidates, as well as interview guides to ensure rigorous interviews are completed. Reference checks and psychological tests are also utilized to help ensure that candidates values align with our mission and vision.

Once hired, our field talent development strategy focuses on the entire employee lifecycle. We provide comprehensive training programs that are tailored to different roles and responsibilities, both when employees join the Company and on an ongoing basis. We strive to nurture organizational capabilities through associate development, programs, and processes that help Build-A-Bear achieve its vision. Learning never stops at our Company as we are committed to the development of our people and take a promote-from-within approach. We help our associates develop their skills and build their confidence to be the best versions of themselves.

Compensation Philosophy, Benefits, and Wellness

Our approach to compensation focuses on consistency, performance, and fairness across our offices, distribution centers, and stores world-wide. We have conducted compensation risk assessments to evaluate our pay practices and policies to help identify if there are high-risk compensation plans and assist us in better understanding which plans may pose moderate risks. Results of the assessments are shared with the Compensation and Human Capital Committee of our Board of Directors to inform its review of the Company's base salary and bonus initiatives, incentive bonus framework, as well as executive and director compensations assessments.

We continuously strive to make Build-A-Bear a fun place and make it a point to care about the health, well-being, and long-term financial security of our associates and their families. We achieve this with our comprehensive health coverage and other important employee benefits including paid time off, savings and retirement benefits, and life and disability insurance. We also provide an online corporate perquisites program, a scholarship program, as well as employee assistance programs, most notably the Beverly Fund, administered through Build-A-Bear Foundation, which was created to honor one of our associates who lost their battle with cancer.

Giving Back: Philanthropy and Social Impact

The act of giving – providing support and caring for one another – is one of our core values and has been a pillar of our brand throughout our history. Our giving program comes to life through the work of Build-A-Bear Foundation and the generous acts of our associates and guests. Founded in 2004, the Build-A-Bear Foundation is the charitable arm of our Company. Its mission is to add a little more to life by sharing hugs, inspiring creativity, and supporting those in need. We partner with many organizations to share books, bears and amazing experiences across the globe.

Our giving strategy is driven by three impactful programs: The Build-A-Bear Foundation Literacy Programs, the Hearts' 'n' 'Hugs Fund and charitable partnerships that cultivate community strength and impact by funding remarkable organizations that empower people to overcome serious challenges and meet the diverse needs in our communities.

Competition

As our company has diversified and evolved, we view our competition through a number of categories. For our retail stores, we view the Build-A-Bear Workshop store experience as a distinctive combination of entertainment and retail with limited direct competition. We are aware of several small companies that operate "make your own" teddy bear and stuffed animal stores or kiosks in retail locations, but we believe none of those companies offer the breadth of assortment nor depth of experience or operate as a national or international retail company.

Since our signature products, teddy bears and other stuffed animals, are included in the toy category, we compete indirectly with a number of companies that sell plush products or premium children's toys, including, but not limited to, Ty, Jellycat, Jazwares, Hasbro, Pop Mart, Mattel and Lego. We also compete with toy retailers including online and mass merchandisers such as Amazon and Target.

Additionally, because approximately one-third of our business is associated with birthdays and/or parties and as our gift-giving and affinity business has grown, our competition has also expanded to include gift-giving and collectibles businesses as well as companies that compete for family leisure time and entertainment dollars such as movie theaters, amusement parks, arcades, and party venues.

Intellectual Property and Trademarks

We believe our copyrights, service marks, trademarks, trade secrets, patents and similar intellectual property are critical to our success, and we intend, directly or indirectly, to maintain and protect these marks and, where applicable, license the intellectual property. Our patents do not expire until the years 2032 and 2033.

We have developed licensing and strategic relationships with leading retail and cultural organizations. We plan to continue to collaborate with companies that have strong, family-oriented brands and provide us with attractive marketing and merchandising opportunities. These relationships for specific products are generally reflected in contractual arrangements for limited terms that are terminable by either party upon specified notice. Specifically, we have key strategic relationships with select companies in which we feature their brands on products sold in our stores, including Sanrio, Disney, BBC, Pokémon, NBCUniversal, Warner Bros., Lucasfilm, ViacomCBS, Nintendo and major professional sports leagues along with other culturally relevant brands.

Availability of Information

We are subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, we file periodic reports and other information with the Securities and Exchange Commission (the "SEC"). We make these filings available free of charge in the Investor Relations section of our corporate website, the URL of which is <http://ir.buildabear.com>, as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC. You may also request copies of these materials without charge by writing to our Investor Relations department at Build-A-Bear Workshop, Inc. World Headquarters, 415 South 18th Street, St. Louis, MO 63103. The SEC maintains a website, <http://www.sec.gov>, that contains our annual, quarterly and current reports and other information we file electronically with the SEC. Information on our website is not incorporated by reference into, and does not constitute a part of, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially affect our operations. The risks, uncertainties and other factors set forth below may cause our actual results, performances or achievements to be materially different from those expressed or implied by our forward-looking statements. If any of these risks or events occur, our business, financial condition or results of operations may be adversely affected. Additional risks not currently known to us or that we presently deem immaterial may also impair our business operations.

MACROECONOMIC AND INDUSTRY RISKS

Any uncertainty or decline in general global economic conditions, caused by inflation, rising interest rates, geo-political conflicts, or other external factors, could lead to disproportionately reduced discretionary consumer spending and a corresponding reduction in demand for our products and have an adverse effect on our liquidity and profitability.

Since purchases of our merchandise are dependent upon discretionary spending by our guests, our financial performance is sensitive to changes in overall economic conditions that affect consumer spending. Consumer spending habits are affected by, among other things, prevailing economic conditions, inflation, levels of employment, salaries and wage rates, consumer confidence and consumer perception of economic conditions. A slowdown in the North American or European economies or in the economies of the countries in which our franchisees and third-party retail partners operate or uncertainty as to the economic outlook could reduce discretionary spending or cause a shift in consumer discretionary spending to other products. For example, the potential adverse effects of inflation, or geopolitical conflicts could result in lower net retail sales and could also result in excess inventories, which could, in turn, lead to increased merchandise markdowns and related costs associated with higher levels of inventory and adversely affect our liquidity and profitability. In addition, economic uncertainty can affect the credit and capital markets and our financial condition which may affect our ability to access capital resources under our credit agreement. The amount available for borrowing could be restricted under our agreement if the amount of assets used to calculate the borrowing base (specified percentages of eligible credit card receivables, eligible inventory, and, under certain circumstances, eligible foreign in-transit inventory and, in the discretion of the agent, eligible receivables) decreases.

Inflation had an adverse effect on our business operations in fiscal 2025, predominately through rising store labor costs. Although we took actions to mitigate these pressures, such as strategic price increases on highly sought-after products, there can be no assurance that we will be able continue these actions or that they will be successful in the future. We expect the inflationary pressures experienced in fiscal 2025 to continue in fiscal 2026.

We continue to monitor the impact of inflation and tariffs on our business operations on an ongoing basis and may need to adjust our prices further to mitigate the impacts of changes to the inflation rate during 2026 or in future years. These select price increases could have a negative impact on demand for our products.

Weakened economic conditions, lowered employment levels or recessions in any of our major markets may also significantly impair consumer spending and reduce purchases of our products. Economic conditions may also be negatively impacted by terrorist attacks, wars, geopolitical shifts, and other conflicts, such as the Russia-Ukraine crisis, current geopolitical environment arising from events in the Middle East that has heightened geopolitical tensions in the region, as well as natural disasters, increases in commodity prices or labor costs, or the prospect of such events. Recent hostilities between the United States, Israel and Iran and others have caused significant disruption in the normal flow of oil, refined petroleum products and related commodities, with consequent price rises of oil as well as other non-petroleum products and associated economic volatility. Although the length and impact of the ongoing conflicts and geopolitical turmoil are highly unpredictable, they could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions, changes in consumer purchasing behavior and increased cyber-attacks against U.S. companies. Additionally, any resulting sanctions could adversely affect the global economy and financial markets. A weakened economic and business climate, as well as consumer uncertainty created by such a climate, could harm our revenues and profitability.

Our success and profitability depend not only on consumer demand for our products, but also on our ability to produce and sell those products at costs which allow us to make a profit. Inflation, tariffs, rising petroleum and material prices, increased transportation and shipping costs, increased labor costs in the markets in which our products are manufactured and sold, or other factors all may increase the costs we incur to produce and transport our products, which in turn may reduce our margins, reduce our profitability, and harm our business, in particular if we are unable to further adjust prices beyond what we were able to do in fiscal 2025, as discussed above.

Political developments, including in trade relations, in particular as to the impact of the significant tariffs on products sourced from countries from which we import is expected to have an impact on our business, mainly our cost of goods and profit margin.

Changes to trade policy or the breakdown of trade relations with the United States in a country in which we have significant operations, or sales, or from which we source raw materials, supplies, or through which such raw materials or supplies are delivered could adversely affect our business, financial condition, and results of operations. As a company that sources a substantial portion of our inventory from China and Vietnam, tariffs generally increase our cost of goods sold, which could adversely affect our profit margins.

Global trade policy continues to evolve and the ultimate impact of recent developments with respect to U.S. tariffs is unclear. On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). Following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on our business. These and future changes in tariffs, trade policies, trade actions, or retaliatory trade measures in response, have resulted and may continue to result in additional inventory costs or supply chain disruptions, higher product prices, potentially reducing consumer demand and impacting our sales volume volatility, which could adversely impact our future sales volume, business, financial condition, and results of operations, materially or in ways that we cannot predict. Additionally, the increased costs could force us to seek alternative suppliers, which may result in supply chain disruptions and further cost increases.

Any increased trade barriers or restrictions on global trade imposed by the United States, or further retaliatory trade measures or currency controls taken by other countries in response, could further adversely affect our business, financial condition, and results of operations. We are actively monitoring the situation and exploring strategies to mitigate these risks, including negotiating with suppliers, adjusting our pricing strategies, and seeking refunds. However, there can be no assurance that these measures will fully offset the negative impact of the tariffs on our business.

Consumer interests can 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.

We continue to update and evaluate our marketing initiatives, which are focused on building our brand, sharing relevant product news, executing timely promotions and adapting to rapidly changing consumer preferences. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our integrated marketing and advertising programs, access to leading entertainment relationships resulting in licensing relationships in a profitable manner and future marketing and advertising efforts that we undertake, including our ability to:

- create greater awareness and affinity of our brand, interactive shopping experience and products;
- convert consumer awareness into store and e-commerce site visits and product purchases;
- identify the optimal level of marketing spend and most efficient marketing channels;
- select the right geographic areas in which to market;
- determine the appropriate creative message and media mix for marketing programs locally, nationally and internationally; and
- effectively manage marketing costs (including creative and media) to maintain acceptable operating margins and return on marketing investment.

Our planned marketing expenditures may not increase total sales or generate sufficient product and brand awareness, which could also have a material adverse effect on our financial condition and profitability. Additionally, we have shifted a number of our marketing programs to digital outlets, which may not continue to be as effective as our more traditional, historical programs.

We depend upon the shopping malls and tourist locations in which our stores are located to attract guests. Continued or further volatility in retail consumer traffic could adversely affect our financial performance and profitability.

While we invest in integrated marketing efforts and believe we are more of a destination location than many other retailers, we rely to a great extent on consumer traffic in the malls and tourist locations in which we are located. We rely on the ability of the malls' anchor tenants, generally large department stores, and on the continuing popularity of malls and tourist locations as shopping destinations to attract high levels of consumer traffic. We cannot control the development of new shopping malls nor the closure of existing malls, the addition or loss of anchors and co-tenants, the availability or cost of appropriate locations within existing or new shopping malls or the desirability, safety, or success of shopping malls. While we have had significant growth in our e-commerce sales compared to pre-pandemic levels and continue with initiatives intended to develop and strengthen our online business, most of our sales are generated from our physical store locations. Consumer traffic may also be reduced due to factors such as the economy, civil unrest, actual or threatened acts of terrorism, or other crime in shopping locations, the impact of weather or natural disasters or a decline in consumer confidence resulting from international conflicts or war. A decrease in consumer traffic could have an adverse effect on our financial condition and profitability.

Our business may be adversely impacted at any time by various significant competitive threats.

We operate in a highly competitive environment characterized by low barriers to entry. We compete against a diverse group of competitors. Because we have a significant number of mall-based locations, we see our competition primarily as other retailers that compete for prime mall locations, including various apparel, footwear and specialty retailers. As a retailer whose signature product is a stuffed animal that is typically purchased as a toy or gift, we also compete with big box retailers and toy stores, as well as manufacturers that sell plush toys. Since we offer our guests an experience as well as merchandise, we also view our competition as any company that competes for our guests' time and entertainment dollars, such as movie theaters, restaurants, amusement parks and arcades. In addition, there are several small companies that operate "make your own" teddy bear and stuffed animal experiences in retail stores and kiosks. Although we believe that none of these companies currently offer the breadth and depth of the Build-A-Bear Workshop products and experience, we cannot be certain that they will not compete directly with us in the future.

Many of our competitors have longer operating histories, significantly greater financial, marketing and other resources, and greater name recognition. We cannot be certain that we will be able to compete successfully with them in the future, particularly in geographic locations that represent new markets for us. If we fail to compete successfully, our market share and results of operations could be materially and adversely affected.

The retail sector has experienced an immense increase in sales initiated online and using mobile applications, as well as online sales for both in-store or curbside pick-up. Online and multi-channel retailers continue to focus on delivery services, with consumers increasingly seeking faster, guaranteed delivery times and low-cost or free shipping. Our ability to be competitive on delivery times and delivery costs depends on many factors, and our failure to successfully manage these factors and offer competitive delivery options could negatively impact the demand for our products and our profit margins.

Global or regional health pandemics or epidemics could negatively impact our business, financial position and results of operations.

The extent to which a pandemic may impact our operational and financial performance remains uncertain and will depend on many factors outside of our control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for our products. Additional future impacts may include, but are not limited to, material adverse effects on demand for our products and interactive experience, supply chain operations disruptions, our ability to execute strategic plans and to predict future performance, and our financial performance and profitability.

To the extent a pandemic adversely affects our business, operations, financial condition and operating results, it may also heighten many of the other risks described in this "Risk Factors" section, such as those relating to retail consumer traffic, general global economic conditions, and demand for our interactive retail experience.

Our profitability could be adversely affected by fluctuations in petroleum product prices.

The profitability of our business depends to a certain degree upon the price of petroleum products, both as a component of the transportation costs for delivery of inventory from our vendors to our stores and as a raw material used in the production of our plush products and stuffing. Volatility in petroleum prices can be due to many external factors that are beyond our control including political, environmental, and economic factors such as hostilities or other conflicts in oil producing areas (including the Russia-Ukraine conflict, military actions in Iran and the current geopolitical environment arising from events in the Middle East, including the hostilities between the United States, Israel and Iran and others), limitations and/or disruptions in refining and pipeline capacity, and worldwide demand for petroleum. We cannot predict the price of crude oil or resulting petroleum products in the future. We may be unable to pass along to our guests the increased costs resulting from higher petroleum prices. Therefore, any such increase could have an adverse impact on our business and profitability. In addition, as discussed above under "*Any uncertainty or decline in general global economic conditions, caused by inflation, rising interest rates, geo-political conflicts, or other external factors, could lead to disproportionately reduced discretionary consumer spending and a corresponding reduction in demand for our products and have an adverse effect on our liquidity and profitability*", these matters could affect broader economic activities beyond the price of petroleum products.

Our use of artificial intelligence technologies presents operational, reputational, data security and legal risks that could adversely affect our business and financial performance, and any failure to effectively leverage artificial technologies in our business could negatively impact our customer engagement and competitive position.

Like many businesses, we incorporate, and expect to continue to incorporate, machine learning and other forms of artificial intelligence ("AI") into various aspects of our business, including digital marketing, customer engagement, merchandising, finance and other operational and administrative activities. Ongoing technological advancements may allow us to expand the use of AI, including generative AI, into these and other key operational and/or administrative aspects of our business.

As our reliance on AI increases, our operations may become more dependent on the accuracy, reliability, security and alignment of these technologies with our business objectives and controls. The use of AI systems, particularly autonomous or agentic AI (systems are designed to reason, plan, and take actions to achieve defined objectives with reduced or no human intervention), by malicious actors may increase our exposure to cybersecurity threats and may inadvertently expose sensitive or confidential business information or personal information if our systems are not properly configured, monitored or secured. Furthermore, any AI technologies we adopt will be reliant on third party service providers, who may have access to our confidential information, intellectual property and personal data of our customers, employees or business partners. We may have limited ability to monitor or control their operations, data handling practices, security measures or compliance with applicable laws and contractual requirements. Failures or vulnerabilities in such third party systems, including those supporting autonomous or agentic AI capabilities, could have cascading effects across our operations. Any failure by such third parties to adequately protect our data, comply with applicable privacy, security or intellectual property laws or deliver reliable and effective AI solutions could result in operational disruptions, regulatory investigations, litigation, reputational harm, loss of competitive advantage and significant costs.

In addition, our competitors or other third parties may adopt AI technologies more rapidly or deploy them more effectively than we do, which could reduce our ability to compete successfully and adversely affect our results of operations. AI driven tools could produce outputs that are or are alleged to be deficient, inaccurate, or biased, which could negatively impact our business, financial condition, and results of operations. The rapid evolution of AI, including potential government regulation of AI, may require significant investments by us to develop, test and maintain our implementations of AI. Those investments may be significant and there can be no assurances that such investments will yield anticipated operational efficiencies, revenue growth, cost savings or other benefits.

OPERATIONAL RISKS

If we are unable to generate interest in and demand for our interactive retail experience and products, including being able to identify and respond to consumer preferences in a timely manner, our sales, financial condition and profitability could be adversely affected.

We believe that our success depends in large part upon our ability to continue to attract new and repeat guests with our interactive shopping experience, and our ability to anticipate, gauge and respond in a timely manner to changing consumer preferences, such as online buying, and fashion trends including through licensed relationships. We cannot be certain that there will continue to be a demand for our “make-your-own stuffed animal” interactive experience, including our store design and brand appearance, or for our stuffed animals, related apparel and accessories. A decline in demand for our interactive shopping experience, our stuffed animals, related apparel or accessories, or a misjudgment of consumer preferences, fashion trends or the demand for licensed products, including those that are associated with new movie releases, could have a negative impact on our business, financial condition and results of operations. In addition, negative commentary regarding our company or the products we sell may be posted on social media sites and other platforms at any time and may negatively impact our reputation or business.

Our future success depends, in part, on the popularity and consumer demand for brands of licensors such as Sanrio, Disney, BBC, Pokémon, NBCUniversal, Warner Bros., Lucasfilm, ViacomCBS and Nintendo. If we are not able to meet our contractual commitments or are unable to maintain licensing agreements with key brands, our business may be adversely affected. There can be no certainty that our access to licensed brands will continue to be successful or enable us to maintain high levels of sales in the future and the timing of future entertainment projects may not coincide with the timing of previous successes impacting our ability to maintain sales levels. In addition, if we miscalculate the market for our merchandise or the purchasing preferences of our guests, we may be required to sell a significant amount of our inventory at discounted prices or even below cost, thereby adversely affecting our financial condition and profitability.

If we cannot renew, renegotiate or replace our store leases or enter into leases for new stores on favorable terms, or if we violate any of the terms of our current leases, our revenue and profitability could be harmed.

We lease all of our corporately-managed store locations in the U.S., U.K., Canada and the Republic of Ireland. Most of our store leases contain provisions for base rent plus percentage rent based on sales in excess of an agreed-upon minimum annual sales level. Some store leases only include a provision for a percentage of a store's total sales, instead of a fixed base rent amount. A number of our leases include a termination provision that applies if we do not meet certain sales levels during a specified period, typically in the third to fourth year and the sixth to seventh year of the lease, which may be at either the landlord's option or ours. Although we have largely shifted our leases in North America to shorter term leases to provide flexibility in aligning stores with market trends, this strategy has risk if we renew leases at a time when commercial rental rates are higher than the rate we could have secured with a longer-term lease. Furthermore, some of our leases contain various restrictions relating to change of control of our company. Our leases also subject us to risks relating to compliance with changing shopping location rules and the exercise of discretion by our landlords on various matters within these locations. We may not be able to maintain or obtain favorable locations within these desirable shopping locations. The terms of new leases may not be as favorable, which could cause an increase in store expenses negatively impacting overall profitability. If we execute termination rights, we may incur expenses and charges associated with those closures that could negatively impact our profitability.

Additionally, several landlords dominate the ownership of prime malls, particularly in the U.S. and Canada, and because of our dependence on these landlords for a substantial number of our locations, any significant erosion in their financial conditions or our relationships with these landlords could negatively affect our ability to obtain and retain store locations. Further landlord consolidation may negatively impact our results of operations.

Our leases in the U.K. and the Republic of Ireland also typically contain provisions requiring rent reviews every five years in which the base rent that we pay is adjusted to current market rates. These rent reviews generally require that base rents can be changed "upwards only" but cannot be reduced if market conditions have deteriorated. We may be required to pay base rents that are significantly higher than we have projected. As a result of these and other factors, we may not be able to operate our European store locations profitably. If we cannot do so, our results of operations and financial condition could be harmed, and we may be required to record significant additional impairment charges.

Failure to successfully execute our omnichannel and brand expansion strategy and the cost of our investments in e-commerce and digital transformation may materially adversely affect our financial condition and profitability.

The retail industry continues to evolve rapidly and consumers continue to embrace digital shopping. As a result, the portion of total consumer expenditures with retailers occurring through digital platforms is increasing, and the pace of this increase could continue to accelerate.

Our strategy, which includes investments in e-commerce platforms, digital technology, and other consumer initiatives, may not adequately or effectively allow us to continue to grow our e-commerce business, increase sales, or grow our position in the specialty retail and gifting and collectibles markets such as adult to adult gifting (e.g., gift boxes), adult driven affinity (e.g., The Bear Cave), and occasion gifting (e.g., graduation, Valentine's Day). The success of our strategy will depend on our ability to continue building and delivering a seamless omnichannel shopping experience for consumers. With an increasing allocation of capital expenditures focused on digital initiatives, our failure to successfully execute on individual components of this initiative may adversely affect our financial performance. In addition, a greater concentration of e-commerce sales could result in a reduction in the amount of traffic in our brick-and-mortar locations and materially adversely affect our financial performance.

Furthermore, the cost of certain investments in e-commerce and digital technology may adversely impact our financial performance in the short term and failure to realize the benefits of these investments may adversely impact our financial performance over the longer term.

We are subject to risks associated with technology and digital operations.

Our operations are subject to numerous technology-related risks, including risks related to the failure of the computer systems that operate our point of sale and inventory systems, websites, mobile sites and their related support systems. We engage key third-party business partners to support various functions of our business, including, but not limited to, information technology, web hosting and cloud-based services. We, and those third-party businesses that support us, are also subject to risks related to computer viruses, telecommunications failures, and other disruptions. Also, we may require additional capital in the future to sustain or grow our technological infrastructure and digital commerce capabilities.

Business risks related to technology and digital commerce include risks associated with the need to keep pace with rapid technological change, internet security risks, risks of system failure or inadequacy, governmental regulation and legal uncertainties with respect to the internet, and collection of sales or other taxes by additional states or foreign jurisdictions. If any of these risks occur, it could have a material adverse effect on our business. Further, as our online sales have increased and have become critical to our growth, the risk of any interruption of our information technology system capabilities is heightened.

We may not be able to evolve our store locations over time to align with market trends, successfully diversify our store formats and business models in accordance with our strategic goals or otherwise effectively manage our overall portfolio of stores which could adversely affect our ability to grow and could significantly harm our profitability.

Our future results will largely depend on our ability to optimize and maintain store productivity and profitability by strategically evolving our real estate portfolio to align with market trends while selectively opening new locations and systematically refreshing our store base. For example, our real estate development initiatives include a focus on tourist locations due to changing consumer preferences and declining traditional mall traffic, and we cannot be certain that this strategy will be successful. Our ability to manage our portfolio of stores in future years, in desirable locations, and to operate stores profitably, particularly in multi-store markets, are key factors in our ability to achieve sustained profitable growth. We cannot be certain when or whether desirable locations will become available, the number of Build-A-Bear Workshop stores that we can or will ultimately open, or whether any such new or relocated stores can be profitably operated. We may decide to close other stores in the future.

Additionally, in the fiscal year 2025, we operated 25 stores located within other retailers' stores and 178 stores through our partner-operated model while our franchise partners operated 109 stores. We have less corporate influence over these stores outside of our corporately-managed locations, and they are therefore subject to the operational risks of these companies, including, but not limited to, ineffective store operations, labor disputes, and negative publicity, all of which could negatively impact the sales and operating performance in these other locations.

Our company-owned distribution center that services the majority of our stores in North America and our third-party distribution center providers used in the western U.S. and Europe may be required to close and operations may experience disruptions or may operate inefficiently.

The operation of our stores is dependent on our ability to distribute merchandise to locations throughout the U.S., Canada, and Europe in a timely manner. We own a 350,000-square-foot distribution center in Groveport, Ohio, and rely on this warehouse to receive, store, and distribute merchandise for the majority of our North American locations and to our third-party retail partners. To operate this distribution center, our ability to meet changing labor needs while controlling our costs is subject to external factors such as labor laws, regulations, unemployment levels, prevailing wage rates, and changing demographics. In addition, we rely on third parties to manage all of the warehousing and distribution aspects of our business in the western U.S. and Europe. For example, as noted above, in Europe, we contract with a third-party distribution center in Selby, England under an agreement that ended in January 2026, but which is currently continuing because neither party terminated the agreement. Any significant interruption in the operation of the distribution centers due to natural disasters or severe weather, events such as fire, accidents, power outages, system failures, public health issues such as pandemics or other health risks, or other unforeseen causes could damage a significant portion of our inventory. These factors may also impair our ability to adequately stock our stores and fulfill e-commerce orders and could decrease our sales and increase our costs associated with our supply chain.

INTERNATIONAL RISKS

We rely on a few global supply chain vendors to supply substantially all of our materials and merchandise, and significant price increases or any disruption in their ability to deliver materials and merchandise could harm our ability to source products and supply inventory to our stores.

We do not own or operate any factories that produce our plush products, clothing, shoes or accessories. In fiscal 2025 we purchased 75% of our merchandise from five vendors, compared to 69% in fiscal 2024. These vendors in turn contract for the production of merchandise with multiple manufacturing facilities. Prior to 2020, over 90% of merchandise received annually was produced in China. However, our efforts to diversify our supply chain reduced China sourcing to 51% of merchandise received as production shifted primarily to Vietnam, which provided 44% of our merchandise in fiscal 2025. Our relationships with our vendors generally are on a purchase order basis and do not provide a contractual obligation to provide adequate supply or acceptable pricing on a long-term basis. Our vendors could discontinue sourcing merchandise for us at any time. If any of our significant vendors were to discontinue their relationship with us, or if the factories with which they contract were to suffer a disruption in their production, we may be unable to replace the vendors in a timely manner, which could result in short-term or long-term disruption to our inventory flow or quality of the inventory as we transition our orders to new vendors or factories which could, in turn, disrupt our store operations and have an adverse effect on our business, financial condition and results of operations. Such disruptions may result from public health issues such as a pandemic, weather related events, natural disasters, trade restrictions, tariffs, changes in local laws, work stoppages or slowdowns, shipping capacity constraints, supply or shipping interruptions, geopolitical issues or other factors beyond our control. Additionally, in the event of a significant price increase from these suppliers, we may not be able to find alternative sources of supply in a timely manner or raise prices to offset the increases, which could have an adverse effect on our business, financial condition and results of operations.

Our merchandise is manufactured by foreign manufacturers, we transact business in various foreign countries, 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.

We purchase the most of our merchandise directly from manufacturers in foreign countries, primarily in China and Vietnam. In addition to the risks associated with tariffs discussed in "*Political developments, including in trade relations, in particular as to the impact of the significant tariffs on products sourced from countries from which we import is expected to have an impact on our business, mainly our cost of goods and profit margin*" above, any event causing a disruption of imports, including the imposition of, increase in amount of or uncertainty regarding import restrictions, taxes or fees, labor strikes or lockouts or pandemics, could adversely affect our business. For example, our vendors in China and Vietnam were temporarily closed for periods of time in 2020, 2021 and 2022 as a result of the COVID pandemic, ceasing production of inventory and supplies. The flow of merchandise from our vendors could also be adversely affected by financial or political instability in any of the countries where the materials or goods we purchase are manufactured, if the instability affects the production or export of merchandise from those countries. We are subject to trade restrictions in the form of tariffs or quotas, or both, applicable to the products we sell and to raw material imported to manufacture those products. Such tariffs or quotas are subject to change.

Our compliance with the regulations is subject to interpretation and review by applicable authorities. Change in regulations or interpretation could negatively impact our operations by increasing the cost of and reducing the supply of products available to us. In addition, decreases in the value of the U.S. dollar against foreign currencies, particularly the Chinese renminbi and Vietnamese dong, could increase the cost of products we purchase from our vendors. The pricing of our products in our stores may also be affected by changes in foreign currency rates and require us to make adjustments that would impact our revenue and profit in various markets. We purchase all inventory in U.S. dollars, and our foreign subsidiaries buy their inventory from us in their functional currency, which exposes us to currency risk when their functional currencies fluctuate relative to the U.S. Dollar. Our business may be adversely impacted by ongoing uncertainty, fluctuations in currency exchange rates, changes in trade policies, or changes in labor, immigration, tax, data privacy or other laws. Any of these effects, among others, could materially and adversely affect our business, results of operations, and financial condition.

We may not be able to operate our international corporately-managed locations profitably.

In addition to our U.S. locations, we currently operate stores in the U.K., Canada, and the Republic of Ireland. Our future success in international markets may be impacted by differences in consumer demand, regulatory and cultural differences, economic conditions, public health issues such as pandemics, changes in foreign government policies and regulations, changes in trading status, compliance with U.S. laws affecting operations outside the U.S., such as the Foreign Corrupt Practices Act, as well as other risks that we may not anticipate. Brand awareness and affinity in international markets may be lower than in the U.S. and we may face higher labor and rent costs, as well as different holiday schedules. Although we have realized benefits from our operations in the U.K. and Ireland, we may be unable to continue to do so on a consistent basis.

Additionally, we conduct business globally in many different jurisdictions with currencies other than U.S. dollars. Our results could be negatively impacted by changes or fluctuations in currency exchange rates since we report our consolidated financial results in U.S. dollars. For example, we may purchase products in U.S. dollars but sell them to consumers or to our foreign subsidiaries in local currencies, which exposes us to foreign exchange risk, as described in "*Our merchandise is manufactured by foreign manufacturers and we transact business in various foreign countries, 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*" above. In addition, we could experience restrictions on the transfer of funds to and from foreign countries, including potentially negative tax consequences.

If we cannot effectively manage our international partner-operated locations, attract new partners or if the laws relating to our international partners change, our growth and profitability could be adversely affected, and we could be exposed to additional liability.

As of January 31, 2026, there were 109 Build-A-Bear Workshop international franchise locations and 178 international, partner-operated locations. We cannot ensure that our international partners will be successful in identifying and securing desirable locations or in operating their stores. International markets frequently have different demographic characteristics, competitive conditions, consumer tastes and discretionary spending patterns than our corporately-managed markets, which may impact the performance of these stores. Additionally, our international partners may experience financing, merchandising and distribution expenses and challenges that are different from those we encounter in our corporately-managed markets. The operations and results of our international partners could be negatively impacted by the economic, public health (such as a pandemic), or political factors in the countries in which they operate or foreign currency fluctuations. These challenges, as well as others, could have a material adverse effect on their business and, in turn, negatively impact our own business, financial condition, and results of operations.

The success of our franchising business depends upon our ability to attract and maintain qualified franchisees with sufficient financial resources to develop and grow their operations and upon the ability of those franchisees to successfully develop and operate their franchise locations. Franchisees may not operate stores in a manner consistent with our standards and requirements, may not hire and train qualified managers and other store personnel, may not operate their stores profitably and may not pay amounts due to us. As a result, our franchising operations may not be profitable. Moreover, our brand image and reputation may suffer. If franchisees perform below expectations, we may transfer those agreements to other parties, take over the operations directly or discontinue the franchise agreement. Furthermore, the interests of franchisees might sometimes conflict with our interests. For example, whereas franchisees are concerned with their individual business objectives, we are responsible for ensuring the success of the Build-A-Bear brand and all of our stores. In addition, we have terminated our franchise agreement covering China resulting in the closure of 12 of 14 stores in the country. This resulted in a total of 109 total franchise locations at the end of the fiscal year.

A key growth initiative for our business is the global expansion of our unique experience locations through international, third-party-operated locations. At the end of fiscal 2025, we had opened more than 30 international locations, and additional locations are expected to be opened in 2026 and beyond. The success of this strategy is dependent on our partners operating locations in a manner consistent with our standards and requirements, hiring and training qualified personnel, and operating the stores profitably so as to continue the relationship. We do not have direct control over our business partners and may not have visibility into their practices.

The laws of the various foreign countries in which our partners operate as well as compliance with U.S. laws affecting operations outside the U.S., such as the Foreign Corrupt Practices Act, govern our relationships with our partners. These laws, and any new laws that may be enacted, may detrimentally affect the rights and obligations between us and our franchisees and could expose us to additional liability.

LEGAL, TECHNOLOGY AND INTELLECTUAL PROPERTY RISKS

We are subject to a number of risks related to disruptions, failures or security breaches of our information technology infrastructure. If we improperly obtain or are unable to protect our data or violate privacy or security laws or expectations, we could be subject to liability as well as damage to our reputation.

Information technology is a critically important part of our business operations. We depend on information systems to process transactions, manage inventory, operate our websites, manage consumer databases, purchase, sell and ship goods on a timely basis, and maintain cost-efficient operations. There is a risk that we could experience a business interruption, theft of information, or reputational damage as a result of a cyber-attack, such as an infiltration of a data center, or data leakage of confidential information either internally or at our third-party providers. We may experience operational problems with our information systems as a result of system failures, system implementation issues, viruses, malicious hackers, sabotage, code anomalies, phishing, smishing, artificial intelligence deepfakes, computer viruses, other malware attacks, ransomware attacks, "Acts of God," human error or other causes. The nature and scope of threats from artificial intelligence, in particular, represents a new, unpredictable frontier.

Our business involves the storage and transmission of consumers' personal information, such as personal preferences and credit card information. We invest in industry-standard security technology to protect our data and business processes against the risk of data security breaches and cyber-attacks. Our data security management program includes identity, trust, vulnerability and threat management business processes, as well as enforcement of standard data protection policies such as Payment Card Industry compliance. We measure our data security effectiveness through industry accepted methods and remediate critical findings. Additionally, we certify our major technology suppliers and any outsourced services through accepted security certification measures. We maintain and routinely test backup systems and disaster recovery, along with external network security penetration testing by an independent third party as part of our business continuity preparedness. Internet privacy is a rapidly changing area and we may be subject to future requirements and legislation that are costly to implement and may negatively impact our results.

While we believe that our security technology and processes are adequate in preventing security breaches and in reducing cyber security risks, given the ever-increasing abilities of those intent on breaching cyber security measures and given our reliance on the security and other efforts of third-party vendors, the total security effort at any point in time may not be completely effective, and any such security breaches and cyber incidents could adversely affect our business. Failure of our systems, including failures due to cyber-attacks that would prevent the ability of systems to function as intended, could cause transaction errors, loss of consumers and sales, and could have negative consequences to us, our employees, and those with whom we do business. In addition, our workforce's combination of remote work, hybrid, and flexible work schedules opens us up for cyber-security threats and potential breaches as a result of increased employee usage of networks other than company-managed. Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential information could also severely damage our reputation, expose us to the risks of litigation and liability, and harm our business. While we carry insurance that would mitigate the losses to an extent, such insurance may be insufficient to compensate us for potentially significant losses.

We currently obtain and retain personal information about our website users, store shoppers and loyalty program members. Federal, state and foreign governments have enacted or may enact laws or regulations regarding the collection and use of personal information, with particular emphasis on the collection of information regarding minors. Such regulation may also include enforcement and redress provisions. We have a stringent, comprehensive privacy policy covering the information we collect from our guests and have established security features to protect our consumer database and websites. While we have implemented programs and procedures designed to protect the privacy of people from whom we collect information which may include information regarding their children, and we intend for our websites to be fully compliant with all applicable regulations including the Federal Children's Online Privacy Protection Act, there can be no assurance that such programs will conform to all applicable laws or regulations. If we fail to fully comply, we may be subjected to liability and damage to our reputation. In addition, because our guest database primarily includes personal information of the parents of children and children frequently interact with our websites, we are potentially vulnerable to charges from parents, children's organizations, governmental entities, and the media of engaging in inappropriate collection, distribution or other use of data collected from children. Additionally, while we have security features, our security measures may not protect users' identities and our online safety measures may be questioned, which may result in negative publicity or a decrease in visitors to our sites. If site users act inappropriately or seek unauthorized contact with other users of the site, it could harm our reputation and, therefore, our business and we could be subject to liability. For example, the EU General Data Protection Regulation - 2016/679 ("EU GDPR") and related guidance together with the UK General Data Protection Regulation ("UK GDPR," collectively with the EU GDPR, the "GDPR"), and the California Consumer Privacy Act 2018, as amended by the California Privacy Rights Act 2020 (collectively "CCPA"), greatly increase the jurisdictional reach of EU and California law, respectively, and adds a broad array of requirements related to personal data, including individual notice and opt-out preferences and the public disclosure of significant data breaches. Additionally, violations of GDPR can result in fines calculated as a percentage of a company's annual revenue and CCPA provides civil penalty violations, as well as a private right of action for data breaches. Other governments have enacted or are expected to enact similar data protection laws and are considering data localization laws that require data to stay within their borders. All of these evolving compliance and operational requirements impose significant costs and regulatory risks that are likely to increase over time.

A determination that there have been violations of laws relating to our practices under communications-based laws could also expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business. In particular, because of our marketing and other promotional texts, emails and other communications we send to our users, communications laws that provide a specified monetary damage award or fine for each violation (such as those described below) could result in particularly large awards or fines. For example, the Federal Communications Commission amended certain of its regulations under the Telephone Consumer Protection Act, or TCPA, in 2012 and 2013 in a manner that has increased our exposure to liability for certain types of telephonic communication with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs seek actual monetary loss or statutory damages of \$500 per violation, whichever is greater, and courts could treble the damage award for willful or knowing violations. Given the varied number of communications we send to our users, a determination that there have been violations of the TCPA, or other communications-based statutes, has exposed us to significant damage awards that could, individually or in the aggregate, materially harm our business. In 2021, a putative class action lawsuit was filed against us asserting claims under the TCPA which was ultimately dismissed after we reached a settlement with the plaintiff and an insurance carrier.

We may fail to renew, register or otherwise protect our trademarks or other intellectual property and have been sued by third parties for infringement or misappropriation of their proprietary rights, which could be costly, distract our management and personnel and result in the diminution in value of our trademarks and other important intellectual property.

Other parties have asserted and may assert in the future, trademark, patent, copyright or other intellectual property rights that are important to our business. We cannot be certain that others will not seek to block the use of or seek monetary damages or other remedies for the prior use of our brand names or other intellectual property or the sale of our products or services as a violation of their trademark, patent or other proprietary rights. Defending such claims, even claims without merit, have been time-consuming, and could result in costly settlements, litigation or restrictions on our business and damage our reputation.

In addition, there may be prior registrations or use of intellectual property in the U.S. or foreign countries for similar or competing marks or other proprietary rights of which we are not aware. In all such countries, it may be possible for any third-party owner of a national trademark registration or other proprietary right to enjoin or limit our expansion into those countries or to seek damages for our use of such intellectual property in such countries. In the event a claim against us was successful and we could not obtain a license to the relevant intellectual property or redesign or rename our products or operations to avoid infringement, our business, financial condition or results of operations could be harmed. Securing registrations does not fully insulate us against intellectual property claims, as another party may have rights superior to our registration, or our registration may be vulnerable to attack on various grounds.

We may suffer negative publicity or be sued if the manufacturers of our merchandise or of Build-A-Bear branded merchandise sold by our licensees ship any products that do not meet current safety standards or production requirements or if such products are recalled or cause injuries.

Although we require our manufacturers to meet governmental safety standards, including food safety regulations for certain locations, and our product specifications as well as submitting our products for testing, we cannot fully control the materials used by, or the workmanship of, our manufacturers. Additionally, through our agreements, our licensees are required to ensure that their manufacturers meet applicable safety and testing standards. If any of these manufacturers ship merchandise that does not meet our required standards, we could in turn experience negative publicity or be sued.

Many of our products are used by small children and infants who may be injured from usage if age grading or warnings are not followed. We may decide or be required to recall products or be subject to claims or lawsuits resulting from injuries. For example, we have voluntarily recalled six products in the past ten years due to possible safety issues. While our vendors have historically reimbursed us for certain related expenses, negative publicity in the event of any recall or if any children are injured from our products could have a material adverse effect on sales of our products and our business, and related recalls or lawsuits with respect to such injuries could have a material adverse effect on our financial position. Additionally, we could incur fines related to consumer product safety issues from the regulatory authorities in the countries in which we operate. Although we currently have liability insurance, we cannot assure you that it would cover product recalls or related fines, and we face the risk that claims or liabilities will exceed our insurance coverage. Furthermore, we may not be able to maintain adequate liability insurance in the future. While our licensing agreements typically indemnify us against financial losses resulting from a safety or quality issue from Build-A-Bear branded products sold by our licensees, such indemnification may not fully protect us financially and, whether or not it does, our brand reputation may be negatively impacted.

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.

We rely on our sourcing personnel to select manufacturers with legal and ethical labor practices, but we cannot control the business and labor practices of our manufacturers. If one of these manufacturers violates labor laws or other applicable regulations or is accused of violating these laws and regulations, or if such a manufacturer engages in labor or other practices that diverge from those typically acceptable in the U.S., we could in turn experience negative publicity, reputational harm, increased compliance and operating costs or be sued.

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.

We may expand our product assortment to include products manufactured by other companies. If sales of such products do not meet our expectations or are impacted by competitors' pricing, we may have to take markdowns or employ other strategies to liquidate the product. If other companies do not meet quality or safety standards or violate any manufacturing or labor laws, we may suffer negative publicity and may not realize our sales plans.

We may suffer negative publicity and damage to our reputation if we do not continue to evolve environmental, social, and governance initiatives in a timely manner.

The strength and appeal of our brand may be affected by how we address certain environmental, social and governance ("ESG") matters, which require coordination across our Company. We face risks related to climate change, resource availability, and increasing public and regulatory focus on environmental sustainability topics such as emissions, packaging and waste. We may also face pressure to expand ESG-related disclosures, establish goals or commitments, or take actions to meet evolving stakeholder expectations, which could result in increased costs, operational complexity or execution risk. If we choose to expand our disclosures, the metrics we publish—whether based on internally developed standards or external frameworks—may affect our reputation, and any failure to accurately track, report or achieve stated objectives could adversely affect our business, financial condition and results of operations.

In addition, we may be subject to existing or future laws and regulations requiring disclosures related to sustainability matters, including climate-related risks, greenhouse gas emissions, human capital, or other ESG topics. Compliance with such requirements, if applicable to us, may require enhancements to systems, controls, processes and governance and could require significant time and financial resources. Failure to comply with applicable requirements could result in investigations, penalties, enforcement actions or reputational harm.

If we publicly report ESG-related information, we may also be subject to increased scrutiny or criticism, including from stakeholders with differing views on ESG matters. Such scrutiny, including adverse publicity or legislative or regulatory actions, could negatively impact our reputation, brand value, financial condition and results of operations.

RISKS RELATED TO OWNING OUR COMMON STOCK

Fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline.

Retailers generally are subject to fluctuations in quarterly results. Our operating results for one period may not be indicative of results for other periods, and may fluctuate significantly due to a variety of factors, including:

- changes in tariffs and trade and other foreign policy matters, or increases in the cost of petroleum due to global conflicts, all of which may impact pricing;
- changes in foreign exchange rates;
- the profitability of our stores;
- increases or decreases in total revenues;
- changes in general economic conditions and consumer spending patterns;
- the timing and frequency of our marketing initiatives;
- seasonal shopping patterns;
- the timing of store closures, relocations and openings and related expenses;
- the effectiveness of our inventory management;
- changes in consumer preferences;
- the continued introduction and expansion of merchandise offerings including those associated with major motion pictures, and our ability to predict which motion pictures will drive product sales;
- actions of competitors or mall anchors and co-tenants;
- weather conditions and natural disasters;
- public health issues such as pandemics, and associated impacts on store openings and store operations;
- the timing and frequency of national media appearances and other public relations events; and
- the impact of a 53rd week in our fiscal year, which occurs approximately every six years, (e.g., the last of which occurred in fiscal 2023) and can affect comparability between periods that do not include the 53rd week.

If our future quarterly results fluctuate significantly or fail to meet the expectations of the investment community, then the market price of our common stock could decline substantially.

Fluctuations in our operating results could reduce our cash flow, or trigger restrictions under our credit agreement, cause us to be unable to repurchase shares at all, at the times or in the amounts we desire, cause the results of our share repurchase program may not be as beneficial as we would like, or cause us to discontinue our quarterly dividend program.

From time to time, we have repurchased shares under plans authorized by our Board of Directors, most recently a \$100 million program adopted in September 2024. Such programs generally do not require us to repurchase any specific number of shares, and may be modified, suspended, or terminated at any time without prior notice. Shares repurchased under the program will be subsequently retired. If our cash flow decreases as a result of decreased sales, increased expenses, or capital expenditures or other uses of cash, we may not be able to repurchase shares of our common stock at all or at times or in the amounts we desire. As a result, the results of any share repurchase program may not be as beneficial as expected. Additionally, cash flow decreases could cause us to discontinue the Board of Director-approved quarterly dividend program or reduce the dividend relative to prior periods. Our credit agreement restricts our ability to repurchase shares and issue dividends when certain liquidity conditions exist.

The market price of our common stock has been and may continue to be volatile.

During fiscal 2025, the trading price of our common stock fluctuated between \$32.55 and \$75.85 per share. The market price of our common stock may be significantly affected by a number of factors, including, but not limited to, actual or anticipated variations in our operating results or those of our competitors as compared to analyst expectations, changes in financial estimates by research analysts with respect to us or others in the retail industry, and announcements of significant transactions (including mergers or acquisitions, divestitures, joint ventures, stock repurchases, dividends, or other strategic initiatives) by us or other similar companies. In addition, the equity markets have experienced price and volume fluctuations that affect the stock price of companies in ways that have been unrelated to an individual company's operating performance. The price of our common stock may continue to be volatile based on factors specific to our company and industry as well as factors related to the equity markets overall. Moreover, we believe that such volatility has attracted the interest of activist shareholders in the past and may continue to do so. Responding to activist shareholders can be costly and time-consuming, and the perceived uncertainties as to our future direction resulting from responding to activist strategies could itself then further affect the market price and volatility of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions that may prevent or frustrate attempts to replace or remove our current management by our stockholders, even if such replacement or removal may be in our stockholders' best interests.

Our basic corporate documents and Delaware law contain provisions that might enable our management to resist a takeover. These provisions:

- restrict various types of business combinations with significant stockholders;
- provide for a classified board of directors;
- limit the right of stockholders to remove directors or change the size of the board of directors;
- limit the right of stockholders to fill vacancies on the board of directors;
- limit the right of stockholders to act by written consent and to call a special meeting of stockholders or propose other actions;
- require a higher percentage of stockholders than would otherwise be required to amend, alter, change or repeal our bylaws and certain provisions of our certificate of incorporation; and
- authorize the issuance of preferred stock with any voting rights, dividend rights, conversion privileges, redemption rights and liquidation rights and other rights, preferences, privileges, powers, qualifications, limitations or restrictions as may be specified by our board of directors.

These provisions may:

- discourage, delay or prevent a change in the control of our company or a change in our management, even if such change may be in the best interests of our stockholders;
- adversely affect the voting power of holders of common stock; and
- limit the price that investors might be willing to pay in the future for shares of our common stock.

GENERAL RISKS

We may not be able to operate successfully if we lose key personnel, are unable to hire qualified additional personnel, or experience turnover of our management team.

The success of our business depends upon the quality of key personnel and associates throughout our organization and our ability to attract and retain these qualified key employees. The loss of any of our executive officers or other key senior management team could harm our business, in particular if we have not planned for their succession. For example, within the last year, two of our executive officers announced their retirement or intention to retire, including our currently president and chief executive officer following a multi-year planned succession process. While in each case we planned for, and executed, an orderly transition, we may not be able to do so in the future. The failure to successfully transition and assimilate key management, the effectiveness of our leaders, and any further transitions could adversely affect our business, financial condition, and results of operations. In addition, our success also depends substantially on the contributions and abilities of our retail store employees, or associates, upon whom we rely on to give our customers a superior interactive in-store retail experience and elevate our brand. Accordingly, our performance depends on our ability to recruit and retain high-quality store management personnel and other associates to work in and manage our corporately-managed stores, both domestically and internationally.

The loss of these key employees, change in management for strategic purposes, our inability to attract and retain other qualified key employees or a labor shortage that reduces the pool of qualified candidates could have a material adverse effect on our business, financial condition and results of operations.

Because our business is largely based on a vertical retail model, labor-related matters, ranging from union formation to labor disputes, may adversely affect our operations.

We have in the past and could in the future face a variety of labor-related matters and disputes, including but not limited to general discrimination, privacy, wage and hour, Employee Retirement Income Security Act, disability claims, union organization and unfair labor practice charges. These matters and claims can raise complex factual and legal issues, potentially creating additional risks and uncertainties that could result in litigation or regulatory proceedings being brought against us by various federal and state agencies that regulate our business, including the U.S. Equal Employment Opportunity Commission and the U.S. National Labor Relations Board (NLRB).

The recent increase in workers exercising their right to form or join a union, both generally and in the retail industry, in conjunction with the late 2023 NLRB issuance of a number of decisions making it easier for employees to organize (or any additional labor law or regulatory changes to that effect), could disrupt our ability to efficiently operate our retail locations and adversely affect our business.

Recently, unions have attempted to organize our employees at a small number of corporately-managed stores in the U.S. with employees at one location voting to unionize in December 2025.

Because there can be no assurance that employees at other locations will not elect to be represented by labor unions in the future, the extent to which a significant portion of our employee base would choose to unionize, or attempt to unionize, could negatively impact our overall labor and other related store operations cost. Additionally, our management and team members may be required to redirect time to respond to union activities, which could be distracting to our operations. Future union activities, including organizing efforts, slow-downs, strikes, or work stoppages could negatively impact our business and results of operations and consumer sentiment.

We may be unsuccessful in acquiring businesses or engaging in other strategic transactions, which may negatively affect our financial condition and profitability.

We may from time to time engage in discussions and negotiations regarding acquisitions or other strategic transactions that could affect our financial condition, profitability or other aspects of our business. There can be no assurance that we will be able to identify suitable acquisition targets that we believe complement our existing business. There can also be no assurance that if we acquire a business, we will be successful in integrating it into our overall operations, or that any such acquired company will operate profitably or will not otherwise adversely impact our financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

We aim to foster and preserve the confidence of customers, employees, shareholders, and other stakeholders regarding our technology and data practices. Our commitments to digital trust, aligned with our core values of service, excellence, integrity, and individual respect, form the basis of our cybersecurity approach.

Cybersecurity Risk, Management and Strategy

We acknowledge the critical nature of evaluating, pinpointing, and addressing the significant risks posed by cybersecurity threats. Our organization has established a comprehensive set of processes, technologies, and mechanisms to support the identification, evaluation, and management of these risks. Central to our cybersecurity strategy is the mitigation of threats, ensuring the robustness and reliability of our system infrastructures. We utilize the guidelines provided by the National Institute of Standards and Technology (NIST) Cybersecurity Framework to shape our cybersecurity initiatives and comply with the Payment Card Industry Data Security Standards where necessary.

Our cybersecurity risk management is intricately integrated into our broader enterprise risk management strategy. Our aim is to effectively identify, prioritize, and manage risks under robust governance, ensuring a secure and resilient organizational environment.

The daily operational responsibility for our cybersecurity initiatives falls to our dedicated cybersecurity team, headed by the Chief Technology Officer (CTO). This team collaborates with external partners to forge and execute our data security and cybersecurity plans, including risk assessments, monitoring activities, and training for our employees. We are committed to continually investing in the enhancement of our capabilities to identify, protect against, and detect security threats.

We employ a suite of tools and services that support the continuous surveillance and reduction of cyber risks. Our internal teams undertake regular audits and penetration testing throughout the year. External third-party experts are enlisted annually to assess our cybersecurity maturity and conduct risk evaluations, besides offering specialized knowledge on various cybersecurity matters. Our security operations center operates 24/7 to identify, lessen, and react to cyber threats promptly. Defined protocols are in place to manage and mitigate any detected cybersecurity incidents swiftly, with regular reviews of our policies and procedures to ensure compliance with evolving regulatory standards and the dynamic threat landscape.

The Incident Response Team (IRT) at our company is a specialized, multidisciplinary group empowered to act swiftly and effectively in managing and communicating cybersecurity incidents. The IRT operates under a comprehensive incident response plan, detailing the procedures for preparing, detecting, responding to, and recovering from cyber incidents. This includes triage, severity assessment, escalation, containment, investigation, and remediation processes, in addition to meeting legal requirements and minimizing damage to the brand and reputation. Regular tabletop exercises are conducted to simulate cyber incidents, enhancing our response strategies, plans, and technology.

Our company ensures that all new hires and existing employees undergo data security and privacy training annually, with additional specialized training for certain roles. Periodic campaigns and simulated phishing tests are also conducted to maintain awareness and vigilance against potential risks.

Vendor security is maintained using programs that evaluate the risk associated with service providers and business partners, focusing on the nature of data accessed or retained. This risk-based approach guides our due diligence and security assessments for selected vendors, ensuring that our contracts reflect the necessary security commitments.

Through the date of filing this Annual Report, cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected our Company, including our business strategy, results of operations, or financial condition. We have not encountered any significant incidents in the past fiscal year. However, we are aware of the ongoing threats that could, if materialized, have a significant impact on our business operations, strategies, or financial condition. Despite our rigorous cybersecurity efforts, we recognize that no system is infallible, and thus we cannot guarantee complete efficacy in preempting or mitigating all potential cyber threats. We continuously evaluate and disclose how identified cybersecurity risks, including those from past incidents, could materially influence our operational, strategic, or financial landscapes.

Cybersecurity Governance

Our commitment to establishing a secure digital realm is underpinned by the structured governance and management of our data security and privacy policies and strategies. Our Board of Directors, which has primary responsibility for overseeing risk management, has delegated risk management oversight responsibility for information systems, information security, data privacy and cybersecurity to the Audit Committee, a member of which has extensive technology experience, including in the area of cybersecurity. The Audit Committee engages in regular, at least quarterly, discussions on these topics, informed by reports from our IT Security Team led by the CTO. Specific topics may include updates to the Company's approach to cybersecurity risk management; recent developments; key initiatives; the threat landscape; trends; and the results of certain assessments and testing. Periodically, the Audit Committee also receives presentations on cybersecurity matters from third-party cybersecurity experts. The Board of Directors receives reports from the Audit Committee chair on these and other risk-related matters as deemed necessary.

Our cybersecurity initiatives are led by our CTO and our Director of Security, who hold a Bachelor of Science, Management Information Systems and a Master of Science, Computer and Information Systems Security and Information Assurance. In addition, our CTO and our Director of Security have Computer Hacking Forensics Investigator and Certified Ethical Hacker certifications. Both, under the CTO's leadership, have extensive experience in managing information security, crafting cybersecurity strategies, and spearheading initiatives to counter evolving cyber threats.

The Security and Technology Risk Leadership Committee, led by our CTO, oversees our cybersecurity initiatives, and comprises technology leaders and members of various departments across the company. Similarly, our Privacy, Data Governance, and Artificial Intelligence Committee, under the guidance of our Chief Privacy Officer, oversees our privacy and data governance strategies.

ITEM 2. PROPERTIES

Stores

We lease all our store locations. As of January 31, 2026, we operated 375 retail stores located primarily in major malls throughout the U.S., Canada, the U.K., and Ireland in our DTC segment.

Non-Store Properties

We own a warehouse and distribution center in Groveport, Ohio, which is utilized primarily by our DTC segment. The facility is approximately 350,000 square feet and includes our North American e-commerce fulfillment center. We lease 51,600 square feet in a building that we use as our corporate headquarters in downtown St. Louis, Missouri with a lease of eleven years commencing in June 2020. This lease was modified in March 2024 to increase the square footage of our corporate headquarters to approximately 58,000 square feet without changing the term length. We also lease an approximately 1,870 square foot storage space in St. Louis, Missouri with the lease commencing in July 2023 and continuing through July 2028. In the U.K., we lease approximately 6,500 square feet for our regional headquarters in Slough, England under a lease that commenced in March 2016 with a term of 10 years. The lease was extended recently through March 2031. We also contract with a third-party warehouse in southern California to service our West Coast stores. The contract has a one-year term and is renewable. In Europe, we contract with a third-party distribution center in Selby, England under an agreement that ended in January 2026. This agreement contained clauses that allow for termination if certain performance criteria were not met. We are now operating under a month-to-month arrangement with both parties working towards signing a new agreement. In Asia, we contract for office space and a third-party distribution center in Shanghai, China, with the office space contract ending in August 2026 and the distribution center contract ending in April 2026.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in ordinary routine litigation typical for companies engaged in our line of business, including actions seeking to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Information with respect to certain legal proceedings is set forth in Note 10 "Commitments and Contingencies" to the Consolidated Financial Statements (included in Part IV of this form 10-K) and is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol "BBW." Our common stock commenced trading on the NYSE on October 28, 2004.

Holders

As of April 14, 2026, the number of holders of record of the Company's common stock totaled approximately 1,664.

Dividends

In fiscal 2023, our Board of Directors declared a special cash dividend of \$1.50 per share that was paid on April 6, 2023, to all stockholders of record as of March 23, 2023.

In fiscal 2024, our Board of Directors approved a new quarterly dividend program to evolve its strategic use of capital and declared an initial quarterly dividend of \$0.20 per share which was paid on April 11, 2024. The Company also paid quarterly dividends of \$0.20 per share to recorded shareholders on July 11, 2024, October 10, 2024, and January 9, 2025.

In fiscal 2025, our Board of Directors declared a quarterly dividend of \$0.22 per share on the issued and outstanding common stock representing an increase of 10%, which was paid on April 10, 2025. The Company also paid quarterly dividends of \$0.22 per share to recorded shareholders on July 10, 2025, October 9, 2025, and January 8, 2026.

Additionally, on March 11, 2026, the Board of Directors declared a quarterly cash dividend of \$0.23 per share of issued and outstanding common stock, representing an increase of 4.5%. The dividend was paid on April 9, 2026, to all stockholders of record as of March 26, 2026.

Securities Authorized for Issuance Under Equity Compensation Plans

Refer to Part III, Item 12, for information related to our equity compensation plan.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid Per Share (or Unit) (2)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (3)
Nov 2, 2025 - Nov 29, 2025	35,987	\$ 49.91	35,987	\$ 70,010,542
Nov 30, 2025 - Jan 3, 2026	62,832	55.84	62,832	66,502,014
Jan 4, 2026 - Jan 31, 2026	74,085	64.95	74,085	61,690,556
Total	172,904	\$ 58.51	172,904	\$ 61,690,556

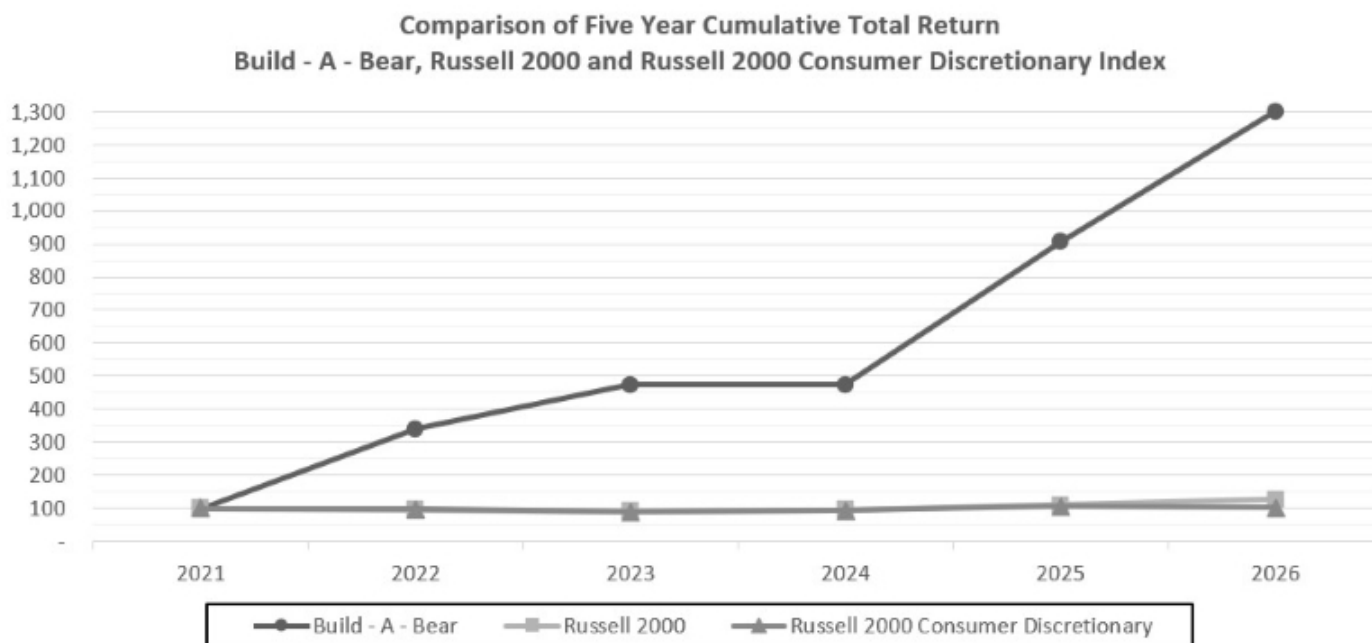
(1) Includes shares of our common stock delivered to us in satisfaction of the tax withholding obligation of holders of restricted shares which vested during the quarter, if any. Our equity incentive plans provide that the value of shares delivered to us to pay the withholding tax obligations is calculated at the closing trading price of our common stock on the date the relevant transactions occur.

(2) Average Price Paid Per Share includes commissions.

(3) On August 31, 2022, the Board of Directors adopted the August 2022 Stock Repurchase program that authorized the repurchase of up to \$50 million of our common stock. On September 11, 2024, we announced that our Board of Directors terminated an existing stock repurchase program and authorized a new share repurchase program of up to \$100 million. This program authorizes the Company to repurchase shares through September 30, 2028, and does not require the Company to repurchase any specific number of shares, and may be modified, suspended or terminated at any time without prior notice. Shares repurchased under the program will be subsequently retired.

Performance Graph

In order to show a Comparative Stock Performance, Build-A-Bear has shown a five-year comparative investment of \$100 into Build-A-Bear, the Russell 2000 Index, and the Russell 2000 Consumer Discretionary Index. The Company has determined that based on their current size, the Russell 2000 information would be more comparable than the S&P 500. It should be noted that as Build-A-Bear has a floating fiscal year end occurring on the last Saturday in January or first Saturday in February, the information utilized as the year end information will be on the close the day prior the listed date. Any dividends that are paid by the Company will be assumed to be reinvested at the next day opening price.



Cumulative Total Return

	January 30, 2021	January 29, 2022	January 28, 2023	February 3, 2024	February 1, 2025	January 31, 2026
Build - A - Bear	\$ 100.00	\$ 339.75	\$ 473.65	\$ 473.65	\$ 906.10	\$ 1,299.30
Russell 2000	\$ 100.00	\$ 94.93	\$ 92.18	\$ 94.65	\$ 110.32	\$ 126.05
Russell 2000 Consumer Discretionary	\$ 100.00	\$ 98.10	\$ 88.92	\$ 93.30	\$ 106.10	\$ 102.55

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the past three years.

ITEM 6. [RESERVED]

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Annual Report on Form 10-K. The following section is qualified in its entirety by the more detailed information, including our financial statements and the notes thereto, which appears elsewhere in this Annual Report on Form 10-K.

Business Overview

Build-A-Bear Workshop, Inc., a Delaware corporation, was formed in 1997 as a mall-based, experiential specialty retailer for children. Build-A-Bear has evolved to become a leading global "retailtainment" brand on a mission to add a little more heart to life. At Build-A-Bear, guests are invited to create personalized furry friends through a unique stuffing, dressing, accessorizing and naming process, accentuated by a memorable Heart Ceremony that creates moments of connection for people of all ages. Over the years, Build-A-Bear has grown into a multi-generational phenomenon, positioned at the intersection of pop-culture trends. Beyond its signature retail experience, our brand also offers pre-stuffed plush, gifting, partnerships with best-in-class licensed and collectible characters, and original storytelling through Build-A-Bear Entertainment, LLC. Build-A-Bear's current brand platform and message, "The Stuff You Love," crosses ages and cultures while celebrating nearly 30 years of helping people mark life's meaningful moments.

The Build-A-Bear brand has high consumer awareness and positive affinity, and we leverage our brand strength to expand the footprint of our retail experience locations through a range of store sizes, formats, and locations, including tourist destinations. In addition to growing our corporately-managed store footprint, we are also growing through partner-operated and franchise locations, particularly for our international expansion. Our ongoing digital transformation, which touches our e-commerce business, consumer loyalty program, and digital content, has led to omnichannel growth over the past several years. Build-A-Bear's pop-culture appeal plays a key role in expanding our total addressable market beyond children to teens and adults with sports licensing, collectible and gifting offerings, as well as to categories beyond plush.

As of January 31, 2026, the Company had 662 global locations through a combination of its corporately-managed, partner-operated, and franchise models. This reflects 375 corporately-managed locations, including 333 stores in the United States ("U.S.") and Canada and 42 stores in the United Kingdom ("U.K.") and the Republic of Ireland, 178 partner-operated locations in which we sell our products on a wholesale basis to other companies that then, in turn, execute our retail experience, and 109 franchise locations operating internationally, all under the Build-A-Bear Workshop brand. In addition to these stores, we sell products on our company-owned e-commerce sites and third-party marketplace sites, our franchisees sell products through sites that they manage as well as other third-party marketplace sites and other parties sell products on their sites under wholesale agreements. For the 2025 fiscal year, the Company had net new unit growth of 64 experience locations, comprised of seven corporately managed locations, 40 partner-operated locations, and 17 international franchise locations.

We operate in three segments that share the same infrastructure, including management, systems, merchandising and marketing, and generate revenues as follows:

- Direct to Consumer (“DTC”) – Corporately-managed retail stores located in the U.S., Canada, the U.K., Ireland, and two e-commerce sites;
- Commercial – Transactions with other businesses, mainly comprised of wholesale product sales and licensing our intellectual property, including entertainment properties, for third-party use; and
- International franchising – Royalties as well as product and fixture sales from other international operations under franchise agreements.

Selected financial data attributable to each segment for fiscal 2025, 2024 and 2023 are presented in Note 15 — Segment Information to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Our year-over-year results discussed below are impacted by fiscal 2025 and fiscal 2024 being 52-week periods compared to fiscal 2023 which had an additional week because it was a 53-week period.

Our consolidated net income was \$52.2 million in fiscal 2025 compared to net income of \$51.8 million in fiscal 2024 and \$52.8 million in fiscal 2023. We believe that we have a concept that has broad demographic appeal which, for North American stores open for the entire year, averaged net retail sales per store of \$1.2 million in fiscal 2025, 2024 and 2023.

We ended fiscal 2025 with no borrowings under our credit agreement and with \$26.8 million in cash, cash equivalents and restricted cash after investing \$25.5 million in capital projects throughout the year. In fiscal 2025 the company utilized \$27.5 million in cash to repurchase 508,945 shares under the share repurchase program that was authorized by the Board of Directors on September 11, 2024 (the “September 2024 Stock Repurchase Program”). The September 2024 Stock Repurchase Program terminated the August 2022 Stock Repurchase Program and authorized a new share repurchase program of up to \$100 million. From the end of fiscal 2025 through April 14, 2026, the Company utilized \$10.7 million to repurchase 231,153 shares under the stock buyback program, leaving \$51.0 million available under the September 2024 Stock Repurchase Program.

On March 12, 2025, our Board of Directors approved a quarterly dividend program of \$0.22 per share representing an increase of 10%, to evolve its strategic use of capital. During fiscal 2025, the company declared and paid quarterly dividends totaling \$ 11.5 million to shareholders. Additionally, on March 11, 2026, the Board of Directors declared a quarterly cash dividend of \$0.23 per share of issued and outstanding common stock, representing an increase of 4.5%. The dividend will be paid on April 9, 2026, to all stockholders of record as of March 26, 2026.

Recent Events and Trends Regarding Tariffs and International Trade

Global trade policy continues to evolve and the ultimate impact of recent developments with respect to U.S. tariffs is unclear. On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act (“IEEPA”). The ultimate availability, timing, and amount of any potential refunds of such tariffs remain uncertain and are subject to further legal, regulatory, and administrative developments. Following the Supreme Court’s decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on the Company’s business. The Company continues to monitor and evaluate these developments and assess their potential impact on its business, financial condition, and results of operations.

Since we import the vast majority of our products from vendors outside the U.S., we face uncertainty and risks related to tariffs and other trade policies that could negatively impact our Company. Tariffs and other non-tariff trade practices can adversely affect our business in multiple ways including increased costs of our products. While we have taken steps in recent years to diversify our supply chain and reduce China sourcing by shifting primarily to Vietnam, we remain subject to substantial potential exposure to tariffs. Specifically, the latest tariffs implemented by the U.S. would have significant impact on our cost structure and product margins. Additionally, the uncertainty about trade policy, tariff rates, and other changes in practices affecting international trade, including whether such tariffs or other measures will be withdrawn, or modified in the future, makes it difficult for us to operate optimally. Depending on the level and longevity of the tariff disruption, we will continue to adjust our pricing while monitoring the impact of inflation and consumer confidence, on both a micro and macro basis.

Following is a description and discussion of the major components of our statement of operations:

Revenues

Net retail sales, commercial revenue and international franchising: See Note 3 — “Revenue” to the consolidated financial statements for additional accounting information.

We use net retail sales per square foot as a performance measure for our business. The following table details net retail sales per square foot for stores open throughout the fiscal year for the periods presented:

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Net retail sales per square foot			
North America (1)	\$518	\$492	\$495
United Kingdom (2)	£735	£729	£629

(1) Net retail sales per square foot in North America represents net retail sales from stores open throughout the entire period in North America, excluding e-commerce sales, divided by the total leased square footage of such stores.

(2) Net retail sales per square foot in the U.K. represents net retail sales from stores open throughout the entire period in the U.K., excluding e-commerce sales, divided by the total selling square footage of such stores.



Costs and Expenses

Cost of merchandise sold: Cost of merchandise sold is driven primarily by our retail segment. Cost of merchandise sold – retail includes the cost of the merchandise, including royalties paid to licensors of third party branded merchandise, tariff costs, store occupancy cost, including store depreciation and store asset impairment charges (if not disclosed separately due to materiality) (See Note 6 — "Property and Equipment, net" to the consolidated financial statements for additional accounting information regarding store asset impairment), cost of warehousing and distribution, packaging, stuffing, damages and shortages, and shipping and handling costs incurred in shipment to customers. Retail gross profit is defined as net retail sales less the cost of merchandise sold - retail. For the commercial segment, cost of merchandise includes the cost of merchandise sold to third-party retailers on a wholesale basis for sale within their stores. For the franchise segment, cost of merchandise includes the sale of furniture, fixtures, and supplies to our franchise partners.

Selling, general and administrative expense ("SGA"): These expenses include store payroll and benefits, advertising, credit card fees, store supplies and normal store pre-opening and closing expenses as well as central office general and administrative expenses, including costs for management payroll, benefits, incentive compensation, travel, information systems, accounting, insurance, legal and public relations. These expenses also include depreciation of central office assets and the amortization of other assets. Certain store expenses such as credit card fees historically have increased or decreased proportionately with net retail sales. In addition, bad debt expenses and recoveries and accounts receivable related charges are recorded in SGA.

Stores

Corporately-Managed Locations:

The number of Build-A-Bear Workshop stores in the U.S. and Canada (collectively, North America) and the U.K. and Ireland (collectively, Europe) for the last three fiscal years is summarized as follows:

	Fiscal year ended								
	January 31, 2026			February 1, 2025			February 3, 2024		
	North America	Europe	Total	North America	Europe	Total	North America	Europe	Total
Beginning of period	328	40	368	320	39	359	312	38	350
Opened	7	2	9	14	3	17	9	2	11
Converted	-	-	-	-	-	-	(1)	-	(1)
Closed	(2)	-	(2)	(6)	(2)	(8)	-	(1)	(1)
End of period	333	42	375	328	40	368	320	39	359

During fiscal 2025, our retail business model continued to evolve to address changing shopping patterns by diversifying our locations, formats and geographies. We are updating our store portfolio with our Discovery format, which represented 54% of our store base as of January 31, 2026. During fiscal 2025, we executed five planned net new store openings in North America, with seven being opened under the Discovery format. Temporary locations generally have lease terms of two to eighteen months. These specific sites are designed to capitalize on short-term opportunities. In the future, we expect to close certain stores in accordance with natural lease events as an ongoing part of our real estate management and day-to-day operational plans.

Partner-Operated Locations:

The number of partner-operated locations opened and closed for the periods presented below is summarized as follows:

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Beginning of period	138	92	70
Opened	44	47	22
Closed	(4)	(1)	-
End of period	178	138	92

Through our partner-operated model, there were 178 stores in operation at the end of fiscal year 2025 with relationships that included Carnival Cruise Line, Great Wolf Lodge Resorts, Landry's, and Girl Scouts of the USA. The partner-operated model is capital light for us, with the partner company building out and operating the workshops including providing the real estate location and covering the cost of labor and inventory, which is purchased on a wholesale basis. These locations are heavily-weighted to the hospitality industry, which allow us to further advance our focus on experience location expansion in non-traditional and tourist areas, as well as shop-in-shop arrangements within other retailers' stores.

International Franchise Locations:

Our first franchise location was opened in November 2003. All franchise locations generally have similar signage, store layout and merchandise assortments as our corporately-managed stores. As of January 31, 2026, we had seven master franchise agreements, which typically grant franchise rights for a particular country or group of countries, covering an aggregate of twelve countries.

The number of international, franchise locations opened and closed for the periods presented below is summarized as follows:

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Beginning of period	92	83	77
Opened	22	11	12
Closed	(5)	(2)	(6)
End of period	<u>109</u>	<u>92</u>	<u>83</u>

As of January 31, 2026, the distribution of franchise locations among these countries was as follows:

South Africa	23
Australia (1)	38
China (2)	4
Gulf States (3)	32
Chile	12
Total	<u>109</u>

(1) Australia master franchise agreement includes New Zealand where one store is currently open.

(2) China master franchise agreement includes Hong Kong where two stores are currently open.

(3) Gulf States master franchise agreement includes Kuwait, Qatar and the United Arab Emirates which all have stores as well as Bahrain and Oman where no stores are currently open.

In the ordinary course of business, we anticipate signing additional master franchise agreements in the future and terminating other such agreements. We source fixtures and other supplies for our franchisees from China which significantly reduces the capital and lowers the expenses required to open franchises. We are leveraging new formats that have been developed for our corporately-managed locations such as concourses and shop-in-shops with our franchisees.

Results of Operations

Fiscal 2025 Overview

Our performance continues to reflect the success of our strategy which has allowed us to put the building blocks in place to develop a powerful platform to support our initiatives to deliver consistent profitable growth. We believe our elevated omnichannel business model, which includes a highly profitable e-commerce and experiential retail store base, complimented by diversified revenue streams and disciplined expense and balance sheet management, puts us in a solid position for continued future success. We delivered a full year pre-tax profit of \$67.2 million, which was the highest in our company's 28-year history. In response to a variety of external pressures including tariffs, changes in consumer shopping habits resulting in the rapid rise of the digital economy and shifting mall traffic patterns, we remained focused on accelerating and expanding our key initiatives by investing in and executing plans to improve operations and profitability. We believe that the majority of our positive performance was driven by the disciplined execution of our strategic initiatives, including leveraging our financial management to invest in growth initiatives, to contribute to an increase in total revenue of \$33.4 million in fiscal 2025. We ended the year with cash and cash equivalents of \$26.8 million with no outstanding borrowings on our credit facility. During fiscal 2025, the Company returned \$39.0 million to shareholders through \$27.5 million in share repurchases and \$11.5 million in dividends.

The following table sets forth, for the periods indicated, selected statement of operations data expressed as a percentage of total revenues, except where otherwise indicated. Percentages may not total due to immaterial rounding:

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Revenues:			
Net retail sales	91.7%	92.8%	93.9%
Commercial revenue	7.3	6.3	5.2
International franchising	1.0	0.9	0.9
Total revenues	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Costs and expenses:			
Cost of merchandise sold - retail (1)	43.9	45.0	45.3
Cost of merchandise sold - commercial (1)	44.4	42.8	47.6
Cost of merchandise sold - international franchising (1)	73.6	69.2	62.1
Total cost of merchandise sold	<u>44.2</u>	<u>45.1</u>	<u>45.6</u>
Consolidated gross profit	55.8	54.9	54.4
Selling, general and administrative	43.3	41.5	40.9
Interest income, net	(0.2)	(0.2)	(0.2)
Income before income taxes	12.7	13.5	13.6
Income tax expense	2.8	3.1	2.8
Net income	<u>9.9%</u>	<u>10.4%</u>	<u>10.9%</u>
Retail gross margin (2)	56.1%	55.0%	54.7%

- (1) Cost of merchandise sold – retail is expressed as a percentage of net retail sales. Cost of merchandise sold – commercial is expressed as a percentage of commercial revenue. Cost of merchandise sold - international franchising is expressed as a percentage of international franchising revenue.
- (2) Retail gross margin represents net retail sales less cost of merchandise sold – retail; retail gross margin percentage represents retail gross margin divided by net retail sales.

Fiscal Year Ended January 31, 2026 Compared to Fiscal Year Ended February 1, 2025

Total revenues. Net retail sales were \$486.0 million for fiscal 2025, compared to \$460.3 million for fiscal 2024, an increase of \$25.7 million or 5.6%, compared to the prior year. The components of this increase are as follows:

	Fiscal year ended January 31, 2026
	(dollars in millions)
Impact from:	
Existing stores	\$ 17.2
New stores	15.9
E-commerce	(5.8)
Store closures	(2.5)
Gift card discounts	(0.1)
Foreign currency translation	2.5
Gift card breakage	(0.3)
Other	(1.2)
	<u>\$ 25.7</u>

The retail revenue increase was primarily the result of an increase in sales from corporately-operated retail locations through growth in the number of transactions, as our traffic outpaced national retail traffic data, and the opening of a net seven new corporately-managed locations in the fiscal year. The increased sales were partially offset by a decrease in web demand for the year.

Commercial revenue was \$38.8 million for fiscal 2025 compared to \$31.4 million for fiscal 2024, an increase of \$7.4 million or 23.5%, primarily due to increased sales volume from our wholesale accounts through our partner-operated retail model.

Revenue from international franchising was \$5.1 million for fiscal 2025 compared to \$4.7 million for fiscal 2024. This \$0.4 million or 8.5% increase was primarily due to having more stores in operation in 2025 compared to the same period in 2024 and the timing of product shipments.

Retail gross margin. Retail gross margin was \$272.8 million in fiscal 2025 compared to \$253.1 million in fiscal 2024, an increase of \$19.7 million or 7.8%. As a percentage of net retail sales, retail gross margin increased to 56.1% for fiscal 2025 from 55.0% for fiscal 2024, or 110 basis points as a percentage of net retail sales. The increase in gross margin was the result of lower merchandise and freight costs partially offset by higher occupancy and tariff and related costs, net of mitigating actions.

Selling, general and administrative. Selling, general and administrative expenses were \$229.2 million or 43.3% of consolidated revenue for fiscal 2025 as compared to \$206.2 million or 41.5% of consolidated revenue for fiscal 2024. The increase in overall expense was driven by higher store-level wages due to minimum wage increases, higher corporate payroll and other costs and general inflationary pressures.

Interest income, net. For fiscal 2025, we had \$0.8 million of interest income compared to \$0.9 million of interest income in fiscal 2024.

Provision for income taxes. The provision for income taxes was \$15.0 million in fiscal 2025 compared to \$15.4 million in fiscal 2024. The 2025 effective rate of 22.3% differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the benefit of the foreign-derived intangible income (FDII) deduction and discrete benefits related to settlement of prior period positions. The 2024 effective rate of 22.9% differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the benefit of the FDII deduction.

Fiscal Year Ended February 1, 2025 Compared to Fiscal Year Ended February 3, 2024

Fiscal 2024 has a 52-week fiscal compared to fiscal 2023 which was impacted by an additional week as it was a 53-week period.

Total revenues. Net retail sales were \$ 460.3 million for fiscal 2024, compared to \$ 456.2 million for fiscal 2023, an increase of \$ 4.2 million or 0.9%, compared to the prior year. The components of this increase are as follows:

	Fiscal year ended February 1, 2025
	(dollars in millions)
Impact from:	
New stores	\$ 12.2
53rd week	(9.2)
Store closures	8.5
E-commerce	(8.1)
Gift card discounts	(2.3)
Gift card breakage	1.4
Foreign currency translation	0.8
Existing stores	0.2
Other	0.7
	<u>\$ 4.2</u>

The retail revenue increase was primarily the result of an increase in sales from corporately-operated retail locations through growth in the number of transactions, as our traffic outpaced national retail traffic data, and the opening of a net nine new corporately-managed locations in the fiscal year. The increased sales were partially offset by impact of the 53rd week in 2023 and a decrease in web demand for the year.

Commercial revenue was \$31.4 million for fiscal 2024 compared to \$25.4 million for fiscal 2023, an increase of \$6.0 million or 23.5%, primarily due to increased sales volume from our commercial accounts through our partner-operated model.

Revenue from international franchising was \$4.7 million for fiscal 2024 compared to \$4.5 million for fiscal 2023. This \$0.2 million or 3.4% increase was primarily due to having more stores in operation in 2024 compared to the same period in 2023.

Retail gross margin. Retail gross margin was \$253.1 million in fiscal 2024 compared to \$249.3 million in fiscal 2023, an increase of \$3.8 million or 1.5%. As a percentage of net retail sales, retail gross margin increased to 55.0% for fiscal 2024 from 54.7% for fiscal 2023, or 30 basis points as a percentage of net retail sales. The increase in gross margin was the result of lower merchandise and freight costs partially offset by higher occupancy expenses.

Selling, general and administrative. Selling, general and administrative expenses were \$206.2 million or 41.5% of consolidated revenue for fiscal 2024 as compared to \$199.0 million or 40.9% of consolidated revenue for fiscal 2023. The increase in overall expense was driven by higher store-level wages due to minimum wage increases and higher outside services. These higher expenses were partially offset by decreased advertising expense.

Interest income, net. For fiscal 2024, we had \$0.9 million of interest income compared to \$0.9 million of interest income in fiscal 2023.

Provision for income taxes. The provision for income taxes was \$15.4 million in fiscal 2024 compared to \$13.5 million in fiscal 2023. The 2024 effective rate of 22.9% differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the benefit of the foreign-derived intangible income (FDII) deduction. The 2023 effective rate of 20.4% differed from the statutory rate of 21% primarily due to the reversal of the valuation allowance in the U.K. partially offset by state income tax expense.

Non-GAAP Financial Measure - Earnings before Interest, Taxes, Depreciation, and Amortization

We believe that earnings before interest, taxes, depreciation, and amortization ("EBITDA") provides meaningful information about our operational efficiency by excluding the impact of differences in tax jurisdictions and structures, debt levels, and capital investment. Additionally, this measure is the metric used for portions of the Company's incentive compensation structure. This measure is not in accordance with, or an alternative to, GAAP. The most comparable GAAP measure is income before income taxes, or pre-tax income. EBITDA should not be considered in isolation or as a substitution for analysis of our results as reported in accordance with GAAP. Other companies may calculate EBIT and EBITDA differently, limiting the usefulness of the measures for comparisons with other companies. The following table sets forth, for the periods indicated, the components of EBITDA (dollars in thousands):

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Income before income taxes (pre-tax)	\$ 67,227	\$ 67,141	\$ 66,329
Interest income, net	(801)	(861)	(929)
Depreciation and amortization expense	14,952	14,772	13,657
Earnings before interest, taxes, depreciation, and amortization	\$ 81,378	\$ 81,052	\$ 79,057

EBITDA for fiscal 2025 was \$81.4 million, compared to \$81.1 million for fiscal 2024 and \$79.1 million in fiscal 2023. The increase of \$0.3 million in fiscal 2025 and \$2.0 million in fiscal 2024 were driven by retail and commercial margins partially offset by higher SGA expenses.

Liquidity and Capital Resources

Our cash requirements are primarily for the opening, remodeling or reformatting of stores, installation and upgrades of information systems and working capital. Over the past several years, we have met these requirements through cash generated from operations. A summary of cash provided by or used in our operating, investing and financing activities are shown in the following table (dollars in thousands):

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Net cash provided by operating activities	\$ 65,052	\$ 47,087	\$ 64,310
Net cash used in investing activities	(25,545)	(19,317)	(18,295)
Net cash used in financing activities	(40,709)	(44,159)	(43,901)
Effect of exchange rates on cash	199	(180)	15
Increase (decrease) in cash, cash equivalents and restricted cash	\$ (1,003)	\$ (16,569)	\$ 2,129

Operating Activities. Cash flows provided by operating activities were \$65.1 million, \$47.1 million and \$64.3 million in fiscal years 2025, 2024 and 2023, respectively. Cash flows from operating activities increased in fiscal 2025 as compared to fiscal 2024 primarily due to higher net income along with lower prepaid and other assets and an increase in accounts payable and accrued expenses. These increases were partially offset by higher cash used for inventory purchases as a result of additional tariff costs and accelerated purchases of core products as part of the Company's tariff-mitigation plans. Cash flows from operating activities decreased in fiscal 2024 as compared to fiscal 2023 primarily driven by increased cash spent on inventory purchases in the second half of fiscal 2024 in anticipation of the uncertainty in cost due to potential tariffs, higher accounts receivable resulting from higher commercial revenue and decreased payables and accrued expenses.

Investing Activities. Cash flows used in investing activities were \$25.5 million, \$19.3 million and \$18.3 million in fiscal years 2025, 2024 and 2023, respectively. The increases in cash used in investing activities when comparing fiscal 2025 to fiscal 2024 and fiscal 2024 to fiscal 2023 were primarily driven by an increased spending on capital expenditures related to information technology projects and new store openings.

Financing Activities. Financing activities used cash of \$40.7 million in fiscal 2025, \$44.2 million in fiscal 2024 and \$43.9 million in fiscal 2023. Cash used in financing activities in fiscal 2025 decreased when compared to fiscal 2024 driven by a decrease in the amount utilized to repurchase shares compared to the prior year. Cash used in financing activities in fiscal 2024 increased slightly when compared to fiscal 2023 due to increased stock repurchases offset by lower dividends.

Capital Resources. As of January 31, 2026, we had a cash balance of \$26.8 million, of which \$20.8 million was domiciled within the U.S, after investing \$25.5 million in capital projects throughout the year.

We have a new revolving credit and security agreement with PNC Bank, as agent, executed on December 31, 2025, that provides for a secured revolving loan in aggregate principal of up to \$ 40.0 million, subject to a borrowing base formula. As of January 31, 2026, borrowings under the agreement would bear interest at (a) a base rate determined under the agreement, or (b) the borrower's option, at a rate based on SOFR, plus in either case a margin based on average undrawn availability as determined in accordance with the agreement. As of February 1, 2025, we had a borrowing base of \$25.0 million. As of January 31, 2026, we have a borrowing base of \$40.0 million and had no outstanding borrowings.

In fiscal 2025 the company utilized \$27.5 million in cash to repurchase 508,945 shares under the share repurchase program that was authorized by the Board of Directors on September 11, 2024 (the "September 2024 Stock Repurchase Program"). The September 2024 Stock Repurchase Program terminated the August 2022 Stock Repurchase Program and authorized a new share repurchase program of up to \$100 million. From the end of fiscal 2025 through April 14, 2026, the Company utilized \$10.7 million to repurchase 231,153 shares under the stock buyback program, leaving \$51.0 million available under the September 2024 Stock Repurchase Program.

In fiscal 2025, the Company declared a quarterly dividend of \$0.22 per share, representing an increase of 10% from the year before, during the first, second, third and fourth quarters, totaling \$2.9 million, \$2.9 million, \$2.9 million and \$2.8 million respectively. Additionally, on March 11, 2026, the Board of Directors declared a quarterly cash dividend of \$0.23 per share of issued and outstanding common stock, representing an increase of 4.5%. The dividend will be paid on April 9, 2026, to all stockholders of record as of March 26, 2026.

We had restricted cash of \$0.4 million as of January 31, 2026 February 1, 2025 and February 3, 2024.

Most of our retail stores are located within shopping malls and all are operated under leases classified as operating leases. Our leases in North America tend to be shorter term leases to provide flexibility in aligning stores with market trends. During fiscal 2025, lease extensions began to have longer terms as we have secured longer deals with more favorable terms. Our leases typically require us to pay personal property taxes, our pro rata share of real property taxes of the shopping mall, our own utilities, repairs and maintenance in our store, a pro rata share of the malls' common area maintenance and, in some instances, merchant association fees and media fund contributions. Many leases contain incentives to help defray the cost of construction of a new store. Typically, a portion of the incentive must be repaid to the landlord if we choose to terminate the lease prior to its contracted term. In addition, some of these leases contain various restrictions relating to change in control of our company. Our leases also subject us to risks relating to compliance with changing mall rules and the exercise of discretion by our landlords on various matters, including rights of termination in some cases. Rents are invoiced monthly and paid in advance.

Our leases in the U.K. and Ireland typically have terms of five or ten years and generally contain a provision whereby every third or fifth year we have the opportunity to exit the lease (the 'break clause'). The leases typically provide the lessee with the first right for renewal at the end of the lease. We may also be required to make deposits and rent guarantees to secure new leases as we expand. Real estate taxes also change according to government time schedules to reflect current market rental rates for the locations we lease. Rents are invoiced monthly or quarterly and paid in advance.

Capital spending in fiscal 2025 totaled \$25.5 million and was primarily used to support our ongoing digital initiatives, and current and future new store openings.

We have various contractual or other obligations, including operating lease commitments and obligations under deferred compensation plans. Additional information is provided in the notes to our consolidated financial statements. As of January 31, 2026, we had contractual obligations totaling approximately \$128.6 million, of which \$28.9 million are due in the next 12 months. We believe our operating cash flows are sufficient to meet our material cash requirements for at least the next 12 months.

We have no off-balance sheet arrangements as of January 31, 2026.

Inflation

The impact of inflation on the Company's business operations was seen throughout fiscal 2023 and 2024. Inflation continued to adversely affect our business in fiscal 2025, mainly through rising store labor costs and higher input costs. We implemented certain mitigating actions such as further cost reductions and process efficiencies, in addition to selective strategic price adjustments. We anticipate inflationary pressures to persist throughout 2026 and beyond, driven by wage growth, tariff and tariff-related costs that extend beyond inventory purchases to broader supply chain and other operational areas. On February 20, 2026, the United States Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). Following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on the Company's business. These and future changes in tariffs, trade policies, trade actions, or retaliatory trade measures in response, have resulted and may continue to result in additional costs and pricing pressures, supply chain disruptions, volatile or unpredictable customer spending patterns, and increased economic or geopolitical risks, which could adversely impact our future sales, business, financial condition, and results of operations, materially or in ways that we cannot predict. We continue to monitor the impact of inflation on our business operations and may need to adjust pricing strategies as needed to offset cost increases during fiscal 2026 and beyond. Fluctuations in general price inflation could negatively affect our financial results by adversely impacting material availability, shipping and warehousing expenses, and other operational overhead. Inflationary pressures may be compounded by elevated transportation costs linked to geopolitical environment arising from events in the Middle East. We cannot provide an estimate or range of impact that such inflation may have on our future results of operations. However, failure to recover increased costs through pricing adjustments or a decline in consumer spending could negatively affect our business, results of operations, financial condition, and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the appropriate application of certain accounting policies, which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the financial statements.

We believe application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

Our accounting policies are more fully described in Note 2 - "Summary of Significant Accounting Policies" to our consolidated financial statements, which appear elsewhere in this Annual Report on Form 10-K. We have identified the following critical accounting estimates:

Long-Lived Asset Impairments

In accordance with ASC 360-10-35, we assess the potential impairment of long-lived assets, which include property, plant and equipment and operating lease right-of-use assets (subsequent to the adoption of ASC 842, Leases) when events or changes in circumstances indicate that the carrying value may not be recoverable. Management's judgments regarding the existence of impairment indicators are based on market conditions and financial performance. Recoverability is measured by comparing the carrying amount of an asset, or asset group, to expected future net cash flows generated by the asset, or asset group. If the carrying amount exceeds its estimated undiscounted future cash flows, the carrying amount is compared to its fair value and an impairment charge is recognized to the extent of the difference. For operating lease right-of-use assets, we determine the fair value of the lease right-of-use assets by comparing the contractual rent payments to estimated market rental rates. Fair value is calculated as the present value of estimated future cash flows for each asset group.

For purposes of evaluating store assets for impairment, we have determined that each store location is an asset group, inclusive of the right-of-use asset attributable to each store. Factors that we consider important which could individually or in combination trigger an impairment review include, but are not limited to, the following: (1) significant underperformance relative to historical or projected future operating results; (2) significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and (3) significant changes in our business strategies and/or negative industry or economic trends. We assess events and changes in circumstances or strategy that could potentially indicate that the carrying value of long-lived assets may not be recoverable as they occur. Due to the significance of the fourth quarter to individual store locations, we assess store performance quarterly, using rolling twelve-month results (i.e., full fiscal year). We consider a historical and/or projected negative cash flow trend for a store location to be an indicator that the carrying value of that asset group may not be recoverable. Impairment charges related to this assessment are typically included in Store asset impairment as a component of income (loss) before income taxes in the DTC segment. See Note 4 - "Leases" and Note 6 - "Property and Equipment, net" to our consolidated financial statements for further discussion.

During fiscal 2025, the Company's impairment analysis identified no indicators of impairment for long-lived assets. During fiscal 2024, the Company's analysis identified indicators of impairment at two retail locations and the Company recorded immaterial impairment charges for long-lived assets in the Company's DTC segment.

Additionally, we consider a more likely than not assessment that an individual location will close prior to the end of its lease term as a triggering event to review the store asset group for recoverability. These assessments are reviewed on a quarterly basis. When indicated, the carrying value of the assets is reduced to fair value, calculated as the estimated future cash flows for each asset group.

In the event that we decide to close any or all of these stores in the future, we may be required to record additional impairments, lease termination fees, severance and other charges. Impairment losses in the future are dependent on a number of factors such as site selection, general economic trends, public health issues (such as a pandemic), and thus could be significantly different than historical results. The assumptions used in future calculations of fair value may change significantly which could result in further impairment charges in future periods.

Revenue Recognition

For the Company's gift cards, revenue is deferred for single transactions until redemption including any related gift card discounts. Approximately 80% of gift cards are redeemed within three years of issuance and over the last three years, approximately 65% of gift cards issued have been redeemed within the first twelve months. In addition, unredeemed gift cards or breakage revenue is recorded in proportion to the customer's redemption pattern using an estimated breakage rate based on historical experience. Following the reopening of the stores after the pandemic, the Company experienced lower redemptions of its gift cards for all periods of outstanding activated cards compared to historical redemption patterns observed prior to fiscal year 2020, which impacted the gift card breakage rate. Management believes that the redemption behavior observed during the pandemic was not indicative of long-term customer behavior and accordingly adjusted the historical redemption data used to calculate the breakage rate. In more recent periods, gift card redemption patterns have generally returned to levels consistent with pre-2020 experience. The Company continues to evaluate expected breakage annually and adjusts the breakage rates in the fourth quarter of each year, or other times, if significant changes in customer behavior are detected. Changes to breakage estimates impact revenue recognition prospectively. Further, given the magnitude of the Company's gift card liability, the changes in breakage rates could have a significant impact on the amount of breakage revenue recognized in future periods. As a matter of sensitivity, a hypothetical 1% change in our gift card breakage rate in fiscal 2025 would have resulted in a change in breakage revenue of \$1.3 million.

For certain qualifying transactions, a portion of revenue transactions are deferred for the obligation related to our loyalty program or when a material right in the form of a future discount is granted. In these transactions, the transaction price is allocated to the separate performance obligations based on the relative standalone selling price. The standalone selling price for the points earned for our loyalty program is estimated using the net retail value of the merchandise purchased, adjusted for estimated breakage based on historical redemption patterns. The revenue associated with the initial merchandise purchased is recognized immediately and the value assigned to the points is deferred until the points are redeemed, forfeited or expired. A hypothetical 1% change in redemption patterns our loyalty program would result in a change in deferred revenue of approximately \$0.1 million.

In regard to the consolidated balance sheet, contract liabilities for gift cards are classified as gift cards and customer deposits, and contract liabilities related to the loyalty program are classified as deferred revenue and other.

See Note 3 - "Revenue for additional information".

Leases

We determine if an arrangement is a lease at inception. The right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments using a discounted cash flow analysis, considering lease terms and our incremental borrowing rate, over the lease term for those arrangements where there is an identified asset and the contract conveys the right to control its use. Our lease term includes options to extend or terminate a lease only when it is reasonably certain that we will exercise that option.

The majority of our leases do not provide an implicit rate and therefore, we estimate the incremental borrowing discount rate on a periodic basis. The discount rates used are indicative of a synthetic credit rating based on quantitative and qualitative analysis and adjusted one notch higher to estimate a secured credit rating. For non-U.S. locations, a risk-free rate yield based on the currency of the lease is used to estimate the incremental borrowing rate.

Income Taxes

We recognize deferred tax assets resulting from tax credit carryforwards and deductible temporary differences between taxable income on our income tax returns and income before taxes under GAAP. Deferred tax assets generally represent future tax benefits to be received when these carryforwards can be applied against future taxable income or when expenses previously reported in our consolidated financial statements become deductible for income tax purposes. A deferred tax asset valuation allowance is required when some portion or all of the deferred tax assets may not be realized. We consider the weight of all available evidence, both positive and negative, in assessing the realizability of the deferred tax assets by each taxing jurisdiction. We evaluate the sustained profitability and three years of cumulative income in each jurisdiction and consider the Company's ability to carry back its tax losses or credits for refunds, the availability of tax planning strategies, reversals of existing taxable temporary differences and projections of future taxable income. As we had incurred a cumulative book loss in the U.K. over the three-year period ended February 2, 2019, we evaluated the realizability of our UK deferred tax assets and, accordingly, in the fourth quarter of fiscal 2018, the Company recorded a \$3.7 million valuation allowance on its U.K. deferred tax assets. In the fourth quarter of fiscal 2023, the Company recorded a benefit of \$5.1 million for the reversal of the valuation allowance on deferred tax assets expected to be realized in the U.K. The positive evidence considered in our assessment of the realizability of the deferred tax assets included the generation of significant positive cumulative income in the U.K. for the three-year period ending with fiscal 2023, the implementation of tax planning strategies, and projections of future taxable income. The Company maintains a valuation allowance in fiscal year 2024 and 2025 in certain other foreign jurisdictions. Changes in the valuation allowance in fiscal 2025 are primarily related to return-to-provision true-ups and functional currency fluctuations.

Significant judgment is required in evaluating our uncertain tax positions. We establish accruals for uncertain tax positions when we believe that the full amount of the associated tax benefit may not be realized. In the future, if we prevail in matters for which accruals have been established previously or pay amounts in excess of reserves, there could be an effect on our income tax provisions in the period in which such determination is made. Tax authorities regularly examine the Company's returns in the jurisdictions in which the Company does business. Management regularly assesses the tax risk of the company's return filing positions and believes its accruals for uncertain tax benefits are adequate as of January 31, 2026 and February 1, 2025.

In July 2025, One Big Beautiful Bill Act (H.R.1) was signed into law in the U.S., which contained a broad range of tax reform provisions affecting businesses. The effects of the legislation, which were immaterial, are reflected in the accompanying consolidated financial statements for the period ended January 31, 2026.

Recent Accounting Pronouncements

See Note 2 – "Summary of Significant Accounting Policies" for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We conduct business globally in many different jurisdictions with currencies other than U.S. dollars. Our results could be negatively impacted by changes or fluctuations in currency exchange rates since we report our consolidated financial results in U.S. dollars.

We purchase all inventory in U.S. dollars, and our foreign subsidiaries buy their inventory from us in their functional currency, which exposes us to currency risk when their functional currencies fluctuate relative to the U.S. dollar. Decreases in the value of the U.S. dollar against foreign currencies, particularly the Chinese renminbi and Vietnamese dong, could increase the cost of products we purchase from our vendors. Moreover, as our international sales are primarily denominated in the British pound, Canadian dollar and Euro, the pricing of our products in our stores may also be affected by changes in foreign currency rates. This could require us to make adjustments that would impact our revenue and profit in various markets.

Assets and liabilities of our foreign operations with functional currencies other than the U.S. dollar are translated at the exchange rate in effect at the balance sheet date, while revenues and expenses are translated at average rates prevailing during the year. Translation adjustments are reported in accumulated other comprehensive income, a separate component of stockholders' equity. Gains and losses resulting from foreign exchange transactions, including the impact of the re-measurement of the Company's balance sheet, are recorded as a component of selling, general and administrative expenses. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not had a formal hedging program with respect to foreign currency. A hypothetical 10% decrease in current foreign currency exchange rates would not have a material effect on our financial position or results of operations or cash flows.

For a detailed discussion of material risk factors that have the potential to cause our actual results to differ materially from our expectations, refer to "[ITEM 1A. RISK FACTORS](#)," included in this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and schedules are listed under Item 15(a)(1) and filed as part of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that information we are required to disclose in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to management, including our certifying officers, as appropriate to allow timely decisions regarding required disclosure. Based on the foregoing evaluation, our management, including the President and Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of January 31, 2026, the end of the period covered by this Annual Report.

It should be noted that our management, including the President and Chief Executive Officer and the Chief Financial Officer, does not expect that our disclosure controls and procedures or internal controls will prevent all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2026. Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. All internal control systems have inherent limitations, including the possibility of circumvention and overriding the control. Accordingly, even effective internal control can provide only reasonable assurance as to the reliability of financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The Company’s independent registered public accounting firm, Ernst & Young LLP, has audited the Company’s Consolidated Financial Statements included in this Annual Report on Form 10-K and the effectiveness of the Company’s internal control over financial reporting as of January 31, 2026 and has issued an attestation report expressing an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting, as stated in their report located below.

In making its evaluation, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 framework). Based upon this evaluation, our management has concluded that our internal control over financial reporting as of January 31, 2026 is effective.

Changes in Internal Control over Financial Reporting

The Company’s management, with the participation of the Company’s President and Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the Company’s internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. During fiscal 2025, there were no changes that materially affected the Company’s internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Build-A-Bear Workshop, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Build-A-Bear Workshop, Inc. and subsidiaries' internal control over financial reporting as of January 31, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Build-A-Bear Workshop, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 31, 2026, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 31, 2026 and February 1, 2025, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2026, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated April 16, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
St. Louis, Missouri
April 16, 2026

ITEM 9B. OTHER INFORMATION

Security Trading Plans of Directors and Executive Officers

None of the Company's directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended January 31, 2026, as such terms are defined under Item 408(a) or Regulations S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors, appearing in the sections titled "Directors," "The Board of Directors and its Committees," and "Committee Charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics" in our Proxy Statement (the "Proxy Statement") to be filed with the SEC pursuant to Regulation 14A in connection with our Annual Meeting of Stockholders scheduled to be held on June 11, 2026, is incorporated by reference in response to this Item 10.

Business Conduct Policy

The Board of Directors has adopted a Business Conduct Policy applicable to our directors, officers and employees, including all executive officers. The Business Conduct Policy has been posted in the Investor Relations section of our corporate website at <http://ir.buildabear.com>. We intend to satisfy the amendment and waiver disclosure requirements under applicable securities regulations by posting any amendments of, or waivers to, the Business Conduct Policy on our website.

We have adopted insider trading policies and procedures applicable to our directors, officers, and employees, that we believe are reasonably designed to promote compliance with insider trading laws, rules, and regulations, and the listing standards of the New York Stock Exchange. Our insider trading policy prohibits our directors, officers and employees and related persons from trading in securities of the Company while in possession of material, non-public information. The policy also prohibits trading in securities of another company (such as a customer, supplier, business partners, competitors or others within whom we have contractual relationships or may be negotiating transactions) when an individual is aware of material non-public information about that company. The policy requires that certain designated individuals and roles of the Company only transact in Company securities during an open window period. Our policy also provides that it is the Company's policy not to engage in transactions in its securities while aware of material non-public information relating to the Company or our securities. A copy of the Company's insider trading policy has been filed as Exhibit 19.1 to this Annual Report on Form 10-K.

The information appearing in the section titled "Committee Charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics" in the Proxy Statement is incorporated by reference in response to this Item 10.

Executive Officers and Key Employees

Sharon Price John, 62, was appointed to the Board of Directors on June 3, 2013, in connection with her employment as Chief Executive Officer and Chief President Bear of the Company. Effective March 2016, she now holds the title of President and Chief Executive Officer. From January 2010 through May 2013, Ms. John served as President of Stride Rite Children's Group LLC, a division of Wolverine Worldwide, Inc., which designs and markets footwear for children. From 2002 through 2009, she held positions of broadened portfolio and increased responsibility at Hasbro, Inc., a multinational toy and board game company, including as General Manager & Senior Vice President of its U.S. Toy Division from 2006 to 2008 and General Manager & Senior Vice President of its Global Preschool unit from June 2008 through 2009. Ms. John also founded and served as Chief Executive Officer of Checkerboard Toys, served as Vice President, U.S. Toy Division with VTech Industries, Inc., and served in a range of roles at Mattel, Inc. She started her career in advertising, overseeing accounts such as Hershey's and the Snickers/M&M Mars business. Until February 2025, Ms. John served on the Board of Directors of Jack in the Box Inc., a publicly traded restaurant company. On March 12, 2026, the Board of Directors of the Company announced that as part of a multi-year planned succession process, Sharon Price John intends to retire from her role effective June 11, 2026, the date of the Company's Annual Shareholders' Meeting upon which she will be succeeded by Chris Hurt, the Company's tenured Chief Operations and Experience Officer.

David Henderson, 54, joined Build-A-Bear Workshop in September 2024 as Chief Revenue Officer. Prior to joining the Company, Mr. Henderson served as the Chief Commercial Officer of Melissa & Doug, LLC, a manufacturer of children's toys, from May 2020 to June 2024. From September 2017 to March 2019, he was President and General Manager-Global of Baby Gear at Newell Brands, a manufacturer, marketer and distributor of consumer and commercial products. Prior to that, he was at Hasbro, a multinational toy manufacturing and entertainment holding company, for over 19 years, ultimately holding the office of Senior Vice President Consumer Products/Licensing North America

Yevgeny Funder, 56, joined Build-A-Bear Workshop as Chief Legal Officer and Secretary in August 2025. Prior to joining the Company, Mr. Funder led the law departments of publicly traded companies Benson Hill, Inc. and American Railcar Industries, Inc. He also served as General Counsel of WestPoint Home LLC, a company in the business of manufacturing, licensing, and distributing various home textile products and brands with an international manufacturing base in Bahrain and a multinational sourcing operation. Prior to WestPoint Home's engagement, Mr. Funder served as Assistant General Counsel of Icahn Enterprises L.P., a diversified holding company engaged in investment, energy, automotive, food packing, metals, real estate, and home fashion. Mr. Funder earned his Bachelor of Arts in International Business from San Diego State University and his Juris Doctor from University of California College of the Law, San Francisco.

J. Christopher Hurt, 60, is anticipated to become a Class II Director effective as of the date of the 2026 Annual meeting following an appointment to our Board of Directors on March 10, 2026 in connection with his employment as Chief Executive Officer of the Company. Mr. Hurt joined the Company in 2015 as Chief Operations Officer, and, from June 2020 until June 11, 2026, served as Chief Operations and Experience Officer. Much of his tenure with the

Company has focused on restructuring the organization's largest business unit, the global retail management and operations team, including guest experience, real estate, build-out, and logistics. Since 2024, Mr. Hurt has shifted his operational and consumer-insight expertise to redefine the brand, merchandising, marketing and licensing areas of the Company's business where he has further expanded consumer segments and categories through product expansion and engaging brand initiatives. Prior to joining the Company, Mr. Hurt was at American Eagle Outfitters, Inc. from 2002 to 2015 in various senior leadership roles of increasing responsibility, including Senior Vice President of North America, Vice President/General Manager of the Factory stores, Zone Vice President and Regional Director. Prior to that, Mr. Hurt held positions of increasing responsibility at Polo Ralph Lauren after starting his career at The Procter & Gamble Company.

Voin Todorovic, 51, joined Build-A-Bear Workshop in September 2014 as Chief Financial Officer. Prior to joining the Company, Mr. Todorovic was employed at Wolverine Worldwide, Inc., a leading global footwear and apparel company, where since September 2013 Mr. Todorovic served as the head of finance and operations for its Lifestyle Group, which includes a portfolio of iconic brands such as Sperry Top-Sider®, Hush Puppies®, Keds®, and Stride Rite®. From 2011 to 2013 Mr. Todorovic was Vice President—Finance and Administration of the Stride Rite Children's Group business, operating in wholesale, direct to consumer and international franchising, and from 2010 to 2011 Mr. Todorovic was Vice President of the Performance + Lifestyle Group. Prior to his tenure at Wolverine World Wide he held positions of increasing responsibility at Collective Brands, Inc. and Payless ShoeSource.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the sections titled “Executive Compensation” and “Board of Directors Compensation” in the Proxy Statement is incorporated herein by reference in response to this Item 11.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the section titled “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference in response to this Item 12.

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	-	\$ -	-
Equity compensation plans not approved by security holders	-	\$ -	-
Total	-	\$ -	-

See Note 12 - "Stock Incentive Plans" to the consolidated financial statements for additional information regarding our equity compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in the section titled “Related Party Transactions” in the Proxy Statement is incorporated herein by reference in response to this Item 13.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained in the sections titled “Principal Accountant Fees” and “Policy Regarding Pre-Approval of Services Provided by the Independent Registered Public Accounting Firm” in the Proxy Statement is incorporated herein by reference in response to Item 14.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***(a)(1) Financial Statements*

The financial statements and schedules set forth below are filed on the indicated pages as part of this Annual Report on Form 10-K.

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	42
Consolidated Balance Sheets as of January 31, 2026 and February 1, 2025	44
Consolidated Statements of Operations and Comprehensive Income for the fiscal years ended January 31, 2026, February 1, 2025, and February 3, 2024	45
Consolidated Statements of Stockholders' Equity for the fiscal years ended January 31, 2026, February 1, 2025, and February 3, 2024	46
Consolidated Statements of Cash Flows for the fiscal years ended January 31, 2026, February 1, 2025, and February 3, 2024	47
Notes to Consolidated Financial Statements	48
Schedule II - Valuation and Qualifying Accounts	67

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Build-A-Bear Workshop, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Build-A-Bear Workshop, Inc. and subsidiaries (the Company) as of January 31, 2026 and February 1, 2025, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2026, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2026 and February 1, 2025, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated April 16, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition - gift card breakage

Description of the Matter

As described in Note 3, for the Company's gift cards, revenue is deferred for single transactions until redemption. The breakage revenue related to unredeemed gift cards is recorded in proportion to the customer's redemption pattern using an estimated breakage rate based on historical experience. For the year ended January 31, 2026, net retail sales included gift card breakage revenue of \$6.2 million.

Auditing the Company's breakage revenue related to unredeemed gift cards was complex and judgmental due to the complexity of the model and the subjectivity related to the judgments that are made by the Company to estimate the breakage rate. Further, given the magnitude of the Company's gift card liability, changes in breakage rates have a significant impact on the amount of breakage revenue recognized.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's determination of gift card breakage revenue, including the model and data inputs used in the model, as well as significant underlying assumptions selected by management in establishing the breakage rates.

We performed audit procedures that included, among others, evaluating the methodologies, assessing the judgments and testing the completeness and accuracy of the historical data used by the Company in its determination of the breakage rate. In addition, we performed sensitivity analyses over the breakage rate to evaluate the impact changes in breakage rates had on breakage revenue recorded.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2011.

St. Louis, Missouri

April 16, 2026

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	January 31, 2026	February 1, 2025
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 26,755	\$ 27,758
Inventories, net	82,203	69,775
Receivables, net	21,459	16,096
Prepaid expenses and other current assets	9,603	12,669
Total current assets	140,020	126,298
Operating lease right-of-use asset	121,129	90,200
Property and equipment, net	70,926	59,761
Deferred tax assets	7,370	7,596
Other assets, net	6,008	6,101
Total Assets	\$ 345,453	\$ 289,956
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,318	\$ 16,538
Accrued expenses	26,104	16,209
Operating lease liability short term	28,651	26,841
Gift cards and customer deposits	15,289	15,791
Deferred revenue and other	5,264	4,015
Total current liabilities	90,626	79,394
Operating lease liability long term	98,647	70,155
Other long-term liabilities	1,152	1,325
Stockholders' equity:		
Preferred stock, par value \$0.01, Shares authorized: 15,000,000; No shares issued or outstanding at January 31, 2026 and February 1, 2025	-	-
Common stock, par value \$0.01, Shares authorized: 50,000,000; Issued and outstanding: 12,808,954 and 13,257,131 shares, respectively	128	133
Additional paid-in capital	60,821	61,987
Accumulated other comprehensive loss	(10,760)	(12,554)
Retained earnings	104,839	89,516
Total stockholders' equity	155,028	139,082
Total Liabilities and Stockholders' Equity	\$ 345,453	\$ 289,956

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME

(Dollars in thousands, except share and per share data)

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Revenues:			
Net retail sales	\$ 485,956	\$ 460,325	\$ 456,163
Commercial revenue	38,750	31,387	25,413
International franchising	5,126	4,692	4,538
Total revenues	<u>529,832</u>	<u>496,404</u>	<u>486,114</u>
Costs and expenses:			
Cost of merchandise sold - retail	213,229	207,200	206,815
Cost of merchandise sold - commercial	17,199	13,439	12,091
Cost of merchandise sold - international franchising	3,775	3,247	2,816
Total cost of merchandise sold	<u>234,203</u>	<u>223,886</u>	<u>221,722</u>
Consolidated gross profit	295,629	272,518	264,392
Selling, general and administrative expense	229,203	206,238	198,992
Interest income, net	(801)	(861)	(929)
Income before income taxes	<u>67,227</u>	<u>67,141</u>	<u>66,329</u>
Income tax expense	15,024	15,356	13,524
Net income	<u>\$ 52,203</u>	<u>\$ 51,785</u>	<u>\$ 52,805</u>
Foreign currency translation adjustment	1,794	(472)	192
Comprehensive income	<u>\$ 53,997</u>	<u>\$ 51,313</u>	<u>\$ 52,997</u>
Income per common share:			
Basic	<u>\$ 4.00</u>	<u>\$ 3.81</u>	<u>\$ 3.68</u>
Diluted	<u>\$ 3.99</u>	<u>\$ 3.80</u>	<u>\$ 3.65</u>
Shares used in computing common per share amounts:			
Basic	13,045,394	13,578,587	14,342,931
Diluted	13,083,436	13,621,075	14,471,875

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)

	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance, January 28, 2023	\$ 148	\$ 69,868	\$ (12,274)	\$ 60,590	\$ 118,332
Stock-based compensation expense	-	1,385	-	-	1,385
Shares issued under employee stock plans	5	2,894	-	-	2,899
Shares withheld in lieu of tax withholdings	(2)	(3,638)	-	-	(3,640)
Share repurchase	(9)	(4,179)	-	(16,312)	(20,500)
Cash dividend	-	-	-	(22,014)	(22,014)
Other	-	-	-	203	203
Other comprehensive income	-	-	192	-	192
Net income	-	-	-	52,805	52,805
	-	-	-	-	-
Balance, February 3, 2024	\$ 142	\$ 66,330	\$ (12,082)	\$ 75,272	\$ 129,662
Stock-based compensation expense	-	1,364	-	-	1,364
Shares issued under employee stock plans	2	1,094	-	-	1,096
Shares withheld in lieu of tax withholdings	(1)	(2,089)	-	-	(2,090)
Share repurchase	(10)	(4,712)	-	(26,544)	(31,266)
Cash dividend	-	-	-	(10,957)	(10,957)
Other	-	-	-	(40)	(40)
Other comprehensive income	-	-	(472)	-	(472)
Net income	-	-	-	51,785	51,785
	-	-	-	-	-
Balance, February 1, 2025	\$ 133	\$ 61,987	\$ (12,554)	\$ 89,516	\$ 139,082
Stock-based compensation expense	-	1,474	-	-	1,474
Shares issued under employee stock plans	1	1,103	-	-	1,104
Forfeiture of shares issued under employee stock plan	-	(94)	-	-	(94)
Shares withheld in lieu of tax withholdings	(1)	(1,266)	-	-	(1,267)
Share repurchase	(5)	(2,383)	-	(25,347)	(27,735)
Cash dividend	-	-	-	(11,533)	(11,533)
Other comprehensive income	-	-	1,794	-	1,794
Net income	-	-	-	52,203	52,203
	-	-	-	-	-
Balance, January 31, 2026	\$ 128	\$ 60,821	\$ (10,760)	\$ 104,839	\$ 155,028

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Cash flows provided by operating activities:			
Net income	\$ 52,203	\$ 51,785	\$ 52,805
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	14,952	14,772	13,657
Share-based and performance-based stock compensation	2,930	2,175	2,089
Deferred taxes	339	1,060	(1,893)
Provision/(adjustments) for doubtful accounts	427	187	251
Loss/(Gain) on disposal of property and equipment	(1)	290	121
Net change in film costs and advances	(272)	513	(1,913)
Change in assets and liabilities:			
Inventories, net	(11,317)	(6,550)	7,102
Receivables, net	(5,433)	(7,742)	5,870
Prepaid expenses and other assets	3,340	(750)	6,776
Accounts payable and accrued expenses	8,021	(3,480)	(11,083)
Operating leases	(698)	(3,302)	(5,175)
Gift cards and customer deposits	(586)	(2,298)	(1,310)
Deferred revenue	1,147	427	(2,987)
Net cash provided by operating activities	<u>65,052</u>	<u>47,087</u>	<u>64,310</u>
Cash flows used in investing activities:			
Capital expenditures	(25,545)	(19,317)	(18,295)
Net cash used in investing activities	<u>(25,545)</u>	<u>(19,317)</u>	<u>(18,295)</u>
Cash flows used in financing activities:			
Line of credit amendment fee	(80)	-	-
Purchases of common stock for employee equity awards, net of tax	(1,361)	(1,869)	(1,339)
Purchases of Company's common stock	(27,735)	(31,266)	(20,500)
Cash dividends paid on vested participating securities	(11,533)	(11,024)	(22,062)
Net cash used in financing activities	<u>(40,709)</u>	<u>(44,159)</u>	<u>(43,901)</u>
Effect of exchange rates on cash	199	(180)	15
Increase (decrease) in cash, cash equivalents and restricted cash	(1,003)	(16,569)	2,129
Cash, cash equivalents and restricted cash, beginning of period	27,758	44,327	42,198
Cash, cash equivalents and restricted cash, end of period	<u>\$ 26,755</u>	<u>\$ 27,758</u>	<u>\$ 44,327</u>
Reconciliation of cash, cash equivalents and restricted cash (1)			
Cash and cash equivalents	\$ 26,349	\$ 27,368	\$ 43,934
Restricted cash from long-term deposits	406	390	393
Total cash, cash equivalents and restricted cash	<u>\$ 26,755</u>	<u>\$ 27,758</u>	<u>\$ 44,327</u>
Net cash paid during the period for income taxes	\$ 9,891	\$ 16,693	\$ 17,364

(1) See cash, cash equivalents and restricted cash in Note 2 - "Summary of Significant Accounting Policies" for further discussion.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Description of Business and Basis of Preparation

Build-A-Bear Workshop, Inc. and subsidiaries (collectively, the “Company”) was formed in 1997 as a mall-based, experiential specialty retailer for children. The Company has evolved to become a leading global "retailtainment" brand on a mission to add a little more heart to life. The Company sells its products through its 375 corporately-managed locations operated primarily in leased mall locations in the U.S., Canada, the Republic of Ireland, and the U.K. along with its e-commerce sites. As of the balance sheet date, operations in foreign countries where the Company does not have corporately-managed locations are through franchise agreements. The Company also sold product through its partner-operated model at 178 stores in which it sells its products on a wholesale basis to other companies that then in turn execute the Company's retail experience.

The Company’s consolidated financial statements have been prepared in accordance U.S. GAAP.

(2) Summary of Significant Accounting Policies

For each accounting topic that is addressed in its own note, the description of the accounting policy may be found in the related note. The Company’s other significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Build-A-Bear Workshop, Inc. and its wholly-owned subsidiaries. All intercompany accounts are eliminated in consolidation.

Fiscal Year

The Company operates on a 52- or 53-week fiscal year ending on the Saturday closest to January 31. The periods presented in these financial statements are fiscal 2025 (52 weeks ended January 31, 2026), fiscal 2024 (52 weeks ended February 1, 2025) and fiscal 2023 (53 weeks ended February 3, 2024). References to years in these financial statements relate to fiscal years or year-ends rather than calendar years.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash, money market funds, and short-term highly liquid investments with an original maturity of three months or less held in both domestic and foreign financial institutions. In addition, the Company has a long-term deposit to satisfy contractual terms with the UK Customs Authority (unrelated to the matter discussed in Note 10 - Commitments and Contingencies). The Company also has deposits from franchisees under contractual agreements which are refundable. The long-term and franchisee deposits are considered restricted cash and disclosed within the supplemental disclosure within the consolidated statement of cash flows. Cash equivalents also include amounts due from third-party financial institutions for credit and debit card transactions. The carrying amount of cash and cash equivalents approximates fair value, given the short maturity of those instruments.

The majority of the Company’s cash and cash equivalents exceed federal deposit insurance limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to any significant credit risk on cash, cash equivalents, and restricted cash.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined on an average-cost basis. Inventory includes supplies of \$4.5 million and \$3.5 million as of January 31, 2026 and February 1, 2025, respectively. A reserve for estimated shortage is accrued throughout the year based on detailed historical averages. The inventory reserve was \$1.1 million as of January 31, 2026 and \$1.2 million as of February 1, 2025.

Receivables

Receivables are recorded at invoiced amounts and consist primarily of amounts due to the Company in relation to wholesale and corporate product sales, franchisee royalties and product sales, tenant allowances, certain amounts due from taxing authorities, receivables due from insurance providers, and licensing revenue. The Company assesses the collectability of all receivables on an ongoing basis by considering its historical credit loss experience, current economic conditions, and other relevant factors. At the beginning of fiscal 2023, the Company adopted ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This ASU requires entities to report "expected" credit losses on financial instruments and other commitments to extend credit rather than the current "incurred loss" model. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions, and reasonable and supportable forecasts.

Property and Equipment

Property and equipment consist of leasehold improvements, furniture and fixtures, computer equipment and software, building and land and are stated at cost. Leasehold improvements are depreciated using the straight-line method over the shorter of the useful life of the assets or the life of the lease ranging from one to ten years. Furniture and fixtures and computer equipment are depreciated using the straight-line method over the estimated service lives ranging from three to seven years. Computer software includes certain costs, including internal payroll costs incurred in connection with the development or acquisition of software for internal use and is amortized using the straight-line method over a period of three to five years. New store construction deposits are recorded at the time the deposit is made as construction-in-progress and reclassified to the appropriate property and equipment category at the time of completion of construction, when operations of the store commence. Maintenance and repairs are expensed as incurred and improvements are capitalized. Gains or losses on the disposition of fixed assets are recorded upon disposal.

Leases

The majority of the Company's leases relate to retail stores, corporate offices, and storage locations. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Most retail store leases have an original term of five to ten-year base period and the term can be extended on a lease-by-lease basis with additional terms that are typically much shorter than the original lease term giving the Company lease optionality. The renewal options are not included in the measurement of the right of use assets and right of use liabilities unless the Company is reasonably certain to exercise the optional renewal periods. Some leases also include early termination options, which can be exercised under specific conditions. Additionally, the Company may operate stores for a period of time on a month-to-month basis after the expiration of the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Certain leases contain incentives, such as construction allowances from landlords and/or rent abatements subsequent to taking possession of the leased property. These incentives reduce the right-of-use asset related to the lease and are amortized through the right-of-use asset as reductions of expense over the lease term.

The Company's leases typically contain rent escalations over the lease term and the Company recognizes expense for these leases on a straight-line basis over the lease term. The Company recognizes the related rental expense on a straight-line basis and records the difference between the recognized rental expense and amounts payable under the lease as part of the lease right-of-use asset. Some of the Company's leases include rent escalations based on inflation indexes and fair market value adjustments. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the store's sales in excess of stipulated amounts and certain leases may contain rental provisions that only include a provision for a percentage of a store's total sales, instead of a fixed base rent amount. Such rents based on a percentage of store's total sales are recorded as variable lease expenses.

The Company has elected the practical expedient allowed by the standard to account for all fixed consideration in a lease as a single lease component. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities.

Most of the Company's leases do not provide a readily available implicit interest rate. Therefore, the Company estimates the incremental borrowing discount rate based on information available at lease commencement. The discount rates used are indicative of a synthetic credit rating based on quantitative and qualitative analysis and adjusted to estimate a secured credit rating. For non-U.S. locations, a risk-free rate yield based on the currency of the lease is used to adjust the estimate of the incremental borrowing rate.

Long-lived Assets

Whenever facts and circumstances indicate that the carrying value of a long-lived asset (asset group) and right-of-use operating lease assets may not be recoverable, the carrying value of those assets is reviewed for potential impairment. If this review indicates that the carrying value of the asset (asset group) will not be recovered, as determined based on projected undiscounted cash flows related to the asset (asset group) over its remaining life, the carrying value of the asset (asset group) is reduced to its estimated fair value. The Company typically performs an annual assessment of its store assets in the DTC segment, based on operating performance and forecasts of future performance. For the purposes of evaluating store assets for impairment, the Company has determined that each store location is an asset group, inclusive of the right-of-use asset attributable to each store. In periods where the Company identifies indicators of impairment for its store fleet, the Company performs a recoverability test for these assets by comparing the estimated undiscounted future cash flows over the remaining useful life of the asset (asset group) to the carry value of the asset (asset group). The estimated undiscounted future cash flows involve expectations for future operations and projected cash flows, including estimates of revenue, operating expenses and market conditions. Based on this, the Company determines if certain stores had long-lived and right-of-use assets with carrying values that exceed their estimated undiscounted future cash flows for the remaining useful life of the respective assets.

An impairment charge is recognized to the extent the carrying value exceeded the fair value of the asset (asset group). The Company estimates fair values of these long-lived assets based on its discounted future cash flow analysis for the remaining useful life of the asset or its market rent assessment. An individual asset within an asset group is not impaired below its estimated fair value. Asset impairment charges are recorded within the cost of merchandise sold - retail expense within the Consolidated Statement of Operations and Comprehensive Income. The Company's analysis identified no indicators of impairment during fiscal 2025 for long-lived assets. The Company's analysis identified indicators of impairment at two retail locations and the Company incurred immaterial impairment charges during fiscal 2024 for long-lived assets in the Company's DTC segment.

The estimates, all of which are considered Level 3 inputs, used to calculate the fair value of the asset (asset group) include: the Company's expectations for future operations and projected cash flows, including revenues, operating expenses including market rents, and market conditions. Changes in these estimates could have an impact on whether long-lived store assets should be further evaluated for impairment and could have a significant impact on the resulting impairment charge.

Other Assets, net

Other assets consist primarily of the non-current portion of prepaid income taxes and deferred costs related to franchise agreements, financing agreements, and capitalized film production costs. Deferred franchise costs are initial costs related to the Company's franchise agreements that are deferred and amortized over the life of the respective franchise agreement. Deferred financing costs are the initial issuance costs and fees incurred in obtaining the Company's new credit agreement. The Company had no outstanding borrowings at the beginning of the facility or at of the date of the second amendment, therefore these costs and fees incurred for the original agreement and amendment were recorded as a deferred asset and the unamortized costs will be amortized over the length of the amended agreement. Film production costs include capitalizable direct costs, production overhead, interest and development costs and are stated at the lower of cost, less accumulated amortization, or fair value.

Entertainment Production Costs

Costs of producing entertainment assets, which include direct costs, production overhead and development costs, are capitalized when incurred and are stated at the lower of cost, less accumulated amortization, or fair value. For film related costs, the Company expects assets to be monetized individually and are amortized using the individual film-forecast-computation method which amortizes such costs in the same ratio that current period actual revenue bears to the estimated remaining unrecognized total revenues (ultimate revenue). Ultimate revenue includes estimates over a period not to exceed ten years from the date of initial release of the film. Participation costs and residuals are accrued and expensed over the applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues for each production.

Costs of entertainment assets are subject to recoverability assessments, whenever events or changes in circumstances indicate that the fair value of the entertainment asset may be less than the unamortized cost, which for content predominantly monetized individually, involves comparing the estimated fair values with the unamortized cost. The fair value is determined based on a discounted cash flow analysis of the cash flows directly attributable to the entertainment assets. The discounted cash flow analysis includes cash flow estimates of ultimate revenue as well as a discount rate (a Level 3 fair value measurement). The discount rate used in the Company's discounted cash flow model reflects the time value of money, expectations about variation in the amount or timing of the most likely cash flows, and the price market participants would seek for bearing the uncertainty inherent with the entertainment assets. The amount by which the unamortized costs of entertainment assets exceed their estimated fair values is written off. As of January 31, 2026 and February 1, 2025, the Company had net capitalized entertainment assets of \$4.5 million and \$4.2 million, respectively. The January 31, 2026 balance for entertainment assets is comprised of unamortized, released assets and several in-development entertainment projects.

The main purpose of the Company's entertainment assets is to drive consumer engagement with its own intellectual property, similar to a marketing campaign. As such, the amortization of entertainment assets and any related impairment charges are recorded as advertising expenses with the Selling, general, and administrative line within the Consolidated Statement of Operations and Comprehensive Income and includes this expense in the financial information of the Commercial reportable segment presented in Note 15 - Segment Information. Additionally, as of January 31, 2026, the Company performed a recoverability assessment of the entertainment assets and determined there were no indicators of impairment. The Company recorded a total of \$0.5 million in entertainment assets amortization in fiscal 2025 and a total of \$1.1 million in fiscal 2024.

Revenue

See Note 3 — Revenue for additional accounting information.

Cost of Merchandise Sold

Cost of merchandise sold - retail includes the cost of the merchandise, tariff costs, royalties paid to licensors of third-party branded merchandise; store occupancy cost, including store depreciation; cost of warehousing and distribution; packaging; stuffing; damages and shortages; and shipping and handling costs incurred in shipment to consumers. Cost of merchandise sold - commercial includes the cost of the merchandise, including royalties paid to licensors of third-party branded merchandise; cost of warehousing and distribution; packaging; stuffing; damages and shortages; and shipping and handling costs incurred in shipment to customers.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses include store payroll and related benefits, advertising, credit card fees, store supplies and store closing costs, as well as central office management payroll and related benefits, travel, information systems, accounting, insurance, legal, and public relations costs. It also includes depreciation and amortization of central office leasehold improvements, furniture, fixtures, and equipment. In addition, bad debt expenses and accounts receivable related charges are included. Further, it includes store preopening expenses which represent costs incurred prior to store openings, remodels and relocations including certain store set-up, labor and hiring costs, rental charges, payroll, government grants, marketing, travel and relocation costs and recoveries.

Advertising

The costs of advertising and marketing programs are charged to operations in the first period the program takes place. Advertising expense was \$21.0 million, \$21.0 million and \$24.3 million for fiscal years 2025, 2024 and 2023, respectively.

Income Taxes

Income taxes are accounted for using a balance sheet approach known as the liability method. The liability method accounts for deferred income taxes by applying the rate, based on enacted tax law, that will be in effect in the period in which the temporary differences between the book basis and the tax basis of assets and liabilities reverse or are settled. Deferred taxes are reported on a jurisdictional basis.

Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company assesses its total liability for uncertain tax positions on a quarterly basis. The Company recognizes estimated interest and penalties related to uncertain tax positions in income tax expense. See Note 8—Income Taxes for further discussion.

Income Per Share

Basic income per share is determined by dividing net income allocated to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution that could occur from outstanding restricted stock awards and if options to issue common stock were exercised. In periods in which the inclusion of such instruments is anti-dilutive, the effect of such securities is not given consideration.

Stock-Based Compensation

The Company has share-based compensation plans covering certain management groups and its Board of Directors. The Company accounts for share-based payments utilizing the fair value recognition provisions of ASC 718 Compensation - Stock Compensation. The Company recognizes compensation cost for graded-vested equity awards on a straight-line basis over the requisite service period for the entire award and forfeitures as they occur. See Note 12 — "Stock Incentive Plans" for additional information.

Comprehensive Income

Comprehensive income is comprised of net income and foreign currency translation adjustments.

Fair Value of Financial Instruments

For purposes of financial reporting, management has determined that the carrying value of financial instruments, including cash, cash equivalents and restricted cash, receivables, short term investments, accounts payable and accrued expenses, approximates fair value at January 31, 2026 and February 1, 2025.

Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The assumptions used by management in future estimates could change significantly due to changes in circumstances, including, but not limited to, challenging economic conditions. Accordingly, future estimates may change significantly. Significant items subject to such estimates and assumptions include the calculation of revenue from gift card breakage, valuation of long-lived asset for asset impairments, income tax valuation allowances on deferred income tax assets, and the determination of deferred revenue under the Company's customer loyalty program.

Sales Tax Policy

The Company's revenues in the consolidated statement of operations are net of sales taxes.

Foreign Currency

Assets and liabilities of the Company's foreign operations with functional currencies other than the U.S. dollar are translated at the exchange rate in effect at the balance sheet date, while revenues and expenses are translated at average rates prevailing during the year. Translation adjustments are reported in accumulated other comprehensive income, a separate component of stockholders' equity. Gains and losses resulting from foreign exchange transactions, including the impact of the re-measurement of the Company's balance sheet, are recorded as a component of selling, general and administrative expenses. The Company recorded a gain of \$1.8 million in fiscal 2025, and loss of \$0.2 million and \$0.1 million related to foreign currency in fiscal 2024 and 2023, respectively.

Recent Accounting Pronouncements – Adopted in the current year

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. We adopted this ASU on a prospective basis effective February 2, 2025. Refer to Note 8- Income Taxes for the inclusion of new disclosures required.

Recent Accounting Pronouncements – Pending adoption

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." The amendment requires a public business entity (PBE) to disclose, on an annual and interim basis, disaggregated information about certain income statement line items in a tabular format in the notes to the financial statements. The amendments are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The ASU clarifies interim disclosure requirements and the applicability of Topic 270. The objective of the amendments is to provide further clarity about the current interim disclosure requirements. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Adoption of this ASU can be applied either a prospective or a retrospective approach. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-12, Codification Improvements. The ASU addresses thirty-three items, representing the changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. Generally, the amendments in this Update are not intended to result in significant changes for most entities. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2026. The adoption method of this ASU may vary, on an issue-by-issue basis. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

(3) Revenue

Nearly all of the Company's revenue is derived from retail sales (including e-commerce sites) and is recognized when control of the merchandise is transferred to the customer. The Company accounts for revenue in accordance with Topic 606, Revenue from Contracts with Customers. The Company's disaggregated revenue is fully disclosed as net sales to external customers by reporting segment and by geographic area (See Note 15 — "Segment Information" for additional information). The Company's direct-to-consumer reporting segment represents nearly 92% of consolidated revenue. The majority of these sales transactions are single performance obligations that are recorded when control is transferred to the customer.

The following is a description of principal activities from which the Company generates its revenue, by reportable segment.

The Company's direct-to-consumer segment includes the operating activities of corporately-managed stores, other retail-delivered operations and online sales. Direct-to-consumer revenue is recognized when control of the merchandise is transferred to the customer and for the Company's online sales, control generally transfers upon delivery to the customer. Revenue is measured as the amount of consideration, including any discounts or incentives, the Company expects to receive in exchange for transferring the merchandise. Product returns have historically averaged less than one-half of one percent due to the interactive nature of sales, where consumers customize their own stuffed animal. The Company has elected to exclude from revenue all collected sales, value-add and other taxes paid by its customers.

For the Company's gift cards, revenue is deferred for single transactions until redemption including any related gift card discounts. Approximately 80% of gift cards issued have been redeemed within three years of issuance and over the last three years, approximately 65% of gift cards issued have been redeemed within the first twelve months. In addition, unredeemed gift cards or breakage revenue is recorded in proportion to the customer's redemption pattern using an estimated breakage rate based on historical experience.

Following the reopening of stores after the pandemic, the Company experienced lower gift card redemption rates for all periods of outstanding activated gift cards compared to historical redemption patterns observed prior to fiscal year 2020, which impacted the gift card breakage rate. Management believes that the redemption behavior observed during the pandemic was not indicative of long-term customer behavior and accordingly adjusted the historical redemption data used to calculate the breakage rate. In more recent periods, gift card redemption patterns have generally returned to levels consistent with pre-2020 experience.

The Company continues to evaluate expected breakage annually and adjusts the breakage rates in the fourth quarter of each year, or other times, if significant changes in customer behavior are detected. Changes to breakage estimates impact revenue recognition prospectively. Further, given the magnitude of the Company's gift card liability, the changes in breakage rates could have a significant impact on the amount of breakage revenue recognized in future periods. For the fiscal years ended January 31, 2026, February 1, 2025, and February 3, 2024, net retail sales included gift card breakage revenue of \$6.2 million, \$6.5 million and \$6.3 million, respectively. In regard to the consolidated balance sheet, contract liabilities for gift cards are classified as gift cards and customer deposits.

For certain qualifying transactions, a portion of revenue transactions are deferred for the obligation related to the Company's loyalty program or when a material right in the form of a future discount is granted. In these transactions, the transaction price is allocated to the separate performance obligations based on the relative standalone selling price. The standalone selling price for the points earned for the Company's loyalty program is estimated using the net retail value of the merchandise purchased, adjusted for estimated breakage based on historical redemption patterns. The revenue associated with the initial merchandise purchased is recognized immediately and the value assigned to the points is deferred until the points are redeemed, forfeited or expired. Loyalty program points expire if there is no qualifying account activity for a period of 12 months. The Company issues certifications daily for those loyalty program members who have earned 100 or more points in the previous day in North America and 50 points or more in the U.K. with certifications historically expiring in four months if not redeemed. The Company assesses the redemption rates of its certifications on a quarterly basis to update the rate at which loyalty program points turn into certifications and the rate that certifications are redeemed. In regard to the consolidated balance sheet, contract liabilities related to the loyalty program are classified as deferred revenue and other.

The Company's commercial segment includes transactions with other businesses and are mainly comprised of wholesale sales of merchandise, supplies and fixtures, licensing the Company's intellectual properties for third-party use, and revenues generated from entertainment activities. Revenue for wholesale sales is recognized when control of the merchandise or fixtures is transferred to the customer, which generally occurs upon delivery to the customer. The license agreements provide the customer with highly interrelated rights that are not distinct in the context of the contract and, therefore, have been accounted for as a single performance obligation and recognized as licensee sales occur. If the contract includes a guaranteed minimum, the minimum guarantee is recognized as licensee sales occur over the guarantee term until such time as royalties earned through licensee sales exceed the minimum guarantee. The Company classifies these guaranteed minimum contract liabilities as deferred revenue and other on the consolidated balance sheet. Entertainment revenue is generated through the sale of entertainment assets directly to customers or through licensing agreements.

The Company's international franchising segment includes the activities with franchisees who operate store locations in certain countries and includes development fees, sales-based royalties, merchandise, supplies and fixture sales. The Company's obligations under the franchise agreement are ongoing and include operations and product development support and training, generally concentrated around new store openings. These obligations are highly interrelated rights that are not distinct in the context of the contract and, therefore, have been accounted for as a single performance obligation and recognized as franchisee sales occur. If the contract includes an initial, one-time nonrefundable development fee, this fee is recognized on a straight-line basis over the term of the franchise agreement, which may extend for periods up to 25 years. The Company classifies these initial, one-time nonrefundable franchise fee contract liabilities as deferred revenue and other on the consolidated balance sheet. Revenue from merchandise and fixture sales is recognized when control is transferred to the franchisee which generally occurs upon delivery to the customer.

The Company also incurs expenses directly related to the startup of new franchises, which may include finder's fees, legal and travel costs, expenses related to its ongoing support of the franchisees, and employee compensation. Accordingly, the Company's policy is to capitalize the finder's fee, an incremental cost, and expense all other costs as incurred. The Company amortizes these capitalized costs into expense in the same pattern as the development fee as described previously.

Allowance for Expected Credit Losses

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Balance, beginning of period (dollars in thousands)	\$ 6,775	\$ 6,935	\$ 5,872
Adjustment for expected credit losses	685	165	1,912
Uncollectible accounts written off, net of recoveries ⁽¹⁾	-	(325)	(849)
Balance, end of period	\$ 7,460	\$ 6,775	\$ 6,935

(1) Other receivables allowance for doubtful accounts represent uncollectible accounts written off, recoveries and the impact of currency translation

(4) Leases

The table below presents information related to the lease costs for operating leases for the periods presented (in thousands).

	For the Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Operating lease costs	\$ 43,489	\$ 39,792	\$ 36,849
Variable lease costs ⁽¹⁾	11,858	11,063	10,782
Short term lease costs	101	101	110
Total Operating Lease costs	\$ 55,448	\$ 50,956	\$ 47,741

(1) Variable lease costs consist of leases with variable rent structures, which are intended to increase flexibility in an environment with expected high sales volatility and provide a natural hedge against potential sales declines.

Other information

The table below presents supplemental cash flow information related to leases for the periods presented (in thousands).

	For the Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Operating cash flows for operating leases	\$ 41,803	\$ 41,547	\$ 39,598

As of January 31, 2026, the weighted-average remaining operating lease term was 6.3 years and the weighted-average discount rate was 7.0% for operating leases recognized on the consolidated balance sheet.

The Company recorded immaterial impairment charges during fiscal 2025, fiscal 2024 and fiscal 2023 against its right-of-use operating lease assets in the Company's DTC segment.

Undiscounted cash flows

The table below reconciles the undiscounted cash flows for each of the first five years and total remaining years to the operating lease liabilities recorded on the balance sheet (in thousands).

Operating Leases

2026	\$	38,905
2027		26,822
2028		21,405
2029		17,149
2030		13,498
Thereafter		40,062
Total minimum lease payments		<u>157,841</u>
Less: amount of lease payments representing interest		<u>(30,543)</u>
Present value of future minimum lease payments		127,298
Less: current obligations under leases		(28,651)
Long-term lease obligations	\$	<u><u>98,647</u></u>

As of January 31, 2026, the Company had additional executed leases that had not yet commenced with operating lease liabilities totaling \$5.7 million. These leases are expected to commence in the first and second quarters of fiscal 2026 with lease terms of three to ten years.

(5) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Prepaid occupancy (1)	\$ 2,570	\$ 2,213
Prepaid taxes (2)	81	1,512
Prepaid insurance	1,068	1,248
Prepaid royalties	111	736
Prepaid gift card fees	511	493
Other (3)	5,262	\$ 6,467
Total	<u>\$ 9,603</u>	<u>\$ 12,669</u>

(1) Prepaid occupancy consists of prepaid expenses related to non-lease components.

(2) Prepaid taxes consist primarily of prepaid federal and state income tax.

(3) Other consists primarily of prepaid expenses related to IT maintenance contracts and software as a service.

Other non-current assets consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Entertainment assets	\$ 4,493	\$ 4,222
Deferred compensation	1,356	1,684
Other (1)	159	195
Total	<u>\$ 6,008</u>	<u>\$ 6,101</u>

(1) Other consists primarily of deferred financing costs related to the Company's credit facility.

(6) Property and Equipment, net

Property and equipment, net consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Land	\$ 2,261	\$ 2,261
Furniture and fixtures	26,626	26,418
Machinery and equipment	18,227	17,494
Leasehold improvements	112,253	104,809
Building	14,969	14,969
Computer hardware	29,744	28,709
Computer software	37,623	33,796
Construction in progress	19,844	10,363
Property and equipment	261,547	238,819
Less accumulated depreciation	190,621	179,058
Total, net	<u>\$ 70,926</u>	<u>\$ 59,761</u>

For fiscal 2025 and 2024, depreciation and amortization expense was \$15.0 million and \$14.8 million, respectively.

The Company recorded immaterial impairment charges during fiscal 2025 and 2024 for long-lived assets in the Company's DTC segment.

(7) Accrued Expenses

Accrued expenses consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Accrued wages, bonuses and related expenses	\$ 16,824	\$ 13,268
Sales tax and VAT payable	3,341	1,359
Accrued rent and related expenses (1)	1,046	1,002
Current income taxes payable	3,943	580
Accrued expense - other (2)	950	-
Total	<u>\$ 26,104</u>	<u>\$ 16,209</u>

(1) Accrued rent and related expenses consist of accrued costs associated with non-lease components.

(2) Accrued expense - other consists of costs associated with legal accruals.

For fiscal 2025 and 2024, defined contribution expense was \$1.4 million and \$1.4 million, respectively.

(8) Income Taxes

The Company's income before income taxes from domestic and foreign operations (which include the U.K., Canada, China, and Ireland), is as follows (in thousands):

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Domestic	\$ 65,761	\$ 63,872	\$ 61,110
Foreign	1,466	3,269	5,219
Total income before income taxes	<u>\$ 67,227</u>	<u>\$ 67,141</u>	<u>\$ 66,329</u>

The components of the income tax expense (benefit) are as follows (in thousands):

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Current:			
U.S. Federal	\$ 11,382	\$ 11,345	\$ 12,080
U.S. State	3,037	2,834	3,205
Foreign	56	54	145
Deferred:			
U.S. Federal	924	683	(537)
U.S. State	118	161	(212)
Foreign	(493)	279	(1,157)
Income tax expense	<u>\$ 15,024</u>	<u>\$ 15,356</u>	<u>\$ 13,524</u>

The provision for income taxes was \$15.0 million in fiscal 2025 compared to \$15.4 million in fiscal 2024. The 2025 effective rate of 22.3% differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the tax benefit of the foreign-derived intangible income (FDII) deduction and a favorable tax position affecting its U.K. net operating loss (NOL) from prior years. The 2024 effective rate of 22.9% differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the benefit of the FDII deduction.

The Company periodically assesses whether it is more likely than not that it will generate sufficient taxable income to realize its deferred income tax assets based on all available positive and negative evidence. Changes in the valuation allowance in fiscal 2025 are primarily related to return-to-provision true-ups and functional currency fluctuations.

For the year ended January 31, 2026, the Company adopted ASU 2023-09 on a prospective basis. Differences between the provision for income taxes at the U.S. federal statutory income tax rate and the provision in the consolidated statements of operations are as follows:

	Fiscal year ended	
	January 31, 2026	
	Amount	Percent
U.S. federal statutory income tax rate	\$ 14,118	21.0%
State and local income taxes, net of federal tax benefit (1)	2,492	3.7%
Foreign tax effects		
United Kingdom		
Prior Period Adjustments	(908)	(1.4%)
Other	55	0.1%
Other foreign jurisdictions	13	0.0%
Effect of cross-border tax laws		
Foreign-derived intangible income	(1,014)	(1.5%)
Changes in valuation allowances	(2)	(0.0%)
Nontaxable or nondeductible items		
Executive compensation	467	0.7%
Other	204	0.3%
Tax credit	(257)	(0.4%)
Other adjustments	(144)	(0.2%)
Effective tax rate	<u>\$ 15,024</u>	<u>22.3%</u>

(1) During the year ended January 31, 2026, state taxes in California, Florida, Illinois, New York, and Texas comprised more than 50% of the tax effect in this category.

Differences between the provision for income taxes at the U.S. federal statutory income tax rates and the provision prior to the adoption of ASU 2023-09 is as follows:

	Fiscal year ended	
	February 1, 2025	February 3, 2024
Income before income taxes	\$ 67,141	\$ 66,329
U.S. federal statutory income tax rate	21%	21%
Income tax expense at statutory federal rate	14,100	13,929

State and local income taxes, net of federal tax benefit	2,433	2,354
Foreign-derived intangible income benefit	(891)	(534)
Non deductible executive compensation	572	1,038
Effect of lower foreign taxes	130	639
Adjustment for unrecognized tax positions	18	3
Valuation allowance	(1)	(5,075)
Other items, net	(1,005)	1,170
Income tax expense	<u>\$ 15,356</u>	<u>\$ 13,524</u>
Effective tax rate	22.9%	20.4%

Income taxes paid, net of refunds received, for the year ended January 31, 2026 are as follows:

	January 31,
	2026
U.S. Federal	\$ 7,361
State	
California	501
Other	1,871
Foreign	
Other	158
Total	<u>\$ 9,891</u>

Temporary differences that gave rise to deferred tax assets and liabilities are as follows (in thousands):

	January 31, 2026	February 1, 2025
Deferred tax assets:		
Operating lease liability	\$ 32,942	\$ 23,866
Deferred revenue	2,571	2,973
Intangible assets	2,539	2,747
Accrued compensation	2,113	1,624
Deferred compensation	1,070	1,034
Depreciation	739	918
Receivables write-offs	910	849
Net operating loss carryforwards	1,597	806
Inventories	976	674
Accrued expenses	573	329
Carryforward of tax credits	261	222
Other	296	68
Total gross deferred tax assets	46,587	36,110
Less: Valuation allowance	(1,552)	(1,533)
Total deferred tax assets, net of valuation allowance	45,035	34,577
Deferred tax liabilities:		
Operating lease right-of-use assets	(30,683)	(21,557)
Depreciation	(5,211)	(3,096)
Deferred expense	(1,254)	(1,436)
Inventories	(516)	(890)
Other	(1)	(2)
Total deferred tax liabilities	(37,665)	(26,981)
Net deferred tax assets	\$ 7,370	\$ 7,596

As of January 31, 2026, the Company had gross NOL carryforwards of approximately \$6.4 million, \$5.3 million of which relate to the U.K. where NOLs have no expiration date, and \$1.1 million of which relate to China where NOLs are carried forward for five years subsequent to the year in which the loss was incurred.

The Company continues to assert its investments in foreign subsidiaries are permanent in duration and it is not practical to estimate the income tax liability on the outside basis differences.

As of January 31, 2026, and February 1, 2025, the Company had no unrecognized tax benefits. As of February 3, 2024, the Company had total unrecognized tax benefits of \$0.1 million, of which \$0.1 million would favorably impact the Company's provision for income taxes if recognized. In the fourth quarter of fiscal year 2024, the Company settled all unrecognized tax benefits of \$0.1 million. The Company reviews its uncertain tax positions periodically and accrues interest and penalties accordingly. Accrued interest and penalties included within other liabilities in the consolidated balance sheets was \$0.0 million for each of the years ended January 31, 2026, and February 1, 2025. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes within the consolidated statement of operations. For the years ended January 31, 2026, and February 1, 2025, the Company recognized an expense of \$0.0 million and less than \$0.1 million, respectively, for interest and penalties.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	<u>January 31, 2026</u>	<u>February 1, 2025</u>
Balance at beginning of year	-	66
Increases for prior year tax positions	-	8
Settlements	-	(74)
Balance at end of year	<u>-</u>	<u>-</u>

The following tax years remain open in the Company's major taxing jurisdictions as of January 31, 2026:

United States (Federal)	2022 through 2025
United Kingdom	2022 through 2025

(9) Line of Credit

The Company had a revolving credit and security agreement with PNC Bank, as agent, which was set to expire on December 17, 2026, and provided for a secured revolving loan in aggregate principal of up to \$ 25.0 million, subject to a borrowing base formula.

On December 31, 2025, the Company entered into a Third Amendment to revolving credit and security agreement (the "Third Amendment") with PNC Bank. The Third Amendment (i) increased the base borrowing amount under the facility from \$25.0 million to \$40.0 million (while retaining the accordion feature allowing such amount to increase up to \$50.0 million); (ii) reduced the interest rates for borrowings under the facility; (iii) extended the maturity date of the Credit Agreement to December 31, 2030; and (iv) reduced the facility fee related to undrawn availability. The Third Amendment also updated various provisions regarding compliance with sanctions and anti-money laundering laws, international trade laws, and implemented certain other technical amendments.

As amended, the new revolving credit and security agreement provides for a senior secured revolving loan in aggregate principal amount of up to \$40.0 million (subject to a borrowing base formula), which may be increased with the consent of the lenders by an amount not to exceed \$10.0 million, subject to the conditions set forth in the agreement (the "Increase Option"). The new revolving credit and security agreement continues to provide for swingline loans of up to \$5.0 million and the issuance of standby or commercial letters of credit of up to \$5.0 million.

As of January 31, 2026, borrowings under the new agreement would bear interest by reference to, at the borrower's option, either (a) a base rate determined under the agreement, or (b) at a rate based on SOFR reference rate, plus in either case a margin based on average undrawn availability as determined in accordance with the agreement, but the Third Amendment reduced such rates. The Third Amendment also reduced the facility fee percentage on undrawn commitments under the agreement from 0.25% to 0.20%.

The new agreement continues to require the Company to comply with one financial covenant, specifically, that the Company maintain availability (as determined in accordance with the agreement) at all times equal to or greater than the greater of (a) 10.0% of the Loan Cap and (b) \$1,875,000 (subject to increase upon exercise of the Increase Option). The Third Amendment increased the “Loan Cap” to the lesser of (1) \$40.0 million less the outstanding amount of loans and letters of credit under the agreement and (2) the borrowing base from time to time under the agreement.

The Third Amendment contains customary events of default, including without limitation events of default based on payment obligations, material inaccuracies of representations and warranties, covenant defaults, final judgments and orders, unenforceability of the Credit Agreement, material ERISA events, change in control, insolvency proceedings, and defaults under certain other obligations. An event of default may cause the applicable interest rate and fees to increase by 2% until such event of default has been cured, waived, or amended.

The Third Amendment contains typical negative covenants, including, among other things, that the Borrower will not incur indebtedness except for permitted indebtedness or make any investments except for permitted investments, declare dividends or repurchase its stock except as permitted, acquire any subsidiaries except in connection with a permitted acquisition, or merge or consolidate with any other entity or acquire all or substantially all of the assets of any other company outside the ordinary course of business.

The Company is in compliance with the new revolving credit and security agreement covenants. As of January 31, 2026, the Company had a borrowing base of \$ 40.0 million. The Company had no outstanding borrowings as of January 31, 2026.

(10) Commitments and Contingencies

Litigation

In the normal course of business, the Company is subject to legal proceedings, government inquiries and claims, and other commercial disputes. If one or more of these matters has an unfavorable resolution, it is possible that the results of operations, liquidity or financial position of the Company could be materially affected in any particular period. The Company accrues a liability for these types of contingencies when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. Gain contingencies are recorded when the underlying uncertainty has been settled.

Assessments made by the U.K. customs authority in 2012 were appealed by the Company, which has paid the disputed duty, strictly under protest, pending the outcome of the continuing dispute, and this is included in receivables, net in the DTC segment. The U.K. customs authority contested the Company's appeal. Rulings by the First Tier Tribunal in November 2019 and Upper Tribunal in March 2021 held that duty was due on some, but not all, of the products at issue. The Company petitioned the Court of Appeal for permission to appeal certain elements of the Upper Tribunal decision, and in early November 2021, a judge granted the Company's petition for permission to appeal those elements of the Upper Tribunal decision on some, but not all, of the grounds of appeal that the Company had put forward. An appeal was heard by the Court of Appeal during the first quarter of fiscal 2022, and the Court of Appeal dismissed the appeal in the third quarter of fiscal 2022. During the fourth quarter of fiscal 2022, the UK Supreme Court declined to hear the appeal. The Company is engaging with the customs authority to attempt to resolve all outstanding issues following the application of the determined principles. The case will return to the lower tribunal for a final ruling if outstanding issues cannot be resolved. The Company maintains a provision against the related receivable, based on a current evaluation of collectability, using the latest facts available in the dispute. As of January 31, 2026, the Company had a gross receivable balance of \$4.7 million and a reserve of \$3.8 million, leaving a net receivable of \$0.9 million. The Company believes that the outcome of this dispute will not have a material adverse impact on the results of operations, liquidity, or financial position of the Company.

(11) Net Income Per Share

The Company computes both basic and diluted income per common share. The following table sets forth the computation of basic and diluted income per share (in thousands, except share and per share data):

	Fiscal year ended		
	January 31, 2026	February 1, 2025	February 3, 2024
NUMERATOR:			
Net Income	\$ 52,203	\$ 51,785	\$ 52,805
DENOMINATOR:			
Weighted average number of common shares outstanding - basic	13,045,394	13,578,587	14,342,931
Dilutive effect of share-based awards:	38,042	42,488	128,944
Weighted average number of common shares outstanding - dilutive	13,083,436	13,621,075	14,471,875
Basic income per common share	\$ 4.00	\$ 3.81	\$ 3.68
Diluted income per common share	\$ 3.99	\$ 3.80	\$ 3.65

In calculating diluted earnings per share for fiscal 2025, 2024 and 2023, there were 20,577, 21,828, and 23,324 shares of common stock, respectively, that were outstanding at the end of the period that were not included in the computation of diluted income per share due to their anti-dilutive effect under provisions of ASC 260-10.

(12) Stock Incentive Plans

In 2017, the Company adopted the Build-A-Bear Workshop, Inc. 2017 Omnibus Incentive Plan (the "2017 Plan").

On April 14, 2020, the Board of Directors (the "Board") of Build-A-Bear Workshop, Inc. (the "Company") adopted, subject to stockholder approval, the Build-A-Bear Workshop, Inc. 2020 Omnibus Incentive Plan (the "2020 Incentive Plan"). On June 11, 2020, at the Company's 2020 Annual Meeting of Stockholders (the "Annual Meeting"), the Company's stockholders approved the 2020 Incentive Plan. On April 11, 2023, the Board adopted, subject to stockholder approval, the Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan (the "Restated 2020 Incentive Plan"). On June 8, 2023, at the Company's 2023 Annual Meeting of Stockholders (the "Annual Meeting"), the Company's stockholders approved the Restated 2020 Incentive Plan. The Restated 2020 Incentive Plan, which is administered by the Compensation and Development Committee of the Board, permits the grant of stock options (including both incentive and non-qualified stock options), stock appreciation rights, other stock-based awards, including restricted stock and restricted stock units, cash-based awards, and performance awards pursuant to the terms of the Restated 2020 Incentive Plan. The Restated 2020 Incentive Plan will terminate on April 11, 2033, unless earlier terminated by the Board. The total number of shares of the Company's common stock authorized for issuance under the Restated 2020 Incentive Plan increased by 800,000 to a maximum of 1,800,000 since its inception as the 2020 Incentive Plan, subject to customary capitalization adjustments, substitutions of acquired company awards and certain additions of acquired company plan shares, plus shares that are subject to outstanding awards made under the 2017 Plan that on or after April 14, 2020 may be forfeited, expire or be settled for cash.

For the years ended January 31, 2026, February 1, 2025 and February 3, 2024, Selling, general and administrative expense included stock-based compensation expense of \$2.9 million, \$2.2 million and \$2.1 million, respectively. As of January 31, 2026, there was \$5.0 million of total unrecognized compensation expense related to unvested stock awards which is expected to be recognized over a weighted-average period of 1.8 years. Future total shares available for options, non-vested stock and restricted stock grants were 750,030, 857,838 and 1,010,666 at the end of 2025, 2024 and 2023, respectively.

(a) Stock Options

The following table is a summary of the balance and activity for the Plans related to stock options for the periods presented:

	Options		Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
	Shares	Weighted Average Exercise Price		
Outstanding, February 3, 2024	12,375	17.84		
Granted	-	-		
Exercised	(12,375)	17.84		
Expired	-	-		
Canceled or expired	-	-		
Outstanding, February 1, 2025	-	\$ -	-	\$ -
Granted	-	-		
Exercised	-	-		
Expired	-	-		
Canceled or expired	-	-		
Outstanding, January 31, 2026	-	\$ -	-	\$ -
Options Exercisable as of:				
January 31, 2026	-	\$ -	-	\$ -

There were no stock options granted during fiscal 2025, 2024 or 2023. The expense recorded related to options granted was determined using the Black-Scholes option pricing model and the provisions of SAB 107 and 110, which allow the use of a simplified method to estimate the expected term of “plain vanilla” options.

The total grant date fair value of options exercised in fiscal 2024 was \$0.1 million and the total intrinsic value was \$0.14 million. The Company generally issues new shares to satisfy option exercises.

(b) Restricted Stock

The Company granted restricted stock awards that typically vest over a one to three-year period. Recipients of time-based restricted stock awards have the right to vote and receive dividends as to all unvested shares, however, the receipt of such dividends is contingent on such time-based awards vesting. Recipients of performance-based restricted stock awards have the right to vote and receive dividends upon satisfaction of the performance criteria and certain of these awards’ dividend rights are also subject to time-based vesting. The following table is a summary of the balance and activity for the Plans related to unvested time-based and performance-based restricted stock granted as compensation to employees and directors for the periods presented:

	Time-Based Restricted Stock		Performance-Based Restricted Stock	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Outstanding, February 3, 2024	122,609	\$ 18.02	185,082	\$ 17.37
Granted	59,823	27.18	64,619	27.61
Vested	(81,561)	15.87	(106,190)	8.24
Adjusted for performance achievement			53,095	8.24
Canceled or expired	(3,333)	24.75	(3,333)	24.75
Outstanding, February 1, 2025	97,538	25.21	193,273	\$ 23.17
Granted	46,228	46.76	51,450	47.57
Vested	(59,386)	24.23	(61,222)	18.03
Adjusted for performance achievement			(11,572)	18.03
Canceled or expired	(10,792)	35.91	(15,264)	30.97
Outstanding, January 31, 2026	73,588	\$ 37.97	156,665	\$ 32.82

In fiscal 2025, the Committee awarded three-year performance-based restricted stock, established specific profitability and revenue objectives for fiscal 2025, 2026, and 2027, and assigned a weighting to each objective. Profitability is measured by the Company's achievement of established cumulative consolidated EBITDA. Revenue will be measured by the Company's achievement of cumulative total revenue. The target number of shares awarded was 51,450 with a weighted average grant date fair value of \$47.57 per share. If profitability and revenue exceed the threshold objectives, the performance-based restricted stock award has a payout opportunity ranging from 25% to 200% of the target number of shares.

In fiscal 2024, the Committee awarded three-year performance-based restricted stock, established specific profitability and revenue objectives for fiscal 2024, 2025, and 2026, and assigned a weighting to each objective. Profitability is measured by the Company's achievement of established compound annual growth for consolidated EBITDA. Revenue will be measured by the Company's achievement of revenue growth, by meeting established compound annual growth rate targets for cumulative total revenue. The target number of shares awarded was 64,619 with a weighted average grant date fair value of \$27.61 per share. If profitability and revenue exceed the threshold objectives, the performance-based restricted stock award has a payout opportunity ranging from 25% to 200% of the target number of shares.

In fiscal 2023, the Committee awarded three-year performance-based restricted stock, established specific profitability and revenue objectives for fiscal 2023, 2024, and 2025, and assigned a weighting to each objective. Profitability is measured by the Company's achievement of established compound annual growth for consolidated EBITDA. Revenue will be measured by the Company's achievement of revenue growth, by meeting established compound annual growth rate targets for cumulative total revenue. The target number of shares awarded was 65,254 with a weighted average grant date fair value of \$24.75 per share. If profitability and revenue exceed the threshold objectives, the performance-based restricted stock award has a payout opportunity ranging from 25% to 200% of the target number of shares.

As of January 31, 2026, the Company had recorded aggregate expense for the fiscal 2023, 2024, and 2025 three-year performance-based restricted stock awards of \$1.5 million.

The vesting date fair value of shares that vested in fiscal 2025, 2024 and 2023 was \$2.5 million, \$2.2 million and \$2.1 million, respectively.

(13) Stockholders' Equity

The following table summarizes the changes in outstanding shares of common stock for fiscal 2025 and fiscal 2024:

	Common Stock
Shares as of February 3, 2024	14,172,362
Shares issued under employee stock plans, net of shares withheld in lieu of tax withholding	105,773
Share repurchase	(1,021,004)
Shares as of February 1, 2025	13,257,131
Shares issued under employee stock plans, net of shares withheld in lieu of tax withholding	60,768
Share repurchase	(508,945)
Shares as of January 31, 2026	12,808,954

(14) Major Vendors

Five vendors, each of whose primary manufacturing facilities are located in Asia, accounted for approximately 75% of inventory purchases in 2025 and 69% in 2024.

(15) Segment Information

The Company's operations are conducted through three operating segments consisting of DTC, commercial and international franchising. The DTC segment includes the operating activities of corporately-managed locations and other retail delivery operations in the U.S., Canada, the Republic of Ireland and the U.K., including the Company's e-commerce sites and temporary stores. The commercial segment includes the Company's transactions with other businesses, mainly comprised of wholesale activities, licensing the Company's intellectual properties for third party use, and entertainment activities. The international franchising segment includes the licensing activities of the Company's franchise agreements with store locations in select countries in Asia, Australia, the Middle East, Africa, and South America. The operating segments have discrete sources of revenue, different capital structures and different cost structures. These operating segments represent the basis on which the Company's Chief Executive Officer, who is also the Chief Operating Decision Maker ("CODM"), regularly evaluates the business in assessing performance, determining the allocation of resources and the pursuit of future growth opportunities. The CODM uses contribution margin to allocate resources across the reportable segments as part of the Company's long-range and annual planning processes, and to evaluate planned versus actual results when assessing segment operating performance. Accordingly, the Company has determined that each of its operating segments represent a reportable segment. The three reportable segments follow the same accounting policies used for the Company's consolidated financial statements.

Following is a summary of the financial information for the Company's reporting segments (in thousands):

	<u>Direct-to- Consumer</u>	<u>Commercial</u>	<u>International Franchising</u>	<u>Total</u>
Fifty-two weeks ended January 31, 2026				
Total Revenue	\$ 485,956	\$ 38,750	\$ 5,126	\$ 529,832
Cost of Goods Sold	213,229	17,199	3,775	234,203
Gross Profit	272,727	21,551	1,351	295,629
Selling, General & Administrative	146,732	962	-	147,694
Contribution Margin	125,995	20,589	1,351	147,935
Overhead Expenses ⁽¹⁾				81,509
Interest income, net				(801)
Income before income taxes				<u>\$ 67,227</u>
Fifty-two weeks ended February 1, 2025				
Total Revenue	\$ 460,325	\$ 31,387	\$ 4,692	\$ 496,404
Cost of Goods Sold	207,200	13,439	3,247	223,886
Gross Profit	253,125	17,948	1,445	272,518
Selling, General & Administrative	134,076	1,166	-	135,242
Contribution Margin	119,049	16,782	1,445	137,276
Overhead Expenses ⁽¹⁾				70,996
Interest income, net				(861)
Income before income taxes				<u>\$ 67,141</u>
Fifty-three weeks ended February 3, 2024				
Total Revenue	\$ 456,163	\$ 25,413	\$ 4,538	\$ 486,114
Cost of Goods Sold	206,815	12,091	2,816	221,722
Gross Profit	249,348	13,322	1,722	264,392
Selling, General & Administrative	127,722	4,102	-	131,824
Contribution Margin	121,626	9,220	1,722	132,568
Overhead Expenses ⁽¹⁾				67,168
Interest income, net				(929)
Income before income taxes				<u>\$ 66,329</u>

(1) Overhead expenses contain selling, general and administrative expenses not attributable to a segment.

Total assets, depreciation and amortization, and capital expenditures for the Company's segments, as well as for Corporate and support, are as follows:

	<u>Direct-to- Consumer</u>	<u>Commercial</u>	<u>International Franchising</u>	<u>Corporate</u>	<u>Total</u>
Fifty-two weeks ended January 31, 2026					
Total Assets	\$ 249,399	\$ 18,419	\$ 1,734	\$ 75,901	\$ 345,453
Depreciation and amortization	10,782	136	-	4,034	14,952
Capital Expenditures	17,432			8,113	25,545
Fifty-two weeks ended February 1, 2025					
Total Assets	\$ 170,132	\$ 11,712	\$ 2,571	\$ 105,541	\$ 289,956
Depreciation and amortization	10,551	204	-	4,017	14,772
Capital Expenditures	11,414	-	-	7,903	19,317
Fifty-three weeks ended February 3, 2024					
Total Assets	\$ 195,373	\$ 8,801	\$ 1,225	\$ 66,926	\$ 272,325
Depreciation and amortization	9,517	393	-	3,747	13,657
Capital Expenditures	6,733	-	-	11,562	18,295

The Company's reportable segments are primarily determined by the types of products and services that they offer. Each reportable segment may operate in many geographic areas. Revenues are recognized in the geographic areas based on the location of the customer or franchisee. The following schedule is a summary of the Company's sales to external customers (in thousands):

	<u>North America (1)</u>	<u>Europe (2)</u>	<u>Other (3)</u>	<u>Total</u>
Fifty-two weeks ended January 31, 2026				
Net sales to external customers	\$ 451,218	\$ 71,687	\$ 6,927	\$ 529,832
Fifty-two weeks ended February 1, 2025				
Net sales to external customers	\$ 425,139	\$ 65,233	\$ 6,032	\$ 496,404
Fifty-three weeks ended February 3, 2024				
Net sales to external customers	\$ 426,244	\$ 56,141	\$ 3,729	\$ 486,114

For purposes of this table only:

- (1) North America includes corporately-managed stores in the U.S. and Canada.
- (2) Europe includes corporately-managed stores in the U.K. and Ireland.
- (3) Other includes franchise businesses outside of North America and Europe.

(16) Subsequent Events

On February 20, 2026, the U.S Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). The ultimate availability, timing, and amount of any potential refunds of such tariffs remain highly uncertain and are subject to further legal, regulatory, and administrative developments. Following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on the Company's business. The Company continues to monitor and evaluate these developments and assess their potential impact on its business, financial condition, and results of operations.

(a)(2) *Financial Statement Schedules*

Schedule II – Valuation and Qualifying Accounts

	Beginning Balance	Deductions to cost and expenses	Other (1)	Ending Balance
Deferred Tax Asset Valuation Allowance				
2026	\$ 1,533	1	18	\$ 1,552
2025	1,546	(1)	(12)	1,533
2024	8,000	(5,500)	(954)	1,546

(1) Other deferred tax asset valuation allowance changes represent reserves utilized and the impact of currency translation.

(a)(3) Exhibits.

The following is a list of exhibits filed as a part of the Annual Report on Form 10-K:

Exhibit Number	Description
2.1	Agreement and Plan of Merger dated April 3, 2000 between Build-A-Bear Workshop, L.L.C. and the Registrant (incorporated by reference from Exhibit 2.1 to our Registration Statement on Form S-1, filed on August 12, 2004, Registration No. 333-118142)
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 of our Current Report on Form 8-K, filed on November 8, 2004)
3.2	Amended and Restated Bylaws, as amended through January 4, 2018 (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K, filed on January 4, 2018)
4.1	Specimen Stock Certificate (incorporated by reference from Exhibit 4.1 to Amendment No. 3 to our Registration Statement on Form S-1, filed on October 1, 2004, Registration No. 333-118142)
4.2	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (incorporated by reference from Exhibit 4.2 to our Annual Report on Form 10-K, filed on April 14, 2021)
10.1*	Third Amended and Restated Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on May 12, 2014)
10.1.1*	Form of the Restricted Stock and Non-Qualified Stock Option Agreement under the Registrant's Third Amended and Restated 2004 Stock Incentive Plan (incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on March 20, 2015)
10.1.2*	Form of Restricted Stock and Non-Qualified Stock Option Agreement under the Registrant's Third Amended and Restated 2004 Stock Incentive Plan (incorporated by reference from Exhibit 10.7 on our Current Report on Form 8-K, filed on March 11, 2016)
10.1.3*	Form of Restricted Stock and Non-Qualified Stock Option Agreement under the Registrant's Third Amended and Restated 2004 Stock Incentive Plan (incorporated by reference from Exhibit 10.2 on our Current Report on Form 8-K, filed on March 17, 2017)
10.1.4*	Build-A-Bear Workshop, Inc. 2017 Omnibus Incentive Plan (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K, filed on May 12, 2017)

Table of Contents

- 10.1.5* [Form of Restricted Stock and Non-Qualified Stock Option Award Agreement under Registrant's 2017 Omnibus Incentive Plan \(incorporated by reference from Exhibit 10.2 on our Current Report on Form 8-K, filed on March 21, 2018\)](#)
- 10.1.6* [Build-A-Bear Workshop, Inc. 2020 Omnibus Incentive Plan \(incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K, filed on June 12, 2020\)](#)
- 10.1.7* [Form of Restricted Stock Agreement under the Registrant's 2020 Omnibus Incentive Plan \(incorporated by reference from Exhibit 10.3 of our Current Report on Form 8-K, filed on April 16, 2021\)](#)
- 10.1.8* [Description of Build-A-Bear Work, Inc. Cash Bonus Program for C-Level Employees \(incorporated by reference from Exhibit 10.1 of our Current Report on Form 8-K, filed on April 14, 2023\)](#)
- 10.1.9* [Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan \(incorporated by reference from Exhibit 10.1 of our Current Report on Form 8-K, filed on June 9, 2023\)](#)
- 10.1.10* [Form of Non-Employee Director Restricted Stock Agreement \(incorporated by reference from Exhibit 10.2 of our Current Report on Form 8-K, filed on June 9, 2023\)](#)
- 10.1.11* [Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for Executive Officers \(incorporated by reference from Exhibit 10.1 of our Current Report on Form 8-K, filed on April 19, 2024\)](#)
- 10.1.12* [Form of Restricted Stock Agreement under the Registrant's Amended and Restated 2020 Omnibus Incentive Plan \(incorporated by reference from Exhibit 10.2 of our Current Report on Form 8-K, filed on April 19, 2024\)](#)
- 10.2 * [Nonqualified Deferred Compensation Plan \(incorporated by reference from Exhibit 10.42 to our Annual Report on Form 10-K, for the year ended December 30, 2006\)](#)
- 10.3* [Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Eric Fencel and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on March 11, 2016\)](#)
- 10.4* [Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Sharon Price John and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.3 on our Current Report on Form 8-K, filed on March 11, 2016\)](#)
- 10.5* [Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Vojin Todorovic and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.5 on our Current Report on Form 8-K, filed on March 11, 2016\)](#)
- 10.6* [Employment, Confidentiality and Noncompete Agreement, effective as of September 16, 2024, by and between David Henderson and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on September 12, 2024\)](#)

Table of Contents

- 10.7* [Employment, Confidentiality and Noncompete Agreement, effective as of August 4, 2025, by and between Yevgeny Funder and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.1 on our Current Report on Form 10-Q, filed on September 11, 2025\)](#)
- 10.8* [CEO Employment, Confidentiality and Noncompete Agreement, effective as of March 12, 2026, by and between J. Christopher Hurt and Build-A-Bear Workshop, Inc. \(incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on March 12, 2026\)](#)
- 10.9* [Form of Indemnification Agreement between the Registrant and its directors and executive officers \(incorporated by reference from Exhibit 10.11 to our Registration Statement on Form S-1, filed on August 12, 2004, Registration No. 333-118142\)](#)
- 10.10 [Revolving Credit and Security Agreement dated as of August 25, 2020 among the Company and Build-A-Bear Retail Management, Inc., as borrowers; Build-A-Bear Workshop Franchise Holdings, Inc., Build-A-Bear Entertainment, LLC, Build-A-Bear Card Services LLC and Build-A-Bear Workshop Canada, Ltd., as guarantors; the lenders party thereto; and PNC Bank, National Association, as agent for lenders \(incorporated by reference from Exhibit 10.1 of our Current Report on Form 8-K, filed on August 31, 2020\).](#)
- 10.10.1 [First Amendment to Revolving Credit and Security Agreement dated as of December 17, 2021 among the Company and Build-A-Bear Retail Management, Inc., as borrowers; Build-A-Bear Workshop Franchise Holdings, Inc., Build-A-Bear Entertainment, LLC, Build-A-Bear Card Services LLC and Build-A-Bear Workshop Canada, Ltd., as guarantors; the lenders party thereto; and PNC Bank, National Association, as agent for lenders \(incorporated by reference from Exhibit 10.1 on our Current Report on Form 8-K, filed on December 22, 2021\)](#)
- 10.10.2 [Second Amendment to Revolving Credit and Security Agreement dated as of November 21, 2022 among the Company and Build-A-Bear Retail Management, Inc., as borrowers; Build-A-Bear Workshop Franchise Holdings, Inc., Build-A-Bear Entertainment, LLC, Build-A-Bear Card Services LLC and Build-A-Bear Workshop Canada, Ltd., as guarantors; the lenders party thereto; and PNC Bank, National Association, as agent for lenders \(incorporated by reference from Exhibit 10.1 of our Current Report on Form 8-K, filed on November 23, 2022\)](#)
- 10.10.3 [Third Amendment to Revolving Credit and Security Agreement dated as of December 31, 2025 among the Company, as borrowing agent and borrower; Build-A-Bear Retail Management, Inc., as an additional borrower; Build-A-Bear Workshop Franchise Holdings, Inc., Build-A-Bear Entertainment, LLC, Build-A-Bear Card Services LLC and Build-A-Bear Workshop Canada, Ltd., as guarantors; the lenders party thereto; and PNC Bank, National Association, as agent for the lenders.](#)
- 10.11 [Facility Construction Agreement dated December 22, 2005 between the Registrant and Duke Construction Limited Partnership \(incorporated by reference from Exhibit 10.35 to our Annual Report on Form 10-K, for the year ended December 31, 2005\)](#)
- 10.12 [Real Estate Purchase Agreement dated December 19, 2005 between Duke Realty Ohio and the Registrant \(incorporated by reference from Exhibit 10.36 to our Annual Report on Form 10-K, for the year ended December 31, 2005\)](#)
- 11.1 [Statement regarding computation of earnings per share \(incorporated by reference from Note 10 of the Registrant's audited consolidated financial statements included herein\)](#)
- 19.1 [Build-A-Bear Workshop, Inc. Insider Trading Policy](#)
- 21.1 [List of Subsidiaries of the Registrant](#)
- 23.1 [Consent of Ernst & Young LLP](#)
- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) certification \(pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by the President and Chief Executive Officer\)](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) certification \(pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by the Chief Financial Officer\)](#)
- 32.1 [Section 1350 Certification \(pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the President and Chief Executive Officer\)](#)
- 32.2 [Section 1350 Certification \(pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the Chief Financial Officer\)](#)
- 97.1 [Clawback Policy \(incorporated by reference from Exhibit 97.1 to our Annual Report on Form 10-K for the year ended February 3, 2024\)](#)

[Table of Contents](#)

101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Extension Calculation Linkbase Document
101.DEF	Inline XBRL Extension Definition Linkbase Document
101.LAB	Inline XBRL Extension Label Linkbase Document
101.PRE	Inline XBRL Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

BUILD-A-BEAR WORKSHOP, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUILD-A-BEAR WORKSHOP, INC.
(Registrant)

Date: April 16, 2026

By: /s/ Sharon John
Sharon John
President and Chief Executive Officer

By: /s/ Voin Todorovic
Voin Todorovic
Chief Financial Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sharon John and Voin Todorovic, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities to sign the Annual Report on Form 10-K of Build-A-Bear Workshop, Inc. (the "Company") for the fiscal year ended January 31, 2026 and any other documents and instruments incidental thereto, together with any and all amendments and supplements thereto, to enable the Company to comply with the Securities Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Craig Leavitt</u> Craig Leavitt	Non-Executive Chairman	April 16, 2026
<u>/s/ George Carrara</u> George Carrara	Director	April 16, 2026
<u>/s/ Narayan Iyengar</u> Narayan Iyengar	Director	April 16, 2026
<u>/s/Richard A. Johnson</u> Richard A. Johnson	Director	April 16, 2026
<u>/s/ Lesli Rotenberg</u> Lesli Rotenberg	Director	April 16, 2026
<u>/s/ James Goldman</u> James Goldman	Director	April 16, 2026
<u>/s/ Sharon John</u> Sharon John	Director and President and Chief Executive Officer (Principal Executive Officer)	April 16, 2026
<u>/s/ Voin Todorovic</u> Voin Todorovic	Chief Financial Officer (Principal Financial and Accounting Officer)	April 16, 2026

Build-A-Bear Workshop, Inc.
Insider Trading Policy
Securities Trades by Company Personnel

(As amended and restated on March 10, 2026)

THE NEED FOR A POLICY

This policy was created to promote compliance with all applicable securities laws by Build-A-Bear Workshop, Inc. (the “**Company**”) and all directors, officers, and employees of the Company and its subsidiaries. The policy is also intended to avoid even the appearance of improper conduct on the part of anyone employed by or associated with the Company and its subsidiaries, which would damage our reputation for integrity and ethical conduct. Among other things, this policy prohibits directors, officers and employees of the Company and its subsidiaries and their respective Family Members (as defined below) from trading, and causing the trading of, the Company's securities or securities of certain other publicly traded companies while in possession of material nonpublic information.

WHAT IS “INSIDER TRADING”?

Insider trading is, in addition to being a violation of this policy, a violation of federal and state securities laws. The penalties for insider trading are discussed below.

The term “insider trading” generally refers to (1) trading in securities while in possession or aware of material non-public information, or (2) communications of material non-public information to others who may trade while in possession or aware of such information.

This means insiders are prohibited from doing the following:

- trading in Company Securities (as defined below) or the securities of certain other companies while in possession or aware of material non-public information concerning the Company, its customers, suppliers, business partners, competitors or other companies with which the Company has contractual relationships or may be negotiating transactions;
- having others trade in any such securities on the insider's behalf while the insider is in possession or aware of such material non-public information; and
- communicating material non-public information concerning the Company or its customers, suppliers, business partners, competitors or other companies to others who may then trade in Company Securities or such other entities' stock, or pass on the information to others who may trade in the Company Securities or such other entities' stock. This conduct is known as “tipping.”

The elements of insider trading are discussed below:

1. *Who is an Insider?*

The concept of “insider” is broad and generally includes any person who possesses non-public information about the Company and/or its customers, suppliers, business partners, competitors or other companies with which the Company or its subsidiaries have business relationships, and who has a duty to the Company to keep this information confidential. In the case of the Company, “insiders” include officers and directors of the Company and its affiliates and subsidiaries, as well as other employees who routinely have access to material information that is not publicly available or who are working on significant corporate transactions or projects. In addition, a person can be a “temporary insider” if he or she enters into a relationship to serve the Company and as a result is given access to such material nonpublic information in connection with such service. Outsiders who can become temporary insiders include, among others, attorneys, accountants, consultants, investment bankers and the employees of such organizations.

2. *What is Material Information?*

Trading while in possession or aware of inside information is not a basis for liability unless the information is “material.” “Material information” generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider such information important in making his or her investment decisions (including whether to buy, sell or hold securities), or information that is reasonably likely to affect the price of such securities. It is important to remember that materiality will always be judged with the benefit of hindsight.

“Inside” information could be material because of its expected effect on the price of the Company’s Securities, the securities of another company, or the securities of several companies. Moreover, the resulting prohibition against the misuse of “inside” information includes not only restrictions on trading in the Company’s Securities but restrictions on trading in the securities of other companies affected by the inside information.

Examples. Common examples of information that may be regarded as material are:

- Earnings, sales results or expectations;
- Financial forecasts;
- Significant changes in the Company’s prospects;
- The declaration of a stock split, the offering of additional securities or changes in dividend/distribution policies;

- Proposals, agreements or news regarding a pending or proposed merger, acquisition, tender offer, joint venture, divestiture, leveraged buy out, significant sale of assets or the disposition of a subsidiary;
- Changes in relationships with, or in the prospects of, major customers, or obtaining or losing customers, or entering into a significant contract with any of them;
- Significant write-downs in assets or increases in reserves;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of customer or supplier information, its property or assets, whether at its retail stores, other facilities or online or otherwise through its information technology infrastructure;
- The establishment, continuation or termination of a repurchase program for Company stock;
- Major marketing changes;
- Major financing developments;
- Changes in management or other major personnel changes;
- Criminal indictments or material civil litigation or government investigations;
- Significant disputes with major suppliers, vendors or customers;
- Labor disputes including strikes or lockouts;
- Substantial changes in accounting methods;
- Debt service or liquidity problems;
- Impending bankruptcy or insolvency; and
- Public offerings or private sales of debt or equity securities.

The list above is not exhaustive. Either positive or negative information may be material.

As noted above, material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular nonpublic information is material, you should presume it is material. **If you are unsure whether information is material, you should either consult the General Counsel before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material.**

3. *What is Non-Public Information?*

In order for information to qualify as “inside” information it must not only be “material,” it must be “non-public.” “Non-public” information is information which has not been made available to investors generally. At such time as material, non-public information has been released to the investing public, it loses its status as “inside” information.

However, for “non-public” information to become public information it must be disseminated through recognized channels of distribution designed to reach the securities marketplace, such as disclosure by filing a report with the Securities and Exchange Commission (SEC) or disclosure by release to a national business and financial wire service (such as Dow Jones or Reuters) or a national newspaper (such as The Wall Street Journal). Further, sufficient time must pass in order to provide investors the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second full trading day after the information was publicly disclosed before you can treat the information as public.

Partial disclosure does not constitute public dissemination. So long as any material component of the “inside” information has yet to be publicly disclosed, the information is deemed “non-public” and may not be misused.

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the General Counsel or assume that the information is nonpublic and treat it as confidential.

4. *What is Trading?*

This policy applies to transactions in the Company’s securities (collectively referred to in this policy as “Company Securities”), including the Company’s common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s Securities. Transactions subject to this policy include purchases, sales and *bona fide* gifts of Company Securities.

This policy does not apply to the exercise of an employee stock option acquired pursuant to the Company’s plans for cash or the delivery of previously owned Company stock, or the Company withholding shares subject to an option to satisfy tax withholding requirements. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

This policy also does not apply to the vesting of restricted stock, or the Company withholding shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. This policy does apply, however, to any market sales of restricted stock.

THE CONSEQUENCES

The consequences of insider trading violations can be severe:

For individuals who trade on inside information (or tip such information to others):

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$5 million;
- A jail term of up to 20 years; and
- A cease and desist order to stop the violation and penalties for violations of such orders or the federal securities laws.

For the Company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading by an employee or tipping of inside information by an employee:

- A civil penalty of the greater of \$2.3 million (as may be further adjusted for inflation)^{1/} or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$25 million.

Moreover, if an employee violates this policy or fails to comply with this policy or the Company's procedures, Company imposed sanctions, including dismissal, could result. Needless to say, any of the above consequences, even an SEC investigation that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.

POLICY STATEMENT

Prohibition of Insider Trading

If a director, officer, or any employee has material non-public information relating to the Company, it is our policy that neither that person nor any related person may trade in securities of the Company or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to material non-public information relating to any other company, including our clients or suppliers, obtained in the course of your employment with the Company or its subsidiaries.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not exempted from the insider trading laws or from our policy. The fact that the officer, director or employee may have relied on other factors in purchasing or selling securities, while in possession or aware of material inside information, will not absolve the person from liability under the law.

^{1/} As of adoption of the amendments to this Insider Trading Policy in November 2023. The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 requires all agencies to annually adjust for inflation the civil monetary penalties that can be imposed under the statutes administered by the agency.

When Information is Public. As you can appreciate, it is also improper for an officer, director, or employee to enter a trade immediately after the Company has made a public announcement of material information, including earnings releases. Because the Company's non-employee stockholders and the investing public should be afforded the time to receive the information and act upon it, you should not engage in any trades until after two full trading days have elapsed after the information has been released. Therefore, if an announcement is made before the commencement of trading on a Monday, an employee who had prior knowledge of that information (before it was made public) may trade in Company Securities starting on Wednesday of that week, because two full trading days would have elapsed (all of Monday and Tuesday). If the announcement is made on Monday after trading begins, the employee may not trade in Company Securities until Thursday. If the announcement is made on Friday after trading begins, the employee may not trade in Company Securities until Wednesday of the following week. Note that this restriction is in addition to any other restrictions that apply under this policy, including the requirement that certain trades by members of the Designated Group be pre-cleared and that they occur during specified "open" trading windows.

Twenty-Twenty Hindsight. If your securities trades become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any trade, you should carefully consider how regulators and others might view your trade in hindsight.

Applicability to Other Companies. During the course of his or her employment, an employee may obtain material non-public information about current or potential customers, suppliers, business partners, competitors or others with which the Company has contractual relationships or may be negotiating transactions. The provisions on confidentiality and the prohibition on trading while in possession or aware of non-public information also apply to the securities of these other companies. Thus, the term "Company Securities" as used in this policy can also mean the securities of those other companies, as the context requires.

Trades by Family Members. The same restrictions apply to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws) and others living in your household,^{2/} and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities ("Family Members"). Directors, officers and other employees are expected to be responsible for the compliance of their immediate family and personal household.

^{2/} Such "others living in your household" could include housekeepers, babysitters, unrelated household members, and anyone else present in your home. This is not meant to be an exclusive list; rather, insiders must be very careful that others do not receive inside information, and those present in your home are more likely than others to be exposed to such information.

Prevention of Insider Trading by Others. The Company, its directors and officers and some supervisory personnel could be deemed “controlling persons” subject to potential liability under the securities laws. Accordingly, it is incumbent on these persons to maintain an awareness of possible insider trading violations by persons under their control and to take measures where appropriate to prevent such violations. Directors, officers and other supervisory personnel who become aware of a potential insider trading violation or a violation of this policy should immediately advise the General Counsel and should take steps where appropriate to prevent persons under their supervision from using inside information for trading purposes.

Company Trading. It is also the policy of the Company that the Company will not engage in transactions in Company Securities while aware of material non-public information relating to the Company or Company Securities.

Confidentiality

Serious problems could arise for the Company and you by an unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the Company’s securities. Generally, securities regulations provide that when a publicly traded company (such as the Company) discloses material, non-public information, it must provide broad, non-exclusionary public access to the information. Violations of these regulations can result in SEC enforcement actions, resulting in injunctions and severe monetary penalties. It is our policy that all directors, officers and other employees must maintain all non-public information about the Company in strict confidence and should not communicate such information to any person unless the person has a need to know the information for legitimate reasons related to the Company’s business. Similarly, you should not discuss Company affairs in public or quasi-public areas where your conversation may be overheard (e.g., restaurants, airplanes and elevators, etc.). This prohibition applies to inquiries about the Company which may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of the Company be made only through authorized individuals. If you receive any inquiries of this nature, you should decline comment and refer the inquiry directly to Voin Todorovic, the person responsible for our investor relations.

Tipping Information to Others. Whether the information is proprietary information about the Company or information that could have an impact on our stock price, directors, officers and other employees must not pass the information on to others. Tipping results in liability for the insider who communicated such information, even if such insider does not actually trade himself or herself, and for the person who received the information if the person has reason to know that it was an improper disclosure and acts on such information or passes it on to others who may act on it.

PROCEDURES

Pre-Clearance of All Trades

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper trade (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedure:

All trades in Company Securities, such as purchases (except purchases of stock under an employee option for cash not involving an open market sale or surrender of shares), sales, transfers, gifts, option exercises involving an open market sale or surrender of shares, etc., by any member of the Designated Group must be pre-cleared by the General Counsel, even if you are not in possession or aware of specific material non-public information. The “***Designated Group***” means board members, officers, senior vice presidents, senior managing directors, vice presidents, directors, district managers, administrative assistants to the President and CEO, and other associates who may be designated as insiders (collectively, the “Designated Group”). A director, officer or other employee may not trade, even with authorization, if he or she is actually in possession or aware of material non-public information. If you contemplate a trade in the Company’s securities, you should contact the General Counsel in advance. Unless revoked or you otherwise come into possession material inside information, pre-clearance will normally remain valid until the close of trading second full trading day following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.

Pre-clearance is not required for purchases and sales of securities under an approved Rule 10b5-1 plan (as described below) once the applicable cooling-off period has expired. No trades may be made under an approved Rule 10b5-1 plan until expiration of the applicable cooling-off period. With respect to any purchase or sale under an approved Rule 10b5-1 plan, the third party effecting transactions on behalf of the Designated Group member should be instructed to send duplicate confirmations of all such transactions to the General Counsel.

No Trading During “Closed Window” Periods

In order to further minimize the possibility of an inadvertent and unintended insider trading violation, all members of the Designated Group of the Company are prohibited from trading in the Company’s securities during the following restricted trading period (a “***closed window***”): the period after the 15th day of the third month of the quarter through and including the second full trading day following the issuance of the Company’s press release of its quarterly financial results and from December 15th through and including the second full trading day following the issuance of the Company’s press release of its annual financial results. Please realize that the “***open window***” periods are of general applicability only and do **not** serve to permit otherwise illegal trades. Except if covered by an approved 105-1 plan as described below, trading in the Company’s stock is permitted only during the “open windows,” and all trades by members of the Designated Group must be approved in advance by the General Counsel. Other events or developments during such periods may still cause some Company directors, officers or employees to be in possession or aware of material, non-public information – in such event, you still may not trade. A director, officer or other employee may not trade even during the “open window” periods or with authorization if he or she is actually in possession or aware of material non-public information. Also, trading during the “open window” periods is not a substitute for compliance with required pre-clearance procedures.

Restricted Trading Periods

There may be material inside information available to members of the Designated Group even during the normal open window periods, for example, when a proposed acquisition is pending. In those and other instances, such as where required by securities regulation, the Company will announce a “closed window” or “blackout period” for trading in Company Securities and if appropriate, in securities of another company.

Standing Orders

Standing orders (except standing orders under approved Rule 10b5-1 plans, see below) should be used only for a very brief period of time. The problem with purchases or sales resulting from standing instructions to a broker is that there is no control over the timing of the trade. The broker could execute a trade when you are in possession or aware of material inside information.

Rule 10b5-1 plans

Rule 10b5-1 provides a defense from insider trading under SEC Rule 10b-5. To be eligible for this defense, an insider may enter into a “Rule 10b5-1 plan” for trading in the Company’s stock. If the plan meets the requirements of Rule 10b5-1, the Company stock may be purchased or sold without regard to certain insider trading restrictions, including during closed windows. To comply with the Company’s insider trading policy, a Rule 10b5-1 plan must meet the requirements of Rule 10b5-1 and other legal requirements and be approved by General Counsel in advance of being entered into (or, if revised or amended, such proposed revisions or amendments have been reviewed and approved by the General Counsel in advance of being entered into).

In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. No Rule 10b5-1 plan may be adopted during a closed window or other blackout period. Once a Rule 10b5-1 plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Rule 10b5-1 plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. A Rule 10b5-1 plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption of such Rule 10b5-1 plan or two business days following the disclosure of the Company’s financial results in an SEC periodic report for the fiscal quarter in which the Rule 10b5-1 plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a Rule 10b5-1 plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 plan during any 12-month period (subject to certain exceptions). Directors and officers must include a representation in their Rule 10b5-1 plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that plan.

If you are considering entering into, modifying or terminating a Rule 10b5-1 plan or have any questions regarding Rule 10b5-1 plans, please contact the General Counsel. You should consult your own legal and tax advisors before entering into, or modifying or terminating, a Rule 10b5-1 plan. A trading plan, contract, instruction or arrangement will not qualify as a Rule 10b5-1 plan without the prior review and approval of the General Counsel as described above.

Additional Prohibited Transactions

The Company considers it improper and inappropriate for any Company personnel to engage in short-term or speculative transactions involving the Company's securities. It is therefore the Company's policy that directors, officers, and other employees, and their Family Members (collectively "**Covered Persons**") should not engage in any of the following activities with respect to securities of the Company:

Short Sales. No Covered Person shall engage in selling the Company's securities "short" – that is, the sale of securities that are not owned by the person. (A person who sells "short" is betting that the price of the security is going down – he or she borrows the security, sells it, and expects to be able to return the securities by repurchasing them at a lower price in the future.) SEC rules already prevent officers and directors from making "short sales" or sales of securities that, if owned, will not be delivered for a period longer than 20 days after the sale. We are simply expanding this rule to all Covered Persons.

Buying or Selling "Derivative Securities." No Covered Person shall buy or sell puts (i.e., options to sell), calls (i.e., options to purchase), future contracts, or other forms of derivative securities relating to the Company's securities. For these purposes, a security will be considered a derivative of another security if its value is derived from the value of the other security.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in the Company's securities, all members of the Designated Group are prohibited from holding the Company's securities in a margin account or pledging the Company's securities as collateral for a loan.

Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company Securities.

Short-Term Trading. Short-term trading of Company Securities may be distracting to the person and may unduly focus the person on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director, officer or other employee of the Company who purchases Company Securities in the open market may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

Form 144 Reports

Directors and certain officers designated by the Board of Directors are required to file a Form 144 before making an open market sale of Company Securities. Form 144 notifies the SEC of your intent to sell Company Securities. Although often prepared and filed by your broker, this form and its timely filing is each individual's personal responsibility and is in addition to the Section 16 reports filed on your behalf by the Company.

Post-Transaction Notification

Because Section 16(a) of the Exchange Act requires that certain transactions be reported on Form 4s filed within two business days following the date of the transaction, the Company's policy requires immediate notification of sufficient details of any transaction to allow time to prepare and file the required reports within the two-business-day deadline. Since the Company requires a day to prepare the Form 4 and a day to transmit the form to the SEC, all officers and directors must report the details of any transaction in the Company's securities to us at least by the close of business of the date the transaction occurred. This includes all purchases, sales, transfers by gift or otherwise, trades pursuant to approved Rule 10b5-1 plans, and option exercises.

Post-Termination Transactions

Please note that the laws regarding insider trading continue to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, the laws state that an individual may not engage in transactions in Company Securities until that information has become public or is no longer material. It is recommended that an individual refrains from any transactions in Company Securities for at least 90 days following termination of his or her service to the Company.

Use of Knowledgeable Stockbroker

Each director, officer and other employee is encouraged to select one stock broker to effect all of his or her transactions in the Company's securities, and that broker should become familiar with the Company's insider trading policy and the restrictions that apply to his or her transactions in the Company's securities. Remember, however, that a broker has no legal responsibility for a client's Section 16 filings or short-swing profit rule violations. Therefore, the best protection will come from your own awareness the possible pitfalls. However, use of the same broker familiar with this policy will help you constantly monitor your compliance, not only with this policy but also with your other securities laws obligations, such as compliance with Rule 144.

EVEN IF YOU RECEIVE PRE-CLEARANCE AND IT IS DURING AN OPEN WINDOW PERIOD, YOU, ANY COMPANY, TRUST OR ENTITY CONTROLLED BY YOU, YOUR SPOUSE AND YOUR FAMILY MEMBERS AND OTHERS LIVING IN YOUR HOUSEHOLD MAY NOT TRADE IN SECURITIES OF BUILD-A-BEAR WORKSHOP, INC. IF YOU ARE IN POSSESSION OR AWARE OF MATERIAL, NON-PUBLIC INFORMATION ABOUT BUILD-A-BEAR WORKSHOP, INC. THE PROCEDURES SET FORTH HEREIN ARE IN ADDITION TO THE GENERAL INSIDER TRADING POLICY AND ARE NOT A SUBSTITUTE THEREFOR.

ADMINISTRATION OF POLICY

Any person who has any questions about specific transactions may obtain additional guidance from Chief Legal Officer, Yevgeny Funder, at legal@buildabear.com. The Company reserves the right to amend and interpret the policy from time to time.

CERTIFICATION OF COMPLIANCE

All members of the Designated Group will be required to certify their understanding of and compliance with this policy on an annual basis.

Remember, however, the ultimate responsibility for adhering to the policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

Subsidiaries of Build-A-Bear Workshop, Inc.

Subsidiary:	Jurisdiction of Incorporation/Organization:
Build-A-Bear Entertainment, LLC	Missouri
Build-A-Bear Workshop Franchise Holdings, Inc.	Delaware
Build-A-Bear Workshop Canada Ltd.	New Brunswick
Build-A-Bear Retail Management, Inc.	Delaware
Build-A-Bear UK Holdings Limited	United Kingdom
Build-A-Bear Workshop UK Limited	United Kingdom
Build-A-Bear Trading (Shanghai) Co., Ltd.	China
Build-A-Bear Card Services, LLC	Virginia

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-120012) pertaining to the Build-A-Bear Workshop, Inc. 2000 Stock Option Plan, 2002 Stock Incentive Plan, 2004 Stock Incentive Plan and 2004 Associate Stock Purchase Plan;
- (2) Registration Statement (Form S-8 No. 333-159313) pertaining to the Build-A-Bear Workshop, Inc. Second Amended and Restated 2004 Stock Incentive Plan;
- (3) Registration Statement (Form S-8 No. 333-195925) pertaining to the Build-A-Bear Workshop, Inc. Third Amended and Restated 2004 Stock Incentive Plan;
- (4) Registration Statement (Form S-8 No. 333-218034) pertaining to the Build-A-Bear Workshop, Inc. 2017 Omnibus Incentive Plan; and
- (5) Registration Statement (Form S-8 No. 333-248716) pertaining to the Build-A-Bear Workshop, Inc. 2020 Omnibus Incentive Plan;
- (6) Registration Statement (Form S-8 No. 333-274386) pertaining to the Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan;

of our reports dated April 16, 2026, with respect to the consolidated financial statements and schedule of Build-A-Bear Workshop, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of Build-A-Bear Workshop, Inc. and Subsidiaries, included in this Annual Report (Form 10-K) of Build-A-Bear Workshop, Inc. and Subsidiaries for the year-ended January 31, 2026.

/s/ Ernst & Young LLP
St. Louis, Missouri
April 16, 2026

Certification of Principal Executive Officer

I, Sharon John, certify that:

1. I have reviewed this Annual Report on Form 10-K of Build-A-Bear Workshop, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2026

/s/ Sharon John

Sharon John
President and Chief Executive Officer
Build-A-Bear Workshop, Inc.
(Principal Executive Officer)

Certification of Principal Financial Officer

I, Voin Todorovic, certify that:

1. I have reviewed this Annual Report on Form 10-K of Build-A-Bear Workshop, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2026

/s/ Voin Todorovic

Voin Todorovic
Chief Financial Officer
Build-A-Bear Workshop, Inc.
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Build-A-Bear Workshop, Inc. (the "Company") on Form 10-K for the period ended January 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon John, President and Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2026

/s/ Sharon John

Sharon John
President and Chief Executive Officer
Build-A-Bear Workshop, Inc.
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Build-A-Bear Workshop, Inc. (the "Company") on Form 10-K for the period ended January 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Voin Todorovic, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2026

/s/ Voin Todorovic

Voin Todorovic

Chief Financial Officer

Build-A-Bear Workshop, Inc.

(Principal Financial and Accounting Officer)

BUILD-A-BEAR WORKSHOP, INC.

CLAWBACK POLICY

Adopted: November 7, 2023

- 1. Purpose.** The purpose of this Clawback Policy of the Company (as amended from time to time, this “Policy”), dated as of November 7, 2023 (the “Adoption Date”) is to describe the circumstances in which current and former Executive Officers will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. The Company has adopted this Policy to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the Exchange Act, Exchange Act Rule 10D-1 promulgated thereunder, and the NYSE listing standards (including Section 303A.14 of the NYSE listing company manual) (such legal requirements, and rules and requirements of NYSE, collectively, the “SEC/NYSE Clawback Rules”).
- 2. Administration.** This Policy shall be administered by the Committee. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy, and any such determinations made by the Committee shall be in the Committee’s sole discretion and shall be final and binding on all affected individuals. Except as otherwise required by applicable legal requirements or the rules and requirements of NYSE, any determinations of the Committee hereunder need not be uniform with respect to one or more Executive Officers (whether current and/or former).
- 3. Definitions.** For purposes of this Policy, the following capitalized terms shall have the meanings set forth below:
- (a) “Accounting Restatement” shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
 - (b) “Board” shall mean the Board of Directors of the Company.
 - (c) “Clawback Eligible Incentive Compensation” shall mean all Incentive-Based Compensation Received by any current or former Executive Officer on or after NYSE Effective Date, provided that:
 - (i) such Incentive-Based Compensation is Received after such individual began serving as an Executive Officer;
 - (ii) such individual served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation;
 - (iii) such Incentive-Based Compensation is Received while the Company has a class of securities listed on NYSE or any other national securities exchange or national securities association; and
 - (iv) such Incentive-Based Compensation is Received during the applicable Clawback Period.
 - (d) “Clawback Period” shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.
 - (e) “Committee” shall mean the Compensation and Development Committee of the Board.
 - (f) “Common Stock” shall mean the common stock, par value \$0.01 per share, of the Company.
 - (g) “Company” shall mean Build-A-Bear Workshop, Inc., a Delaware corporation.
 - (h) “Company Group” shall mean the Company, together with each of its direct and indirect subsidiaries.
 - (i) “Erroneously Awarded Compensation” shall mean, with respect to any current or former Executive Officer in connection with any Accounting Restatement, the amount of Clawback Eligible Incentive Compensation Received by such current or former Executive Officer that exceeds the amount of Clawback Eligible Incentive Compensation that otherwise would have been Received by such current or former Executive Officer had such Clawback Eligible Incentive Compensation been determined based on the restated amounts as reflected in connection with such Accounting Restatement and computed without regard to any taxes paid.
 - (j) “Exchange Act” means the Securities Exchange Act of 1934, as amended.
 - (k) “Executive Officer” shall mean any officer as defined in Rule 10D-1(d) (or any successor provision thereof) under the Exchange Act and any executive officer as defined in Section 303A.14(e) (or any successor provision thereof) of the NYSE Listing Company Manual.
 - (l) “Financial Reporting Measures” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any other measures that are derived wholly or in part from such measures. For purposes of this Policy, stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.
 - (m) “Incentive-Based Compensation” shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
 - (n) “NYSE” shall mean the New York Stock Exchange.

(o)“ NYSE Effective Date” shall mean October 2, 2023 (which is the effective date of the final NYSE listing standards).

(p)“ Received” shall mean when Incentive-Based Compensation is received, and Incentive-Based Compensation shall be deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(q)“ Restatement Date” shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(r)“ SEC” shall mean the U.S. Securities and Exchange Commission.

4. **Recovery of Erroneously Awarded Compensation.**

(a) In the event that the Company is required to prepare an Accounting Restatement, (i) the Committee shall determine the amount of any Erroneously Awarded Compensation for each applicable current or former Executive Officer (whether or not such individual is serving as an Executive Officer at such time) (the “Applicable Executives”) in connection with such Accounting Restatement, and (ii) the Company will reasonably promptly require the recovery of such Erroneously Awarded Compensation from any such Applicable Executive, and any such Applicable Executive shall surrender such Erroneously Awarded Compensation to the Company, at such time(s), and via such method(s), as determined by the Committee in accordance with the terms of this Policy.

(b) For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, (i) such amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (ii) the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE.

(c) The Committee shall determine, in its sole discretion, the method(s) for recovering any Erroneously Awarded Compensation from any Applicable Executive, which may include one or more of the following:

- (i) requiring one or more cash payments to the Company Group from such Applicable Executive, including, but not limited to, the repayment of cash Incentive-Based Compensation previously paid by the Company Group to such Applicable Executive;
- (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards previously made by the Company to such Applicable Executive and/or, subject to applicable legal requirements, otherwise requiring the delivery to the Company of shares of Common Stock held by such Applicable Executive;
- (iii) withholding, reducing or eliminating future cash compensation (including cash incentive payments), future equity awards and/or other benefits or amounts otherwise to be paid or awarded by the Company Group to such Applicable Executive;
- (iv) offsetting amounts against compensation or other amounts otherwise payable by the Company Group to any Applicable Executive;
- (v) cancelling, adjusting or offsetting against some or all outstanding vested or unvested equity awards of the Company held by such Applicable Executive; and/or
- (vi) taking any other remedial and recovery actions with respect to such Applicable Executive permitted by applicable legal requirements and the rules and regulations of NYSE, as determined by the Committee.

(d) Notwithstanding anything herein to the contrary, the Company must recover Erroneously Awarded Compensation from any Applicable Executive pursuant to the terms of this Policy except to the extent that both (1) the Committee determines that such recovery would be impracticable, and (2) one of the following conditions is met:

- (i) the direct expenses paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement pursuant to this clause (i), the Company has (x) made a reasonable attempt to recover such Erroneously Awarded Compensation, (y) documented such reasonable attempt(s) to recover, and (z) provided such documentation to NYSE;
- (ii) recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to NYSE, that recovery would result in such a violation, has provided copy of the opinion is provided to NYSE; or
- (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company or the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. No Indemnification, Etc. The Company Group shall not (x) indemnify any current or former Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group’s enforcement of its rights under this Policy, or (y) pay or reimburse any current or former Executive Officers for insurance premiums to recover losses incurred under this Policy.

6. Supersedure. This Policy will supersede any provisions in (x) any agreement, plan or other arrangement applicable to any member of the Company Group, and (y) any organizational documents of any entity that is part of Company Group that, in any such case, (a) exempt any Incentive-

Based Compensation from the application of this Policy, (b) waive or otherwise prohibit or restricts the Company Group's right to recover any Erroneously Awarded Compensation, including, without limitation, in connection with exercising any right of setoff as provided herein, and/or (c) require or provide for indemnification to the extent that such indemnification is prohibited under Section 5 above.

7. Amendment; Termination; Interpretation. The Committee may amend or terminate this Policy at any time, subject to compliance with all applicable legal requirements and the rules and requirements of NYSE. It is intended that this Policy be interpreted in a manner that is consistent with the SEC/NYSE Clawback Rules. This Policy is separate from, and in addition to, any other compensation recovery or recoupment policy of the Company or any applicable provisions of plans, agreements, awards or other arrangements of the Company that provide for the recoupment or recovery of compensation from Executive Officers that is voluntarily adopted by the Company and intended to provide for discretionary recoupment beyond the scope of this Policy and the SEC/NYSE Clawback Rules.

8. Other Recoupment Rights; No Additional Payments.

(a) Subject to Section 8(b) of this Policy below, any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group pursuant to (i) the terms of any recoupment provisions in any employment agreement, incentive or equity compensation plan or award or other agreement, (ii) any other legal requirements, including, but not limited to, Section 304 of Sarbanes-Oxley Act of 2002, and (iii) any other legal rights or remedies available to the Company.

(b) Notwithstanding anything herein to the contrary, to prevent duplicative recovery:

(i) to the extent that the amount of any Erroneously Awarded Compensation is recovered from any current or former Executive Officers under this Policy, the Company will not be entitled to recover any such amounts under any other compensation recovery or recoupment policy of the Company or any applicable provisions of plans, agreements, awards or other arrangements of the Company that provide for the recoupment or recovery of compensation from Executive Officers; and

(ii) to the extent that any Erroneously Awarded Compensation includes any amounts that have been actually reimbursed to the Company Group from any Applicable Executive pursuant to Section 304 of the Sarbanes-Oxley Act (any such amounts that have been reimbursed to the Company Group, the "Applicable SOX Recoupment Amount"), the amount of any Erroneously Awarded Compensation to be recovered from any such Applicable Executive shall be reduced by the Applicable SOX Recoupment Amount.

9. Successors. This Policy shall be binding and enforceable against all current and former Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.