

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): January 11, 2021

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-32320
(Commission
File Number)

43-1883836
(IRS Employer
Identification No.)

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

63103
(Zip Code)

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

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.

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

Item 2.02. Results of Operations and Financial Condition.

On January 11, 2021, Build-A-Bear Workshop, Inc. (the “Company”) issued a press release setting forth certain expectations for the Company’s fiscal 2020 fourth quarter (13 weeks ending January 30, 2021), including total revenue, e-commerce demand increase, profitability, and quarter ending cash balance. A copy of the Company’s press release is being furnished as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On January 11, 2021, Build-A-Bear Workshop, Inc. (the “Company”) will participate in a fireside chat at the ICR Conference 2021 held virtually on Monday, January 11, 2021. Sharon Price John, President and Chief Executive Officer, and Voin Todorovic, Chief Financial Officer, will host the presentation at 3:30 p.m. Eastern Standard Time. The audio portion of the fireside chat will be available on the Company’s Investor Relations website, <http://IR.buildabear.com> and will remain available for 90 days following the event. The investor presentation is attached hereto as Exhibit 99.2 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 2.02 and Item 7.01 above, including Exhibits 99.1 and 99.2 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 Exhibits 99.1 and 99.2) 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 Items 2.02 and 7.01.

This Current Report on Form 8-K and the press release and investor presentation attached hereto as Exhibits 99.1 and 99.2, 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 exhibits not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this report and in such exhibits 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.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated January 11, 2021
99.2	Investor Presentation—January 11, 2021
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

BUILD-A-BEAR WORKSHOP, INC.

Date: January 11, 2021

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

Build-A-Bear Workshop, Inc. Shares Outlook for Fourth Quarter and Fiscal Year 2020 Financial Results

Company to present at ICR conference today at 3:30 p.m. EST

ST. LOUIS--(BUSINESS WIRE)--January 11, 2021--Build-A-Bear Workshop, Inc. (NYSE: BBW) today shared its financial expectations for the fourth quarter and fiscal year 2020, in advance of its planned presentation at the 23rd Annual ICR Conference. The Company noted that its projected results reflect ongoing progress from the disciplined execution on its strategy including the acceleration of its digital transformation initiatives. In addition, the Company noted its retail store operations continued to be negatively impacted from local restrictions in response to the COVID-19 pandemic with the disruptions escalating as the fourth quarter progressed. Despite this impact, the Company expects to deliver a significant increase in e-commerce sales, strong gross profit and an increase in cash and equivalents on its balance sheet at quarter-end compared to the prior year's results.

For the fiscal 2020 fourth quarter (13 weeks ending January 30, 2021 compared to the 13 weeks ended February 1, 2020), the Company expects:

- Total revenues in the range of \$88.0 million to \$92.0 million compared to \$104.6 million in the fiscal 2019 fourth quarter. The Company had a significant reduction in store traffic during the nine-week holiday period ending January 2, 2021 driven by local COVID-19 restrictions which led to an 18% reduction in store operating days (including a decline of 10% in North America and 66% in the United Kingdom). In addition, retail store sales were negatively impacted by a reduction in operating hours as well as limitations on store capacity due to government mandates during the key days leading up to the holiday;
 - E-commerce demand to increase in the range of 90 - 100% compared to the fiscal 2019 fourth quarter;
 - Earnings before interest and taxes ("EBIT") to be in the range of \$4.0 million to \$6.0 million, compared to \$7.6 million in the fiscal 2019 fourth quarter; and
 - Cash and cash equivalents at quarter end to be between \$32 and \$37 million, an increase of approximately \$5 to \$10 million from the prior year's quarter end and it expects to have no borrowings under its revolving credit facility at the end of the period.
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Sharon Price John, Build-A-Bear Workshop President and Chief Executive Officer, commented, “We continue to focus on accelerating our strategy including initiatives to drive our digital transformation, evolve our retail channels and capabilities and maintain solid financial health and liquidity. Our team has continued to adapt to the constant changes in our operating environment driven by ongoing disruption from COVID-19 while leveraging the power and consumer affinity for our brand. We expect to deliver a profitable fiscal 2020 fourth quarter with strong e-commerce growth even as our retail store operations were negatively impacted by crowd size restrictions and governmentally mandated temporary closures, which have been particularly difficult in our UK market.

“We expect to begin fiscal 2021 with an improved cash position compared to the prior year as we remain focused on expense management and preserving liquidity. We anticipate that the actions we have taken to rapidly respond to the evolving circumstances in 2020 combined with our disciplined focus on accelerating key strategic initiatives for future benefit put our company in a position to achieve our stated goal of delivering profitable growth after the macro-environment stabilizes,” concluded Ms. John.

The Company is scheduled to present at the 23rd Annual ICR Conference today, Monday, January 11, 2021, at 3:30 p.m. EST. The presentation will be broadcast over the internet and can be accessed at the Company’s investor relations website, <http://IR.buildabear.com>. A replay of the broadcast will remain on the Company’s investor relations website for one year.

The Company noted that it expects to report full results for the fourth quarter and fiscal 2020 year in March, 2021.

Note Regarding Non-GAAP Financial Measures:

In this press release, the Company’s financial results are provided both in accordance with generally accepted accounting principles (GAAP) and using certain non-GAAP financial measures. In particular, the Company provides projected and historic EBIT, which is a non-GAAP financial measure. These projections and results are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help identify underlying trends in the Company’s business and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company’s core operating results. These measures should not be considered a substitute for or superior to GAAP results. These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

About Build-A-Bear

Build-A-Bear is a multi-generational global brand focused on “adding a little more heart to life” appealing to a wide array of consumer groups who enjoy the personal expression in making their own “furry friends” to celebrate and commemorate life moments. The 500+ interactive brick-and-mortar retail locations provide guests of all ages an interactive entertaining experience, which often fosters a lasting and emotional brand connection. The company also offers an engaging e-commerce/digital purchasing activity called the “Bear-Builder” at www.buildabear.com. In addition, the company leverages its brand’s power and equity beyond retail through entertaining content, wholesale products and non-plush consumer product categories via licensing agreements with leading manufacturers. Build-A-Bear Workshop, Inc. (NYSE: BBW) posted total revenue of \$338.5 million in fiscal 2019. For more information, visit the Investor Relations section of buildabear.com.

Forward-Looking Statements

This press release 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. All of the information concerning our future liquidity, future revenues, margins and other future financial performance and results, achievement of operating of financial plans or forecasts for future periods, sources and availability of credit and liquidity, future cash flows and cash needs, success and results of strategic initiatives and other future financial performance or financial position, as well as our assumptions underlying such information, constitute forward-looking information.

These statements are based only 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 “Risks Related to Our Business” and “Forward-Looking Statements” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on April 16, 2020 and other periodic reports filed with the SEC which are incorporated herein.

All of our forward-looking statements are as of the date of this Press Release only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of or any material adverse change in one or more of the risk factors or other risks and uncertainties referred to in this Press Release or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the SEC could materially and adversely affect our continuing operations and our future financial results, cash flows, available credit, prospects and liquidity. Except as required by law, the Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

All other brand names, product names, or trademarks belong to their respective holders.

*** Non-GAAP Financial Measures**

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES

Reconciliation of GAAP to Non-GAAP Results

(dollars in millions)

	Projected	Actual
	Q4	Q4
	2020	2019
Income before income taxes (pre-tax)	<u>\$4.0-\$6.0</u>	<u>\$ 7.6</u>
Income before income taxes adjustments:		
Interest expense (income), net	<u>-</u>	<u>-</u>
Earnings before interest and taxes (EBIT)	<u>\$4.0-\$6.0</u>	<u>\$ 7.6</u>

Contacts

Investors:

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314.423.8000 x5221

Media:

Public Relations
PR@buildabear.com



2021 ICR CONFERENCE

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) the COVID-19 pandemic has negatively impacted our business and continues to cause significant uncertainties; (2) general global economic conditions may decline, which could lead to disproportionately reduced consumer demand for our products, which represent relatively discretionary spending; (3) a decline in consumer traffic at malls and tourist locations could adversely affect our financial performance and profitability; (4) modification of our interactive shopping experience in response to COVID-19 could have a negative impact on the appeal of our interactive shopping experience; (5) we may experience store closures in shopping malls and tourist locations and other impacts to our business resulting from civil disturbances; (6) we may be restricted from offering the hands-on, interactive and high touch service model that is important to our brand; (7) there may be a reluctance to celebrate special occasions that have historically been a key driver for store traffic; (8) the COVID-19 pandemic may adversely affect consumer spending during this year’s holiday season; (9) we may be unable to generate demand for our interactive retail experience and products, including as the economy emerges from the restrictions imposed by the COVID-19 pandemic, and otherwise respond to consumer preferences; (10) sales of our licensed products based on feature films with planned theatrical launches could be negatively affected by delayed movie releases as a result of the COVID-19 pandemic; (11) we may be unable to leverage the flexibility within our existing real estate portfolio; (12) 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 key products and services; (13) we are subject to a number of risks related to disruptions, failures or security breaches of our information technology infrastructure; (14) we may not be able to operate successfully if we lose key personnel; (15) we are subject to risks associated with technology and digital operations; (16) 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; (17) 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; (18) our company-owned distribution center and our third-party distribution center providers may experience disruptions in their ability to support our stores or they may operate inefficiently; (19) 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, tariffs and foreign currency fluctuations; (20) we may be unable to effectively manage our international franchises, attract new franchisees or the laws relating to our international franchises change; (21) we may not be able to operate our international corporately-managed locations profitably; (22) 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; (23) 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; (24) 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; (25) our profitability could be adversely impacted by fluctuations in petroleum products prices; (26) our business may be adversely impacted by a significant variety of competitive threats; (27) 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; (28) we may be unsuccessful in engaging in various strategic transactions, which may negatively affect our financial condition and profitability; (29) the duration of our plan to not utilize cash to resume share repurchases while we continue to take measure to preserve our cash position may negatively impact our financial condition; (30) fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; (31) the market price of our common stock is subject to volatility, which could in turn attract the interest of activist shareholders; and (32) 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. 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.



**POWERFUL and EVOLVED BRAND**

Build-A-Bear has multi-generational consumer connections and monetizable brand equity almost 25 years in the making

**EXPERIENCED and DRIVEN TEAM**

Flexible, responsive and disciplined management team and organization

**SOUND STRATEGY EVEN AMID COVID DISRUPTION**

Designed to drive profitable growth and leverage and monetize brand equity to diversify revenue streams

**ACCELERATED KEY STRATEGIC INITIATIVES IN 2020**

While securing financial stability

**FOCUSED ON CONTINUED OPPORTUNITY IN 2021**

Driving results in digital transformation and retail evolution

BBW: AN ICONIC BRAND EVOLVES....

1997

Build-A-Bear Workshop launches as *the* leading experiential retail-entertainment concept, predominately located in malls where families with children primarily went for shopping and entertainment at the time.



Build-A-Bear becomes a multi-generational brand that is recognized by and connected to consumers globally.

2021

Build-A-Bear has extended **BEYOND TRADITIONAL MALL RETAIL** to
- new locations and formats
- digital platforms, and
- entertainment & content offerings
to reach a broader range of consumers in a variety of new ways.

BBW: SNAPSHOT



BBW
LISTED
NYSE



Company Snapshot



Global retail with nearly 500 locations*

357 **57** **77**

Corporately-Managed Stores Third-party Retail Locations International Franchise Stores

Multi-Generational Appeal



Nearly
200 MM
Furry Friends Sold

Diversified Channels



Rapidly growing e-commerce

13 consecutive quarters of double-digit growth**

Skilled Passionate Employees



3,500+

Associates

Powerful Brand



90%+

Aided brand awareness***

Known, emotional and leverageable brand equity

*Projected at end of FY2020; some locations may be temporarily closed due to governmental COVID mandates

**Q4-2017 through Q4-2020; Includes projected results for Q4-2020

*** US Moms of Kids ages 2-12



BBW: BRAND POWER

Build-A-Bear is a brand
that has consumer
TRUST and **LOVE**

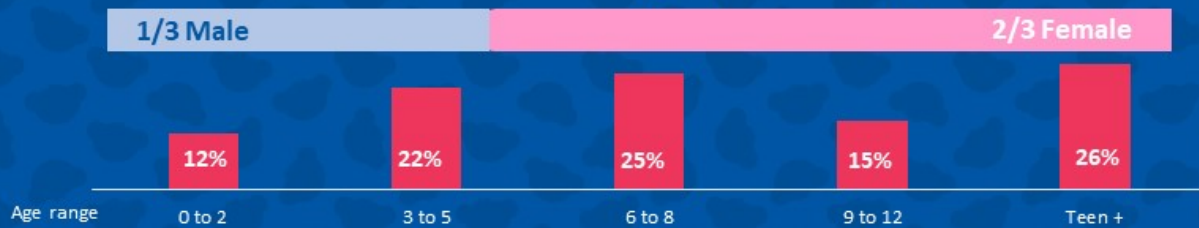
Over 80% of Moms say BAB is “a brand they trust”
and over 80% of kids say BAB is “fun to visit”

Source: C&R Research 2017

9MM

Bonus Club Members
and Opted-in E-mail data base

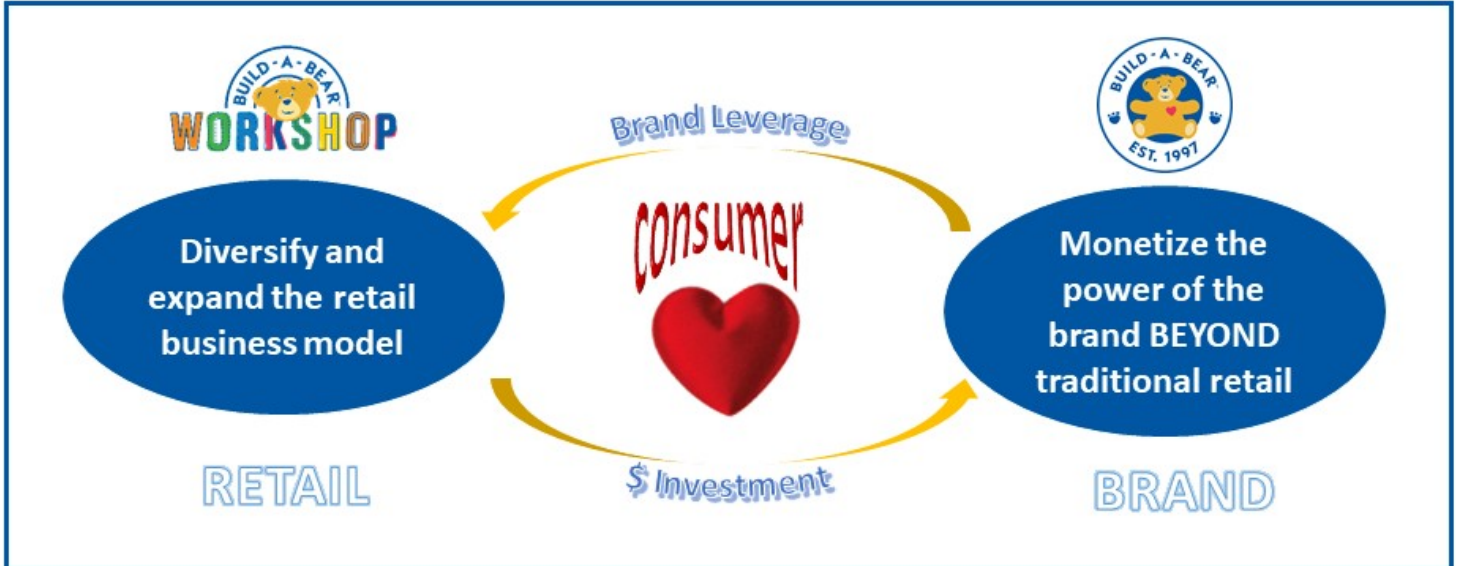
With Broad Demographic Appeal...



...and a Loyal, Passionate Consumer Base

AND YES, OVER 40% OF END USERS ARE TWEENS, TEENS AND ADULTS

BBW: A SOUND STRATEGY...



RETAIL

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

BRAND

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

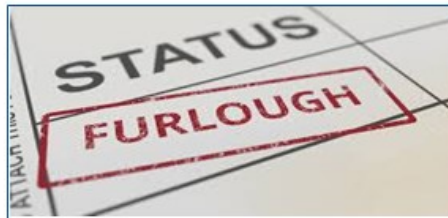
CONSUMER

Expand the consumer base & engagement by enabling participation in the brand in multiple ways

...EVEN IN THE COVID DISRUPTION



Forced to temporarily **CLOSE** all corporately-managed stores



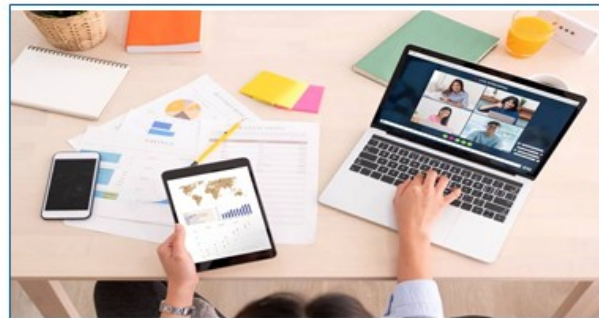
Furloughed over **90%** of workforce;
Salaries temporarily reduced for all others



Focused immediately on preserving **CASH** and reducing **EXPENSES**



Pivoted to manage **Triple-Digit** increase in e-commerce demand



Shifted to **VIRTUAL** workforce at HQ

...WHILE ACCELERATING KEY LONGER-TERM STRATEGIES in 2020



After initially responding to and managing the immediate challenges brought by COVID, a rapid shift was made to leverage the circumstances to accelerate our strategic initiatives for long-term benefit. Resources focused in 3 areas:

1) Accelerated the Digital Transformation to Drive Awareness, Demand and Revenue

Drove demand with key licensed products with e-comm first strategy



Recognized consumer mind shifts and needs



Leveraged content to stay engaged



Innovated with digital only promotions and events



Drove brand involvement and awareness with entertainment content



2) Rapidly Evolved Retail Leveraging Rent Optionality after Safely Reopening

Over 99% of leases were renegotiated in NA (and >90% in EU)



Reopened Retail Stores with modified service model



Utilized existing store overhead to help fulfill increased digital demand



3) Secured Financial Stability and Well-Being

AGGRESSIVE CASH MANAGEMENT



CORPORATE REORGANIZATION

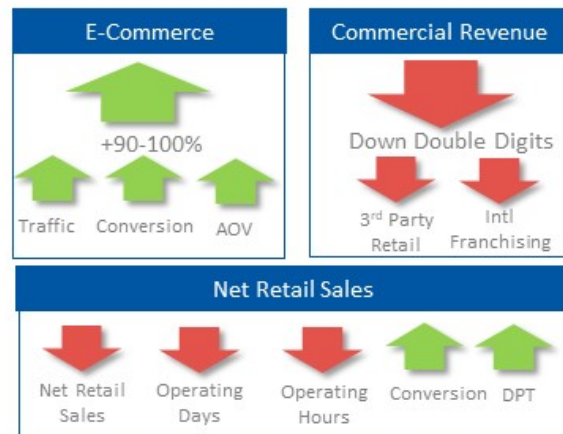
BBW: Q4-2020 SELECT FINANCIAL EXPECTATIONS



Q4-2020 Expectations:

(\$ in millions)	Q4 20 Range	Actual 2019	Mid Pt vs PY*
Total Revenues	\$88.0 - \$92.0	\$104.6	(\$14.6)
Gross Profit	\$43.5 - \$46.0	\$52.7	(\$8.0)
SG&A	\$39.5 - \$40.0	\$45.1	(\$5.4)
EBIT**	\$4.0 - \$6.0	\$7.6	(\$2.6)
EBITDA**	\$7.3 - \$9.3	\$10.9	(\$2.6)
Cash & Equivalents***	\$32 - \$37	\$26.7	+\$7.8

Q4-2020 Expectations:



AOV represents Average Order Volume;
DPT represents Dollars Per Transaction

COMMENTS

- Q4-2020 revenue declined ~14% compared to FY2019, driven by ~18% fewer operating days for corporately-managed retail stores in the quarter compared to the prior year's period including the closure of all UK-based stores early in January 2021. In addition to less days, during the open days, our stores had reduced operating hours and we followed mandates and regulations regarding capacity, which further impacted the comparison to last year.
- Disciplined management of controllable costs and the impact of rent negotiations from earlier in the year helped to deliver a profitable quarter despite the decline in revenue.
- Commercial revenue declined due to negative impact from COVID.

* Comparisons vs Prior Year at mid-point of 2020 range;

** These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document;

*** Projected at end of FY2020

FY2020 SELECT FINANCIAL EXPECTATIONS



FY2020 Expectations:

(\$ in millions)	H1-2020	H1-2019	vs PY	Proj H2-2020*	H2-2019	vs PY	Proj FY2020*	Act FY2019	vs PY
	Actual	Actual		Mid-pt of Q4 Range	Actual		Mid-pt of Q4 range	Actual	
Total Revenues	\$87.0	\$163.6	(\$76.6)	\$164.7	\$174.9	(\$10.2)	\$251.7	\$338.5	(\$86.8)
Gross Profit	\$15.6	\$73.2	(\$57.6)	\$79.5	\$80.4	(\$0.9)	\$95.1	\$153.6	(\$58.5)
SG&A	\$48.2	\$71.5	(\$23.3)	\$72.8	\$80.5	(\$7.7)	\$121.0	\$152.0	(\$31.0)
EBIT**	(\$32.6)	\$1.7	(\$34.3)	\$6.7	(\$0.1)	+\$6.8	(\$25.9)	\$1.6	(\$27.5)
EBITDA**	(\$25.9)	\$8.5	(\$34.4)	\$13.2	\$6.8	+\$6.4	(\$12.7)	\$15.3	(\$28.0)
Cash & Equivalents***							\$34.5	\$26.7	+\$7.8

COMMENTS

- Net retail sales were negatively impacted by temporary store closures due to COVID, partially offset by strong growth in e-commerce demand. Commercial revenues also declined due to negative COVID impact. Disciplined management of items within our control contributed to an improvement in H2 profit compared to the prior year.
- There is a direct correlation between the total revenue decline and the number of operating days due to COVID restrictions by quarter and by region where BBW has corporately managed stores.

Decline in Store Operating Days By Geography and Quarter

	Q1	Q2	Q3	Q4
US	(49%)	(60%)	(7%)	(10%)
UK	(52%)	(63%)	(7%)	(66%)
TTL	(50%)	(60%)	(7%)	(18%)

In addition, crowd size restrictions and reduced operating hours due to government mandates impacted brick-and-mortar sales particularly during the high-volume holiday period.

* H2-2020 and Proj FY2020 reflect Q4 results at mid-point of expected range;

** These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document;

*** Projected at end of FY2020



2021: CONTINUE TO EVOLVE OUR KEY INITIATIVES



1 Further acceleration of digital transformation

Expand digital capabilities and drive optimization across the entire organization to grow revenues and improve profitability.



2 Rapidly evolve retail capabilities

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



3 Financial stability and liquidity management

Maintain the financial discipline required to support our business during on-going COVID uncertainty, while making select strategic investments designed for future growth.



2021

SELECT INITIATIVES



1 Accelerate the company's digital transformation

- Advance overall digital capabilities across the enterprise including CRM programs;
- Improve digital marketing capabilities and efficiency;
- Utilize digital media, content & entertainment as marketing and brand-building tools to engage consumers and drive sales.



2 Rapidly evolve retail capabilities

- Broaden addressable market & expand consumer base with omni-channel engagement using occasion-based offerings and high-appeal licenses;
- Launch disruptive new digital retail experience to drive revenue and trial;
- Expand fulfillment capabilities to efficiently deliver increased demand creation.



3 Financial stability and liquidity management

- Focus on prudent and conservative cash usage during ongoing COVID uncertainty;
- Maintain disciplined expense management, including SG&A, as well as ongoing lease negotiations retaining optionality while continuing to evolve real estate portfolio;
- Strategically manage capital to support key initiatives.



2021

SELECT INITIATIVES



1 Accelerate digital transformation



2 Rapidly evolve retail capabilities



3 Financial stability and liquidity management



1

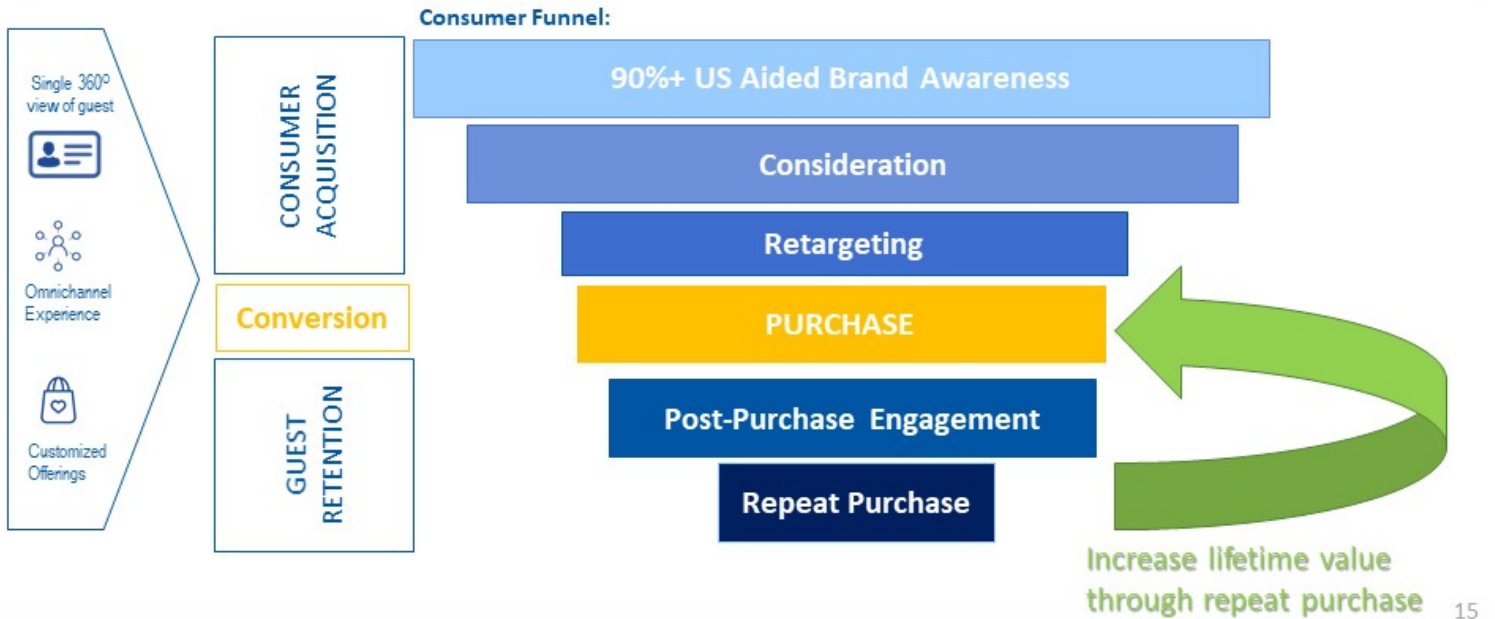
2021: ACCELERATE DIGITAL TRANSFORMATION

Advance overall digital capabilities across the enterprise including CRM programs



Enhance digital technology & capabilities via Salesforce platform, combined with robust CRM data to enable new, multi-channel buyer journeys designed to acquire new consumers and drive lifetime value of existing guests.

Key Communication Tools include: Push Marketing (E-mail, SMS/TXT, Paid Social), New buyer journeys, Lead generation, Targeted messaging, Content & Entertainment creation and distribution, Stores, PR, etc.





1

2021: ACCELERATE DIGITAL TRANSFORMATION

Improve digital marketing capabilities and efficiency



Our digital-first approach leverages changes in consumer media preferences with projected **TRIPLE-DIGIT E-COMMERCE GROWTH IN FY2020 ENABLED BY:**



Also, enhanced digital technology by adding Queue-it and a “bear bot” to improve e-commerce interface.



2021 select tactics include:

Use improved analytics and tools to further enhance identification of target consumers via their interests, intent and engagement including:

- Search, queries, ad engagement, profile and “look-alike” data
- Personalized product suggestions and promotional offers.

Evolve and accelerate consumer engagement in preferred digital platforms with a cumulative opted-in access to over 10MM consumers:

- Facebook, Instagram, Google Ads (YouTube, Search, Display), programmatic, TikTok, Opted-in e-mails, etc.

Expand on-line streaming events to drive consumer awareness, engagement and sales:

- Hosted a number of on-line streaming events in 2020, some of which included new in-app immediate purchase capabilities.

* H2 includes FY 2020 Q3 results and Q4 through December



1

2021: ACCELERATE DIGITAL TRANSFORMATION

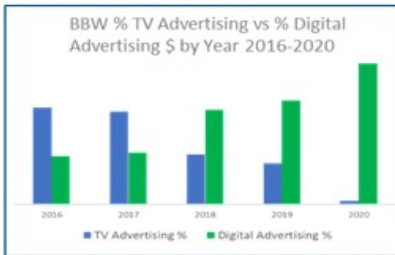
Utilize digital media, content & entertainment as marketing and brand-building tools to engage consumers and drive sales



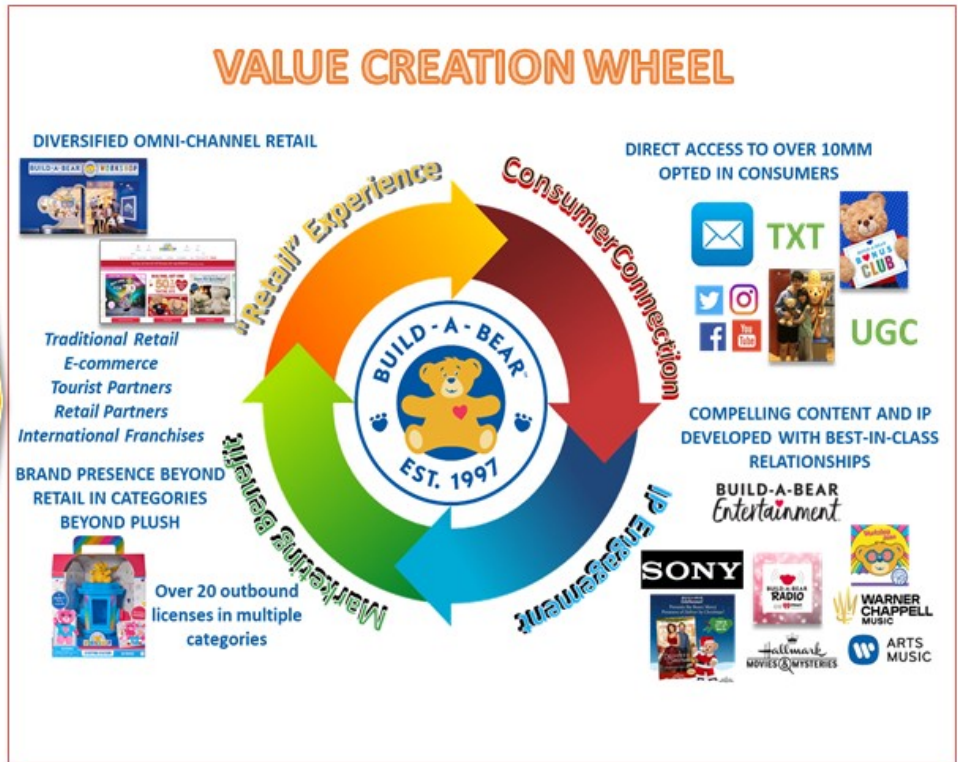
Generated over 10 billion media impressions in 2020 with digital-first integrated multi-touchpoint consumer communications.

Continue to focus on digital and non-traditional media communications efforts in 2021 via:

- A multi-dimensional marketing model designed to drive consumer brand connections while shifting media expenditures toward digital efforts - and away from venues like traditional TV - while generating alternative coverage and impressions with strategies including entertainment content;



- A focused Public Relations effort which remains an important lever for BBW particularly given our brand's high recognition.





2021

SELECT INITIATIVES



1 Accelerate digital transformation



2 Rapidly evolve retail capabilities



3 Financial stability and liquidity management



2

2021: RAPIDLY EVOLVE RETAIL CAPABILITES

Broaden addressable market & expand consumer base with omni-channel engagement using occasion-based offerings and high-appeal licenses



Expand digital capabilities to market broad-appeal licensed offerings and occasion-based products, to increase purchase consideration and drive both new guest acquisition and repeat business.

BROAD-APPEAL HIGH AFFINITY LICENSES



BROAD-APPEAL GIFTING



SEASONAL AND SPECIAL OCCASIONS



2020 H2 on-line demand included:

+ 130% increase in new guests

+ 190% increase in repeat purchases from lapsed guests

2021 select tactics include:

- Build on digital media algorithms and ID targeting to “find” new affinity consumers and roll out new customer journeys to drive repeat purchase.
- Continue to leverage key licenses like “The Child” and “Harry Potter” (which drove the majority of new guest acquisition demand in 2020) as we expect these properties to have “long tails” in 2021 & beyond.
- Introduce a new highly-requested affinity product line based on a video game with over 10 million players via our NINTENDO relationship.

* H2 includes FY 2020 Q3 results and Q4 through December



2

2021: RAPIDLY EVOLVE RETAIL CAPABILITIES

Launch disruptive new digital retail experience to drive revenue and trial

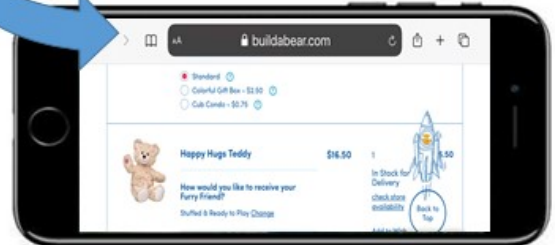


THIS NEW "CYBEAR" WORKSHOP:

- Is designed to elevate our e-commerce platform to be a more interactive & personalized digital experience, reflecting some of the attributes of our iconic "retail-tainment" store process;
- Creates an additive, disruptive e-commerce opportunity as our digital demand has increased at triple-digit rates;
- Was developed "mobile first," leveraging the fact that over 80% of Build-A-Bear digital demand comes from mobile devices.



**Interactive
from Stuffing to
Purchasing**





2 2021: RAPIDLY EVOLVE RETAIL CAPABILITES

Launch disruptive new digital retail experience to drive revenue and trial



Introducing.. **BB3D**

Coming in 2021



CHOOSE ME



FLUFF ME



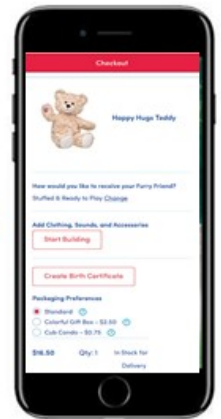
ADD A HEART



DRESS ME



TAKE ME HOME





2

2021: RAPIDLY EVOLVE RETAIL CAPABILITES

Expand fulfillment capabilities to efficiently deliver increased demand creation



2020 delivered expanded and diversified options to fulfill digital demand.

- More than doubled e-commerce fulfillment capacity with improved warehouse throughput and the addition of stores as “mini-warehouses” which also leveraged in-store labor
 - 30% of digital demand during Q4 holiday season was fulfilled by stores
- Added new capabilities including: BOSFS, BOPIS and CURBSIDE PICK UP
- Enhanced “last mile” and same day opportunities with new Shipt relationship



2021 SELECT TACTICS INCLUDE:



Ohio Warehouse Reconfiguration

Given the expected continued growth in on-line demand, BBW is making a strategic investment to expand the fulfillment, efficiency and through-put of our current warehouse facility.

We also expect to see the full year benefit of the enhanced and new capabilities above, while driving continuous improvement.



2021

SELECT INITIATIVES



1 Accelerate digital transformation



2 Rapidly evolve retail capabilities



3 Financial stability and liquidity management



3 FINANCIAL STABILITY AND LIQUIDITY MANAGEMENT



We plan to maintain the financial discipline required to support our business during on-going COVID uncertainty, while making strategic investments in the future

Signed 5-year \$25MM credit facility agreement with PNC Bank in 2020.

Disciplined Cash Management

- Cash and equivalents expected to be \$32MM-\$37MM at end of FY2020.
- Focus on cash preservation
- Continue to improve inventory management

Focused Expense Management

- Currently forecasting FY2021 SG&A to be less than FY2019
- With ongoing lease negotiations, expect to maintain high optionality while continuing to evolve real estate portfolio

Strategic Use of Capital

- 2021 Capital Expenditures are expected to be in the range of \$5.0 - \$10.0MM, with Depreciation and Amortization in the range of \$12.0-\$14.0MM
- Plan to invest in warehouse reconfiguration and to continue to support digital transformation

**POWERFUL and EVOLVED BRAND**

Build-A-Bear has multi-generational consumer connections and monetizable brand equity almost 25 years in the making

**EXPERIENCED and DRIVEN TEAM**

Flexible, responsive and disciplined management team and organization

**SOUND STRATEGY EVEN AMID COVID DISRUPTION**

Designed to drive profitable growth and leverage and monetize brand equity to diversify revenue streams

**ACCELERATED KEY STRATEGIC INITIATIVES IN 2020**

While securing financial stability

**FOCUSED ON CONTINUED OPPORTUNITY IN 2021**

Driving results in digital transformation and retail evolution



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

Reconciliation of Non-GAAP Measures: Projected Q4 FY20 Range and Actual Q4 FY19



FY20 Q4 Range		
(\$ in millions)	Low	High
Income before income taxes (pre-tax)	\$4.0	\$6.0
Interest	\$0	\$0
Earnings before interest and taxes (EBIT)	\$4.0	\$6.0
Depreciation & Amortization	\$3.3	\$3.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$7.3	\$9.3

Actual Q4 FY19	
(\$ in millions)	Q4 FY19
Income before income taxes (pre-tax)	\$7.6
Interest	\$0
Earnings before interest and taxes (EBIT)	\$7.6
Depreciation & Amortization	\$3.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$10.9

Reconciliation of Non-GAAP Measures: First Half 2020 and 2019 Results



(\$ in millions)	Actual H1 FY20	Actual H1 FY19
(Loss)/Income before income taxes (pre-tax)	(\$32.6)	\$1.7
Interest	\$0	\$0
Earnings before interest and taxes (EBIT)	(\$32.6)	\$1.7
Depreciation & Amortization	\$6.7	\$6.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(\$25.9)	\$8.5

Reconciliation of Non-GAAP Measures: Mid Point for Projected Second Half 2020 and Actual Second Half 2019



(\$ in millions)	Projected H2 FY20	Actual H2 FY19
Income/(Loss) before income taxes (pre-tax)	\$6.7	(\$0.1)
Interest	\$0	\$0
Earnings before interest and taxes (EBIT)	\$6.7	(\$0.1)
Depreciation & Amortization	\$6.5	\$6.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$13.2	\$6.8

Reconciliation of Non-GAAP Measures: Mid Point for Projected Full Year 2020 and Actual Full Year 2019



(\$ in millions)	Projected Full Year FY20	Actual Full Year FY19
(Loss)/Income before income taxes (pre-tax)	(\$25.9)	\$1.6
Interest	\$0	\$0
Earnings before interest and taxes (EBIT)	(\$25.9)	\$1.6
Depreciation & Amortization	\$13.2	\$13.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(\$12.7)	\$15.3



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