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): August 26, 2026

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	001-32320	43-1883836
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

415 South 18th St., St. Louis, Missouri	63103
(Address of Principal Executive Offices)	(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))

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. ☐

Item 2.02. Results of Operations and Financial Condition.

On August 27, 2026, Build-A-Bear Workshop, Inc. (the “Company”) issued a press release setting forth results for the Company’s 2026 fiscal quarter ended August 1, 2026.

The Company reported that for the second quarter of 2026, total revenues were $115.3 million, compared to $124.2 million in the second quarter of 2026, pre-tax income was $11.6 million, compared to $15.3 million in the second quarter of 2026, and second-quarter diluted earnings per share (“EPS”) totaled $0.70, compared to $0.94 in the second quarter of 2026.

For the first half of the year, total revenues were $240.6 million, a decrease of 4.8% from the first half of the prior year, pre-tax income was $35.5 million, or 14.8% of total revenues, compared to $34.9 million, or 13.8% of total revenues for the first half of the prior year, and diluted EPS totaled $2.16, compared to $2.11, reflecting higher pre-tax income and a reduction in share count, partially offset by a higher tax rate.

For the first half of fiscal 2026, the Company returned $22.7 million to shareholders through share repurchases and quarterly dividends. The Company updates its fiscal 2026 expectations, including lowering its revenue outlook to a range of $500 million to $525 million and its pre-tax income outlook to a range of $60 million to $68 million.

A copy of the Company’s press release is being furnished as Exhibit 99.1 and hereby incorporated by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 26, 2026, Build-A-Bear Workshop, Inc. (the “Company”) terminated the employment of David Henderson, Chief Growth Officer, without cause, effective as August 26, 2026 (the “Termination Date”). Accordingly, the Amended and Restated Employment, Confidentiality and Noncompete Agreement, effective as of June 11, 2026, by and between Mr. Henderson and the Company, was terminated as of the same date.

In connection with the termination of his employment, the Company presented Mr. Henderson with a form of a Separation and Release Agreement (the “Separation Agreement”) pursuant to which Mr. Henderson will be entitled to receive the following payments and benefits in accordance with the existing terms of his previously disclosed arrangements with the Company: (i) a cash severance payment equal to $501,500, payable in equal installments for a period of 12 months, commencing 30 days after the Termination Date; (ii) a lump sum cash payment equal to $31,723.92, payable within 30 days after the Termination Date, which represents 18 times the monthly amount that the Company was paying as the employer contribution toward coverage under the Company’s health, dental and vision plans as of the Termination Date for Mr. Henderson and his family; and (iii) payment of the prorated portion of any bonus due to him under the Company’s 2026 bonus plan for its executive officers based on actual performance for fiscal 2026, payable at the time any such bonus would have been paid had Mr. Henderson’s employment continued. All shares of Mr. Henderson’s restricted stock and any outstanding long-term performance-based cash incentive awards which had not vested on the date of the Termination Date will be forfeited in accordance with the terms of the applicable long-term incentive compensation program, as previously disclosed by the Company. Consistent with the existing terms of his previously disclosed arrangements with the Company, the Separation Agreement includes a general release of claims in favor of the Company, and Mr. Henderson has agreed to keep Company information confidential, and to certain non-compete and non-solicitation restrictions for one year following the Termination Date. The above-described benefits are conditioned on Mr. Henderson’s execution of the Separation Agreement within 21 days of the Termination Date and continued compliance with the restrictive covenant obligations.

The foregoing description of the Separation Agreement is only a summary of certain terms and conditions of this document and is qualified in its entirety by reference to the Form of Separation Agreement, which has been filed with this Form 8-K as Exhibit 10.1 and which is incorporated by reference herein.

* * * * *

The Company reports its financial results in accordance with generally accepted accounting principles (“GAAP”). In the press release furnished as Exhibit 99.1 hereto, the Company has supplemented the reporting of its 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 as a substitute for or superior to GAAP results.

The information furnished in, contained, or incorporated by reference into Item 2.02 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 2.02.

This Current Report on Form 8-K and the press release attached hereto as Exhibit 99.1 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
10.1	Form of Separation and Release Agreement by and between David Henderson and Build-A-Bear Workshop, Inc.
99.1	Press Release dated August 27, 2026
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.

BUILD-A-BEAR WORKSHOP, INC.

Date: August 27, 2026

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

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the "Agreement") is made between Build-A-Bear Workshop, Inc., a Delaware corporation (the "Company"), and David Henderson ("Employee") (each a "party" and together the "parties"):

WHEREAS, the Company entered into that certain Amended and Restated Employment, Confidentiality and Noncompete Agreement, which became effective as of June 11, 2026 (the "Employment Agreement"), with Employee, pursuant to which Employee currently serves as Chief Growth Officer of the Company.

WHEREAS, the Company now desires, pursuant to Section 4.1(c) thereof, to terminate the Employment Agreement and the Employee's employment with the Company, without Cause (as defined therein), effective as of August 26, 2026 (the "Separation Date").

WHEREAS, the parties wish to ensure an amicable separation and to provide for the release in full of all claims by Employee.

NOW, THEREFORE, the parties agree as follows:

1. Separation Benefits. Provided that Employee complies with all conditions described in Section 3 of this Agreement (the "Conditions"), the Company shall provide the following separation benefits to Employee:

a. Separation Pay. Subject to satisfaction of the Conditions, the Company shall continue Employee's base salary in accordance with its regular payroll practices for a period of twelve (12) months, commencing on the date that is thirty (30) days after the Separation Date, provided, however, that the first such payment will be made on the first regularly-scheduled payday that is at least five (5) business days after the Effective Date (as defined in Section 6) and will include all sums that would have been paid previously if payment was made thirty (30) days after the Separation Date. Separation pay will not be subject to voluntary employee deferral or employer matching contributions pursuant to any pension or other retirement plan. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b) of the Employment Agreement.

b. Welfare Benefits. Subject to satisfaction of the Conditions, the Company shall pay Employee, within thirty (30) days of the Separation Date, but not before the Effective Date, a single lump sum equal to eighteen (18) multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and his dependents are enrolled on the Separation Date. Such amount shall be subject to applicable income and employment tax withholdings.

2. Release in Full of All Claims. In exchange for the promises described in Section 1 of this Agreement, Employee, for himself and his heirs, assigns and personal representatives, fully and completely releases the Company and its parent, subsidiary and affiliated entities and all predecessors and successors thereto, and all benefit plans thereof, and all of their respective shareholders, members, partners, directors, officers, managers, employees, attorneys, administrators and agents (each a "Releasee" and collectively the "Releasees") from any and all claims or causes of action that Employee may have against the Releasees, known or unknown, including claims or causes of action that relate in any way to Employee's employment with any Releasee or the termination thereof, from the beginning of time through the date Employee signs this Agreement (each a "Released Claim" and together the "Released Claims"), including but not limited to the following:

(a) federal, state or local laws prohibiting discrimination (including harassment and retaliation) in employment, such as: (i) the Age Discrimination in Employment Act ("ADEA"), the Older Workers Benefit Protection Act, and Executive Order 11141, which prohibit discrimination based on age; (ii) Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. § 1981), the Equal Pay Act, and Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex; (iii) the Genetic Information Nondiscrimination Act, which prohibits discrimination on the basis of genetic information; (iv) the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; (v) the National Labor Relations Act, which prohibits discrimination for engaging in certain concerted protected activity; (vi) the Occupational Safety and Health Act and the Mine Safety and Health Act, which prohibit discrimination for engaging in certain safety-related activity; (vii) the Sarbanes Oxley Act, which prohibits discrimination for engaging in certain whistleblowing activity; and (viii) any state or local law that prohibits discrimination on any of the bases described above, including but not limited to the Missouri Human Rights Act (MHRA);

(b) federal, state or local laws regarding wages and hours, including laws regarding minimum wage, overtime compensation, wage payment, vacation pay, sick pay, compensatory time, commissions, bonuses, and meal and break periods wages, such as the Fair Labor Standards Act and state wage payment laws, including but not limited to the Missouri Minimum Wage Law, and the Missouri Wage Payment Law;

(c) other employment laws, including but not limited to: (i) the Family and Medical Leave Act and analogous state laws, which require employers to provide leaves of absence under certain circumstances; (ii) the Worker Adjustment and Retraining Notification Act (WARN) and analogous state laws, which require advance notice of certain workforce reductions; (iii) the Uniformed Services Employment and Reemployment Rights Act and analogous state laws, which require employers to provide military leave under certain circumstances; and (iv) the Employee Retirement Income Security Act, which protects employee benefits (among other things); and

(d) any common law theory, including but not limited to breach of contract (expressed or implied), promissory estoppel, wrongful discharge, outrageous conduct, defamation, fraud or misrepresentation, tortious interference, invasion of privacy, negligent hiring or supervision, or any other claims based in contract, tort or equity.

Excluded Claims: Notwithstanding the foregoing, the Released Claims do not include claims for breach of this Agreement, claims that arise after Employee signs this Agreement, claims for vested pension benefits, claims for workers' compensation benefits or unemployment compensation benefits, and any other claims that cannot by law be released by private agreement. In addition, this release does not prevent Employee from filing: (i) a lawsuit to challenge the effectiveness of a release of claims of age discrimination under the ADEA; or (ii) a charge with a governmental agency, including but not limited to the U.S. Equal Employment Opportunity Commission ("EEOC") and the U.S. Securities and Exchange Commission ("SEC"), but Employee is waiving his/her right to recover any monetary or injunctive relief pursuant to any such charge (except that this Agreement does not prevent Employee from receiving a bounty or similar award for providing information to the SEC).

Unknown Claims: Employee acknowledges and agrees that Employee is releasing both known and unknown claims and waives the benefit of any statute purporting to prevent Employee from releasing unknown claims, including but not limited to the protection of Cal. Civ. Code Section 1542, which states:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

3. Conditions. Employee shall comply with the following terms, as conditions of payment, and in the event that Employee fails to satisfy these conditions, the Company shall have no obligation to provide any separation benefits pursuant to Section 1 and shall be entitled to a refund of any separation benefits previously provided:

a. Execution and Return of Agreement. Employee shall sign this Agreement and return the signed original of the Agreement to the Company within twenty-one (21) calendar days after the Separation Date and shall not revoke it.

b. Property. Subject to Section 7, Employee shall return all Company property in Employee's possession, custody or control not later than August 31, 2026, including but not limited to all motor vehicles, computer hardware, office equipment, telephones, credit cards, keys, card keys, and the originals and all copies of all documents, files, computer software and electronic data of any kind; provided, however, that Employee may retain copies of documents reflecting Employee's compensation and benefits from the Company. By signing this Agreement, Employee represents and warrants that Employee has complied with this Section 3(b).

c. Other Agreements. Subject to Section 7, Employee shall fully comply with all other agreements between Employee and the Company (or any parent, subsidiary or affiliate of the Company or predecessor or successor thereto), including but not limited to sections 5 through 13 of the Employment Agreement, and any other agreements regarding confidentiality, protection of intellectual property, noncompetition, and nonsolicitation.

e. Non-Disparagement. Subject to Section 7, Employee shall not malign or disparage the Company or any other Releasee. By signing this Agreement, Employee represents and warrants that Employee has made no statement on or after the Separation Date that would violate this Section 3(e) if made after the Effective Date.

4. No Other Claims. Employee represents and warrants that:

(a) Employee has no Released Claims pending against the Company or any other Releasee and has not assigned or transferred any Released Claim to anyone;

(b) Employee has been timely paid all compensation owed for services rendered through the Separation Date, including all salary, wages, bonuses, commissions, overtime compensation (if applicable), and has timely received all meal periods and rest breaks to which Employee may have been entitled;

(c) Employee has been fully reimbursed for all business expenses incurred by Employee for which Employee was entitled to reimbursement;

(d) Employee did not suffer any work-related injury or illness as an employee of the Company or any other Releasee and is not aware of any facts or circumstances that would give rise to a workers' compensation claim by Employee against the Company or any other Releasee; and

(e) Employee did not suffer any sexual harassment or sexual abuse as an employee of the Company or any other Releasee and is not aware of any facts or circumstances that would give rise to such a claim by Employee against the Company or any other Releasee.

5. Acknowledgements. Employee acknowledges and agrees that:

(a) the consideration described in Section 1 of this Agreement is consideration to which Employee would not otherwise be entitled, but for the signing of this Agreement;

(b) Employee has been advised to consult with legal counsel about this Agreement and has been given an opportunity to do so;

(c) Employee has been given at least 21 days in which to consider this Agreement before signing it, any changes to this Agreement did not restart the 21-day consideration period, and if Employee has signed this Agreement in less than 21 days, Employee has done so voluntarily;

(d) Employee is not relying on any promises or representations of any kind, except those set forth in this Agreement; and

(e) Employee has signed this Agreement voluntarily, of Employee's own free will, and without any threat, intimidation or coercion.

6. Revocation; Effective Date. Employee may revoke this Agreement after signing it, by delivering written notice of revocation to the Company by email, personal delivery, or U.S. Mail addressed as follows, which notice must be received not later than the seventh (7th) day after Employee signs this Agreement, and this Agreement shall become effective on the eighth (8th) day after Employee signs this Agreement (the "Effective Date"), provided that Employee did not revoke this Agreement:

Chief Executive Officer
Build-A-Bear Workshop, Inc.
415 South 18th Street, Suite 200
St. Louis, MO 63103

If Employee revokes this Agreement, it shall not take effect, and Employee shall have no right to any separation benefits.

7. Protected Rights. Notwithstanding any other provision of this Agreement, nothing in this Agreement (or any other agreement signed by Employee) shall restrict Employee's right to (a) report violations of law to law enforcement officials; (b) give truthful testimony under oath in a judicial, administrative, or arbitral proceeding; (c) file a charge with, make truthful statements to, cooperate with investigations by, or assist others in proceedings before governmental agencies (including the U.S Equal Employment Opportunity Commission, the National Labor Relations Board and the U.S Securities and Exchange Commission); (d) speak with an attorney representing Employee; (e) discuss the facts related to any claim of sexual assault or sexual harassment; (f) engage in whistle-blower activity protected by the Securities Exchange Act of 1934, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any rules or regulations issued thereunder (including Rule 21F-17); (g) file or disclose any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which Employee may be entitled; (h) exercise rights under Section 7 of the National Labor Relations Act, including the right to discuss terms and conditions of employment with co-workers and labor unions; or (i) otherwise disclose information that Employee is legally entitled to disclose pursuant to applicable law. For the avoidance of doubt, Employee's past, present or future exercise of any rights described in this Section 7 shall not constitute a breach of this Agreement. In addition, 18 U.S.C. §1833(b) provides as follows, and nothing in this Agreement or any other agreement, or any Company policy, is intended to conflict with this statutory protection: "*(1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order*." In the event of any conflict between a provision of this Agreement and applicable state law, state law will govern.

8. Invalidity of Release. If any provision of Section 2 of this Agreement is held to be invalid or unenforceable and Employee is permitted to and does assert any Released Claim against a Releasee, the Company shall be entitled to an immediate refund of all separation benefits provided pursuant to Section 1 of this Agreement (except that Employee may retain $100), in addition to any other remedy available to the Company under law or equity; provided, however, that this provision shall not apply to a claim of age discrimination under the ADEA unless ordered by a court of law.

9. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall be unaffected and shall continue in full force and effect.

10. No Admission. The parties agree that this Agreement is not an admission, and shall not be construed as an admission, by either party of any violation of law or other wrongdoing of any kind.

11. Attorney Fees and Costs. In any litigation, arbitration or other proceeding arising out of or relating to this Agreement, the prevailing party shall be entitled to recover his/her/its reasonable attorney fees and costs; provided, however, that this provision shall not apply to a claim of age discrimination under the ADEA or a suit challenging the validity of a release of age discrimination claims under the ADEA.

12. Controlling Law; Venue; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Missouri, without regard to any state's principles regarding conflict of laws. Any action arising out of or relating to this Agreement or the Released Claims shall be brought only in the state or federal courts in or for St. Louis City or County, Missouri, and Employee and the Company hereby irrevocably waive any right that they might have to challenge the selection of those forums, including but not limited to challenges based on lack of personal jurisdiction, improper venue, or inconvenience of the forum. **Employee and the Company hereby irrevocably waive their respective rights to a jury trial with respect to any action or claims arising out of or relating to this Agreement or the Released Claims. <u>Employee understands and agrees that any action or claims arising out of or relating to this Agreement or the Released Claims shall be heard only by a judge and not by a jury and that Employee is giving up Employee's right to have any such action or claims heard by a jury</u>.**

13. Code Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), or an exemption thereto, and payments may only be made under this Agreement upon an event and in a manner permitted by Section 409A or an exception thereto. Accordingly, this Agreement shall be interpreted in a manner consistent with the requirements of Section 409A to the extent applicable. Any payments under this Agreement that may be excluded from Section 409A either as ac short-term deferral or as separation pay due to an involuntary separation from service shall be excluded from Section 409A to the maximum extent possible. All separation payments to be made upon the termination of employment hereunder may only be made upon a "separation from service" within the meaning of Section 409A. Each amount to be paid or benefit provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A. Notwithstanding any other provision in this Agreement or in any other document, the Company shall not be responsible for the payment of any applicable taxes incurred by Employee pursuant to this Agreement, under Section 409A or otherwise. The Company makes no representation that any or all of the payments and benefits described in this Agreement will be exempt from or comply with Section 409A.

14. Entire Agreement. This Agreement is the entire agreement between the parties regarding the subjects addressed herein, and it supersedes all prior discussion, negotiations, representations or agreements, whether oral or written. This Agreement may not be modified or amended, nor may any term or provision hereof be waived or discharged, except in a writing signed by both parties. This Agreement may be executed in counterparts, including counterparts transmitted by fax or in PDF form via email, all of which together shall constitute one fully-executed agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates shown below.

NOTE TO EMPLOYEE:
Sign and return by the deadline specified in Section 3(a).
Do not sign before last day of employment.

EMPLOYEE:

____
David Henderson

Date: ______________________________

COMPANY:
Build-A-Bear Workshop, Inc.

By: ______________________________
Yevgeny Fundler, Chief Legal Officer

Date: ______________________________

Exhibit 99.1

BUILD-A-BEAR WORKSHOP REPORTS FISCAL SECOND QUARTER 2026 RESULTS

ST. LOUIS, MO (August 27, 2026) – Build-A-Bear Workshop, Inc. (NYSE: BBW) today announced results for the second quarter of fiscal year 2026 ended August 1, 2026.

- Second-quarter total revenues were $115.3 million, compared to $124.2 million
- Second-quarter pre-tax income was $11.6 million, compared to $15.3 million
- Second-quarter diluted earnings per share ("EPS") totaled $0.70, compared to $0.94
- For the first half of fiscal 2026, the Company returned $22.7 million to shareholders through share repurchases and quarterly dividends
- The Company updates its fiscal 2026 expectations, including lowering its revenue outlook to a range of $500 million to $525 million and its pre-tax income outlook to a range of $60 million to $68 million

"While we expected fiscal 2026 to be back-half weighted, second-quarter results fell short of our expectations, and certain wholesale opportunities may take longer to realize than previously anticipated. Accordingly, we have moderated our outlook for the balance of the year. That said, we continue to execute against our long-term strategic growth initiatives, including the planned acceleration in experience location openings during the remainder of the year. We also look forward to the upcoming grand opening of our new, highly immersive, multi-level, largest retail-tainment destination at ICON Park in Orlando, which will showcase an elevated expression of the Build-A-Bear experience," commented Chris Hurt, Chief Executive Officer of Build-A-Bear Workshop.

Voin Todorovic, Chief Financial Officer and Chief Administrative Officer of Build-A-Bear Workshop, concluded, "Our continued strong profitability and disciplined capital allocation drove the return of $49 million to shareholders over the past 12 months through share repurchases and quarterly dividends, including almost $23 million in the first half of this year. Looking ahead, we expect cash generation to increase through the remainder of the year, supported by continued profitability, prudent expense management, and the timing of capital expenditures."

Second Quarter Fiscal 2026 Results
(13 weeks ended August 1, 2026, compared to the 13 weeks ended August 2, 2025)

- Total revenues were $115.3 million and decreased 7.2%

  - Net retail sales were $106.5 million and decreased 7.1%
  - Consolidated e-commerce demand (online orders fulfilled from either the Company's warehouses or its stores) decreased 15.6%
  - Commercial and international franchise revenues were a combined $8.8 million and decreased 9.0%

- Pre-tax income was $11.6 million, or 10.1% of total revenues, compared to $15.3 million, or 12.3% of total revenues. The Company incurred approximately $1 million in tariffs and related costs during both periods. The 220-basis-point decrease in pre-tax margin reflects a 340-basis-point decrease in gross margin due to occupancy cost deleverage and increased promotional activity, partially offset by a 80-basis-point decrease in selling, general, and administrative expense ("SG&A"), driven mainly by lower incentive compensation expense, as well as higher interest income.

- Diluted EPS totaled $0.70, compared to $0.94, reflecting lower pre-tax income and a higher tax rate, partially offset by a reduction in share count.

- Earnings before interest, taxes, depreciation and amortization ("EBITDA") was $15.2 million, or 13.2% of total revenues, compared to $18.8 million, or 15.1% of total revenues.

First Half Fiscal 2026 Results
(26 weeks ended August 1, 2026, compared to the 26 weeks ended August 2, 2025)

- Total revenues were $240.6 million and decreased 4.8%.

  - Net retail sales were $220.0 million and decreased 6.1%.
  - Consolidated e-commerce demand (online orders fulfilled from either the Company's warehouses or its stores) decreased 21.2%.
  - Commercial and international franchise revenues were a combined $20.6 million and increased 11.6%.

- Pre-tax income was $35.5 million, or 14.8% of total revenues, compared to $34.9 million, or 13.8% of total revenues. The Company incurred approximately $1.5 million in tariffs and related costs, compared to approximately $1.0 million in the prior-year period. The 100-basis-point increase in pre-tax margin reflects a 200-basis-point increase in gross margin, including a 330-basis-point benefit from the $7 million International Emergency Economic Powers Act ("IEEPA") tariff refund related to prior fiscal year costs, partially offset by more recently imposed tariffs, increased promotional activity, and occupancy cost deleverage, and a 120-basis-point increase in SG&A expense, driven mainly by higher store-level compensation expense, general inflationary pressures, and longer-term investments, partially offset by lower incentive compensation expense, as well as higher interest income. Excluding the $7 million tariff refund related to prior fiscal year costs, adjusted pre-tax income was $28.5 million, or 11.9% of total revenues. [1]

- Diluted EPS totaled $2.16, compared to $2.11, reflecting higher pre-tax income and a reduction in share count, partially offset by a higher tax rate. Excluding the $7 million impact from the tariff refund related to prior fiscal year costs, adjusted EPS totaled $1.73. [1]

- EBITDA was $42.9 million, or 17.8% of total revenues, compared to $41.9 million, or 16.6% of total revenues. Excluding the $7 million impact from the tariff refund related to prior fiscal year costs, adjusted EBITDA was $35.9 million, representing 14.9% of total revenues. [1]

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[1] See supplemental schedules for additional information, including the GAAP and Non-GAAP reconciliations.

Store Activity
For the quarter, the Company delivered net new unit growth of five global experience locations, reflecting three corporately-managed locations, six franchise locations, and partially offset by a net decline of four partner-operated locations. At the end of the quarter, Build-A-Bear had 674 global locations, comprised of 379 corporately-managed locations, 177 partner-operated locations, and 118 franchise locations.

Balance Sheet
At the end of the second quarter, cash and cash equivalents totaled $14.0 million, a decrease of $25.1 million, or 64.2%, from $39.1 million at the end of the second quarter last year, primarily driven by share repurchases and the timing of capital expenditures. The Company finished the quarter with no borrowings under its revolving credit facility.

Inventory at quarter end was $81.1 million, a decrease of $0.6 million, or 0.8%. The Company remains comfortable with the level and composition of its inventory.

For the second quarter and first half of fiscal 2026, capital expenditures totaled $8.6 million and $15.4 million, respectively, compared to $3.4 million and $6.3 million last year.

Return of Capital to Shareholders
For the second quarter, the Company utilized $5.6 million in cash to repurchase 155,118 shares of common stock and paid shareholders a $2.9 million quarterly cash dividend. For the first half of fiscal 2026, the Company utilized $17.1 million in cash to repurchase 403,236 shares of its common stock and paid $5.8 million in quarterly cash dividends to shareholders.

Since the end of the second quarter through August 26, the Company has utilized $1.5 million in cash to repurchase an additional 39,122 shares of its common stock. The Company has $43.2 million remaining under the board-authorized $100.0 million stock repurchase program adopted on September 11, 2024.

2026 Outlook
The Company lowers its fiscal 2026 outlook. Specifically, the Company now expects:

- Total revenues of $500 million to $525 million
- Pre-tax income of $60 million to $68 million

This pre-tax income outlook reflects an approximately $13 million IEEPA tariff refund. Excluding the approximately $7 million impact related to prior-year costs, the Company expects adjusted pre-tax income of $53 million to $61 million for fiscal 2026.[1]

The outlook also reflects $10 million to $11 million of ongoing tariffs and related costs, based on the current 12.5% tariff rate, as well as approximately $3 million in longer-term investments.

Additionally, the Company now expects:

- Commercial revenue to be approximately flat compared to fiscal 2025
- Capital expenditures of approximately $25 million
- Depreciation and amortization of approximately $17 million

The Company continues to expect:

- Net new unit growth of at least 50 experience locations through a combination of corporately-managed, partner-operated, and franchise business models
- Income tax rate to approximate 24%, excluding discrete items

The Company's outlook considers various factors, including tariffs, labor costs, changes in freight expense, and ongoing inflationary challenges. Separately, the Company's outlook does not contemplate any further material changes in the geopolitical environment, macroeconomic conditions, relevant foreign currency exchange rates, or tariffs.

Note Regarding Non-GAAP Financial Measures
In this press release, the Company's financial results are provided in accordance with generally accepted accounting principles (GAAP) and using certain non-GAAP financial measures. In particular, the Company provides historic income adjusted to exclude certain costs, which are 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 later in this document.

Webcast and Conference Call Information
Today, at 9:00 a.m. ET, Build-A-Bear Workshop will host a conference call with investors and financial analysts to discuss its financial results. The call will be webcast on Build-A-Bear's Investor Relations website at https://IR.buildabear.com.

The dial-in number for the live conference call is (201) 493-6780 (toll/international) or (877) 407-3982 (toll-free). The access code is Build-A-Bear. The live Internet broadcast may be accessed at https://IR.buildabear.com. The call is expected to conclude by 10:00 a.m. ET.

A replay of the conference call webcast will be available on the investor relations website for one year. A telephone replay will be available from approximately 1:00 p.m. ET on Thursday, August 27, 2026, until 11:59 p.m. ET on Thursday, September 17, 2026, and can be accessed by calling (412) 317-6671 (toll/international) or (844) 512-2921 (toll-free). The access code is 13761631.

About Build-A-Bear
Founded in 1997, Build-A-Bear is 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, the 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.

Today, Build-A-Bear operates more than 650 company-owned, partner-operated, and franchise experience locations across more than 30 countries, complemented by buildabear.com. Build-A-Bear Workshop, Inc. (NYSE: BBW) reported $529.8 million in total revenues for fiscal 2025, representing the Company's 5th consecutive year of record results. Learn more at 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 the information concerning our future liquidity, future revenues, margins and other future financial performance and results, achievement of operating or 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 captions entitled "Risk Factors" and "Forward-Looking Statements" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 16, 2026, and other periodic reports filed with the SEC which are incorporated herein.

All 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.

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BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(dollars in thousands, except share and per share data)

	13 Weeks Ended August 1, 2026	% of Total Revenues (1)	13 Weeks Ended August 2, 2025	% of Total Revenues (1)
Revenues:				
Net retail sales	$ 106,544	92.4	$ 114,635	92.3
Commercial revenue	8,086	7.0	8,629	6.9
International franchising	661	0.6	983	0.8
Total revenues	115,291	100.0	124,247	100.0
Cost of merchandise sold:				
Cost of merchandise sold - retail (1)	48,982	46.0	48,552	42.4
Cost of merchandise sold - commercial (1)	3,383	41.8	3,419	39.6
Cost of merchandise sold - international franchising (1)	437	66.1	765	77.8
Total cost of merchandise sold	52,802	45.8	52,736	42.4
Consolidated gross profit	62,489	54.2	71,511	57.6
Selling, general and administrative expense	51,410	44.6	56,399	45.4
Interest (income) expense, net	(552)	(0.5)	(206)	(0.2)
Income before income taxes	11,631	10.1	15,318	12.3
Income tax expense	2,871	2.5	2,951	2.4
Net income	$ 8,760	7.6	$ 12,367	10.0
Income per common share:				
Basic	$ 0.71		$ 0.94	
Diluted	$ 0.70		$ 0.94	
Shares used in computing common per share amounts:				
Basic	12,420,379		13,111,615	
Diluted	12,431,533		13,139,470	

(1) Selected statement of operations data expressed as a percentage of total revenues, except cost of merchandise sold - retail, cost of merchandise sold - commercial and cost of merchandise sold - international franchising that are expressed as a percentage of net retail sales, commercial revenue and international franchising, respectively. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales, commercial revenue or international franchising and immaterial rounding.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(dollars in thousands, except share and per share data)

	26 Weeks Ended August 1, 2026	% of Total Revenues (1)	26 Weeks Ended August 2, 2025	% of Total Revenues (1)
Revenues:				
Net retail sales	$ 220,010	91.5	$ 234,224	92.7
Commercial revenue	19,034	7.9	16,251	6.4
International franchising revenue	1,517	0.6	2,167	0.9
Total revenues	240,561	100.0	252,642	100.0
Costs and expenses:				
Cost of merchandise sold - retail (1)	89,320	40.6	100,123	42.7
Cost of merchandise sold - commercial (1)	7,802	41.0	6,433	39.6
Cost of merchandise sold - international franchising (1)	1,078	71.1	1,589	73.3
Total cost of merchandise sold	98,200	40.8	108,145	42.8
Consolidated gross profit	142,361	59.2	144,497	57.2
Selling, general and administrative expense	107,536	44.7	109,954	43.5
Interest expense (income), net	(686)	(0.3)	(406)	(0.2)
Income before income taxes	35,511	14.8	34,949	13.8
Income tax expense	8,452	3.5	7,263	2.9
Net income	$ 27,059	11.2	$ 27,686	11.0
Income per common share:				
Basic	$ 2.16		$ 2.11	
Diluted	$ 2.16		$ 2.11	
Shares used in computing common per share amounts:				
Basic	12,502,383		13,095,958	
Diluted	12,526,722		13,142,443	

(1) Selected statement of operations data expressed as a percentage of total revenues, except cost of merchandise sold - retail, cost of merchandise sold - commercial and cost of merchandise sold - international franchising that are expressed as a percentage of net retail sales, commercial revenue and international franchising revenue, respectively. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales, commercial revenue or international franchising revenue and immaterial rounding.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets
(dollars in thousands, except per share data)

	August 1, 2026	January 31, 2026	August 2, 2025
ASSETS			
Current assets:			
Cash, cash equivalents and restricted cash	$ 14,004	$ 26,755	$ 39,108
Inventories, net	81,130	82,203	81,758
Receivables, net	16,383	21,459	13,526
Prepaid expenses and other current assets	11,378	9,603	10,026
Total current assets	122,895	140,020	144,418
Operating lease right-of-use asset	$ 119,760	121,129	100,950
Property and equipment, net	79,058	70,926	58,804
Deferred tax assets	7,180	7,370	8,045
Other assets, net	5,208	6,008	6,021
Total Assets	$ 334,101	$ 345,453	$ 318,238
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	16,017	$ 15,318	$ 16,659
Accrued expenses	14,731	26,104	19,110
Operating lease liability short term	28,138	28,651	26,996
Gift cards and customer deposits	13,789	15,289	14,343
Deferred revenue and other	3,925	5,264	3,964
Total current liabilities	76,600	90,626	81,072
Operating lease liability long term	97,373	98,647	80,365
Other long-term liabilities	1,131	1,152	1,406
Stockholders' equity:			
Common stock, par value $0.01 per share	126	128	132
Additional paid-in capital	59,113	60,821	61,701
Accumulated other comprehensive loss	(11,132)	(10,760)	(11,304)
Retained earnings	110,890	104,839	104,866
Total stockholders' equity	158,997	155,028	155,395
Total Liabilities and Stockholders' Equity	$ 334,101	$ 345,453	$ 318,238

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Unaudited Selected Financial and Store Data
(dollars in thousands)

	13 Weeks Ended August 1, 2026	13 Weeks Ended August 2, 2025	26 Weeks Ended August 1, 2026	26 Weeks Ended August 2, 2025
Other financial data:				
Retail gross margin ($) (1)	$ 57,562	$ 66,083	$ 130,690	$ 134,101
Retail gross margin (%) (1)	54.0%	57.6%	59.4%	57.3%
Capital expenditures (2)	$ 8,596	$ 3,421	$ 15,421	$ 6,328
Depreciation and amortization	$ 4,112	$ 3,668	$ 8,114	$ 7,368
Store data (3):				
Number of corporately-managed retail locations at end of period				
North America			337	327
Europe			42	41
Total corporately-managed retail locations			379	368
Number of franchised stores at end of period			118	102
Number of third-party retail locations at end of period			177	157
Corporately-managed store square footage at end of period (4)				
North America			751,869	731,689
Europe			58,166	57,015
Total square footage			810,035	788,713

(1) 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. Store impairment is excluded from retail gross margin.

(2) Capital expenditures represents cash paid for property, equipment, and other assets.

(3) Excludes e-commerce. North American stores are located in the United States, Puerto Rico and Canada. In Europe, stores are located in the United Kingdom and Ireland. Seasonal locations not included in store count.

(4) Square footage for stores located in North America is leased square footage. Square footage for stores located in Europe is estimated selling square footage. Seasonal locations not included in the store count.

*** Non-GAAP Financial Measures**

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP figures
(dollars in thousands except per share data)

The following table provides a reconciliation of pre-tax income to adjusted pre-tax income for the periods indicated:

	13 Weeks Ended August 1, 2026	13 Weeks Ended August 2, 2025	26 Weeks Ended August 1, 2026	26 Weeks Ended August 2, 2025
Income before income taxes (pre-tax)	$ 11,631	$ 15,318	$ 35,511	$ 34,949
IEEPA tariff refund related to fiscal 2025 (1)	-	-	(7,000)	-
Adjusted income before income taxes (pre-tax)	$ 11,631	$ 15,318	$ 28,511	$ 34,949

The following table provides a reconciliation of net income to adjusted net income and net income per diluted share to adjusted net income per diluted share for the periods indicated:

	13 Weeks Ended August 1, 2026	13 Weeks Ended August 2, 2025	26 Weeks Ended August 1, 2026	26 Weeks Ended August 2, 2025
Net income	$ 8,760	$ 12,367	$ 27,059	$ 27,686
IEEPA tariff refund related to fiscal 2025, tax affected (2)	-	-	(5,338)	-
Adjusted net income	$ 8,760	$ 12,367	$ 21,721	$ 27,686
Net income per diluted share (EPS)	0.70	0.94	2.16	2.11
Adjusted net income per diluted share (adjusted EPS)	0.70	0.94	1.73	2.11

The following table provides a reconciliation of pre-tax income to Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA for the periods indicated:

	13 Weeks Ended August 1, 2026	13 Weeks Ended August 2, 2025	26 Weeks Ended August 1, 2026	26 Weeks Ended August 2, 2025
Income before income taxes (pre-tax)	$ 11,631	$ 15,318	$ 35,511	$ 34,949
Interest (income) expense, net	(552)	(206)	(686)	(406)
Depreciation and amortization expense	4,112	3,668	8,114	7,368
EBITDA	$ 15,191	$ 18,780	$ 42,939	$ 41,911
Adjustments to EBITDA				
IEEPA tariff refund related to fiscal 2025 (1)	-	-	(7,000)	-
Adjusted EBITDA	$ 15,191	$ 18,780	$ 35,939	$ 41,911

The following table provides a reconciliation of fiscal 2026 pre-tax income outlook to Adjusted pre-tax income outlook:

	Fiscal 2026 outlook	
Income before income taxes (pre-tax)	$ 60,000	$ 68,000
IEEPA tariff refund related to fiscal 2025 (1)	(7,000)	(7,000)
Adjusted income before income taxes (pre-tax)	$ 53,000	$ 61,000

(1) Relates to tariff refund attributable mainly to the second half of fiscal 2025
(2) Relates to tariff refund attributable mainly to the second half of fiscal 2025 net of income tax effect