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

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended August 2, 2025

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 001-32320

BUILD-A-BEAR WORKSHOP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock	BBW	New York Stock Exchange

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected 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.

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

As of September 8, 2025, there were 13,126,157 issued and outstanding shares of the registrant’s common stock.

BUILD-A-BEAR WORKSHOP, INC.
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PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<u>August 2, 2025</u>	<u>February 1, 2025</u>	<u>August 3, 2024</u>
	(Unaudited)		(Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 39,108	\$ 27,758	\$ 25,163
Inventories, net	81,758	69,775	66,977
Receivables, net	13,526	16,096	12,075
Prepaid expenses and other current assets	10,026	12,669	13,258
Total current assets	<u>144,418</u>	<u>126,298</u>	<u>117,473</u>
Operating lease right-of-use asset	100,950	90,200	94,158
Property and equipment, net	58,804	59,761	53,303
Deferred tax assets	8,045	7,596	8,694
Other assets, net	6,021	6,101	5,831
Total Assets	<u>\$ 318,238</u>	<u>\$ 289,956</u>	<u>\$ 279,459</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 16,659	\$ 16,538	\$ 17,542
Accrued expenses	19,110	16,209	13,343
Operating lease liability short term	26,996	26,841	30,110
Gift cards and customer deposits	14,343	15,791	15,828
Deferred revenue and other	3,964	4,015	3,490
Total current liabilities	<u>81,072</u>	<u>79,394</u>	<u>80,313</u>
Operating lease liability long term	80,365	70,155	71,993
Other long-term liabilities	1,406	1,325	1,362
Stockholders' equity:			
Preferred stock, par value \$0.01, Shares authorized: 15,000,000; No shares issued or outstanding at August 2, 2025, February 1, 2025 and August 3, 2024	-	-	-
Common stock, par value \$0.01, Shares authorized: 50,000,000; Issued and outstanding: 13,159,408, 13,257,131, and 13,590,945 shares, respectively	132	133	136
Additional paid-in capital	61,701	61,987	62,831
Accumulated other comprehensive loss	(11,304)	(12,554)	(11,913)
Retained earnings	104,866	89,516	74,737
Total stockholders' equity	<u>155,395</u>	<u>139,082</u>	<u>125,791</u>
Total Liabilities and Stockholders' Equity	<u>\$ 318,238</u>	<u>\$ 289,956</u>	<u>\$ 279,459</u>

See accompanying notes to condensed consolidated financial statements.

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

(Unaudited)

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

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Revenues:				
Net retail sales	\$ 114,635	\$ 103,455	\$ 234,224	\$ 211,323
Commercial revenue	8,629	7,294	16,251	13,278
International franchising	983	1,049	2,167	1,927
Total revenues	<u>124,247</u>	<u>111,798</u>	<u>252,642</u>	<u>226,528</u>
Costs and expenses:				
Cost of merchandise sold - retail	48,552	47,607	100,123	97,022
Cost of merchandise sold - commercial	3,419	3,008	6,433	5,541
Cost of merchandise sold - international franchising	765	614	1,588	1,231
Total cost of merchandise sold	<u>52,736</u>	<u>51,229</u>	<u>108,144</u>	<u>103,794</u>
Consolidated gross profit	71,511	60,569	144,498	122,734
Selling, general and administrative expense	56,399	49,212	109,955	96,774
Interest income, net	(206)	(188)	(406)	(614)
Income before income taxes	15,318	11,545	34,949	26,574
Income tax expense	2,951	2,767	7,263	6,337
Net income	<u>\$ 12,367</u>	<u>\$ 8,778</u>	<u>\$ 27,686</u>	<u>\$ 20,237</u>
Foreign currency translation adjustment	(9)	240	1,250	169
Comprehensive income	<u>\$ 12,358</u>	<u>\$ 9,018</u>	<u>\$ 28,936</u>	<u>\$ 20,406</u>
Income per common share:				
Basic	<u>\$ 0.94</u>	<u>\$ 0.64</u>	<u>\$ 2.11</u>	<u>\$ 1.47</u>
Diluted	<u>\$ 0.94</u>	<u>\$ 0.64</u>	<u>\$ 2.11</u>	<u>\$ 1.46</u>
Shares used in computing common per share amounts:				
Basic	13,111,615	13,665,958	13,095,958	13,795,958
Diluted	13,139,470	13,685,801	13,142,443	13,845,309

See accompanying notes to condensed consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Dollars in thousands)

	Twenty-six weeks ended	
	August 2, 2025	August 3, 2024
Cash flows provided by operating activities:		
Net income	\$ 27,686	\$ 20,237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,368	7,294
Share-based and performance-based stock compensation	1,172	1,035
Provision/adjustments for doubtful accounts	(27)	(44)
(Gain)/Loss on disposal of property and equipment	(17)	245
Deferred taxes	(383)	-
Change in assets and liabilities:		
Inventories, net	(11,240)	(3,364)
Receivables, net	2,928	(3,410)
Prepaid expenses and other assets	2,950	(664)
Accounts payable and accrued expenses	3,657	(4,332)
Operating leases	(481)	(2,198)
Gift cards and customer deposits	(1,513)	(2,304)
Deferred revenue	(83)	(82)
Net cash provided by operating activities	32,017	12,413
Cash flows used in investing activities:		
Purchases of property and equipment	(6,328)	(5,700)
Net cash used in investing activities	(6,328)	(5,700)
Cash flows used in financing activities:		
Purchases of common stock for employee equity awards, net of tax	(1,266)	(1,869)
Cash dividends paid	(5,836)	(5,651)
Purchases of Company's common stock	(7,323)	(18,347)
Net cash used in financing activities	(14,425)	(25,867)
Effect of exchange rates on cash	86	(10)
Increase/(Decrease) in cash, cash equivalents, and restricted cash	11,350	(19,164)
Cash, cash equivalents and restricted cash, beginning of period	27,758	44,327
Cash, cash equivalents and restricted cash, end of period	\$ 39,108	\$ 25,163
Supplemental disclosure of cash flow information:		
Cash and cash equivalents	\$ 38,707	\$ 24,768
Restricted cash from long-term deposits	\$ 401	\$ 395
Total cash, cash equivalents and restricted cash	\$ 39,108	\$ 25,163
Net cash paid during the period for income taxes	\$ 4,697	\$ 8,230

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation

The condensed consolidated financial statements included herein are unaudited and have been prepared by Build-A-Bear Workshop, Inc. and its subsidiaries (collectively, the “Company”) pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet of the Company as of February 1, 2025, was derived from the Company’s audited consolidated balance sheet as of that date. All other condensed consolidated financial statements contained herein are unaudited and reflect all adjustments which are, in the opinion of management, necessary to summarize fairly the financial position of the Company and the results of the Company’s operations and cash flows for the periods presented. All of these adjustments are of a normal recurring nature. All significant intercompany balances and transactions have been eliminated in consolidation. Because of the seasonal nature of the Company’s operations, results of operations of any single reporting period should not be considered as indicative of results for a full year. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended February 1, 2025, which were included in the Company’s Annual Report on Form 10-K filed with the SEC on April 17, 2025.

Certain prior period amounts in the notes to the condensed consolidated financial statements have been reclassified to conform to the current period presentation. These reclassifications did not affect net earnings attributable to Build-A-Bear Workshop, Inc.

Significant Accounting Policies

The Company's significant accounting policies are summarized in Note 2 to the consolidated financial statements included in its Form 10-K for the year ended February 1, 2025.

2. Revenue

Currently, most of the Company's revenue is derived from direct-to-consumer ("DTC") retail sales (including from its e-commerce sites) and is recognized when control of the merchandise is transferred to the customer. The Company's disaggregated revenue is fully disclosed as net sales to external customers by reporting segment and by geographic area (See Note 11 — Segment Information for additional information). The Company's direct-to-consumer reporting segment represents 92% of consolidated revenue for the second quarter of fiscal 2025. The majority of these sales transactions were single performance obligations that were recorded when control of merchandise was transferred to the customer.

The following is a description of principal activities from which the Company generates its revenue through three reportable segments.

1. The Company's direct-to-consumer segment includes the operating activities of corporately-managed stores, and e-commerce demand (orders generated online to be fulfilled from either the Company's warehouse or its stores). Direct-to-consumer revenue is recognized when control of the merchandise is transferred to the customer and for the Company's online sales, generally upon estimated delivery to the customer. Revenue is measured as the amount of consideration, including any discounts or incentives, the Company expects to receive in exchange for transferring the merchandise. Product returns have historically averaged less than one-half of one percent due to the personalized and interactive nature of its products, where consumers customize their own stuffed animal. The Company has elected to exclude from revenue all collected sales, value added, and other taxes paid by its consumers.

For the Company's gift cards, revenue is deferred for single transactions until redemption including any related gift card discounts. Approximately 80% of gift cards are redeemed within three years of issuance and over the last three years, approximately 65% of gift cards issued have been redeemed within the first twelve months. In addition, unredeemed gift cards or breakage revenue is recorded in proportion to the consumers' redemption pattern using an estimated breakage rate based on historical experience. Subsequent to stores reopening following shutdowns caused by the pandemic, the Company experienced lower redemptions of its gift cards for all periods of outstanding activated cards compared to pre-pandemic redemption patterns (fiscal year 2019 and earlier), which impacts the gift card breakage rate. The Company does not believe that the redemption pattern experienced during the pandemic reflects the pattern in the future and has adjusted the historical redemption data used to calculate the breakage rate. The Company continues to evaluate expected breakage annually and adjusts the breakage rates in the fourth quarter of each year, or at other times if significant changes in consumer behavior are detected. Changes to breakage estimates impact revenue recognition prospectively. Further, given the magnitude of the Company's gift card liability, the changes in breakage rates could have a significant impact on the amount of breakage revenue recognized in future periods. As a matter of sensitivity, a hypothetical 1% change in our gift card breakage rate in fiscal 2024 would have resulted in a change in breakage revenue of \$1.1 million.

For certain qualifying transactions, a portion of revenue transactions are deferred for the obligation related to the Company's loyalty program or when a material right in the form of a future discount is granted. In these transactions, the transaction price is allocated to the separate performance obligations based on the relative standalone selling price. The standalone selling price for the points earned for the Company's loyalty program is estimated using the net retail value of the merchandise purchased, adjusted for estimated breakage based on historical redemption patterns. The revenue associated with the initial merchandise purchased is recognized immediately and the value assigned to the points is deferred until the points are redeemed, forfeited or expired. The Company issues certificates daily to loyalty program members who have earned 100 or more points in North America and 50 points or more in the United Kingdom (the "U.K.") with certificates historically expiring in four months if not redeemed. The Company assesses the redemption rates of its certifications on a quarterly basis to update the rate at which loyalty program points turn into certifications and the rate that certifications are redeemed. In regard to the consolidated balance sheet, contract liabilities related to the loyalty program are classified as deferred revenue and other.

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

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

The Company also incurs expenses directly related to the startup of new franchises, which may include finder's fees, legal and travel costs, expenses related to its ongoing support of the franchises and employee compensation. Accordingly, the Company's policy is to capitalize any finder's fee, as an incremental cost, and expense all other costs as incurred. Additionally, the Company amortizes these capitalized costs into expense in the same pattern as the development fee's recording of revenue as described previously. These capitalized costs for the thirteen and twenty-six weeks ended August 2, 2025 are not material to the financial statements.

The Company reserves for "expected" credit losses on financial instruments and other commitments to extend credit rather than the "incurred loss" model. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions and reasonable and supportable forecasts. For the twenty-six weeks ended August 2, 2025 and August 3, 2024, the Company's accounts receivable are net of \$6.9 million and \$6.5 million, inclusive of the allowance for credit losses and the reserve for the UK's customs authority "HMRC" matter of \$3.6 million and \$3.1 million, respectively. See Note 12 for further discussion of the HMRC matter.

3. Leases

The majority of the Company's leases relate to retail stores and corporate offices. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Most new retail store leases have an original term of a five to ten-year base period and may include renewal options to extend the lease term beyond the initial base period. The extension periods are typically much shorter than the original lease term given the Company's strategic decision to maintain a high level of lease optionality. Some leases also include early termination options, which can be exercised under specific conditions. Additionally, the Company may operate stores for a period of time on a month-to-month basis after the expiration of the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, certain leases contain incentives, such as construction allowances from landlords and/or rent abatements subsequent to taking possession of the leased property.

The table below presents certain information related to the lease costs for operating leases for the thirteen and twenty-six weeks ended August 2, 2025 and August 3, 2024 (in thousands).

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Operating lease costs	\$ 10,765	\$ 10,021	\$ 21,208	\$ 19,605
Variable lease costs (1)	2,509	2,464	4,889	4,655
Short term lease costs	21	33	49	58
Total Operating Lease costs	<u>\$ 13,295</u>	<u>\$ 12,518</u>	<u>\$ 26,146</u>	<u>\$ 24,318</u>

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

Other information

The table below presents supplemental cash flow information related to leases for the thirteen and twenty-six weeks ended August 2, 2025 and August 3, 2024 (in thousands).

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Operating cash flows for operating leases	\$ 10,633	\$ 10,301	\$ 20,848	\$ 20,115

As of August 2, 2025 and August 3, 2024, the weighted-average remaining operating lease term was 6.1 years and 5.6 years, respectively, and the weighted-average discount rate was 7.1% and 7.2%, respectively, for operating leases recognized on the Company's condensed consolidated balance sheets.

The value of our operating lease asset was \$101.0 million and \$94.2 million as of August 2, 2025 and August 3, 2024, respectively. The increase was driven by the Company entering into leases for new stores as well as securing longer-term extensions for existing stores resulting in contracts with more favorable terms.

For the thirteen and twenty-six weeks ended August 2, 2025 and the thirteen and twenty-six weeks ended August 3, 2024 the Company incurred no impairment charges against its right-of-use operating lease assets.

Undiscounted cash flows

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

Operating Leases	
2025	\$ 14,814
2026	31,968
2027	21,287
2028	14,954
2029	12,179
Thereafter	41,278
Total minimum lease payments	<u>136,480</u>
Less: amount of lease payments representing interest	(29,119)
Present value of future minimum lease payments	<u>107,361</u>
Less: current obligations under leases	(26,996)
Long-term lease obligations	<u>\$ 80,365</u>

As of August 2, 2025, the Company had additional executed leases that had not yet commenced with operating lease liabilities of \$32.8 million. These leases are expected to commence in fiscal 2025 and fiscal 2026 with lease terms of ten to twenty years.

4. Other Assets

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

	August 2, 2025	February 1, 2025	August 3, 2024
Prepaid occupancy (1)	\$ 3,757	\$ 2,213	\$ 3,109
Prepaid insurance	451	1,248	693
Prepaid gift card fees	388	493	600
Prepaid royalties	203	736	195
Prepaid taxes (2)	143	1,512	526
Other (3)	5,084	6,467	8,135
Total	<u>\$ 10,026</u>	<u>\$ 12,669</u>	<u>\$ 13,258</u>

- (1) Prepaid occupancy consists of prepaid expenses related to variable non-lease components.
(2) Prepaid taxes consist of prepaid federal and state income tax.
(3) Other consists primarily of prepaid expense related to information technology maintenance contracts and software as a service.

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

	August 2, 2025	February 1, 2025	August 3, 2024
Entertainment production asset (1)	\$ 4,336	\$ 4,222	\$ 4,562
Deferred compensation	1,549	1,684	1,017
Other (2)	136	195	252
Total	<u>\$ 6,021</u>	<u>\$ 6,101</u>	<u>\$ 5,831</u>

- (1) Entertainment production asset includes the direct costs, production overhead and development costs in producing entertainment assets such as films or music.
(2) Other consists primarily of deferred financing costs related to the Company's credit facility.

5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	August 2, 2025	February 1, 2025	August 3, 2024
Accrued wages, bonuses and related expenses	\$ 12,122	\$ 13,268	\$ 9,896
Current income taxes payable	2,156	580	35
Sales and value added taxes payable	2,597	1,359	2,372
Accrued rent and related expenses (1)	885	1,002	1,040
Accrued expense - other (2)	1,350	-	-
Total	<u>\$ 19,110</u>	<u>\$ 16,209</u>	<u>\$ 13,343</u>

- (1) Accrued rent and related expenses consist of accrued costs associated with non-lease components.
(2) Accrued expense - other consists of costs associated with legal accruals.

6. Stock-based Compensation

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

For the thirteen weeks ended August 2, 2025 and August 3, 2024, selling, general and administrative expense included stock-based compensation expense of \$0.7 million and \$0.6 million, respectively. For the twenty-six weeks ended August 2, 2025 and August 3, 2024, selling, general, and administrative expense included stock-based compensation expense of \$1.2 million and \$1.0 million, respectively. As of August 2, 2025, there was \$6.4 million of total unrecognized compensation expense related to unvested restricted stock awards which is expected to be recognized over a weighted-average period of 2.1 years.

As of February 1, 2025, and August 2, 2025, the Company had no outstanding stock options.

The following table is a summary of the balances and activity related to time-based and performance-based restricted stock for the twenty-six weeks ended August 2, 2025:

	Time-Based Restricted Stock		Performance-Based Restricted Stock	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Outstanding, February 1, 2025 (1)	97,538	\$ 25.21	193,273	\$ 23.17
Granted (1)	44,530	46.60	49,564	47.64
Vested	(59,387)	24.23	-	-
Adjustment for performance achievement	-	-	(11,572)	18.03
Earned and vested	-	-	(61,222)	18.03
Forfeited (1)	-	-	-	-
Outstanding, August 2, 2025 (1)	82,681	\$ 37.43	170,043	\$ 32.32

(1) Performance-based restricted stock outstanding, granted, and forfeited are presented at 100% of target.

The total fair value of shares vested during the twenty-six weeks ended August 2, 2025 and August 3, 2024 was \$2.5 million and \$2.2 million, respectively.

The outstanding performance shares as of August 2, 2025 consist of the following:

	Performance Shares
Unearned shares subject to performance-based restrictions at target:	
2023 - 2025 consolidated pre-tax income growth objectives	36,309
2023 - 2025 consolidated revenue growth objectives	19,551
2024 - 2026 consolidated, cumulative EBITDA objectives	42,418
2024 - 2026 consolidated, cumulative revenue objectives	22,840
2025 - 2027 consolidated revenue growth objectives	48,925
Performance shares outstanding, August 2, 2025	170,043

7. Income Taxes

On July 4, 2025, the "One Big Beautiful Bill Act" ("OBBA") was signed into law. The Company has analyzed the legislation and expects that the OBBA will have an immaterial impact on our FY25 and FY26 effective tax rate. The Company is continuing to evaluate the impacts as additional information is provided.

The Company's effective tax rate was 19.3% and 20.8% for the thirteen and twenty-six weeks ended August 2, 2025 compared to 24.0% and 23.8% for the thirteen and twenty-six weeks ended August 3, 2024. The fiscal 2025 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense offset by the tax impact of equity awards vesting, the foreign-derived intangible income deduction and discrete benefits related to settlement of a prior period tax position. The fiscal 2024 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the tax impact of equity awards vesting. In addition, in the second quarter of fiscal 2025 and 2024, the Company remains in a full valuation allowance in certain foreign jurisdictions.



8. Stockholders' Equity

The following table sets forth the changes in stockholders' equity (in thousands) for the thirteen weeks ended August 2, 2025 and August 3, 2024 (in thousands):

	For the thirteen weeks ended August 2, 2025					For the thirteen weeks ended August 3, 2024				
	Common	APIC	AOCI	Retained	Total	Common	APIC	AOCI	Retained	Total
	stock	(1)	(2)	earnings		stock	(1)	(2)	earnings	
Balance, beginning	\$ 132	\$ 61,602	\$ (11,295)	\$ 98,243	\$ 148,682	\$ 139	\$ 64,065	\$ (12,153)	\$ 76,290	\$ 128,341
Stock-based compensation		375			375		336			336
Share repurchase		(276)		(2,839)	(3,115)	(3)	(1,570)		(7,576)	(9,149)
Cash dividends				(2,905)	(2,905)				(2,755)	(2,755)
Other comprehensive income (loss)			(9)		(9)			240		240
Net income				12,367	12,367				8,778	8,778
Balance, ending	<u>\$ 132</u>	<u>\$ 61,701</u>	<u>\$ (11,304)</u>	<u>\$ 104,866</u>	<u>\$ 155,395</u>	<u>\$ 136</u>	<u>\$ 62,831</u>	<u>\$ (11,913)</u>	<u>\$ 74,737</u>	<u>\$ 125,791</u>

(1) Additional paid-in capital ("APIC")

(2) Accumulated other comprehensive loss ("AOCI")

The following table sets forth the changes in stockholders' equity (in thousands) for the twenty-six weeks ended August 2, 2025 and August 3, 2024 (in thousands):

	For the twenty-six weeks ended August 2, 2025					For the twenty-six weeks ended August 3, 2024				
	Common	APIC	AOCI	Retained	Total	Common	APIC	AOCI	Retained	Total
	stock	(1)	(2)	earnings		stock	(1)	(2)	earnings	
Balance, beginning	\$ 133	\$ 61,987	\$ (12,554)	\$ 89,516	\$ 139,082	\$ 142	\$ 66,330	\$ (12,082)	\$ 75,272	\$ 129,662
Shares issued under employee stock plans		1,103			1,103	2	1,094			1,096
Stock-based compensation		659			659		669			669
Shares withheld in lieu of tax withholdings		(1,266)			(1,266)	(1)	(2,089)			(2,090)
Share repurchase	(1)	(782)		(6,540)	(7,323)	(7)	(3,173)		(15,167)	(18,347)
Cash dividends				(5,796)	(5,796)				(5,565)	(5,565)
Other				-	-				(40)	(40)
Other comprehensive income			1,250		1,250			169		169
Net income				27,686	27,686				20,237	20,237
Balance, ending	<u>\$ 132</u>	<u>\$ 61,701</u>	<u>\$ (11,304)</u>	<u>\$ 104,866</u>	<u>\$ 155,395</u>	<u>\$ 136</u>	<u>\$ 62,831</u>	<u>\$ (11,913)</u>	<u>\$ 74,737</u>	<u>\$ 125,791</u>

(1) Additional paid-in capital ("APIC")

(2) Accumulated other comprehensive loss ("AOCI")

During the thirteen and twenty-six weeks ended August 2, 2025, the Company utilized \$3.1 million in cash to repurchase 59,083 shares and utilized \$7.3 million in cash to repurchase 167,585 shares, respectively, under its \$100 million dollar stock repurchase program that was authorized by the Board of Directors on September 11, 2024 (the "September 2024 Stock Repurchase Program"). Between the end of the second fiscal quarter of 2025 and September 8, 2025, the Company utilized an additional \$1.9 million in cash to repurchase 34,949 under the September 2024 Stock Repurchase Program, leaving the aggregate \$80.0 million available for future repurchases under that plan. For the thirteen and twenty-six weeks ended August 2, 2025, the Company's Board of Directors authorized cash dividends to shareholders of \$2.9 million and \$5.8 million, respectively.

During the thirteen and twenty-six weeks ended August 3, 2024, the Company utilized \$9.1 million in cash to repurchase 341,621 shares and utilized \$18.2 million in cash to repurchase 685,027 shares, respectively, under its prior \$50.0 million program authorized by its Board of Directors on August 31, 2022 (the "August 2022 Stock Repurchase Program"). For the thirteen and twenty-six weeks ended August 3, 2024, the Company's Board of Directors authorized cash dividends to shareholders of \$2.7 million and \$5.6 million, respectively.

9. Income per Share

The following table sets forth the computation of basic and diluted net income per share (in thousands, except share and per share data):

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
NUMERATOR:				
Net income	\$ 12,367	\$ 8,778	\$ 27,686	\$ 20,237
DENOMINATOR:				
Weighted average number of common shares outstanding - basic	13,111,615	13,665,958	13,095,958	13,795,958
Dilutive effect of share-based awards:	27,855	19,842	46,485	49,351
Weighted average number of common shares outstanding - dilutive	<u>13,139,470</u>	<u>13,685,801</u>	<u>13,142,443</u>	<u>13,845,309</u>
Basic net income per common share	<u>\$ 0.94</u>	<u>\$ 0.64</u>	<u>\$ 2.11</u>	<u>\$ 1.47</u>
Diluted net income per common share	<u>\$ 0.94</u>	<u>\$ 0.64</u>	<u>\$ 2.11</u>	<u>\$ 1.46</u>

In calculating the diluted income per share for the thirteen and twenty-six weeks ended August 2, 2025, respectively, there were 28,036 and 14,018 shares of common stock that were outstanding at the end of the period that were not included in the computation of diluted income per share due to their anti-dilutive effect. For the thirteen and twenty-six weeks ended August 3, 2024, respectively, there were 36,689 and 28,989 shares of common stock that were outstanding at the end of the period that were not included in the computation of diluted income per share due to their anti-dilutive effect.

10. Comprehensive Income

The difference between comprehensive income or loss and net income or loss is the result of foreign currency translation adjustments on the balance sheets of subsidiaries whose functional currency is not the U.S. dollar. The accumulated other comprehensive loss balance on August 2, 2025 and August 3, 2024 was comprised entirely of foreign currency translation. For the thirteen weeks ended August 2, 2025 and August 3, 2024, the Company had no reclassifications out of accumulated other comprehensive loss.

11. Segment Information

The Company's operations are conducted through three operating segments consisting of DTC, commercial and international franchising. The DTC segment includes the operating activities of corporately-managed locations and other retail delivery operations in the U.S., Canada, the Republic of Ireland and the U.K., including the Company's e-commerce sites and temporary stores. The commercial segment includes the Company's transactions with other businesses, mainly comprised of licensing the Company's intellectual properties for third-party use and wholesale sales to our partner-operated locations. The international franchising segment includes the licensing activities of the Company's franchise agreements with store locations in select countries in Asia, Australia, the Middle East, Africa, and South America. The operating segments have discrete sources of revenue, different capital structures and different cost structures. These operating segments represent the basis on which the Company's chief operating decision maker regularly evaluates the business in assessing performance, determining the allocation of resources and the pursuit of future growth opportunities. Accordingly, the Company has determined that each of its operating segments represent a reportable segment. The three reportable segments follow the same accounting policies used for the Company's consolidated financial statements.

The following is a summary of the financial information for the Company's reportable segments (in thousands):

	Direct-to- Consumer	Commercial	International Franchising	Total
Thirteen weeks ended August 2, 2025				
Total Revenue	\$ 114,635	\$ 8,629	\$ 983	\$ 124,247
Cost of Goods Sold	48,552	3,419	765	52,736
Gross Profit	66,083	5,210	218	71,511
Selling, General & Administrative	34,183	97	-	34,280
Contribution Margin	31,900	5,113	218	37,231
Overhead Expenses(1)				22,119
Interest Income				(206)
Income before income taxes				\$ 15,318
Thirteen weeks ended August 3, 2024				
Total Revenue	\$ 103,455	\$ 7,294	\$ 1,049	\$ 111,798
Cost of Goods Sold	47,607	3,008	614	51,229
Gross Profit	55,848	4,286	435	60,569
Selling, General & Administrative	31,717	257	-	31,974
Contribution Margin	24,131	4,029	435	28,595
Overhead Expenses(1)				17,238
Interest Income				(188)
Income before income taxes				\$ 11,545
Twenty-six weeks ended August 2, 2025				
Total Revenue	\$ 234,224	\$ 16,251	\$ 2,167	\$ 252,642
Cost of Goods Sold	100,123	6,433	1,588	108,144
Gross Profit	134,101	9,818	579	144,498
Selling, General & Administrative	68,535	193	-	68,728
Contribution Margin	65,566	9,625	579	75,770
Overhead Expenses(1)				41,227
Interest Income				(406)
Income before income taxes				\$ 34,949
Twenty-six weeks ended August 3, 2024				
Total Revenue	\$ 211,323	\$ 13,278	\$ 1,927	\$ 226,528
Cost of Goods Sold	97,022	5,541	1,231	103,794
Gross Profit	114,301	7,737	696	122,734
Selling, General & Administrative	62,489	451	-	62,940
Contribution Margin	51,812	7,286	696	59,794
Overhead Expenses(1)				33,834
Interest Income				(614)
Income before income taxes				\$ 26,574

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

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

	Direct-to- Consumer	Commercial	International Franchising	Corporate	Total
Thirteen weeks ended August 2, 2025					
Depreciation and amortization	2,691	35	-	942	3,668
Capital Expenditures	2,381	-	-	984	3,365
Thirteen weeks ended August 3, 2024					
Depreciation and	2,584	54	-	998	3,636

amortization						
Capital Expenditures	2,187	-	-	1,083	3,270	
Twenty-six weeks ended						
August 2, 2025						
Total Assets	\$ 219,168	\$ 11,466	\$ 1,648	\$ 85,956	\$ 318,238	
Depreciation and amortization	5,425	74	-	1,869	7,368	
Capital Expenditures	4,021	-	-	2,307	6,328	
Twenty-six weeks ended						
August 3, 2024						
Total Assets	\$ 198,235	\$ 10,345	\$ 1,067	\$ 69,812	\$ 279,459	
Depreciation and amortization	5,207	106	-	1,981	7,294	
Capital Expenditures	4,090	-	-	1,610	5,700	

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

	North			Total
	America (1)	Europe (2)	Other (3)	
Thirteen weeks ended August 2, 2025				
Net sales to external customers	\$ 107,066	\$ 15,775	\$ 1,406	\$ 124,247
Thirteen weeks ended August 3, 2024				
Net sales to external customers	\$ 96,766	\$ 14,012	\$ 1,020	\$ 111,798
Twenty-six weeks ended August 2, 2025				
Net sales to external customers	\$ 218,339	\$ 31,402	\$ 2,901	\$ 252,642
Property and equipment, net	54,121	4,683	0	58,804
Twenty-six weeks ended August 3, 2024				
Net sales to external customers	\$ 196,217	\$ 28,461	\$ 1,850	\$ 226,528
Property and equipment, net	49,436	3,867	0	53,303

For purposes of this table only:

- (1) North America includes corporately-managed locations and sales to wholesale customers in the United States and Canada.
- (2) Europe includes corporately-managed locations in the U.K. and the Republic of Ireland and sales to wholesale customers in Europe.
- (3) Other includes wholesale and franchise businesses outside of North America and Europe.

12. Contingencies

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

Assessments made by the U.K. customs authority in 2012 were appealed by the Company, which has paid the disputed duty, strictly under protest, pending the outcome of the continuing dispute, and this is included in receivables, net in the DTC segment. The U.K. customs authority contested the Company's appeal. Rulings by the First Tier Tribunal in November 2019 and Upper Tribunal in March 2021 held that duty was due on some, but not all, of the products at issue. The Company petitioned the Court of Appeal for permission to appeal certain elements of the Upper Tribunal decision, and in early November 2021, a judge granted the Company's petition for permission to appeal those elements of the Upper Tribunal decision on some, but not all, of the grounds of appeal that the Company had put forward. An appeal was heard by the Court of Appeal during the first quarter of fiscal 2022, and the Court of Appeal dismissed the appeal in the third quarter of fiscal 2022. During the fourth quarter of fiscal 2022, the UK Supreme Court declined to hear the appeal. The Company is engaging with the customs authority to attempt to resolve all outstanding issues following the application of the determined principles. The case will return to the lower tribunal for a final ruling if outstanding issues cannot be resolved. The Company maintains a provision against the related receivable, based on a current evaluation of collectability, using the latest facts available in the dispute. As of August 2, 2025, the Company had a gross receivable balance of \$5.1 million and a reserve of \$3.6 million, leaving a net receivable of \$1.5 million. The Company believes that the outcome of this dispute will not have a material adverse impact on the results of operations, liquidity, or financial position of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Notice Regarding Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties, and we undertake no obligation to update these statements except as required by the federal securities laws. Our actual results may differ materially from the results discussed in the forward-looking statements. These risks and uncertainties include, without limitation, those detailed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025, as filed with the SEC, and include the following:

- any uncertainty or decline in general global economic conditions, caused by inflation, rising interest rates, geo-political conflicts, or other external factors, could lead to disproportionately reduced discretionary consumer spending and a corresponding reduction in demand for our products and have an adverse effect on our liquidity and profitability;
- the uncertainty of the impact of tariffs on countries from which we import is expected to have an impact on our business, mainly our cost of goods and profit margin;
- consumer interests can change rapidly, and our success depends on the ongoing effectiveness of our marketing and online initiatives to build consumer affinity for our brand and drive consumer demand for our products and services;
- we depend upon the shopping malls and tourist locations in which our stores are located to attract guests. Continued or further volatility in retail consumer traffic could adversely affect our financial performance and profitability;
- our business may be adversely impacted at any time by various significant competitive threats;
- global or regional health pandemics or epidemics could negatively impact our business, financial position and results of operations;
- our profitability could be adversely affected by fluctuations in petroleum product prices;
- if we are unable to generate interest in and demand for our interactive retail experience and products, including being able to identify and respond to consumer preferences in a timely manner, our sales, financial condition and profitability could be adversely affected;
- if we cannot renew, renegotiate or replace our store leases or enter into leases for new stores on favorable terms, or if we violate any of the terms of our current leases, our revenue and profitability could be harmed;
- failure to successfully execute our omnichannel and brand expansion strategy and the cost of our investments in e-commerce and digital transformation may materially adversely affect our financial condition and profitability;
- we are subject to risks associated with technology and digital operations;
- we may not be able to evolve our store locations over time to align with market trends, successfully diversify our store formats and business models in accordance with our strategic goals or otherwise effectively manage our overall portfolio of stores which could adversely affect our ability to grow and could significantly harm our profitability;
- our company-owned distribution center that services the majority of our stores in North America and our third-party distribution center providers used in the western U.S. and Europe may be required to close and operations may experience disruptions or may operate inefficiently;
- we rely on a few global supply chain vendors to supply substantially all of our materials and merchandise, and significant price increases or any disruption in their ability to deliver materials and merchandise could harm our ability to source products and supply inventory to our stores;
- our merchandise is manufactured by foreign manufacturers, we transact business in various foreign countries, and the availability and costs of our products, as well as our product pricing, may be negatively affected by risks associated with international manufacturing and trade and foreign currency fluctuations;
- we may not be able to operate our international corporately-managed locations profitably;
- if we cannot effectively manage our international partner-operated locations, attract new partners or if the laws relating to our international partners change, our growth and profitability could be adversely affected, and we could be exposed to additional liability;
- we are subject to a number of risks related to disruptions, failures or security breaches of our information technology infrastructure. If we improperly obtain or are unable to protect our data or violate privacy or security laws or expectations, we could be subject to liability as well as damage to our reputation;
- we may fail to renew, register or otherwise protect our trademarks or other intellectual property and have been sued by third parties for infringement or misappropriation of their proprietary rights, which could be costly, distract our management and personnel and result in the diminution in value of our trademarks and other important intellectual property;
- we may suffer negative publicity or be sued if the manufacturers of our merchandise or of Build-A-Bear branded merchandise sold by our licensees ship any products that do not meet current safety standards or production requirements or if such products are recalled or cause injuries;
- we may suffer negative publicity or be sued if the manufacturers of our merchandise violate labor laws or engage in practices that consumers believe are unethical;
- we may suffer negative publicity or a decrease in sales or profitability if the products from other companies that we sell in our stores do not meet our quality standards or fail to achieve our sales expectations;
- we may suffer negative publicity and damage to our reputation if we do not continue to evolve environmental, social, and governance initiatives in a timely manner;
- fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline;
- fluctuations in our operating results could reduce our cash flow, or trigger restrictions under our credit agreement, cause us to be unable to repurchase shares at all, at the times or in the amounts we desire, cause the results of our share repurchase program may not be as beneficial as we would like, or cause us to discontinue our quarterly dividend program;
- our relatively low market capitalization can cause the market price of our common stock to become volatile;
- our certificate of incorporation and bylaws and Delaware law contain provisions that may prevent or frustrate attempts to replace or remove our current management by our stockholders, even if such replacement or removal may be in our stockholders' best interests;
- we may not be able to operate successfully if we lose key personnel, are unable to hire qualified additional personnel, or experience turnover of our management team;
- we may be unsuccessful in acquiring businesses or engaging in other strategic transactions, which may negatively affect our financial condition and profitability.

Business Overview

We were formed in 1997 as a mall-based, experiential specialty retailer. Build-A-Bear has since evolved to become a beloved multi-generational brand focused on its mission to “add a little more heart to life” where guests of all ages make their own “furry friends” in celebration and commemoration of life moments. Guests create their own stuffed animals by participating in the stuffing, dressing, accessorizing, and naming of their own teddy bears and other plush toys based on the Company’s own intellectual property and in conjunction with a variety of best-in-class licenses. The hands-on and interactive nature of our more than 600 company-owned, partner-operated and franchise experience locations around the world, combined with Build-A-Bear’s pop-culture appeal, often fosters a lasting and emotional brand connection with consumers, and has enabled the Company to expand beyond its retail stores to include e-commerce sales on www.buildabear.com and non-plush branded consumer categories via out-bound licensing agreements with leading manufacturers, as well as the creation of engaging content via Build-A-Bear Entertainment (a subsidiary of Build-A-Bear Workshop, Inc.). Over the last 28 years, Build-A-Bear has become a brand with high consumer awareness, positive affinity, and strong retail influence by leveraging our brand strength to grow our brick-and-mortar retail footprint beyond traditional malls through a range of store sizes, formats and locations including tourist destinations. We are also growing through our websites, which focus on gift-giving, collectible merchandise, and licensed products. In addition to growing our corporately-managed store and e-commerce footprint, we are also growing through partner operated and franchised locations, particularly for our international expansion. Our ongoing digital transformation, which touches our e-commerce business, consumer loyalty program and digital marketing and content, has led to omni-channel growth over the past several years. Build-A-Bear’s pop-culture appeal has played a key role in growing our total addressable market beyond children by adding teens and adults with entertainment and sports licensing, collectible and gifting offerings, as well as by introducing new products and adding categories beyond plush.

We primarily operate through a vertical retail channel with corporately-managed, partner-operated, and franchise locations that feature a unique combination of experience and product in which guests can “make their own stuffed animals.” We also operate buildabear.com and buildaber.co.uk, which both serves as an information and communications tool to plan a store visit as well as an e-commerce site that focuses on gift-giving, collectible merchandise, and licensed products that appeal to consumers that have an affinity for characters from a range of entertainment, sports, art, and gaming properties. Our retail stores also act as mini distribution centers that provide efficient omnichannel fulfillment for our digital demand. The primary consumer target for our brick-and-mortar locations is families with children, while our e-commerce sites focus on collectors and gift givers that are primarily tweens, teens, and adults. Additionally, we offer products in non-plush consumer categories via outbound licensing agreements with leading manufacturers.

Our strategy includes leveraging our brand strength to continue to evolve our brick-and-mortar retail footprint with a versatile range of formats and locations, including tourist destinations, expand into international markets primarily via our partner-operated and franchise store models, and grow our e-commerce business. By leveraging our brand strength and owned intellectual properties through the creation of engaging short-form and long-form content for kids and adults, we endeavor to develop a circle of continuous engagement to increase purchase occasions and to continue to broaden the consumer base beyond children with tweens, teens and adults.

As of August 2, 2025, we had 368 corporately-managed stores globally, 157 partner-operated locations operating through our partner-operated model in which we sell our products on a wholesale basis to other companies that execute our retail experience, and 102 international franchised stores, all under the Build-A-Bear Workshop brand. We also operate a limited number of seasonal locations. In addition to these locations, we sell products on our company-owned e-commerce sites and third-party marketplace sites, our franchisees sell products through sites that they manage as well as other third-party marketplace sites and other parties sell products on their sites under wholesale agreements.

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

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

Selected financial data attributable to each segment for the thirteen and twenty-six weeks ended August 2, 2025 and August 3, 2024 are set forth in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Business Update

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

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

We believe there are opportunities to extend the reach and size of our diverse consumer segments through expanded products and licensing relationships, evolved experiences, and incremental occasions, partnerships, and marketing activities. We believe we can further develop our business by creating a continuous circle of engagement with expanded programs including outbound branded licensing and entertainment that drives retail performance and leverages our brand equity which may in turn positively impact other channels of distribution.

We believe that the initiatives and investments that were put in place prior to the pandemic, and in many cases, we accelerated during the pandemic, are driving improved results, as we delivered growth in total revenues and pretax profit in fiscal 2022, 2023 and 2024. To continue to drive revenue and profit growth, we remain focused on our strategic priorities, which are centered primarily on three key areas:

- The global expansion of our unique experience locations. During the first twenty-six weeks of fiscal 2025, we opened a net 29 Build-A-Bear Workshop retail experience locations, through a combination of corporately-managed, partner operated, and franchise business models. In fiscal 2025, we expect net new unit growth of at least 60 locations in North America and internationally through our three business models. We have made a concerted effort to shift to non-traditional locations, including family-centric tourist and hospitality sites, as well as asset-light partner-operated and franchise locations, and now have more than a third of total stores in non-traditional settings. While tourist sites have been and will remain a critical part of our location expansion strategy, recent research data supports our opportunity to reengage in profitable expansion in traditional locations on a more localized level, particularly given the numerous and flexible corporate store models we have developed in the past few years.
- Accelerate our comprehensive digital transformation. In addition to systems upgrades and e-commerce evolution, we have been enhancing our marketing and loyalty programs as well as creating digital content and entertainment initiatives to increase consumer engagement. Our digital transformation is also designed to elevate our business efficiency, integrate our consumer communications to acquire new guests and increase purchase occasions while expanding our total addressable market beyond our core kid base and to acquire tween, teen and adults with new offerings including gifting, personalization and licensed options.
- Drive profitable growth through investment initiatives while maintaining a commitment to return capital to shareholders. As corporate store operating margins have remained robust from higher levels of revenue combined with disciplined expense management, particularly considering recent inflationary pressures, wage and tariff increases and supply chain challenges, and as we continue to evolve our real estate portfolio with new locations and formats, plus shift to asset-light business models, our cash flows have meaningfully improved. This higher-level of cash flows has been used to increase support for key initiatives to deliver long-term profitable growth, while also returning capital to shareholders through dividends and share repurchases.

Retail Stores:
Corporately-Managed Locations:

The table below sets forth the number of Build-A-Bear Workshop corporately-managed stores in North America and Europe for the periods presented:

	Twenty-six weeks ended					
	August 2, 2025			August 3, 2024		
	North America	Europe	Total	North America	Europe	Total
Beginning of period	328	40	368	320	39	359
Opened	-	1	1	4	1	5
Closed	(1)	-	(1)	(3)	-	(3)
End of period	327	41	368	321	40	361

As of August 2, 2025, 53% of our corporately-managed stores were in an updated Discovery format. We also expect to close certain stores in accordance with natural lease events as an ongoing part of our real estate management and day-to-day operational plans. The future of our retail store fleet may include expansion into more non-traditional locations, including concourse format shops and by expansion in other locations outside of traditional malls.

Partner-Operated Locations:

The number of third-party retail locations opened and closed for the periods presented below is summarized as follows:

	Twenty-six weeks ended	
	August 2, 2025	August 3, 2024
Beginning of period	138	92
Opened	19	15
Closed	-	-
End of period	157	107

Through our partner-operated model, there were 157 stores in operation at the end of the second quarter of 2025 with relationships that included Carnival Cruise Line, Great Wolf Lodge Resorts, Landry's and Girl Scouts of the USA. The partner-operated model is capital light for us, with the partner company building out and operating the workshops including providing the real estate location and covering the cost of labor and inventory, which is purchased from us on a wholesale basis. These locations are heavily weighted to the hospitality industry, which allow us to further advance our focus on experience location expansion in non-traditional and tourist areas, as well as shop-in-shop arrangements within other retailers' stores.

International Franchise Stores:

Our first franchisee location was opened in November 2003. All franchised stores have similar signage, store layout, merchandise characteristics and guest experience as our corporately-managed stores. As of August 2, 2025, we had five master franchise agreements, which typically grant franchise rights for a particular country or group of countries, covering a total of eight countries.

The number of franchised stores opened and closed for the periods presented below are summarized as follows:

	Twenty-six weeks ended	
	August 2, 2025	August 3, 2024
Beginning of periods(1)	92	83
Opened	15	6
Closed	(5)	-
End of period	102	89

(1) Count for both years include nine shop-in-shop locations in Australia not previously reported.

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

Results of Operations

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of total revenues, except where otherwise indicated. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales, commercial revenue, international franchising, respectively, as well as immaterial rounding:

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Revenues:				
Net retail sales	92.3%	92.6%	92.7%	93.2%
Commercial revenue	6.9	6.5	6.4	5.9
International franchising	0.8	0.9	0.9	0.9
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Cost of merchandise sold - retail (1)	42.4	46.0	42.7	45.9
Cost of merchandise sold - commercial (1)	39.6	41.2	39.6	41.7
Cost of merchandise sold - international franchising (1)	77.8	58.5	73.3	63.9
Total cost of merchandise sold	42.4	45.8	42.8	45.8
Consolidated gross profit	57.6	54.3	57.2	54.2
Selling, general and administrative	45.4	44.0	43.5	42.7
Interest income, net	(0.2)	(0.2)	(0.2)	(0.3)
Income before income taxes	12.3	10.3	13.8	11.7
Income tax expense	2.4	2.5	2.9	2.8
Net income	10.0	7.9	11.0	8.9
Retail Gross Margin (2)	57.6%	54.0%	57.3%	54.1%

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

Thirteen weeks ended August 2, 2025 compared to thirteen weeks ended August 3, 2024

Total revenues. Consolidated revenues increased \$12.4 million or 11.1%, primarily driven by a \$11.2 million or 10.8% increase in Net Retail sales and a \$1.3 million or 18% increase in Commercial revenue when compared to the second fiscal quarter of 2024. The increase in net retail sales was driven primarily by growth at existing stores and sales at new stores. The increased commercial revenue was due to higher sales to our wholesale customers, including sales to new wholesale customers resulting from the opening of 50 partner-operated locations since the second quarter of 2024.

Net retail sales for the thirteen weeks ended August 2, 2025 were \$114.6 million, compared to \$103.5 million for the thirteen weeks ended August 3, 2024. The components of the improved performance are as follows (dollars in thousands):

	Thirteen weeks ended August 2, 2025
Impact from:	
Existing stores	\$ 7,945
New stores	3,712
Store closures	(720)
Foreign currency translation	686
Gift card breakage	395
Gift card discounts	(228)
Digital sales	211
Other	(821)
Total Change	\$ 11,180

The higher retail revenue performance was primarily the result of increased sales at existing stores and sales at new stores partially offset by the effect of store closures.

Commercial revenue was \$8.6 million for the thirteen weeks ended August 2, 2025 compared to \$7.3 million for the thirteen weeks ended August 3, 2024. The \$1.3 million increase is primarily due to increased sales volume from our wholesale accounts through our partner-operated retail model.

International franchising revenue was \$1.0 million for the thirteen weeks ended August 2, 2025 compared to \$1.0 million for the thirteen weeks ended August 3, 2024.

Retail gross margin. Retail gross margin dollars increased \$10.3 million to \$66.1 million from \$55.8 million for the thirteen weeks ended August 3, 2024. The retail gross margin rate increased 370 basis points compared to the prior year driven primarily by improved merchandise margin compared to the second quarter of fiscal 2024.

Selling, general and administrative. SG&A expenses were \$56.4 million, or 45.4% of consolidated revenue, for the thirteen weeks ended August 2, 2025, compared to \$49.2 million, or 44.0% of consolidated revenue, for the thirteen weeks ended August 3, 2024. The increase was driven by higher store-level compensation, corporate costs and general inflationary pressures. These increases were partially offset by favorable marketing expense timing.

Interest income, net. Interest income was \$0.2 million for the thirteen weeks ended August 2, 2025, compared to interest income of \$0.2 million for the thirteen weeks ended August 3, 2024.

Provision for income taxes. Income tax expense was \$3.0 million with a tax rate of 19.3% for the thirteen weeks ended August 2, 2025, as compared to \$2.8 million with a tax rate of 24.0% for the thirteen weeks ended August 3, 2024. The second quarter of fiscal 2025 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense offset by the tax impact of equity awards vesting, the foreign-derived intangible income deduction and discrete benefits related to settlement of a prior period tax position. The second quarter of fiscal 2024 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense. In addition, in the second quarter of fiscal 2025 and 2024, the Company remains in a full valuation allowance in certain foreign jurisdictions.

Twenty-six weeks ended August 2, 2025 compared to twenty-six weeks ended August 3, 2024

Total revenues. Consolidated revenues increased \$26.1 million or 11.5%, primarily driven by a \$22.9 million or 10.8% increase in Net Retail sales and a \$3.0 million or 22% increase in Commercial revenue when compared to the second fiscal quarter of 2024. The increase in net retail sales was driven primarily by growth at existing stores and sales at new stores. The increased commercial revenue was due to higher sales to our wholesale customers, including sales to new wholesale customers resulting from the opening of 50 partner-operated locations since the second quarter of 2024.

Net retail sales for the twenty-six weeks ended August 2, 2025 were \$234.2 million, compared to \$211.3 million for the twenty-six weeks ended August 3, 2024. The components of the improved performance are as follows (dollars in thousands):

	Twenty-six weeks ended August 2, 2025
Impact from:	
Existing stores	\$ 16,674
New stores	7,701
Store closures	(1,390)
Foreign currency translation	777
Gift card breakage	398
Gift card discounts	(271)
Digital sales	40
Other	(1,028)
Total Change	<u>\$ 22,901</u>

The higher retail revenue performance was primarily the result of increased sales at existing stores and sales at new stores partially offset by the effect of store closures.

Commercial revenue was \$16.3 million for the twenty-six weeks ended August 2, 2025 compared to \$13.3 million for the twenty-six weeks ended August 3, 2024. The \$3.0 million increase is primarily due to increased sales volume from our wholesale accounts through our partner-operated retail model.

International franchising revenue was \$2.2 million for the twenty-six weeks ended August 2, 2025 compared to \$1.9 million for the twenty-six weeks ended August 3, 2024. The change is primarily the result of the timing of product shipments and the opening of 13 franchise stores since the second quarter 2024.

Retail gross margin. Retail gross margin dollars increased \$19.8 million to \$134.1 million from \$114.3 million for the twenty-six weeks ended August 3, 2024. The retail gross margin rate increased 320 basis points compared to the prior year driven primarily by improved merchandise margin compared to the first half of fiscal 2024.

Selling, general and administrative. SG&A expenses were \$110.0 million, or 43.5% of consolidated revenue, for the twenty-six weeks ended August 2, 2025, compared to \$96.8 million, or 42.7% of consolidated revenue, for the twenty-six weeks ended August 3, 2024. The increase was driven by higher store-level compensation, corporate costs and general inflationary pressures. These increases were partially offset by favorable marketing expense timing.

Interest income, net. Interest income was \$0.4 million for the twenty-six weeks ended August 2, 2025 compared to interest income of \$0.6 million for the twenty-six weeks ended August 3, 2024.

Provision for income taxes. Income tax expense was \$7.3 million with a tax rate of 20.8% for the twenty-six weeks ended August 2, 2025 as compared to \$6.3 million with a tax rate of 23.8% for the twenty-six weeks ended August 3, 2024. The fiscal 2025 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense offset by the tax impact of equity awards vesting, the foreign-derived intangible income deduction and discrete benefits related to settlement of a prior period tax position. The fiscal 2024 effective tax rate differed from the statutory rate of 21% primarily due to state income tax expense partially offset by the tax impact of equity awards vesting. In addition, in the second quarter of fiscal 2025 and 2024, the Company remains in a full valuation allowance in certain foreign jurisdictions.

Earnings before Interest, Taxes, Depreciation, and Amortization

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

	Thirteen weeks ended		Twenty-six weeks ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Income before income taxes (pre-tax)	\$ 15,318	\$ 11,545	\$ 34,949	\$ 26,574
Interest income, net	(206)	(188)	(406)	(614)
Depreciation and amortization expense	3,668	3,636	7,368	7,294
Earnings before interest, taxes, depreciation, and amortization	\$ 18,780	\$ 14,993	\$ 41,911	\$ 33,254

EBITDA for the thirteen weeks ended August 2, 2025 increased \$3.8 million, or 25.3% to \$18.8 million from \$15.0 million for the thirteen weeks ended August 3, 2024. The increase was driven by gross profit resulting from increased retail and commercial margins partially offset by higher SG&A expenses.

EBITDA for the twenty-six weeks ended August 2, 2025 increased \$8.7 million, or 26.0% to \$41.9 million from \$33.3 million for the twenty-six weeks ended August 3, 2024. The increase was driven by gross profit resulting from increased retail and commercial margins partially offset by higher SG&A expenses.

Seasonality and Quarterly Results

Our operating results for one period may not be indicative of results for other periods, and may fluctuate significantly because of a variety of factors, including, but not limited to: (1) changes in general economic conditions and consumer spending patterns; (2) increases or decreases in our existing store and e-commerce sales; (3) fluctuations in the profitability of our stores; (4) the timing and frequency of the sales of licensed products tied to major theatrical releases (including the cancellation or delay of such releases due to the pandemic or other external factors) and our marketing initiatives, including national media and other public relations events; (5) changes in foreign currency exchange rates; (6) the timing of new store openings, closings, relocations and remodeling and related expenses; (7) changes in consumer preferences; (8) the effectiveness of our inventory management; (9) the actions of our competitors or mall anchors and co-tenants; (10) seasonal shopping patterns and holiday and vacation schedules; (11) disruptions in store operations due to civil unrest; and (12) weather conditions.

The timing of store closures, relocations, remodels, openings and re-openings may result in fluctuations in quarterly results based on the revenues and expenses associated with each store location. Expenses related to store closings are typically incurred in stages: when the decision is made to close the store typically associated with a lease event such as an expiration or lease triggered clause; when the closure is communicated to store associates; and at the time of closure. We typically incur most preopening costs for a new store in the three months immediately preceding the store's opening.

Because our retail operations include toy products which have sales that historically peak in relation to the holiday season as part of our revenue model, our sales have historically been highest in our fourth quarter. The timing of holidays and school vacations can impact our quarterly results. We cannot provide assurance that this will continue to be the case. In addition, for accounting purposes, the quarters of each fiscal year consist of 13 weeks, although we will have a 14-week quarter approximately once every six years. Our most recent 14-week quarter was the 2023 fiscal fourth quarter.



Liquidity and Capital Resources

As of August 2, 2025, we had a consolidated cash balance of \$39.1 million, 82% of which was domiciled within the U.S. Historically, our cash requirements have been primarily for the relocation and remodeling of existing stores in our new design, opening of new stores, investments in information technology infrastructure and working capital. Over the past several years, we have met these requirements through capital generated from cash flow provided by operations. Additionally, during 2025 we have used cash on-hand to invest in short-term, highly liquid investments with original maturities of three months or less resulting in interest income of \$0.4 million during the twenty-six weeks ended August 2, 2025.

A summary of our operating, investing and financing activities is shown in the following table (dollars in thousands):

	Twenty-six weeks ended	
	August 2, 2025	August 3, 2024
Net cash provided by operating activities	\$ 32,017	\$ 12,413
Net cash used in investing activities	(6,328)	(5,700)
Net cash used in financing activities	(14,425)	(25,867)
Effect of exchange rates on cash	86	(10)
Increase/(Decrease) in cash, cash equivalents, and restricted cash	<u>\$ 11,350</u>	<u>\$ (19,164)</u>

Operating Activities. Cash provided by operating activities increased \$19.6 million for the twenty-six weeks ended August 2, 2025, as compared to the twenty-six weeks ended August 3, 2024. This increase in cash from operating activities was primarily the result of increased net income, decreased accounts receivable driven by lower receivables from commercial accounts and an increase in accounts payable and accrued expenses. These increases were partially offset by higher cash used for inventory purchases as a result of additional tariff costs and accelerated purchases of core products as part of the Company's tariff-mitigation plans.

Investing Activities. Cash used in investing activities increased \$0.6 million for the twenty-six weeks ended August 2, 2025, as compared to the twenty-six weeks ended August 3, 2024. The increase in cash used in investing activities was primarily driven by increased spending on capital expenditures.

Financing Activities. Cash used in financing activities decreased \$11.4 million for the twenty-six weeks ended August 2, 2025, as compared to the twenty-six weeks ended August 3, 2024. This decrease in cash used in financing activities during the first twenty-six weeks of fiscal 2025 was driven by a decrease in the amount utilized to repurchase shares compared to the prior year.

Capital Resources: We have a revolving credit and security agreement with PNC Bank, as agent, that provides for a secured revolving loan in aggregate principal of up to \$25.0 million, subject to a borrowing base formula. As of August 2, 2025, borrowings under the agreement would bear interest at (a) a base rate determined under the agreement, or (b) the borrower's option, at a rate based on SOFR, plus in either case a margin based on average undrawn availability as determined in accordance with the agreement. As of August 2, 2025, our borrowing base was \$25.0 million and the Company had no outstanding borrowings as of the end of the quarter.

Most of our corporately-managed retail stores are located within shopping malls and all are operated under leases classified as operating leases. Our leases in North America tend to be shorter term leases to provide flexibility in aligning stores with market trends. Beginning in fiscal 2023, lease extensions began to have longer terms as we have secured longer contracts with more favorable terms. Our leases typically require us to pay personal property taxes, our pro rata share of real property taxes of the shopping mall, our own utilities, repairs and maintenance in our store, a pro rata share of the malls' common area maintenance and, in some instances, merchant association fees and media fund contributions. Many leases contain incentives to help defray the cost of construction of a new store. Typically, a portion of the incentive must be repaid to the landlord if we choose to terminate the lease prior to its contracted term. In addition, some of these leases contain various restrictions relating to change in control of our company. Our leases also subject us to risks relating to compliance with changing mall rules and the exercise of discretion by our landlords on various matters, including rights of termination in some cases. Rents are invoiced monthly and paid in advance.

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

Capital spending through the twenty-six weeks ended August 2, 2025 totaled \$6.3 million for information technology projects and new store openings, and we expect to spend approximately \$20 to \$25 million on capital expenditures in fiscal 2025.

Total inventory at quarter end was \$81.8 million, an increase of \$14.8 million or 22% from the end of the fiscal 2024 second quarter. The increase in inventory was the result of additional tariff costs and accelerated purchases of core products that began in the second half of fiscal 2024 and continued into the first quarter of fiscal 2025 as part of the Company's tariff-mitigation plans. We are comfortable with the level and composition of our inventory.

We have various contractual or other obligations, including operating lease commitments and obligations under deferred compensation plans. As of August 2, 2025, we had purchase obligations totaling approximately \$108.8 million, of which \$27.1 million are due in the next 12 months. We believe our operating cash flows are sufficient to meet our material cash requirements for at least the next 12 months.

We utilized \$7.3 million in cash to repurchase 167,585 shares during the twenty-six weeks ended August 2, 2025 under our current September 2024 Stock Repurchase Program, compared to using \$18.2 million in cash to repurchase 685,027 shares during the twenty-six weeks ended August 3, 2024 under our prior August 2022 Stock Repurchase Program.

Off-Balance Sheet Arrangements

None.

Inflation

The impact of inflation on the Company's business operations was seen throughout fiscal 2024, predominately through rising store labor costs. However, we continue to take mitigating actions, such as select strategic price increases on highly sought-after products and leveraging distribution costs. We expect the inflationary pressures experienced in fiscal 2024 to continue into fiscal 2025, specifically through wage increases and tariffs on inventory purchases. We continue to monitor the impact of inflation on our business operations on an ongoing basis and may need to adjust our prices further to mitigate the impacts of changes to the rate of inflation during 2025 or in future years. Future volatility of general price inflation and the impact of inflation on costs and availability of materials, costs for shipping and warehousing and other operational overhead could adversely affect our financial results. Inflationary pressures may be exacerbated by higher transportation costs due to war and other geopolitical conflicts, such as the current Russia/Ukraine conflict, tension between China and Taiwan, and the Israel-Hamas conflict. We cannot provide an estimate or range of impact that such inflation may have on our future results of operations. However, if we are unable to recover the impact of these costs through price increases to our guests, or if consumer spending decreases as a result of inflation, our business, results of operations, financial condition and cash flows may be adversely affected. In addition, ongoing inflation in product costs may result in lower gross margin rates if we elect to maintain higher inventory reserves to mitigate anticipated higher costs.

Critical Accounting Estimates

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

We believe our application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates, including those related to long-lived assets, leases, revenue recognition and income taxes, are reevaluated on an ongoing basis, and adjustments are made when facts and circumstances dictate a change.

Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates. Our critical accounting policies and estimates are discussed in and should be read in conjunction with our Annual Report on Form 10-K for the year ended February 1, 2025 as filed with the SEC on April 17, 2025, which includes audited consolidated financial statements for our 2023 and 2022 fiscal years. There have been no material changes to the critical accounting estimates disclosed in the 2024 Form 10-K.

Recent Accounting Pronouncements

See Note 1 to the Condensed Consolidated Financial Statements — Basis of Presentation — Recent Accounting Pronouncements – Adopted in the Current Year as disclosed in our Annual Report on Form 10-K for the year ended February 1, 2025 as filed with the SEC on April 17, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our Quantitative and Qualitative Disclosures About Market Risk as disclosed in our Annual Report on Form 10-K for the year ended February 1, 2025 as filed with the SEC on April 17, 2025.

Item 4. Controls and Procedures.

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to management, including our certifying officers, as appropriate to allow timely decisions regarding required disclosure. Based on the foregoing evaluation, our management, including the President and Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of August 2, 2025, the end of the period covered by this Quarterly Report.

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

Changes in Internal Control Over Financial Reporting. The Company’s management, with the participation of the Company’s President and Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the Company’s internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. There have been no changes in our internal control over financial reporting during the quarter covered by this report that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to our risk factors as disclosed in our Annual Report on Form 10-K for the year ended February 1, 2025 as filed with the SEC on April 17, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid Per Share (or Unit) (2)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (3)
May 4, 2025 - May 31, 2025	-	\$ -	-	\$ 84,992,834
June 1, 2025 - July 5, 2025	23,720	52.71	23,720	83,742,469
July 6, 2025 - August 2, 2025	35,363	52.08	35,363	81,900,801
Total	59,083	\$ 52.33	59,083	\$ 81,900,801

- (1) Includes shares of our common stock delivered to us in satisfaction of the tax withholding obligation of holders of restricted shares which vested during the quarter, if any. Our equity incentive plans provide that the value of shares delivered to us to pay the withholding tax obligations is calculated at the closing trading price of our common stock on the date the relevant transactions occur.
- (2) Average Price Paid Per Share includes commissions
- (3) On September 11, 2024, we announced that our Board of Directors authorized a share repurchase program of up to \$100 million (replacing the previous stock repurchase program which was terminated). This program authorizes the Company to repurchase shares through September 30, 2028, and does not require the Company to repurchase any specific number of shares, and may be modified, suspended or terminated at any time without prior notice. Shares repurchased under the program will be subsequently retired.

Item 5. Other Information

Security Trading Plans of Directors and Executive Officers

During the Company's fiscal quarter ended August 2, 2025, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as such terms are defined under Item 408(a) of Regulation S-K, except as described below:

- On June 9, 2025, Voin Todorovic, Chief Financial Officer of the Company, adopted a trading arrangement for the sale of the Company's common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c) ("Rule 10b5-1(c)"). Mr. Todorovic's Rule 10b5-1 Trading Plan, which expires December 11, 2025, provides for the sale of up to 12,744 shares of common stock pursuant to the terms of the plan.
- On June 13, 2025, Sharon John, President and Chief Executive Officer of the Company, adopted a Rule 10b5-1 Trading Plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Ms. John's Rule 10b5-1 Trading Plan, which expires December 5, 2025, provides for the sale of up to 42,643 shares of common stock pursuant to the terms of the plan.
- On July 1, 2025, Craig Leavitt, Chairman of the Board of the Company, adopted a Rule 10b5-1 Trading Plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Mr. Leavitt's Rule 10b5-1 Trading Plan, which expires December 5, 2025, provides for the sale of up to 8,250 shares of common stock pursuant to the terms of the plan.
- On July 7, 2025, Lesli Rotenberg, a member of the Company's Board of Directors, adopted a Rule 10b5-1 Trading Plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Ms. Rotenberg's Rule 10b5-1 Trading Plan, which expires December 5, 2025, provides for the sale of up to 2,000 shares of common stock pursuant to the terms of the plan.

Item 6. Exhibits

The following is a list of exhibits filed as a part of the quarterly report on Form 10-Q:

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger dated April 3, 2000 between Build-A-Bear Workshop, L.L.C. and the Registrant (incorporated by reference from Exhibit 2.1 to our Registration Statement on Form S-1, filed on August 12, 2004, Registration No. 333-118142)
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 of our Current Report on Form 8-K, filed on November 11, 2004)
3.2	Amended and Restated Bylaws, as amended through January 4, 2018 (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K, filed on January 4, 2018)
4.1	Specimen Stock Certificate (incorporated by reference from Exhibit 4.1 to Amendment No. 3 to our Registration Statement on Form S-1, filed on October 1, 2004, Registration No. 333-118142)
10.1*,**	Employment, Confidentiality and Noncompete Agreement, dated August 4, 2025, by and between Yevgeny Funder and Build-A-Bear Workshop, Inc.
31.1**	Rule 13a-14(a)/15d-14(a) certification (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by the President and Chief Executive Officer)
31.2**	Rule 13a-14(a)/15d-14(a) certification (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by the Chief Financial Officer)
32.1***	Section 1350 Certification (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the President and Chief Executive Officer)
32.2***	Section 1350 Certification (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by the Chief Financial Officer)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Extension Calculation Linkbase Document
101.DEF	Inline XBRL Extension Definition Linkbase Document
101.LAB	Inline XBRL Extension Label Linkbase Document
101.PRE	Inline XBRL Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

** Filed herewith

*** Furnished herewith

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 thereunto duly authorized.

Date: September 11, 2025

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

By: /s/ Sharon John

Sharon John
President and Chief Executive Officer (on behalf of
the registrant and as principal executive officer)

By: /s/ Voin Todorovic

Voin Todorovic
Chief Financial Officer (on behalf of the registrant and as
principal
financial officer)

EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT

This Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of August 4, 2025 (“Effective Date”), by and between Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and Yevgeny Funder (“Employee”).

WHEREAS, Company desires to employ and Employee desires to be employed as the Chief Legal Officer and Secretary of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. Company is headquartered and its principal place of business is located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee’s employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services.

(a) As of the Effective Date, Employee shall be employed by Company, and Employee accepts such employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Legal Officer and Secretary throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to him by Company's Chief Executive Officer.

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by Company, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for his services an annual base salary of not less than Three Hundred Fifty Thousand Dollars (\$350,000.00), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually and may be subject to adjustment following each fiscal year so that Employee's salary will be commensurate with similarly situated executives with firms similarly situated to Company. However, Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than fifty percent (50%) of Employee's earned annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless (to the extent consistent with Section 409A of the Code) a different payout schedule is applicable for all executive employees of Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year that contains the April 30th immediately following such fiscal year, but no later than April 30th of such year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). Notwithstanding anything herein to the contrary, no bonus shall be payable hereunder in the event that Employee's employment terminates for any other reason prior to the date on which any bonus is actually paid.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and his immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. Vacations will be scheduled with the approval of Company's Chief Executive Officer. No more than two weeks of vacation can be taken at one time.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at his then current location of employment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By Company upon thirty (30) days' prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably)), following such time as Employee has been unable to perform the essential functions of his position, with or without reasonable accommodation, for the longer of: (i) six (6) consecutive months or (ii) the maximum health leave provided under Company's Health Leave of Absence policy for Employee's length of service with Company; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Chief Executive Officer or the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Chief Executive Officer's or the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v)(to the extent curable) within thirty (30) days after the Chief Executive Officer or the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and his counsel if he wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company's issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee's total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee's authority, duties or responsibilities, or (v) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates his employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) Company terminates Employee's employment without Cause pursuant to Section 4.1(c) or (ii) the Employee terminates his employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, Company shall continue his base salary in accordance with its regular payroll practices for a period of (A) twelve (12) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment either prior to a Change in Control or following a period of twenty-four (24) months after a Change in Control or (B) eighteen (18) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment during the twenty-four (24) month period immediately following a Change in Control. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against Company and its affiliates within thirty (30) days after his termination of employment, in such form and manner as Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee's termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to his except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee's status as a director/officer of Company. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a "separation from service" within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such six (6) month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, "Change in Control" shall mean: (i) the purchase or other acquisition (other than from Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended ("Act") (excluding, for this purpose, Company or its subsidiaries or any employee benefit plan of Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of Company or the combined voting power of Company's then-outstanding voting securities entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute Company's Board of Directors (and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of Company's Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving Company, in each case with respect to which persons who were the stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities; or (iv) a liquidation or dissolution of Company, or the sale of all or substantially all of the assets of Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4.2(b) shall be paid to the Employee and his employment shall terminate upon the anniversary date. If Employee terminates his employment without Good Reason, then no severance under Section 4.2(b) shall be paid to Employee and his employment shall terminate on the effective date of such termination. For the avoidance of doubt, if Company ends the employment relationship either at the end of the Renewal Term or at the end of any Renewal Period without Cause under Section 4.1(c), Company shall remit to Employee the severance specified in Section 4.2(b) provided Company has received the release and waiver referred to in Section 4.2(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of his termination of employment, a single lump sum equal to eighteen 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 date of termination of employment. Such amount shall be subject to applicable income and employment tax withholdings.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into his possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

- (1) lists or other identification of customers or prospective customers of Company;
- (2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);
- (3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;
- (4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);
- (5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels); and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement. Notwithstanding the foregoing, Employee will 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. In addition, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if Employee files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of his duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put himself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of Section 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of his employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, his relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of his work for Company he may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that he has prepared or worked on for Company, or is asked to prepare or work on by Company, shall be treated as and shall be a "work made for hire," for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code ("U.S.C.") as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that he may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or *droit moral*.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee's termination of employment and on demand at any time by Company.

10. Nondisparagement. Employee agrees that he will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that he will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee. This Section 10 does not, in any way, restrict or impede the Employee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order.

11. Non-Waiver of Rights. Either party's failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company's Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee's duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company's business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that he will not, during his employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of Company any unpublished documents or any property belonging to his former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Chief Executive Officer
415 South 18th Street, Suite 200
St. Louis, MO 63103

With copy to:

General Counsel
415 South 18th Street, Suite 200
St. Louis, MO 63103

(b) If to Employee:

Yevgeny Funder

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of August 4, 2025.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

/s/ Yevgeny Funder

Yevgeny Funder

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Sharon John

Name: Sharon John

Title: President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934**

I, Sharon John, certify that:

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

/s/ Sharon John

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

Date: September 11, 2025

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934**

I, Voin Todorovic, certify that:

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

/s/ Voin Todorovic

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

Date: September 11, 2025

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

In connection with the quarterly report of Build-A-Bear Workshop, Inc. (the "Company") on Form 10-Q for the period ended August 2, 2025 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon John, President and Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Sharon John

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

Date: September 11, 2025

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

In connection with the quarterly report of Build-A-Bear Workshop, Inc. (the "Company") on Form 10-Q for the period ended August 2, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Voin Todorovic, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Voin Todorovic

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

Date: September 11, 2025