

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): January 14, 2019

Build-A-Bear Workshop, Inc.
(Exact Name of Registrant as Specified in Its Charter)

<u>Delaware</u> (State or Other Jurisdiction of Incorporation)	<u>001-32320</u> (Commission File Number)	<u>43-1883836</u> (IRS Employer Identification No.)
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<u>1954 Innerbelt Business Center Drive</u> <u>St. Louis, Missouri</u> (Address of Principal Executive Offices)	<u>63114</u> (Zip Code)
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(314) 423-8000
(Registrant's Telephone Number, Including Area Code)

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On January 14, 2019, Build-A-Bear Workshop, Inc. (the “Company”) issued a press release setting forth the Company’s revenue expectations for fiscal year 2018 (the 52-week period ending February 2, 2019). A copy of the Company’s press release is being furnished as Exhibit 99.1 and hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On January 14, 2019, Build-A-Bear Workshop, Inc. (the “Company”) will present at the ICR Conference 2019 held at the Grande Lakes Hotel and Resort in Orlando, Florida. Sharon Price John, President and Chief Executive Officer, will host the presentation at 9:00 am Eastern Standard Time. The audio portion of the presentation will be broadcast over the internet and can be accessed at the Company’s investor relations website, <http://IR.buildabear.com>. The presentation is expected to conclude by 9:25 a.m. Eastern Standard Time. A replay of the broadcast will remain on the Company’s investor relations website for one year. The investor presentation is attached hereto as Exhibit 99.2, and is incorporated herein by reference. A copy of the investor presentation is also available on the Investor Relations section of the Company’s web site at <http://IR.buildabear.com>.

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

* * * * *

The information furnished in, contained, or incorporated by reference into Item 2.02 and Item 7.01 above, including Exhibits 99.1 and 99.2 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”), as amended, or the Exchange Act, regardless of any general incorporation language in such filing. In addition, this report (including Exhibits 99.1 and 99.2) shall not be deemed an admission as to the materiality of any information contained herein that is required to be disclosed solely as a requirement of Items 2.02 and 7.01.

This Current Report on Form 8-K and the press released and investor presentation attached hereto as Exhibits 99.1 and 99.2, respectively, contain certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements in this report and in such exhibits not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this report and in such exhibits are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among other things: statements regarding the Company’s goals, intentions, and expectations; business plans and growth strategies; estimates of the Company’s risks and future costs and benefits; forecasted demographic and economic trends relating to the Company’s industry; and other risk factors referred to from time to time in filings made by the Company with the Securities and Exchange Commission. Forward-looking statements speak only as to the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. The Company disclaims any intent or obligation to update these forward-looking statements.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated January 14, 2019
99.2	Investor Presentation—January 14, 2019

SIGNATURES

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

BUILD-A-BEAR WORKSHOP, INC.

Date: January 14, 2019

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
<u>99.1</u>	<u>Press Release dated January 14, 2019</u>
<u>99.2</u>	<u>Investor Presentation—January 14, 2019</u>

Build-A-Bear Workshop, Inc. Updates Sales Expectations for Fiscal Year 2018 Ahead of ICR Conference

ST. LOUIS--(BUSINESS WIRE)--January 14, 2019--Build-A-Bear Workshop, Inc. (NYSE:BBW) today updated its revenue expectations for the 2018 fiscal year in conjunction with its presentation at the ICR Conference 2019.

For the fiscal 2018 year, the Company is lowering revenue guidance and currently expects:

- Total revenues in the range of \$335 million to \$340 million for the 52-week period ending February 2, 2019 inclusive of the negative impact of \$3.9 million due to the adoption of new accounting standards effecting the timing of the recognition of breakage revenue for certain gift cards and the nonoccurrence of the prior year benefit of \$6.0 million for a 53rd week in revenue. Total revenues were \$364.0 million for the recast 53-week period ended February 3, 2018. The \$9.9 million impact of these two items would adjust total fiscal 2017 recast year revenues to \$354.1 million.
- Within the Company's Direct-To-Consumer segment, total revenues in North America are expected to decline by approximately 2% compared to the adjusted recast 2017 fiscal year and total revenues in Europe are expected decline in the range of 17% to 20% compared to the adjusted recast 2017 fiscal year.

Sharon Price John, Build-A-Bear Workshop Chief Executive Officer commented, "We believe that fiscal 2018 had several anomalies that converged to negatively impact our business. The shortfall in our year's results are largely attributed to the persistent and significant revenue and profitability challenges in the UK as unresolved issues related to Brexit negatively impacted consumer confidence and currency exchange rates and new privacy laws, known as GDPR, impeded our marketing communications. Other factors included: a decline in licensed product sales due to significantly fewer family-centric, character-based movies; the continuation of overall declines and changing composition of mall traffic; the closure of a flagship store location that represented over \$7 million in North American revenue; liquidation of one of the largest global toy retailers; and a number of accounting and tax changes that negatively affected both top and bottom line results. Even with these disruptions, on a full-year basis, we expect total revenue in our largest market, North America, which is most reflective of our planned future state, to be down only low-single digits as compared to an estimated 17% to 20% revenue drop outside North America, largely isolated to the UK.

"Post-Christmas, our sales trend has been positive, which includes gift card redemptions and initial sales of licensed product associated with the upcoming family film, "How To Train Your Dragon: The Hidden World", which will be released next month in the U.S. and the U.K. We also expect to benefit from a planned integrated event and promotion to celebrate National Hug Day on January 21st. With many of this year's disruptions behind us, we look forward to moving into 2019 which has one of the most robust family movie offerings slated throughout the year, in stark contrast to 2018, including anticipated blockbusters in "The Lion King" and "Frozen 2." We continue to believe that the Build-A-Bear brand remains strong and are focused on our strategies to monetize that brand equity, diversify our retail footprint with the optionality that is a result of innovation in flexible store models and aggressive lease negotiations, and digital growth opportunities leveraging our more than 6 million loyalty program members to increase lifetime value."

The Company is scheduled to present at the ICR Conference 2019 held at the Grande Lakes Hotel and Resort in Orlando, Florida on Monday, January 14, 2019, at 9:00 a.m. EST. The presentation will be broadcast over the internet and can be accessed at the Company's investor relations website, <http://IR.buildabear.com>. The presentation is expected to conclude by 9:25 a.m. EST. A replay of the broadcast will remain on the Company's investor relations website for one year.

About Build-A-Bear Workshop, Inc.

Build-A-Bear is a global brand kids love and parents trust that seeks to add a little more heart to life. Build-A-Bear Workshop has over 400 stores worldwide where guests can create customizable furry friends, including corporately-managed stores in the United States, Canada, China, Denmark, Ireland, Puerto Rico, and the United Kingdom, and franchise stores in Africa, Asia, Australia, Europe, Mexico and the Middle East. In 2018, Build-A-Bear was named to the FORTUNE 100 Best Companies to Work For® list for the 10th year in a row. Build-A-Bear Workshop, Inc. (NYSE:BBW) posted total revenue of \$357.9 million in fiscal 2017. For more information, visit the Investor Relations section of buildabear.com.

Forward-Looking Statements:

This press release contains certain statements that are, or may be considered to be, "forward-looking statements" for the purpose of federal securities laws, including, but not limited to, statements that reflect our current views with respect to future events and financial performance. We generally identify these statements by words or phrases such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "future," "potential" or "continue," the negative or any derivative of these terms and other comparable terminology. All of the information concerning our future liquidity, future revenues, margins and other future financial performance and results, achievement of operating of financial plans or forecasts for future periods, sources and availability of credit and liquidity, future cash flows and cash needs, success and results of strategic initiatives and other future financial performance or financial position, as well as our assumptions underlying such information, constitute forward-looking information.

These statements are based only on our current expectations and projections about future events. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements, including those factors discussed under the caption entitled "Risks Related to Our Business" and "Forward-Looking Statements" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 15, 2018 and other periodic reports filed with the SEC which are incorporated herein.

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

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

CONTACT:

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**Build-A-Bear Workshop
2019 ICR Conference**

Forward looking and cautionary statements

This presentation contains certain statements that are, or may be considered to be, "forward-looking statements" for the purpose of federal securities laws, including, but not limited to, statements that reflect our current views with respect to future events and financial performance. We generally identify these statements by words or phrases such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "future," "potential" or "continue," the negative or any derivative of these terms and other comparable terminology. Forward-looking statements are based on current expectation and assumptions that are subject to risks and uncertainties which may cause results to differ materially from the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise. Risks and uncertainties to which our forward-looking statements are subject include: (1) a decline in mall traffic could adversely affect our financial performance and profitability; (2) we may be 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; (3) our marketing and on-line initiatives may not effectively build consumer affinity for our brand, drive consumer demand and generate traffic for our stores; (4) general global economic conditions may decline, which could lead to disproportionately reduced consumer demand for our products, which represent relatively discretionary spending; (5) we may not be able to operate our international corporately-managed locations profitably; (6) the availability and costs of our products and our product pricing may be adversely affected by risks associated with international manufacturing and trade and foreign currency fluctuations; (7) we may be unable to renew, renegotiate or replace our store leases, or enter into leases for new stores on favorable terms, or we may violate the terms of our current leases; (8) we may suffer disruptions, failures or security breaches of our information technology infrastructure or we may improperly obtain or be unable to protect our data or violate privacy or security laws or expectations; (9) we may not be able to evolve our store locations to align with market trends or effectively manage our overall portfolio of stores; (10) 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; (11) we may suffer negative publicity or be sued if the manufacturers of our merchandise or Build-A-Bear branded products sold by our licensees ship products that do not meet current safety standards or production requirements or if such products are recalled or cause injuries; (12) we are subject to risks associated with technology and digital operations; (13) we rely on a few vendors to supply substantially all of our merchandise, and significant price increases or disruption in their ability to deliver merchandise could harm our ability to source products and supply inventory to our stores; (14) our company-owned distribution center or our third-party distribution center providers may experience disruptions in their ability to support our stores or they may operate inefficiently; (15) we may fail to renew, register or otherwise protect our trademarks or other intellectual property and may be sued by third parties for infringement or misappropriation of their proprietary rights; (16) 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; (17) our profitability could be adversely impacted by fluctuations in petroleum products prices; (18) we may be unable to effectively manage our international franchises, attract new franchisees or laws relating to international franchises may change; (19) our business may be adversely impacted by a significant variety of competitive threats; (20) 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; (21) we may be unsuccessful in acquiring businesses or engaging in other strategic transactions; (22) fluctuations in our operating results could reduce our cash flow and we may be unable to repurchase shares at all or at the times or in the amounts we desire or the results of the share repurchase program may not be as beneficial as we would like; (23) fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; (24) limited public float and trading volume in our common stock may have an adverse impact and cause significant fluctuation of market price; and (25) provisions of our corporate governing documents and Delaware law may prevent or frustrate attempts to replace or remove our management by our stockholders, even if such replacement or removal may be in our stockholders' best interests. For additional information concerning factors that could cause actual results to materially differ from those projected herein, please refer to our most recent reports on Form 10-K, Form 10-Q and Form 8-K.





- Founded in 1997, as a specialty retailer to “make-your-own stuffed animals”
- 2004 IPO
- Currently in ~500 locations* in 16 countries including:
 - ~370 corporately-managed stores
 - ~100 international franchise stores
 - ~30 third party retail locations
- Over 3,500 employees
- Over 180 Million furry friends sold - and memories made - since inception



**2013 marked the beginning of an evolution to become a branded intellectual property company
(that has retail as one of its revenue channels)**

Monetizable Powerful Brand

90%+ Aided Brand Awareness*

**Broad Consumer Appeal:
Gender, Age and
Geography**



**Powerful Social &
Loyalty Engagement;
6+MM Bonus Club
Members**

**180 Million Furry
Friends Sold - and
Memories Made -
Globally****

*US data, C&R Research, Jan 2017

**Since 1997

BBW 2019

4

Multi-Phase Strategic Blueprint for Growth



2013-2014

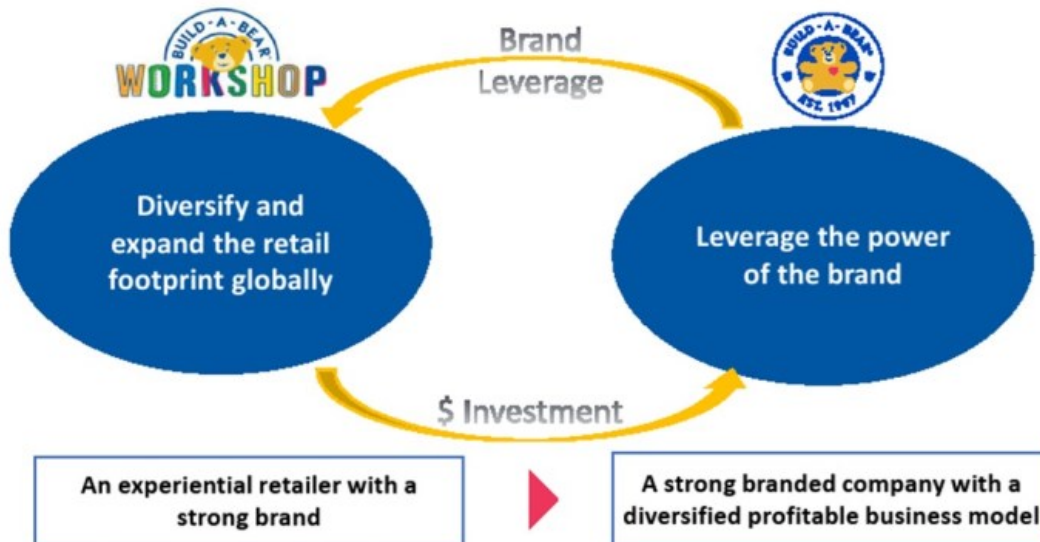
Return to Profitability

2015-2017

Deliver Sustained Profitability

Drive Profitable Growth

HOW?





Evolution 2013-2017

Returned to Profitability & Sustained Profitability



- Diversified retail real estate portfolio; renegotiated leases and closed select stores
- Reduced discounts, enhanced marketing to leverage the brand emotion and highlight the in-store EXPERIENCE; relaunched Bonus Club loyalty program
- Refreshed brand look and store design focused on productivity
- Created multiple cost-effective store formats with options that enable retail in a wide range of sizes, venues and temporary to more permanent time frames
- Rationalized expenses, renegotiated contracts
- Value-engineered product line, focused on key consumer segments and strategically increased pricing to expand gross margin and dollars per transaction



Evolution 2013-2017

while simultaneously

Rebuilding Systems and Processes

&

Updating Org Structure



- Re-organized with new management team and diversified and upgraded talent while also evolving Board of Directors
- Instituted new, more efficient processes and restructured key functional areas
- Restructured vendor base and supply chain
- Updating IT infrastructure & digital capabilities including new e-commerce platform, CRM and PLM systems
- Added new systems including Salesforce Commerce Cloud and Microsoft Dynamics systems
- Re-building international infrastructure while expanding into new territories

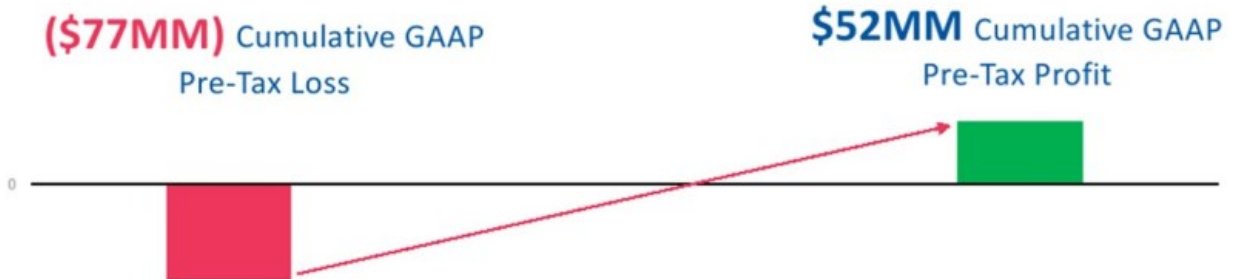
BBW is a Stronger Company than at the Start of the Evolution



Pre-Turnaround:
4 consecutive years of Pre-Tax Losses



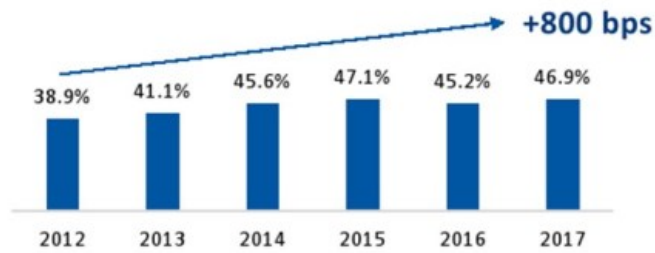
Post Turnaround:
4 consecutive years of Pre-Tax Profits



With Improvement in Retail Fundamentals



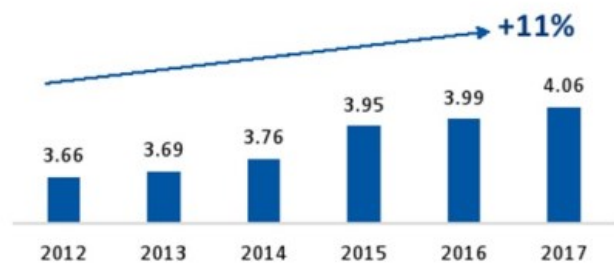
BBW Retail Gross Margin



NA Dollars Per Transaction



NA Units Per Transaction



Results reflect fiscal year period prior to change in 2018

A Backdrop of Unprecedented and Rapid Change in US Retail

Traditional mall traffic declined close to

-50%*

*2012-2018 estimate based on ShopperTrak and Retail Next data

2017 vs 2012
US E-commerce

+75%

Source: US Census Bureau

Over-malled:
20%
of US malls account for
72%
of all US mall sales

Source: Fung Global Retail & Technology, "The Mall is Not Dead: Part 1"

2017/18 US Retail Store
Closures

-14K

Nearly 40 bankruptcies

Source: Coresight.com, "Store Openings & Closures Tracker"

With Brexit Triggering Accelerated UK Changes



every quarter since 2016

2017 vs 2012
UK E-commerce

+45%

with 18% YOY growth in 2018*

Source: Office of National Statistics; *YTD through November 2018 vs 2017

2017/18 UK Retail Store
Closures

-2K

Source: Coresight.com, "Store Openings & Closures Tracker"

2018 UK Retail Job Loss

-85K

with over 1,000 retail
bankruptcies

Source: Office of National Statistics, The Guardian

Multiple Factors Point to BBW's 2018 as an Anomaly



- Projected total revenues for FY2018 are expected to be in the range of \$335 to \$340 million with a decline of approximately 2% in North America and 17% to 20% in Europe
 - Post Christmas sales are positive in North America and improved in the UK
- Several anomalies converged to impact the year:

Macro retail trends

- *Continuing mall traffic declines and changing consumer shopping habits*
 - Mall shopping in December, historically our largest sales month, is less recreational and family-oriented changing composition of traffic
- TRU liquidation and subsequent closures

BBW Sales Shifts

- *Lower licensed product sales impacted by significantly fewer impactful family-centric and plush-friendly character movies*
- Pay Your Age Day and follow-on: ultimately positive but short-term disruption
- BBW Disneyland store closure: \$7MM sales in 2017

UK Economic Disruption

- *Brexit uncertainty continued to negatively impact UK consumer confidence and currency exchange rates*
- New consumer privacy laws in the EU, known as General Data Protection Regulation or GDPR, have inhibited our ability to market directly to guests

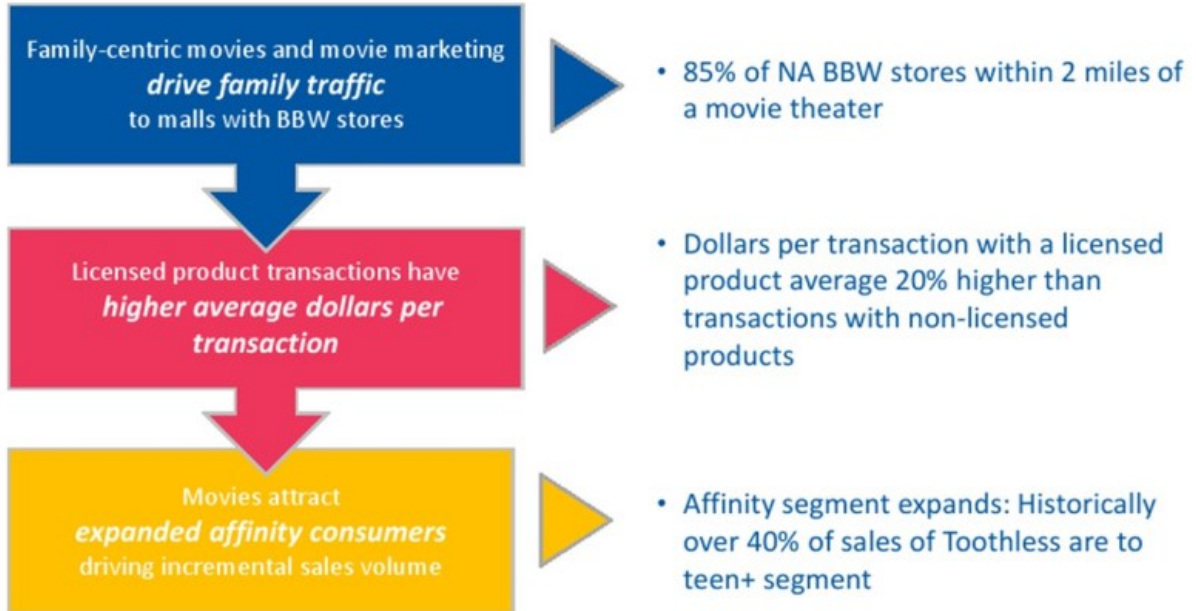
Legal/Administrative Issues

- Accounting Rule Changes: Negative \$3.9MM revenue and pre-tax income impact in FY 2018 and Negative \$12.3MM from 2018 through 2020
- BBW Fiscal year change
- FY2018 is 52 weeks compared to FY2017 having 53 weeks
- US Tax Reform

Movies Have Multi-Dimensional Impact



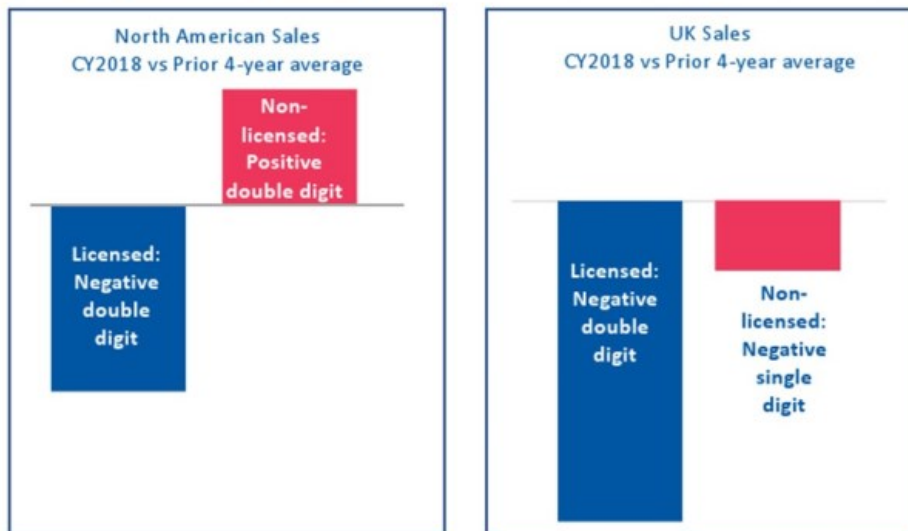
Decline in high-impact, family-centric movies impacts level and composition of traffic as well as product sales of characters and related licensed products: Licensed product sales, including movies, can be 30% to as high as 50% of total retail in any given quarter for BBW



2018 Licensed Product Impact at BBW



- In 2018, sales of licensed products, inclusive of movies, declined at double digit rates in both North America and the UK with the impact in the UK greater given their historical over-indexing on movie licensed product sales
 - 2018 Licensed product revenue lowest since 2013 which we attribute to significantly fewer high-impact family-centric movies in the year
 - 2018 Non-licensed revenue highest since 2014 reflecting growth in BBW intellectual properties developed to partially offset movie timing
 - Impact felt throughout the toy industry



Solid Balance Sheet Supports Ongoing Evolution



Even with a backdrop of change and disruptions throughout 2018, we have stayed focused on the overarching strategy with an eye to evolving the company. Financially, the strategy has been supported with a solid balance sheet.

- **NO DEBT**
- **CASH FROM OPERATIONS HAS FUNDED - AND IS EXPECTED TO CONTINUE TO FUND - ONGOING STRATEGIC INITIATIVES**



Powerful Brand

+

Evolving Business Model



Continued focus on the evolution of our Strategic Plan to monetize the Build-A-Bear brand across channels, geographies, consumers and categories:

1. Retail Diversification and Accessibility
2. E-commerce and Gifting Growth
3. International Franchising Expansion
4. Revenue Diversification through outbound licensing and entertainment

Deliver Long-Term Sustained PROFITABLE Growth

Retail Diversification and Accessibility in NA



2015 NA Store Portfolio

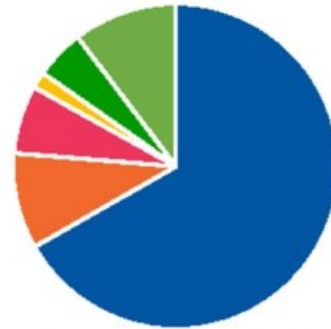


- Traditional Mall Store
 - Traditional Mall Concourse
 - Tourist all Formats
 - Walmart
 - Seasonal/Holiday
 - 3rd Party Retail*
- *Non-corporately owned

274 locations; >90% in traditional mall store format



2018 NA Store Portfolio



368 locations; 66% in traditional mall store format



Store counts as of December of each calendar year



Mall locations continue to deliver sales and profit:

- ~95% of NA locations are profitable*
- Portfolio management includes short-term lease extension with rent reductions, shift to concourse model

Portfolio continues to diversify to increase demographic and geographic accessibility and migrate away from traditional malls. Expect to have more stores but less overall square footage increasing productivity and key performance metrics

E-Commerce and Gifting Growth



- New e-commerce platform launched in 2017; double-digit sales growth every quarter since upgrade
- Opportunity to expand gifting business with personalization features (e.g., sound and embroidery) and build affinity consumer segment through web-exclusive product offerings
- With over 6MM Bonus Club members, opportunity to add incremental lifetime value with cross-channel engagement



Future opportunities include:

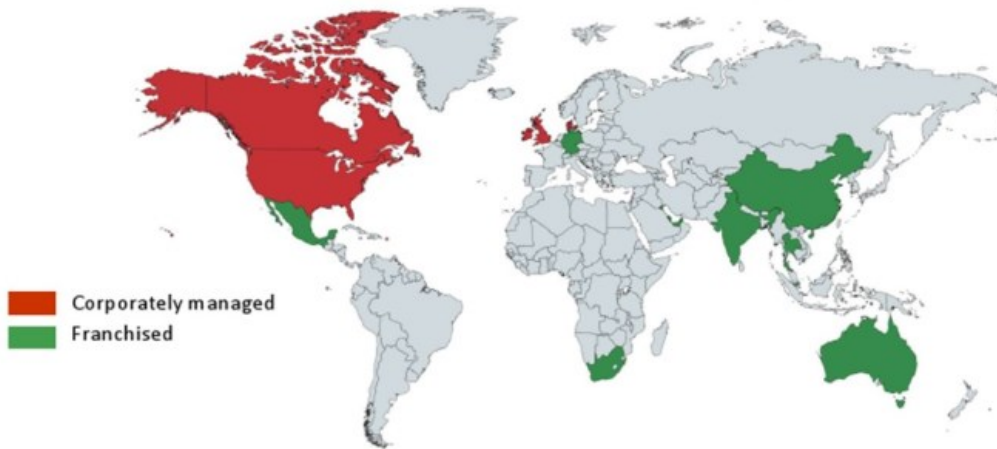
- Expansion of Amazon marketplace, addition of exclusive products particularly at key gift-giving seasons
- 3D virtual shopping experience to simulate in-store process and enhance consumer engagement



International Franchising Expansion



Increased flexibility in store options, investments in infrastructure and improved supply chain support international growth primarily through franchising.



2017:

- Territories included Mexico, South Africa, Germany, the Middle East, Australia, Thailand, Singapore

2017/18:

- First franchised stores opened in China

2019:

- Expect to open first stores in India

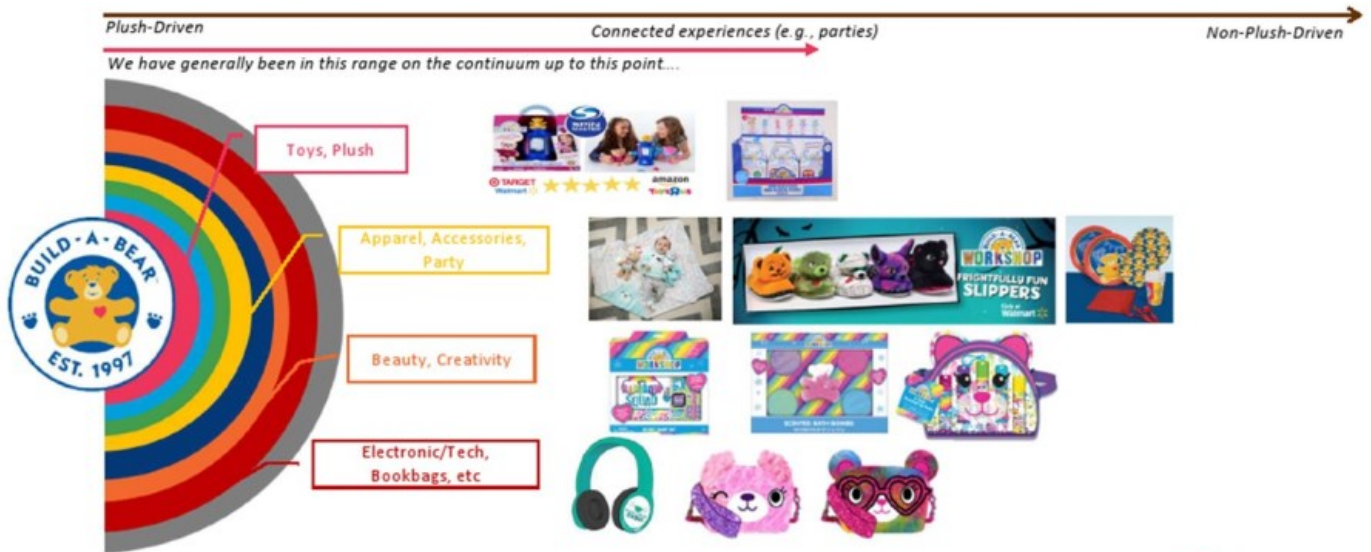
Targets for future growth include other areas in Asia and Europe, both of which are underpenetrated given their demographic and economic profiles for development

Note that China has one corporately managed store (Disney property) with all others operated by franchise

Revenue Diversification through Outbound Licensing



Over 20 product categories are currently licensed for BBW with products in market or in development



In 2018, outbound licensed products were carried in multiple retailers including:

- Walmart 3,200+ doors
- Target 1,800+ doors
- Rite Aid 1,500+ doors
- HBA in approximately 1,000 doors including TJX, Burlington, Ross, Meijer and Specialty





“Play beyond the plush” enhances consumer connection:

- Video and music available on Build-A-Bear’s You Tube channel
 - Over 100K subscribers
 - Over 64MM views
- Engaging apps support owned intellectual properties: 7MM sessions since launched
- Build-A-Bear sells ~750K songs on sound units that are put into furry friends every year



Powered by **DASH**

Radio platform has multiple benefits:

- Partnership with DASH radio, a multi-station streaming platform with over 10 million subscribers, as exclusive kids’ targeted channel launched on 10/10 at 10 a.m.
- Consumer reach: Averaging ~400K listeners daily with over 30 minutes of listening per session



Advanced discussions on multiple platforms:

- Publishing
- Music
- Television
- Feature films
- Children’s museum travelling show



1

Increased pace of real estate restructuring away from traditional malls

- High optionality and flexibility, particularly in NA real estate portfolio, provides major real estate transition opportunity
- Through disciplined lease management, over 60% of corporate leases expire or have options within next 3 years including 40% in next 12 months
- Tourist doors continue to outperform non-tourist locations on key metrics including sales and profit
- Pleased with initial sales at Walmart pilot stores giving our brand access to new consumers



2

Best family-centric movie slate in many years is expected to drive licensed product sales and bring relevant demographic target to malls with co-located theaters

- 85% of US store locations have a movie theater within 2 miles





3

E-commerce and digital engagement growth potential

- Continued advancement in analytics to drive e-commerce sales which are expected to continue at double-digit rates
- Drive for incremental profitable lifetime value from 6MM Bonus Club members
- Progress in solutions to address GDPR in the UK that will enable database growth and direct communication capabilities



4

Revenue diversification efforts gaining traction:

- Outbound brand licensing
- International franchising
- 3rd Party Retail business model



Outbound Brand Licensed Products



International Franchising



3rd Party Retail

5

Emerging entertainment platforms

- Build-A-Bear Radio
- New publishing, music, video platforms



Entertainment Channels

6

Evolution of corporate structure to reflect future state while leveraging IT and infrastructure investments



- Believe FY2018 is an anomaly with multiple factors colliding to negatively impact results vs consistent progress from 2013-2017 on a multi-phase strategic plan to make BBW a multi-dimensional IP company with retail as one of our channels
- Debt free, positive cash flow, solid balance sheet
- Strong brand that parents trust and kids love with multiple owned intellectual properties that can translate and expand into broader entertainment, global geographies and product categories through outbound licensing
- Clear strategies to diversify retail, diversify consumer segments, diversify revenue streams and improve long-term profitability



Buildabear.com
[#celeBEARate](https://twitter.com/celeBEARate)