

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 12, 2023

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

|  |  |   |
|--|--|---|
| <u>Delaware</u><br>(State or Other Jurisdiction<br>of Incorporation)                       | <u>001-32320</u><br>(Commission<br>File Number)                                  | <u>43-1883836</u><br>(IRS Employer<br>Identification No.) |
| <u>415 South 18th St., St. Louis, Missouri</u><br>(Address of Principal Executive Offices) |  | <u>63103</u><br>(Zip Code)                                |
|  | <u>(314) 423-8000</u><br>(Registrant's Telephone Number, Including Area<br>Code) |   |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | BBW               | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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Item 7.01. Regulation FD Disclosure.

Build-A-Bear Workshop, Inc. (the “Company”) prepared an investor presentation containing certain information and financial highlights. Representatives of the Company intend to present some of or all of this presentation to current and prospective investors at various conferences and meetings. A copy of the investor presentation is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. A copy of the investor presentation is also available on the Investor Relations section of the Company’s web site at <http://IR.buildabear.com>.

To supplement its financial statements presented in accordance with GAAP, the Company used, in its investor presentation, certain non-GAAP measures of financial performance. The Company believes that these non-GAAP measures will allow for a better evaluation of the operating performance of the business and facilitate a meaningful comparison of the Company’s results in the current period to those in prior periods and future periods. Reference to these non-GAAP measures should not be considered as a substitute for results that are presented in a manner consistent with GAAP. These non-GAAP measures are provided to enhance investors’ overall understanding of the Company’s financial performance.

\* \* \* \* \*

The information furnished in, contained, or incorporated by reference into Item 7.01 above, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”), as amended, or the Exchange Act, regardless of any general incorporation language in such filing. In addition, this report (including Exhibit 99.1) shall not be deemed an admission as to the materiality of any information contained herein that is required to be disclosed solely as a requirement of Item 7.01.

This Current Report on Form 8-K and the investor presentation attached hereto as Exhibit 99.1, respectively, contain certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements in this report and in such exhibit not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this report and in such exhibit are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among other things: statements regarding the Company’s goals, intentions, and expectations; business plans and growth strategies; estimates of the Company’s risks and future costs and benefits; forecasted demographic and economic trends relating to the Company’s industry; and other risk factors referred to from time to time in filings made by the Company with the Securities and Exchange Commission. Forward-looking statements speak only as to the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. The Company disclaims any intent or obligation to update these forward-looking statements.

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Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description of Exhibit</u>   |
|-----------------------|---|
| 99.1                  | <a href="#">Investor Presentation—September 2023</a>                        |
| 104                   | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 12, 2023

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Voin Todorovic

Name: Voin Todorovic

Title: Chief Financial Officer



INVESTOR UPDATE SEPTEMBER 2023

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## FORWARD LOOKING AND CAUTIONARY STATEMENTS

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





## EXECUTIVE SUMMARY

## BUILD-A-BEAR WORKSHOP, INC. (NYSE: BBW)

Started as a mall-based vertical kid's retailer...Pivoted to become a brand that monetizes equity via multiple channels, categories, consumers and content



In 1997, we pioneered experiential retail for kids

Today, we are a  
**MULTI-CHANNEL,  
SITE-BASED EXPERIENCE  
and ENTERTAINMENT COMPANY**  
with **DIVERSIFIED CATEGORIES**  
and **CONSUMER SEGMENTS**



## BBW RECENT RESULTS

1H 23 delivered record-breaking performance...  
On top of record-breaking performance in FY2022 and FY2021



**FY2022 MOST PROFITABLE YEAR  
in COMPANY HISTORY**

**2ND CONSECUTIVE YEAR of  
RECORD-BREAKING PROFITABILITY**

**WITH 2Q23, 10 CONSECUTIVE QUARTERS of  
YEAR-OVER-YEAR REVENUE GROWTH**

**FY2023 GUIDANCE FOR CONTINUED  
GROWTH**



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Workshop, Inc.

## BBW SNAPSHOT: BY THE NUMBERS



\* Source: Proprietary research, LEK Consulting, 2022 survey with consumers

\*\* North America and European corporately-operated experience location portfolio



## BBW KEY INVESTOR CONSIDERATIONS



### **BRAND POWER PRESENTS MONETIZABLE OPPORTUNITIES:**

Trusted and iconic brand appeals to today's desire for personalized, shared & *share-able* experiences, unique gifting, enthusiast/collectibles & nostalgia fueled by 25-years of one:one experiences with multi-generational demographics spanning ages, genders and socio-economic strata, who desire loyal brand relationships providing relevant engagements that can drive lifetime value



### **PROVEN STRATEGY AND DYNAMIC BUSINESS MODEL DIVERSIFIES REVENUE:**

Multi-channel, vertical "experience locations" in a variety of viable formats, settings and geographies combined with integrated robust e-commerce business and extensive digital capabilities as well as content and key category expansions



### **BUSINESS STRENGTH AND MOMENTUM SUPPORTS PROVEN STRATEGIC INITIATIVES:**

Strong financial results with profitable, growing revenue, high margins, good free cash flow, clean debt-free balance sheet and seasoned executive team



### **BBW'S UNIQUE COMPETITIVE POSITION, GROWTH OPPORTUNITIES AND SIGNIFICANT CONTROL OVER ITS FUTURE HAS BEEN COMPARATIVELY UNRECOGNIZED BY THE MARKET**





**BRAND POWER**

## BBW IS BELOVED

Well-Known

Multi-Generational

Emotional

Trusted

Extendable

**93%**

Aided Brand Awareness\*

**76%**

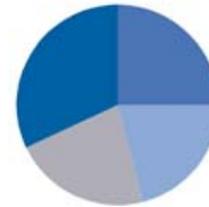
Purchase consideration\* of those aware

### DESTINATION-DRIVEN

**~80%**

of visits to experience locations are Planned\* and the top occasion is a birthday

### MULTIPLE OCCASIONS BALANCE BUSINESS SEASONALITY\*\*



■ Jan-Mar ■ Jul-Sep  
■ Apr-Jun ■ Oct-Dec

**20MM+**

First party data email contacts, social followers and loyalty members



# BBW HAS DIVERSE AND HIGHLY COVETED CONSUMERS

Build-A-Bear appeals to a broad demographic market with strong purchasing power and brand loyalty

Over 50MM annual visitors to experience locations each year. BBW guest profile:

## Wide interest across ages



## Household Profile

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

Interests include:  
Eating out, books/reading, visiting amusement parks



## Educated with spending power:

Professional careers, Appx 70% attended college



Over 80% are homeowners



Approximately 70% are married

## Diverse Demographics

Over 40% of furry friends are for teens and adults



■ Female  
■ Male



■ Infant/Toddler  
■ Kids  
■ Teens, Adults

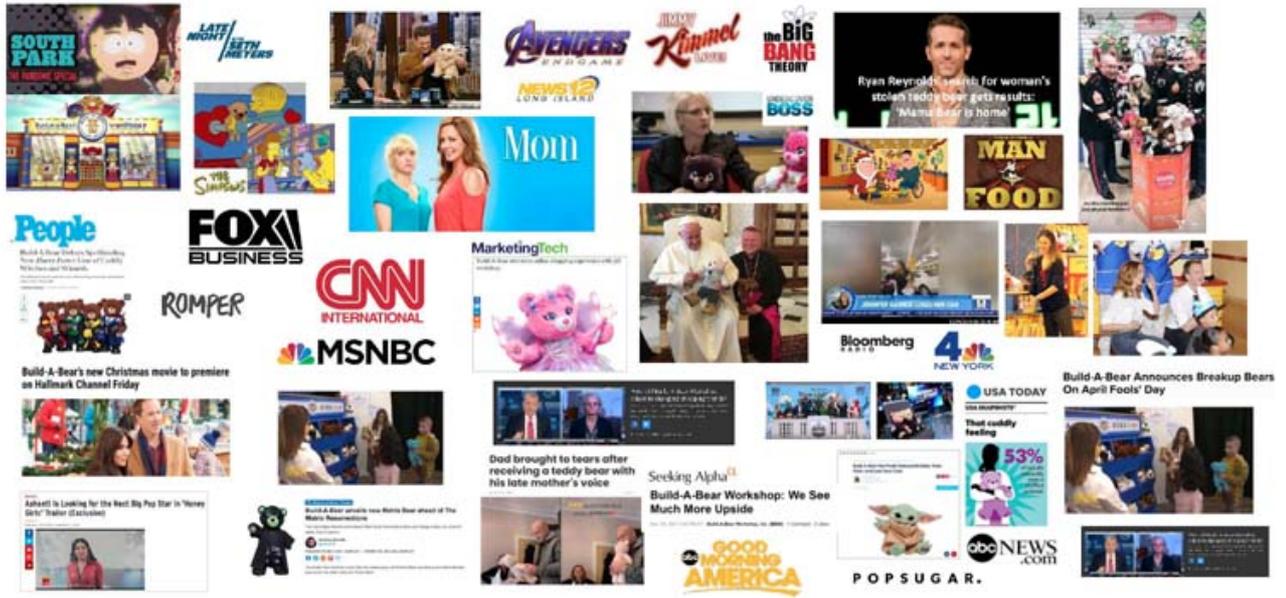
Source: BBW proprietary loyalty program database



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# 13 BILLION ANNUAL MEDIA AND PR IMPRESSIONS

Build-A-Bear IS pop culture; iconic status drives media exposure. Our brand is regularly mentioned on popular TV shows, movies and in celebrity news



Annual media and PR impressions exceeded 10B in 2020 and 2021. Increased to 13B in 2022



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## BBW CO-BRANDS WITH LEADING LICENSES

License relationships with over 75 world-class collaborators from film, TV, art, games, sports and more support enthusiast, collectible, affinity and gifting businesses with appeal to expanded consumer demographics...yet BBW is a brand unto itself providing balanced sales

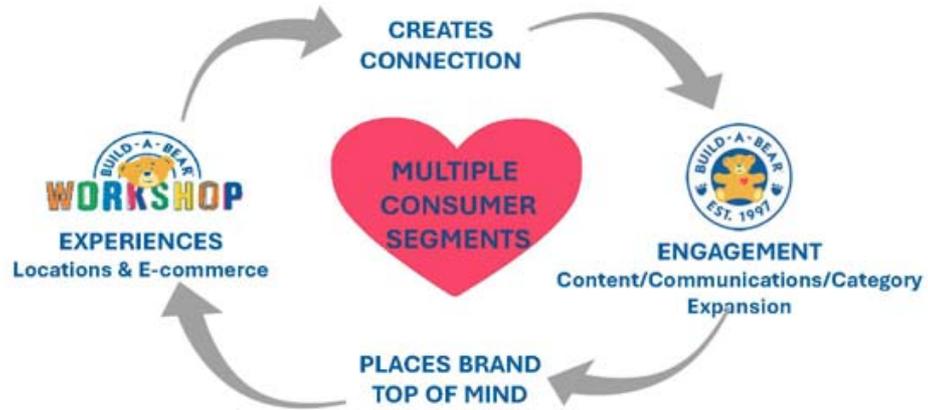




**PROVEN STRATEGY & DYNAMIC MULTI-CHANNEL BUSINESS MODEL**

# BBW HARNESSSES BRAND EQUITY and TECHNOLOGY TO DRIVE GROWTH

BBW operates a dynamic “circle of engagement” model designed to efficiently create multiple consumer touchpoints using our one-to-one experience locations, data capture and advanced digital analytics & communications capabilities to increase lifetime value across a variety of brand interfaces



FOUNDATION FOR GROWTH

DIVERSIFIED EXPERIENCES & BUSINESS MODELS

TRANSFORMED DIGITAL CAPABILITIES

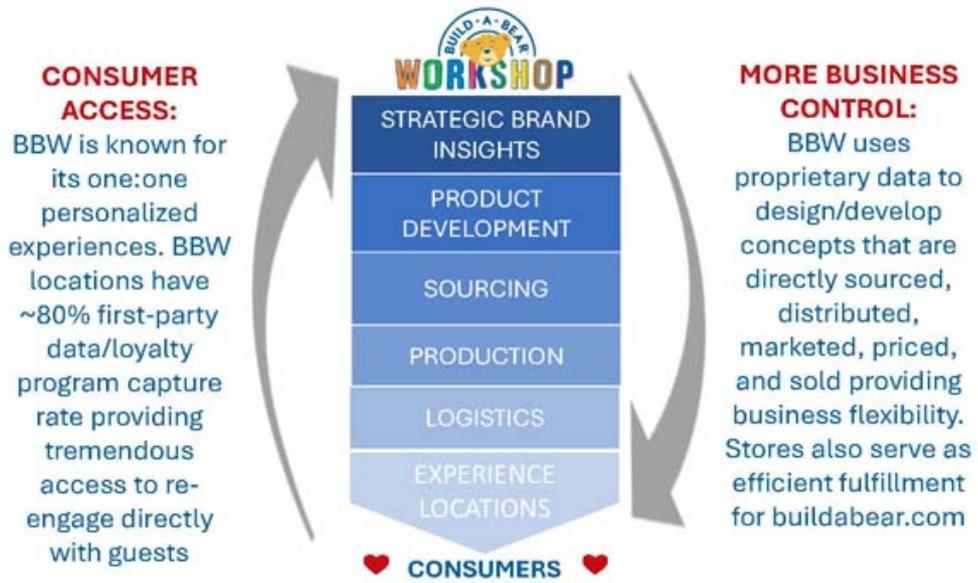
EXPANDED CATEGORIES & CONSUMERS



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# BBW HAS COMPETITIVE DYNAMIC BUSINESS MODEL

Vertical experience locations give direct consumer access and more business control



# EXECUTION OF 2022 STRATEGY DELIVERING ANOTHER RECORD YEAR

Disciplined and agile execution of strategic pillars which provide a foundation, delivering record-setting results in FY2022 and a platform to leverage for further growth



**DIVERSIFIED**  
EXPERIENCE &  
BUSINESS MODELS



**TRANSFORMED**  
DIGITAL  
CAPABILITIES



**EXPANDED**  
CATEGORIES &  
CONSUMERS



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## EXPERIENCE LOCATIONS BUILD BRAND and SUPPORT E-COMMERCE



Award winning concept enjoys >25% average contribution margin and ~100% of our “experience locations” were EBIT positive and generate meaningful cash flow for the company



Over 50 million guests enter an experience location per year. The iconic hands-on experience builds emotional connections and captures significant consumer data and loyalty club sign-up



A broad range of formats, sizes, designs and business models allows experience locations to operate with less total square footage and higher productivity per square foot than in the past



Build-A-Bear locations act as efficient “mini distribution centers” for increased digital demand fulfillment leveraging fixed costs like labor and overhead, while reducing last mile time and expense



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*Contribution margin for fiscal 2022*

# EXPERIENCE LOCATIONS HAVE DIVERSE FORMATS AND MODELS



## GREENFIELD OPPORTUNITY FOR ADDITIONAL LOCATIONS

- Opened over 20 new locations in 2022 including sites such as **Six Flags Magic Mountain** and the **Pro Football Hall of Fame**; expect to add 20-30 locations through combination of corporately-operated and third-party partner-operated models in 2023
- Recently added format called **Build-A-Bear Adventure**, which includes arcade and party rooms
- Can operate for days (events such as the NFL Experience) and weeks (Gaylord seasonal shops) to months and years

## Most common business model options:

### Corporately-operated store model

351 long-term, plus additional seasonal locations in the US, CN, the UK and Ireland



### Third-party retail model

76 locations with a variety of operators primarily in the US



### International franchise model

Currently 64 locations in 8 countries



Location counts as of end of 2Q23



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# E-COMMERCE GROWTH INCLUDES EXPANSION OF CONSUMER BASE

Rather than “digitizing” the BBW “physical” experience, BBW extended the reach and size of our market with diverse consumer segments including teens, adults, gift-givers, brand enthusiasts and collectors with new licensed relationships, experiences, and advanced digital marketing activities



In late 2022, a new mobile first e-commerce site was launched featuring multiple “shop-in-shop” landing pages to appeal to specific consumer segments and purchase occasions



## DIVERSE DIGITAL EXPERIENCES APPEAL TO VARIETY OF GUESTS

Buildabear.com offers various online shopping experiences and product options to meet the preferences of diverse consumer segments for multiple occasions and products



Top landing page for ecommerce site also supports guests who want to "Plan a Visit" and "Plan a Party"



Guided process reflecting familiar Build-A-Bear shopping stations providing a highly step-by-step customized on-line experience.



Interactive animated digital experience designed to appeal to a younger consumer.



Giftng solution offering for a convenient, stylish online option for a wide range of adult-to-adult giftng occasions



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



Age-gated shop-in-shop focused on edgier products and licensing including the "After Dark" line



Family pajama offering with matching options focused on seasonal occasions featuring easy shopping/sizing configurator.



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



## BBW BUSINESS IS ENHANCED BY PROFITABLE E-COMMERCE PLATFORM

**Over 135% growth  
in digital demand  
in FY 2022 vs. pre-pandemic  
FY2019**

- E-commerce strong in both US and UK
- Salesforce technology expanding loyalty and digital capabilities and efficiencies in marketing and analytics across platform
- Comprehensive e-commerce site update including expanded mobile-first capabilities launched in Q3 2022



**Expanded digital marketing technology enables efficient targeting of broadened consumer segments to drive e-commerce demand**





**BUSINESS STRENGTH AND MOMENTUM**

## 2022 FINANCIAL SNAPSHOT

### THE MOST PROFITABLE YEAR IN BBW HISTORY

TOTAL REVENUES  
**\$467.9MM**

+13.7% OVER 2021  
+83.3% OVER 2020

PRE-TAX INCOME  
**\$61.9MM**

HIGHEST IN COMPANY'S HISTORY  
+\$11.2MM OVER 2021  
+\$82.1MM OVER 2020

GROSS PROFIT MARGIN  
**52.5%**

VS 53.0% IN 2021  
VS 38.2% IN 2020

YEAR-END CASH AND  
EQUIVALENTS  
**\$42.2MM**

VS \$32.8MM 2021  
VS \$34.8MM 2020



# CONTINUED MOMENTUM IN FISCAL 2023

## 1H 2023 DELIVERED RECORD-SETTING RESULTS

TOTAL REVENUES

**\$229.3MM**

Highest 1H in company history  
VS \$218.3MM IN 1H 2022

PRE-TAX INCOME

**\$29.8MM**

Highest 1H in company history  
VS \$25.8MM IN 1H 2022

EBITDA

**\$35.9MM**

Highest 1H in company history  
VS \$32.1MM IN 2022

## 2023 GUIDANCE

TOTAL REVENUES

**+5%-7%\***

VS 2022  
With growth in all 3 operating segments

PRE-TAX INCOME

**+10%-15%**

VS 2022

- +20-30 EXPERIENCE LOCATIONS
- \$15-\$20MM CAPEX
- \$13-\$14MM D&A
- ~25% Tax Rate, excl. discrete items



\*Fiscal 2023 is a 53-week year compared to a 52-week year in fiscal 2022; growth is expected in total revenues and pre-tax income versus the prior year exclusive of the projected benefit of the 53rd week. For reference, the additional week in fiscal 2023, which will be reflected in the fourth quarter, is estimated to be \$7 million in total revenues with approximately 35% flow-through to EBITDA

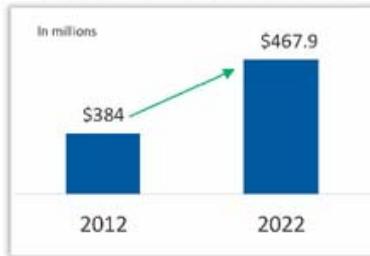


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# CURRENT MANAGEMENT LED SUCCESSFUL BUSINESS TURNAROUND

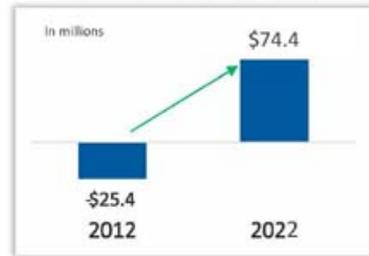
## TOTAL REVENUES

2022 highest level in over a decade



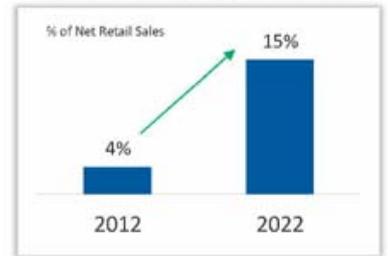
## EBITDA

Nearly \$100MM swing in profitability



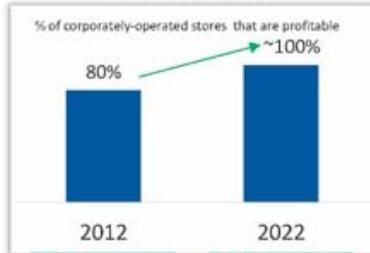
## DIGITAL DEMAND

Digital revenue has grown to \$65MM



## PROFITABLE STORES

In North America

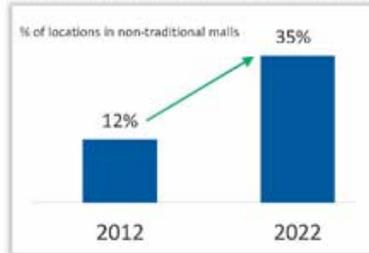


Contribution margin <10%

Contribution margin >25%

## LOCATION DIVERSIFICATION

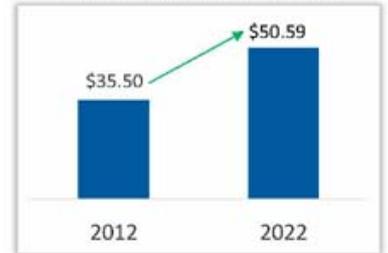
More than doubled non-traditional locations



EOY fiscal 2022 vs EOY fiscal 2012

## AVERAGE DOLLARS PER TRANSACTION

Over 40% appreciation in Avg DPT



## EXPERIENCED MANAGEMENT DRIVES RESULTS WITH FOCUS ON FUTURE

- Proven, resilient and results-driven team successfully led company through a financial turnaround and economic uncertainties including COVID with decades of brand, marketing, toy, sourcing and retail experience
- Over eight years as a team at BBW; CEO, CFO, CDMO previously worked together



### Sharon Price John

President and Chief Executive Officer

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



### Jennifer Kretchmar

Chief Digital & Merchandising Officer

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



### Voin Todorovic

Chief Financial Officer

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



### J. Christopher Hurt

Chief Operations Officer

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



### Eric Fencel

Chief Administrative Officer,  
General Counsel and Secretary

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



## CONTINUED FOCUS ON SHAREHOLDER RETURN

- Second special dividend declared on 3/8/2023 by Board of Directors reflecting ongoing commitment to continue to return value to shareholders in the form of stock repurchases and dividends, which have totaled over \$80 million during the past seven quarters
- As of July 29, 2023, the Company had \$35.3 million available under the current \$50.0 million stock repurchase program adopted 8/31/2022\*



## BBW IN REVIEW



**BRAND POWER PRESENTS MONETIZABLE OPPORTUNITIES**



**PROVEN STRATEGY AND DYNAMIC BUSINESS MODEL DIVERSIFIES REVENUE**



**BUSINESS STRENGTH AND MOMENTUM SUPPORTS PROVEN STRATEGIC INITIATIVES**



**BBW'S UNIQUE COMPETITIVE POSITION, GROWTH OPPORTUNITIES AND SIGNIFICANT CONTROL OVER ITS FUTURE HAS BEEN COMPARATIVELY UNRECOGNIZED BY THE MARKET**



