

# Build-A-Bear Investor Overview

May 2025



# Important Disclosures

## Forward-Looking Statements

This presentation may contain “forward-looking statements” within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. We generally identify these statements by words or phrases such as “may,” “might,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “intend,” “predict,” “future,” “potential” or “continue,” the negative or any derivative of these terms and other comparable terminology. All the information concerning our future liquidity, future revenues, margins and other future financial performance and results, achievement of operating of financial plans or forecasts for future periods, sources and availability of credit and liquidity, future cash flows and cash needs, success and results of strategic initiatives and other future financial performance or financial position, as well as our assumptions underlying such information, constitute forward-looking information. Forward-looking statements are not guarantees of future results and are subject to risks and uncertainties, including without limitation, those identified in our annual report on Form 10-K and our Quarterly Reports on Form 10-Q, under the sections titled “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations.” All our forward-looking statements are as of the date of this presentation only. In each case, actual results may differ materially from such forward-looking information. Except as required by law, the Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

## Note Regarding Non-GAAP Measures

In this presentation, the Company’s financial results are provided both in accordance with generally accepted accounting principles (GAAP) and using certain non-GAAP financial measures, including, but not limited to EBITDA, Systemwide Sales, Store Contribution Margin, Return on Invested Capital and Free Cash Flow. These results are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help identify underlying trends in the Company’s business and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company’s core operating results. These measures should not be considered a substitute for or superior to GAAP results. These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

## Definitions of Non-GAAP Financial Measures

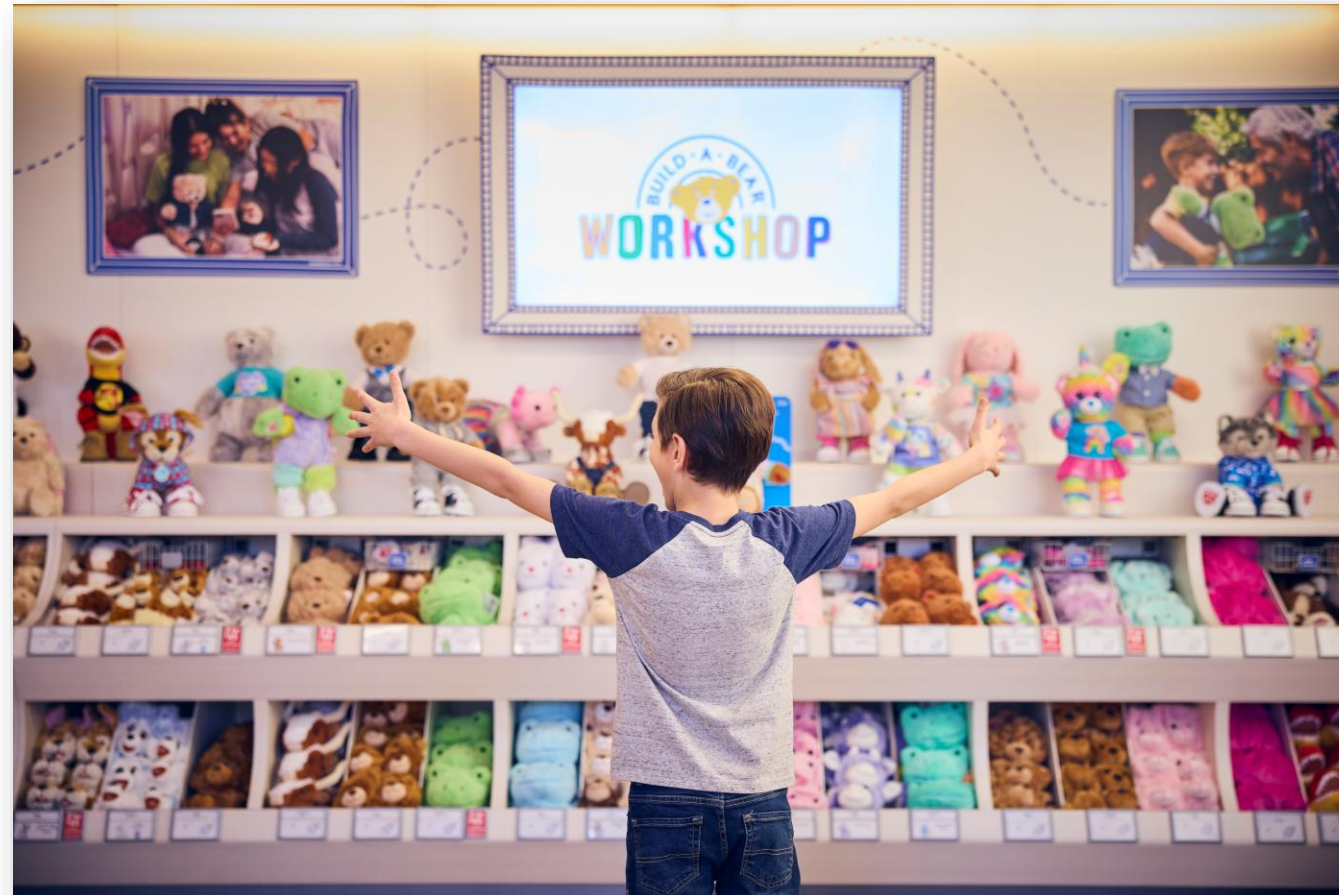
Systemwide sales include sales at all Build-A-Bear stores and websites, whether operated by the Company, by partners, or by franchisees. While partner sales and franchisee sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company’s financial performance, including total sales to end customers. Third-party retail sales are either reported to us by our partners or, where that is unavailable, estimated based on our wholesale sales, grossed up to our MSRP, and are not our revenues. Franchised store retail sales are reported to us by our franchisees and are not our revenues. Less than 5% of our Systemwide Sales are estimated based on our MSRP. The Company’s revenues consist of Direct to Consumer (Net retail sales) -- sales by Company-managed retail stores, two e-commerce sites; Commercial-- transactions with other businesses, mainly comprised of wholesale product sales and licensing our intellectual property, including entertainment properties, for third-party use; and International franchising-- royalties as well as product, fixture sales and supplies from other international operations under franchise agreements. Changes in Systemwide sales are primarily driven by comparable sales and net new unit growth.

Web Demand represents sales through all Build-A-Bear websites, whether fulfilled through our warehouse or stores. E-commerce is Web Demand fulfilled through our warehouse.

Free Cash Flow represents Build-A-Bear’s net cash flows from operating activities, less capital expenditures.

Return on Invested Capital (ROIC) is defined as net operating profit after tax divided by invested capital, with net operating profit calculated as earnings before interest and taxes (EBIT), and invested capital calculated as net working capital, less excess cash, plus operating leases, net property, plant, and equipment (PP&E), and other assets.

# Build-A-Bear began as a pioneer of Experiential Retail



[Click to see how Build-A-Bear has become so much more](#)



**BUILD-A-BEAR**

# And is now a powerful brand

## WELL-KNOWN

>90% Aided Brand Awareness\*

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## RESPECTED

The #1 North American toy retailer\*\*

## BELOVED

~100m store and web visits per year\*\*\*

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## OUTSIZED BRAND EQUITY

One of the 20 most influential retailers in North America\*\*

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## PART OF POP CULTURE

Iconic, ~30 billion annual media impressions and PR impressions

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## A DESTINATION

~80% of store visits are planned\*

## MULTI-GENERATIONAL

25+ year-old brand

## TRUSTED

Over 20 million loyalty members and first-party data contacts



**BUILD-A-BEAR**

# We have improved our financial results

	2024 Snapshot	2019–2024 Growth
<b>Total Revenue</b>	<b>\$496M</b>	<b>47%</b>
<b>Net Retail Sales</b>	<b>\$460M</b>	<b>42%</b>
<b>Third-Party Revenue*</b>	<b>\$36M</b>	<b>140%</b>
<b>EBITDA**</b>	<b>\$81M</b>	<b>430%</b>
<b>Margin</b>	<b>16.3%</b>	<b>+1,180 bps</b>
<b>Diluted EPS</b>	<b>\$3.80</b>	<b>NM***</b>
<b>FCF</b>	<b>\$28M</b>	<b>199%</b>
<b>ROIC</b>	<b>33.0%</b>	<b>NM***</b>
<b>Store Contribution Mgn****</b>	<b>25%</b>	<b>+ &gt; 1,000 bps</b>

\*Third-Party references combine our Commercial + International Franchise segments.  
 \*\*EBITDA is a Non-GAAP financial measure, see "Important Disclosures."  
 \*\*\*NM=not meaningful. 2019 Net Income was \$261,000, and EPS was \$0.02.  
 \*\*\*\*Store Contribution margin is store-level EBIT margin for all corporate stores, and is a Non-GAAP financial measure, see "Important Disclosures."



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**Guests create lifetime memories by  
 making their own stuffed animal  
 at our experiential retail locations**

# By diversifying the business

## Beyond Kids

~40% of sales to teens and adults\*

## Beyond Stores

Web Demand\*\* has grown ~110% from 2019-2024

## Beyond Birthdays

Birthdays are ~30% of sales, and top holidays are Christmas, Valentine's Day, and Easter

## Beyond Malls

369 corporate stores and 235 third-party stores in multiple formats in 30 countries at Q1 2025

## Expanding To More Ages

Appealing to older consumers through pop culture, licensed relationships and our Bear Cave microsite

## Expanding Online

Buildabear.com sells mostly to collectors and gift givers that are teens and adults

## Expanding To More Reasons

Mother's Day, Graduation, Congratulations, New Baby, Get Well, Thank You

## Expanding To More Formats

Now includes tourist locations, concourse shops, shop-in-shops, ATMs, and wholesale

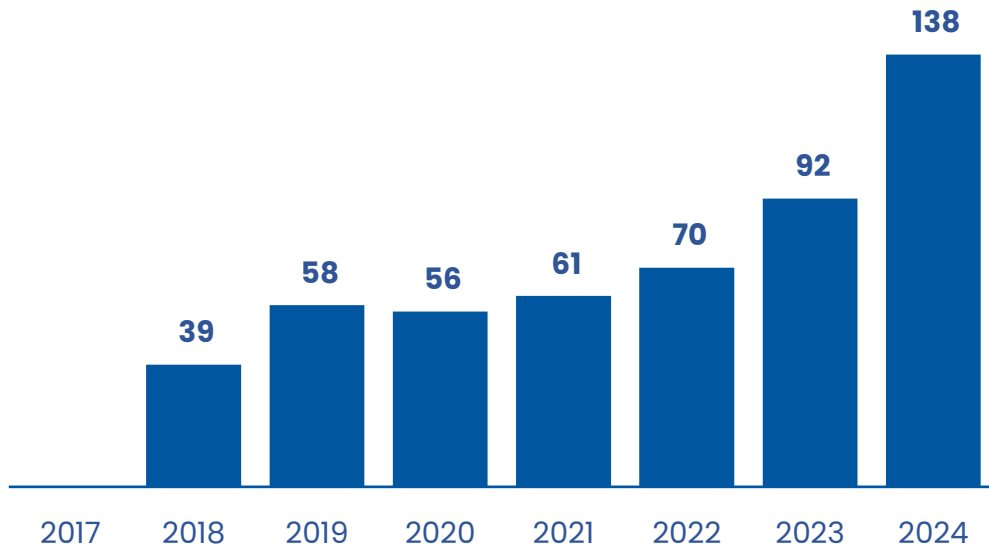


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\*Source: Proprietary research, LEK Consulting, 2022 survey with consumers. \*\*Web Demand represents sales through all Build-A-Bear websites, whether fulfilled through our warehouse or stores, and is a Non-GAAP financial measure, see "Important Disclosures."

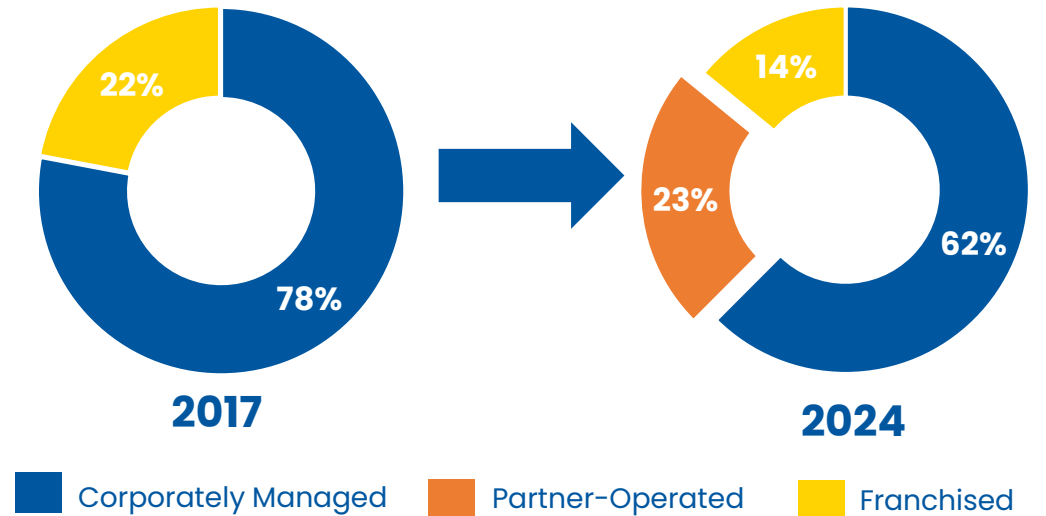
# And **evolving our store footprint**

## Partner Store Growth



**Partner-Operated Stores** were launched domestically in 2018, and internationally in 2023

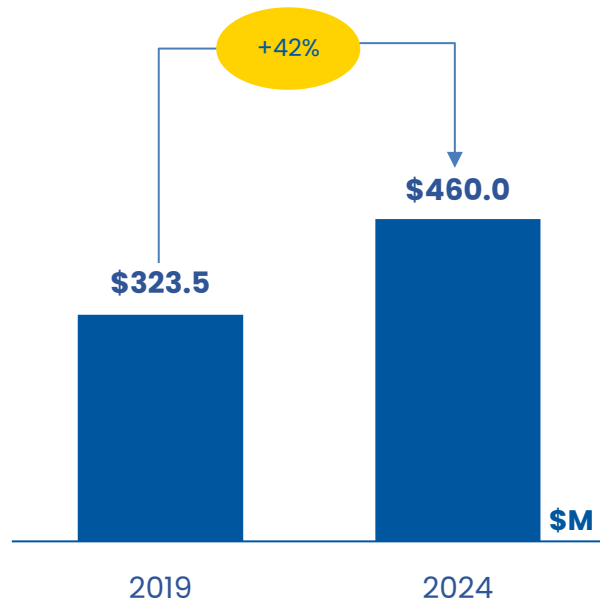
## Store Count Mix



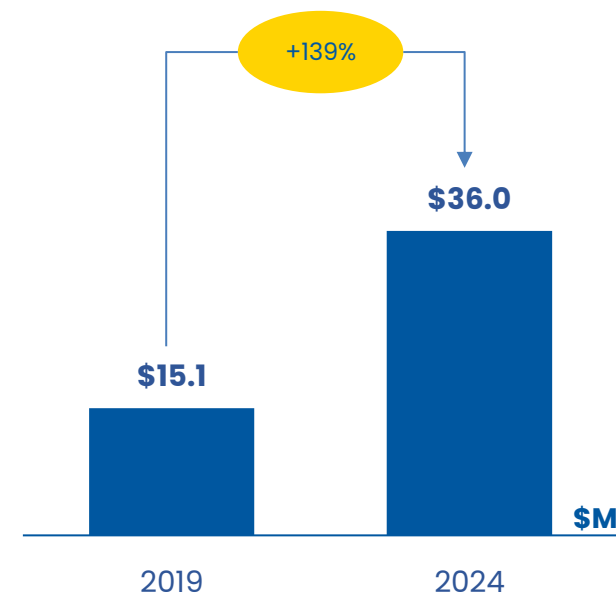
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# We have **expanded both sides of our business model**

## Net Retail Sales (Direct-to-Consumer Segment\*)



## Third-Party Revenue\*\* (Commercial & Intl. Franchise Segments)



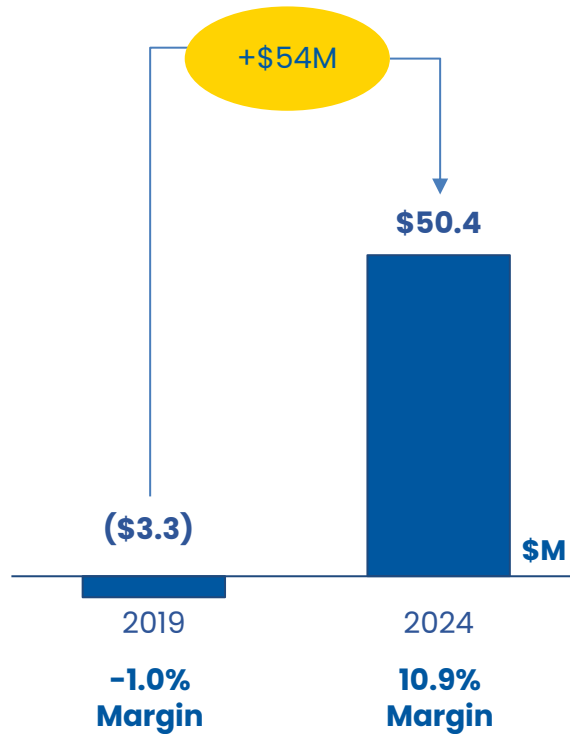
\*Direct-to-Consumer (DTC) is sales by Company-managed retail stores and two e-commerce sites; it is defined in "Important Disclosures."

\*\*Third-Party references combine our Commercial + International Franchise segments..

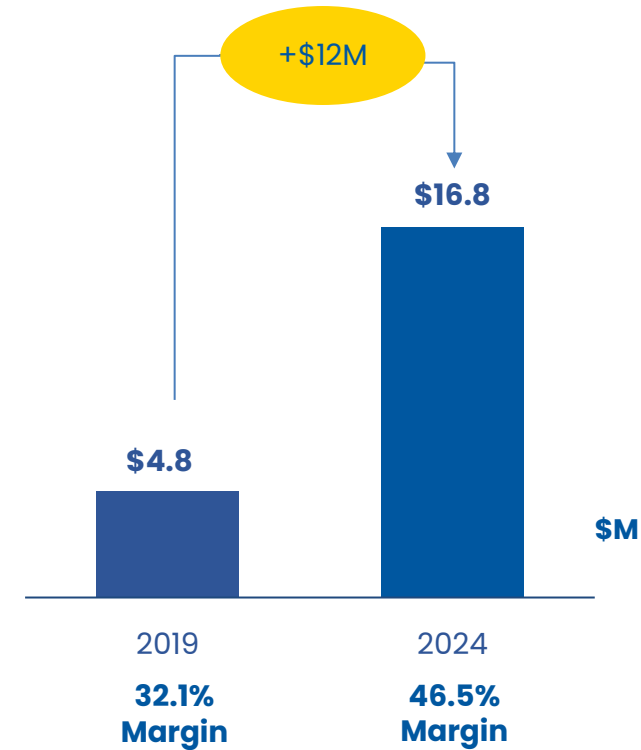


And we have entered a **new era of profitability**

## Net Retail Pretax Income (Direct-to-Consumer Segment)



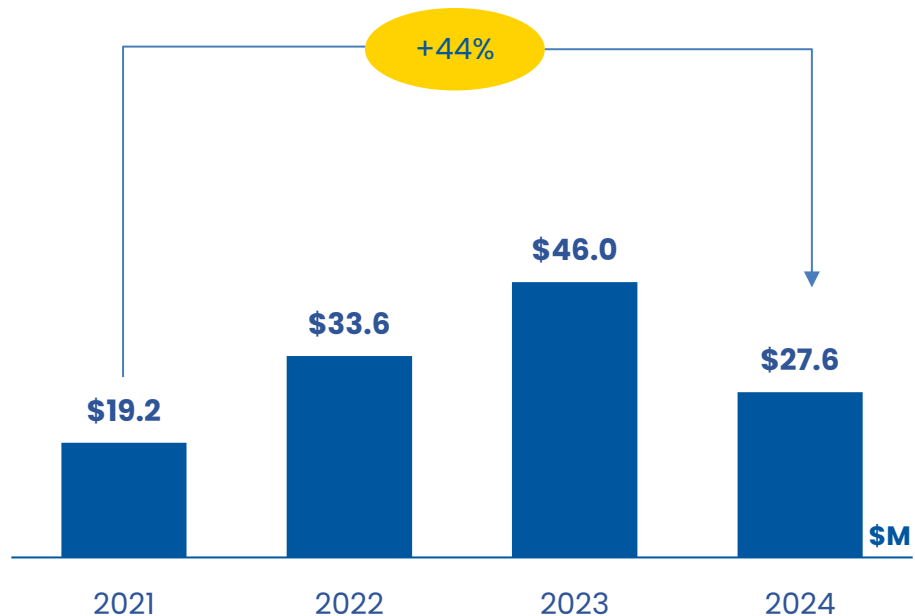
## Third-Party Pretax Income (Commercial & Intl. Franchise Segments)



**Third-Party Pretax Income reached 25% of total Pretax Income in 2024**

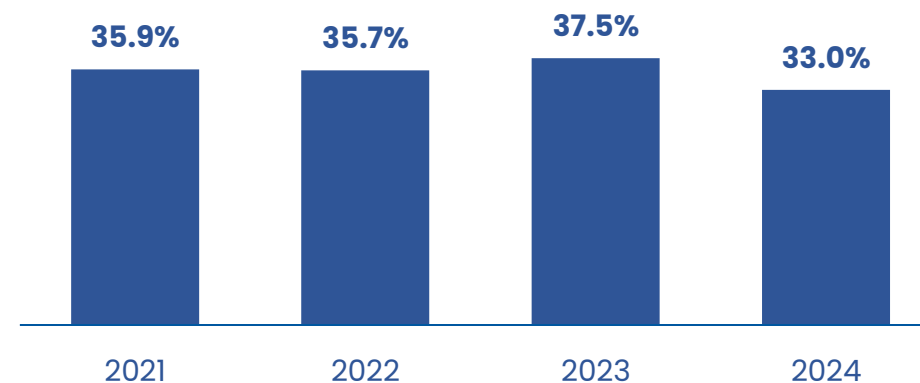
# Consistent returns position us for a new phase of **growth**

## Free Cash Flow\*



2023 was a 53-week year; 2024 reflects a temporary drag from working capital timing dynamics.

## ROIC\*

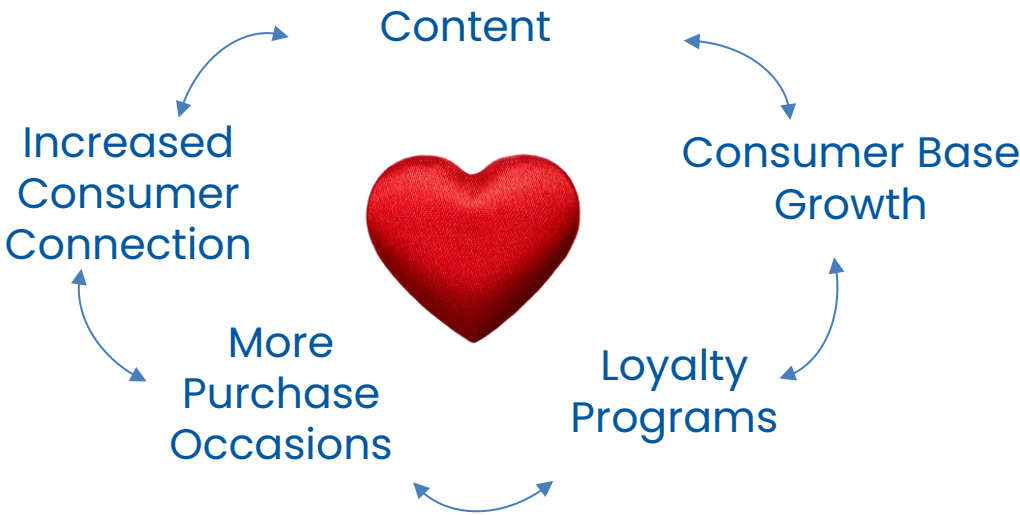
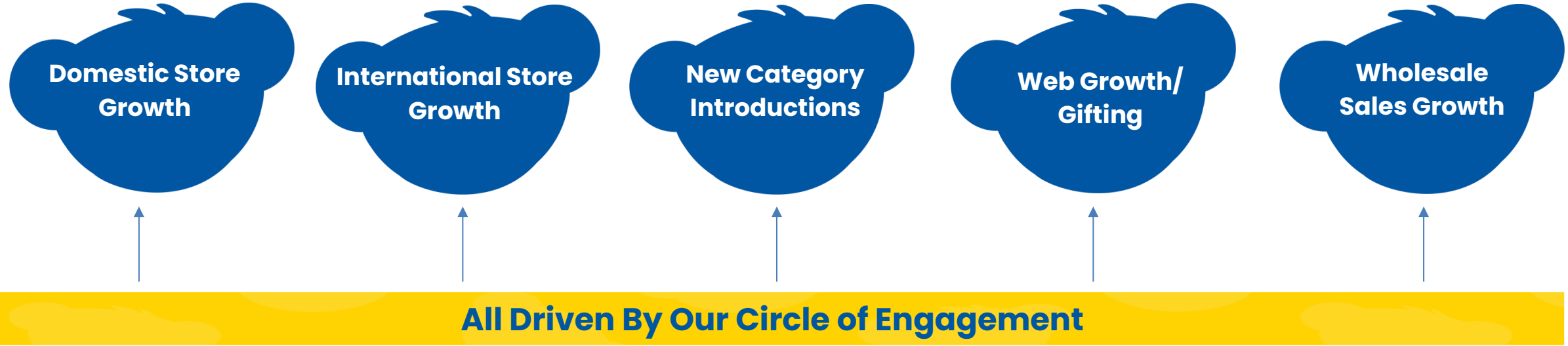


\*Free Cash Flow and Return on Invested Capital (ROIC) are non-GAAP financial measures; see "Important Disclosures."



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# We have multiple levers to **grow the business**

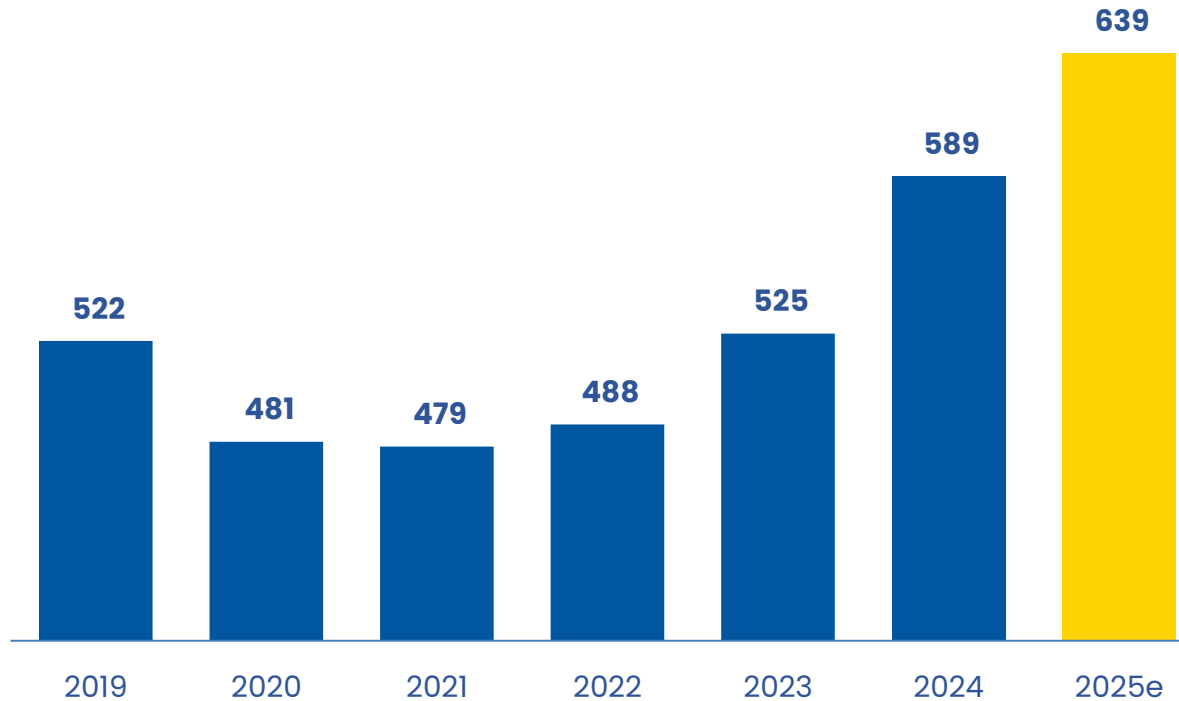


# And we have restarted **new store unit growth**

A teddy bear hug is understood in every language.



## Total Experience Locations (includes Corporate, Partner and Franchised stores)



We are expanding **domestically & internationally** in three models and through our **multiple** store formats

\*Based on 2025 Net New Unit Growth guidance of at least 50 locations, which includes Corporate, Partner, and Franchised Stores.



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# We generate revenue from product sales at retail, at wholesale, and from royalties



## Fiscal 2024

Store Count
% of Co. Pretax Profit*
Revenue
Pretax Margin
ROIC**

DTC  
(Corporate stores and websites  
in US, UK, CN)

368
75%
\$460M
10.9%
28%

Wholesale sales  
(includes US & Intl.  
partner-operated stores)

138
23%
\$31M
50.2%
106%

Sales-based royalty  
revenue, development fees,  
and merchandise sales

83
2%
\$5M
21.6%
41%

\*% of Co. Pretax Profit doesn't add to 100% due to rounding.

\*\* Return on Invested Capital (ROIC) is a non-GAAP financial measure; see "Important Disclosures."



# At retail, multiple store models produce top tier unit economics

## Corporate Store Returns

2024 Results for store classes of 2019, 2020, and 2021

Avg. Corp Store Unit Vol.
4-Wall EBITDA**
4-Wall EBITDA margin
Avg. Net Investment
Cash-on-Cash Return

Discovery Store Model\*      Concourse/SIS Store Model\*

\$1,578K	\$615K
\$535K	\$152K
34%	25%
\$272K	\$42K
196%	363%



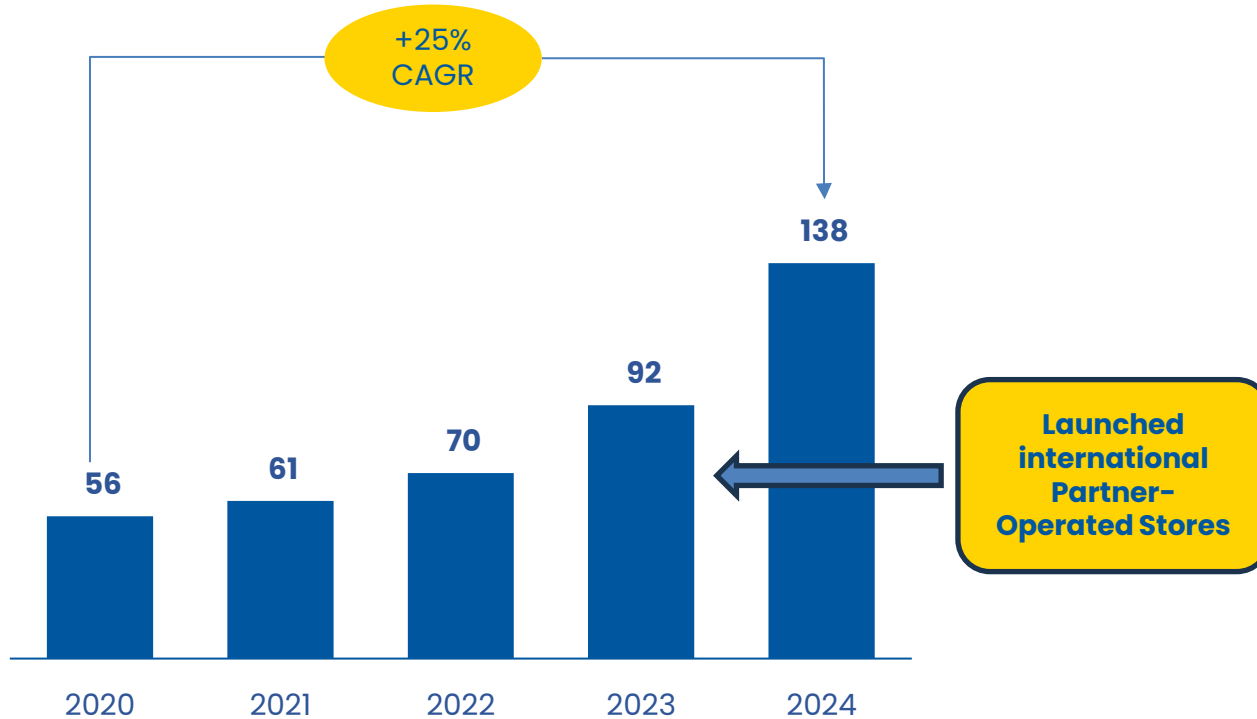
We opened a net 9 new corporate stores in fiscal 2024

\*Discovery Stores are generally 1,800–2,200 square feet and Concourse/SIS are generally 200+ sq feet. The results are for stores open a full year in 2024.  
 \*\*EBITDA is a Non-GAAP financial measure, see "Important Disclosures."

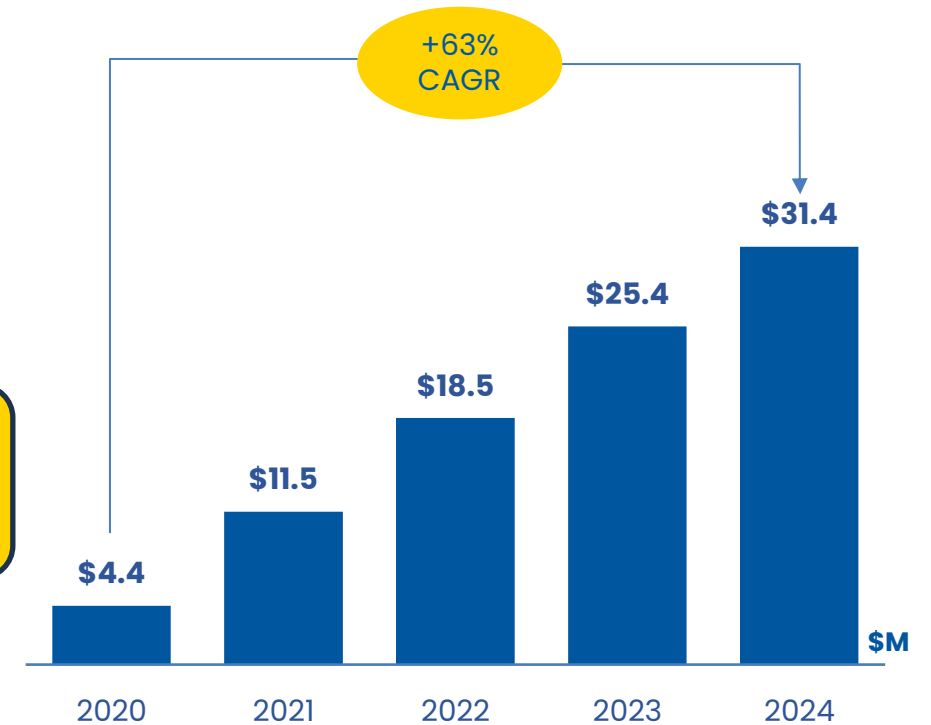


# Commercial is our fastest growing segment

## Partner-Operated Stores



## Commercial Revenue

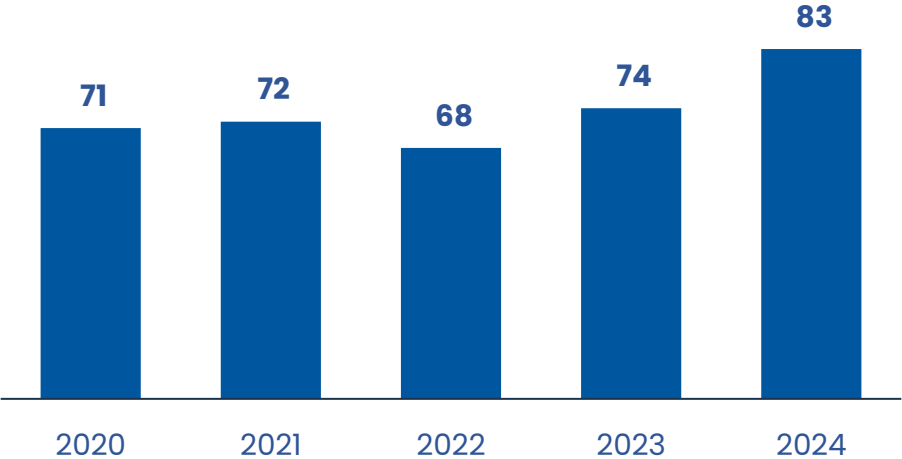


Commercial revenue is primarily wholesale sales, including sales to partner-operated stores

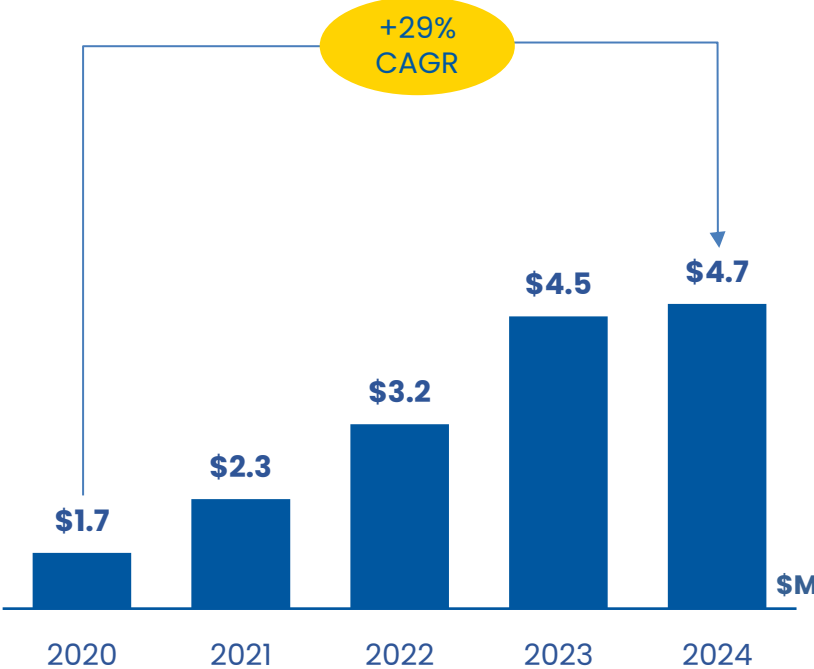


# International Franchise is also **growing**

## Intl. Franchise Stores



## Intl. Franchise Revenue

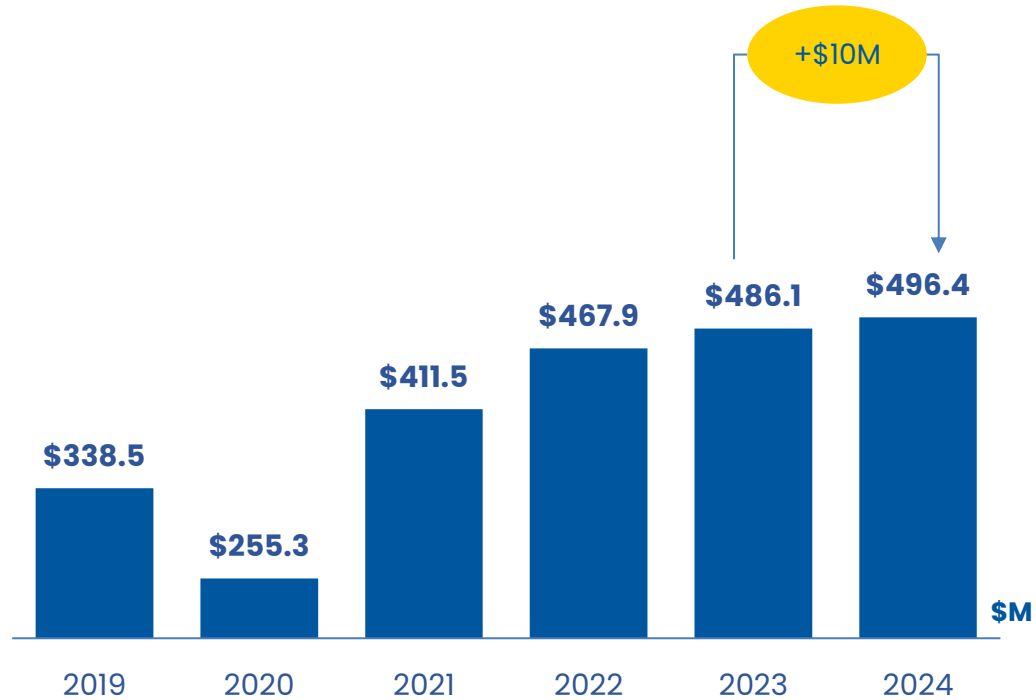


Intl. Franchise revenue includes sales-based royalties, development fees, and merchandise sales

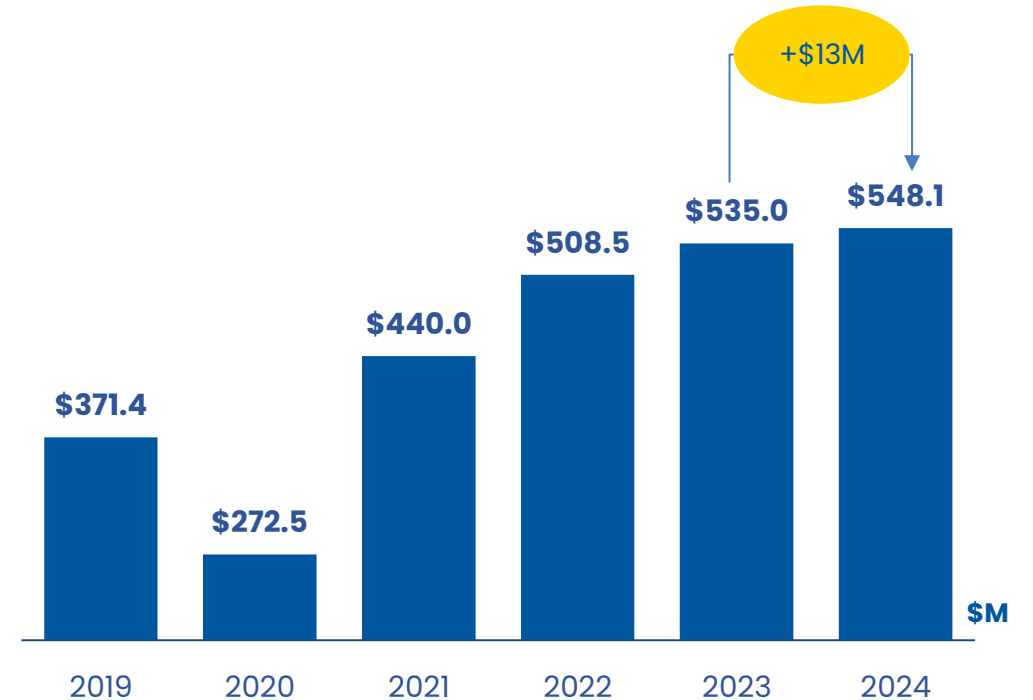


# Systemwide Sales **exceed revenue**

## Revenue



## Systemwide Sales\*



Systemwide Sales exceed revenue because it includes BAB product sales at all stores, whether operated by the Company, partners, or franchisees

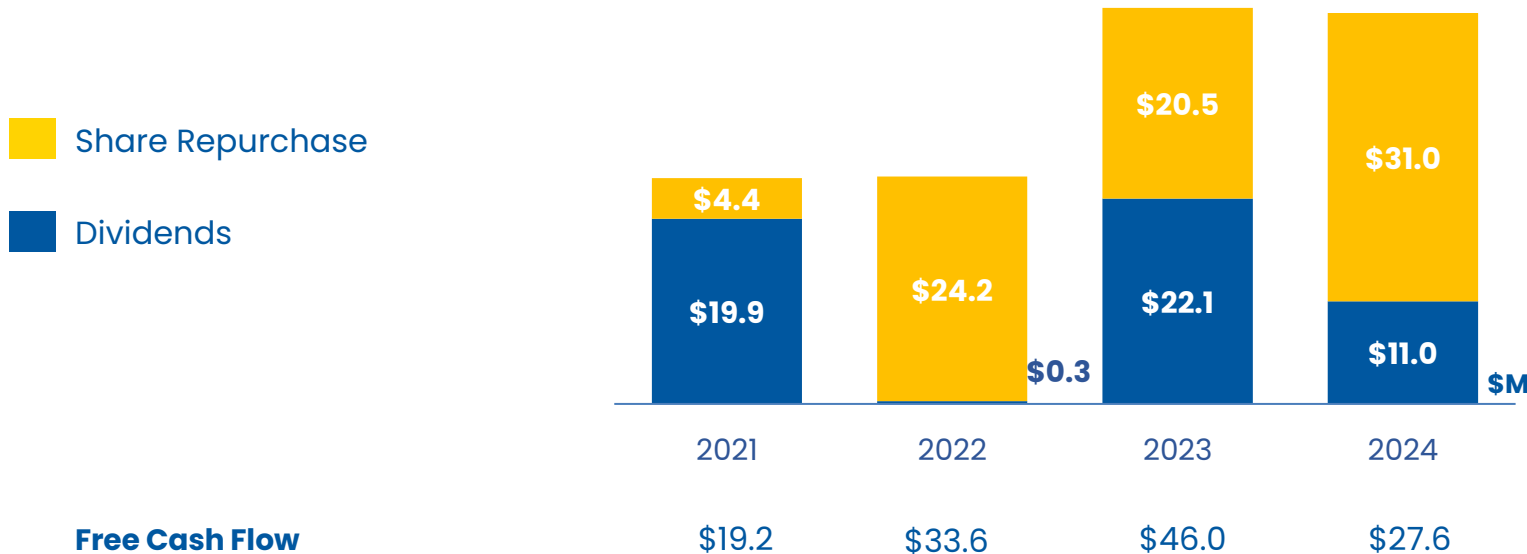


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\*Systemwide Sales is a Non-GAAP financial measure, see "Important Disclosures."

# While growing, we are **returning capital to shareholders**

**\$133M (\$9.14/share\*) Returned to Shareholders 2021-2024**



The Company paid special dividends in December 2021 and April 2023, and in April 2024, it paid an initial quarterly cash dividend of \$0.20 per share. In March 2025, the Company increased its quarterly cash dividend by 10% to \$0.22.

Our asset-light shift allows a greater ability to return FCF to shareholders



\*Per share using average shares over the time period of 14.6M

# Our opportunity to sell more products to more people in more places is a testament to **the power of the brand**

The specialty toy company that helped define experiential retail in the late '90s has not only survived but thrived. From inspiring viral moments, generating products that leverage pop culture IP and building a variety of store formats, everyone's favorite cuddly retailer may be developing an empire.\*

## World-Class Licenses



...the brand has remained relevant for almost three decades—from the fall of the shopping mall to the rise of e-commerce.\*\*

## World-Class Relationships



Build-A-Bear Workshop has been one of the most recognizable and beloved toy brands in the world since opening in 1997.\*\*\*



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\*<https://www.marketingdive.com/news/build-a-bear-business-empire-transformation/699425/>

\*\*<https://toybook.com/build-a-bear-documentary-streaming-news/>

\*\*\*[Celebrating the Holidays With Build-A-Bear Workshop \(cheddar.com\)](https://cheddar.com/celebrating-the-holidays-with-build-a-bear-workshop)

# Financial Review



# Fiscal 2024 was **the most profitable year in Build-A-Bear history**

Revenue	\$496.4M, +3.6%*
Pretax Income	\$67.1M, +5.1%*
Net New Unit Growth**	64 units
Gross Profit Margin	54.9%, + 50 BPS
EBITDA	\$81.1M, 16.3% margin
Adj. EPS	\$3.77, +10.2%***
YE Cash	\$27.8M

Free Cash Flow	\$27.6M
Cash Returned	\$42.0M

**2024 was our fourth consecutive year of record growth and profits**



\*Fiscal 2023 was a 13-week year; the revenue and pretax growth rates exclude the extra week of operations in 2023.

\*\*Net New Unit Growth includes Corporate, Partner-Operated, and International Franchise stores.

\*\*\*Adj. EPS excludes discrete items for both 2023 and 2024.



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# Q1 2025 was **our most profitable first quarter**

Revenue	\$128.4M, +11.9%
Pretax Income	\$19.6M, +30.6%
Net New Unit Growth*	15 units
Gross Profit Margin	56.8%, + 260 BPS
EBITDA	\$23.1M, 18.0% margin
EPS	\$1.17, +42.7%
Quarter-end Cash	\$44.3M

Dividend	\$2.9M
Stock Repurchased	\$4.2M

\*Net New Unit Growth includes Corporate, Partner-Operated, and International Franchise stores.



# Fiscal 2025 Guidance calls for **continued top-line growth\***

Revenue**	MSD growth
Pretax Income	\$61M-\$67M
Net New Unit Growth***	At least 50 units
Capital Expenditures	\$20M-\$25M
Depreciation & Amortization	≈\$16M
Tax Rate****	22% - 24%

Pretax income includes the impact of less than \$15 million in additional cost in fiscal 2025, primarily driven by our current estimated net tariff impact and associated costs, as well as increased medical and labor costs.

\*Guidance as of May 29, 2025

\*\*MSD = mid-single-digit

\*\*\*Net New Unit Growth includes Corporate, Partner, and Franchised Stores

\*\*\*\*Excludes discrete items



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# BBW Key Statistics

Share Price - May 23	\$40.89
Shares Out. 1Q-end	13.15M
Market Capitalization	\$538M
Cash 1Q-end	44.3M
Qtly. Dividend/Yield	\$0.22/2.2%
Float (est.)	96.0%
Avg. Daily Vol. (3 mos.)	290,000



Source: BAB, NYSE Connect



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# Appendix



# Build-A-Bear Non-GAAP Reconciliations

## Systemwide Sales, Free Cash Flow, EBITDA

Fiscal Year-End (\$ millions)	2019	2020	2021	2022	2023	2024
<b>Systemwide Sales:</b>						
Net retail sales	323.5	249.2	397.7	446.2	456.2	460.3
Third-party sales	<u>47.9</u>	<u>23.3</u>	<u>42.3</u>	<u>62.3</u>	<u>78.9</u>	<u>87.8</u>
Total Systemwide sales	\$ 371.4	\$ 272.5	\$ 440.0	\$ 508.5	\$ 535.0	\$ 548.1

Fiscal Year-End (\$ millions)	2022	2023	2024
<b>Calculation of Free cash flow</b>			
Net cash provided by operating activities	\$ 47.3	\$ 64.3	\$ 46.9
Net cash used in investing activities	<u>(13.6)</u>	<u>(18.3)</u>	<u>(19.3)</u>
Free cash flow	\$ 33.6	\$ 46.0	\$ 27.6

Fiscal Year-End (\$ millions)	2024
<b>Calculation of EBITDA</b>	
Income before income taxes	\$ 67.1
Interest (income) expense, net	\$ (0.9)
Depreciation and amortization expense	<u>\$ 14.8</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 81.1

13 Weeks Ended May 3, 2025 (\$ millions)	Q1 2025
<b>Calculation of EBITDA</b>	
Income before income taxes	\$ 19.6
Interest (income) expense, net	\$ (0.2)
Depreciation and amortization expense	<u>\$ 3.7</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 23.1

Discovery Store Model Classes of 2019, 2020, and 2021 (\$ millions)	2024
<b>Calculation of EBITDA</b>	
Income before income taxes	\$ 0.495
Interest (income) expense, net	\$ -
Depreciation and amortization expense	<u>\$ 0.039</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 0.535

Concourse/SIS Store Model Classes of 2019, 2020, and 2021 (\$ millions)	2024
<b>Calculation of EBITDA</b>	
Income before income taxes	\$ 0.142
Interest (income) expense, net	\$ -
Depreciation and amortization expense	<u>\$ 0.010</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 0.152

# Build-A-Bear Non-GAAP Reconciliations

## Return on invested capital, Segment ROIC

Fiscal Year-End (\$ millions)	2022	2023	2024
<b>Calculation of Return on Invested Capital</b>			
<b>Numerator</b>			
Net income	\$ 48.0	\$ 52.8	\$ 51.8
Operating lease interest	5.5	5.5	6.9
Interest expense (income)	0.0	(0.9)	(0.9)
Lease adjusted net operating profit after tax	\$ 53.5	\$ 57.4	\$ 57.9
<b>Denominator:</b>			
Current Assets	\$ 147.4	\$ 127.8	\$ 126.3
Current Liabilities	101.2	83.7	79.4
Excess Cash (cash in excess of \$20m)	22.2	24.3	7.8
Net Working Capital	24.1	19.7	39.1
Operating Leases	71.8	73.4	90.2
Property + Equipment	50.8	55.3	59.8
Other Assets	4.2	7.2	6.1
Total Invested Capital	150.9	155.6	195.2
Average Invested Capital	\$ 149.7	\$ 153.2	\$ 175.4
<b>Return on invested capital</b>	<b>35.7%</b>	<b>37.5%</b>	<b>33.0%</b>

Fiscal Year-End (\$ millions)	2024
<b>Calculation of Return on Invested Capital</b>	
<b>Commercial</b>	
Numerator:	
Pretax Income	15.8
Tax rate, adj.	23.5%
Taxes	3.7
Net operating profit after tax	12.1
Commercial Assets	14.0
Average Commercial Assets	11.4
<b>ROIC—Commercial</b>	<b>106%</b>
<b>Intl Franchise</b>	
Numerator:	
Pretax Income	1.0
Tax rate, adj.	23.5%
Taxes	0.2
Net operating profit after tax	0.8
Intl Franchise Assets	2.6
Avg Intl Franchise Assets	1.9
<b>ROIC—Intl Franchise</b>	<b>41%</b>

Fiscal Year-End (\$ millions)	2024
<b>Calculation of Return on Invested Capital</b>	
<b>Net Retail</b>	
Numerator:	
Pretax Income	50.4
Tax rate, adj.	23.5%
Taxes	11.8
NI	38.5
Operating lease interest	6.9
Interest Expense	(0.9)
NOPAT	44.6
Retail Assets	273,356
Average Retail Assets	267,828
Average Invested Capital	175.4
Net Retail Avg Invested Capital (Co. IC less C)	162.1
<b>ROIC—Retail</b>	<b>28%</b>

# Contact Information



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