

Build-A-Bear Investor Overview

August 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

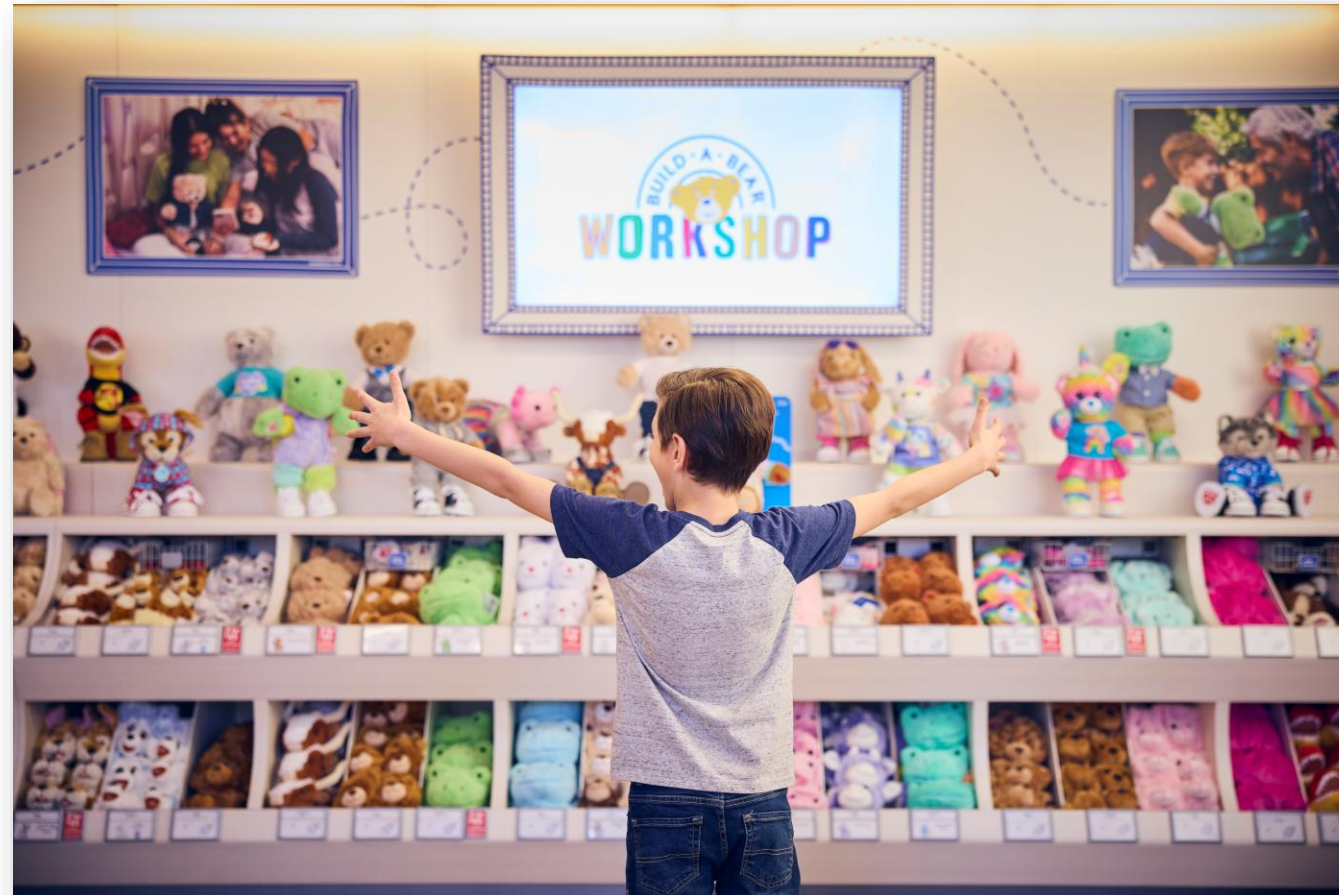
Systemwide sales include sales at all Build-A-Bear stores and websites, whether operated by the Company, by partners, or by franchisees. While partner sales and franchisee sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company’s 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*

RESPECTED

The #1 North American toy retailer**

BELOVED

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

OUTSIZED BRAND EQUITY

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



PART OF POP CULTURE

Iconic, ~30 billion annual media impressions and PR impressions

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

*Source: Proprietary research, LEK Consulting, 2022 survey with U.S. consumers; **Source: WPP BAV "The World's Most Influential Retailers – 2024;"***Includes estimated traffic for third-party locations

We have improved our financial results

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

*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."



BUILD-A-BEAR



**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

368 corporate stores and 259 third-party locations in multiple formats in 32 countries at Q2 2025

Expanding To More Ages

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

Expanding Online

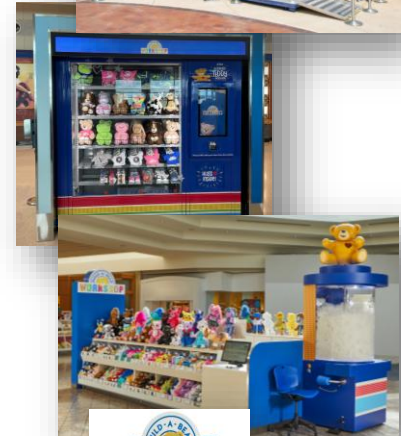
Buildabear.com sells mostly to collectors and gift givers that are teens and adults

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

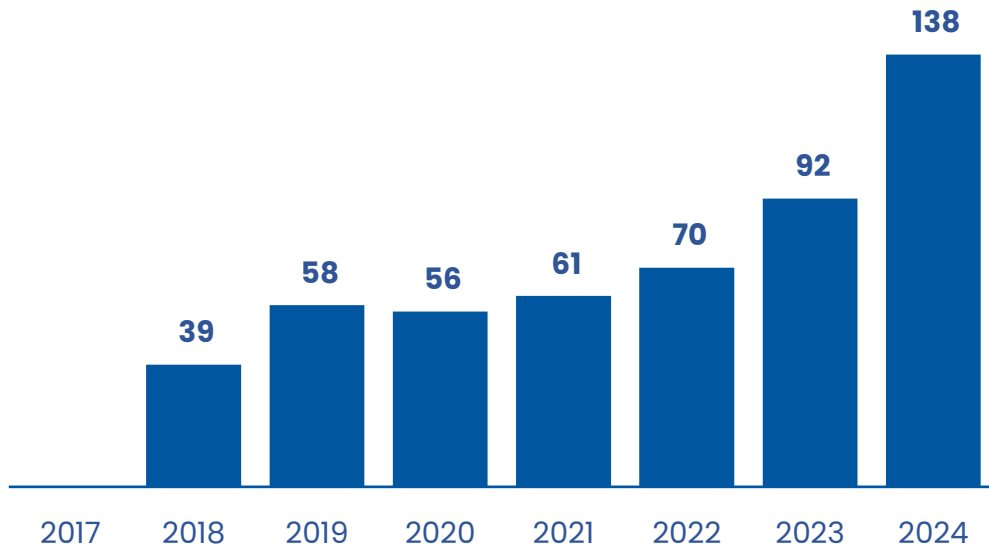


BUILD-A-BEAR

*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."

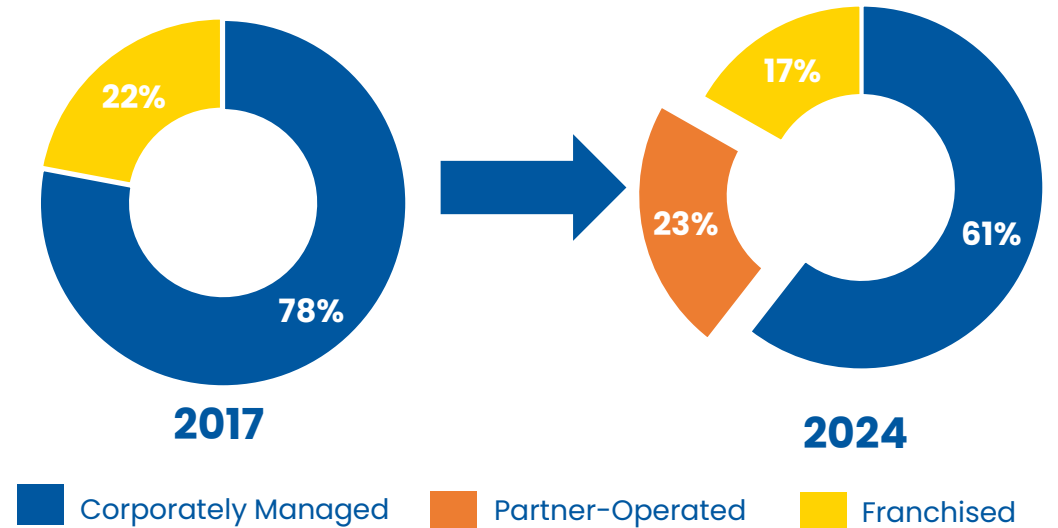
And evolving our store footprint

Partner Store Growth



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

Store Count Mix



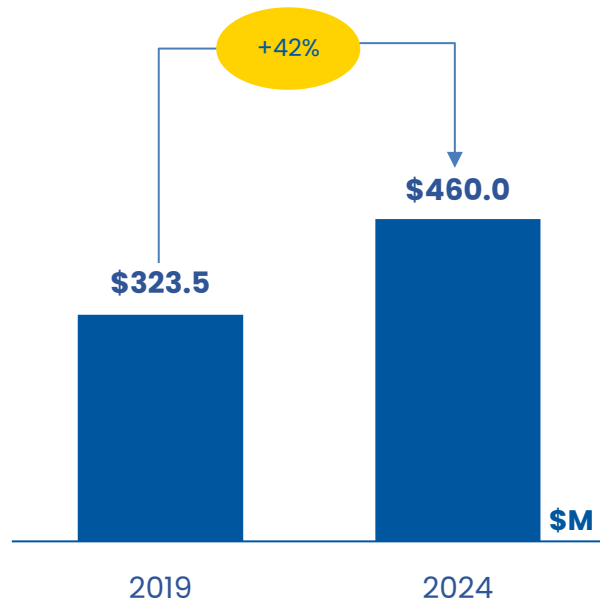
2024 Franchise store count includes nine shop-in-shop locations in Australia not previously reported.



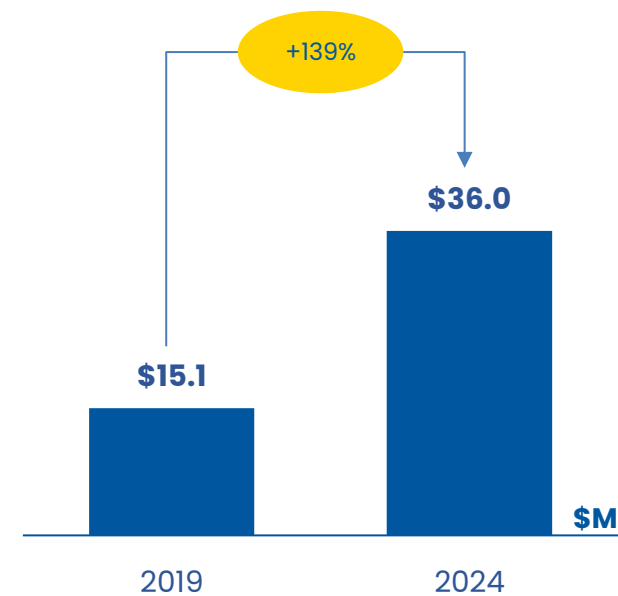
BUILD-A-BEAR

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

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



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



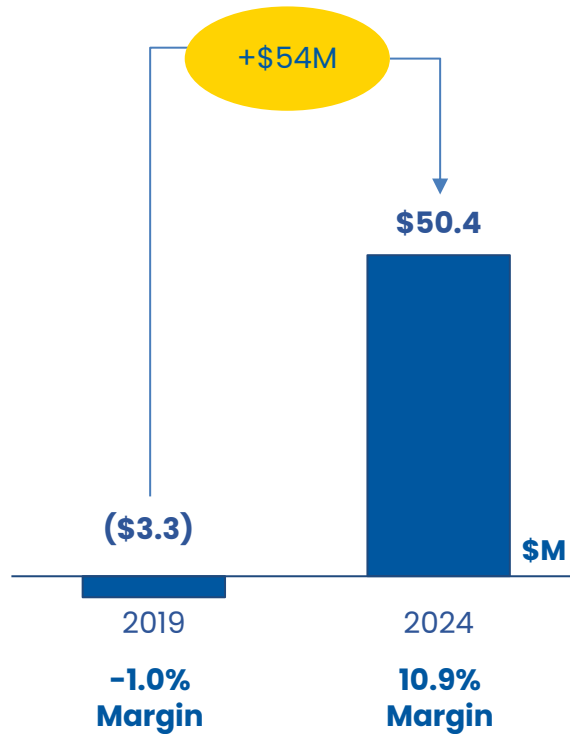
*Direct-to-Consumer (DTC) is sales by Company-managed retail stores and two e-commerce sites; it is defined in "Important Disclosures."

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

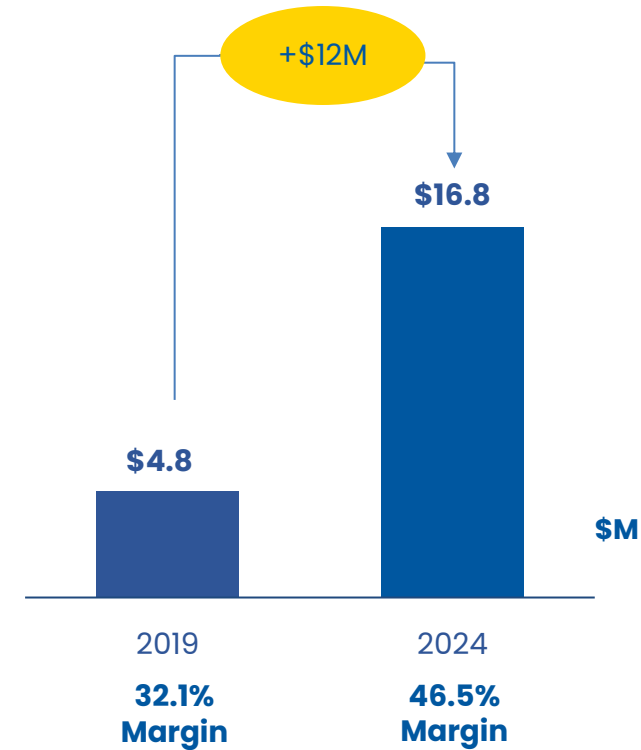


And we have entered a **new era of profitability**

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



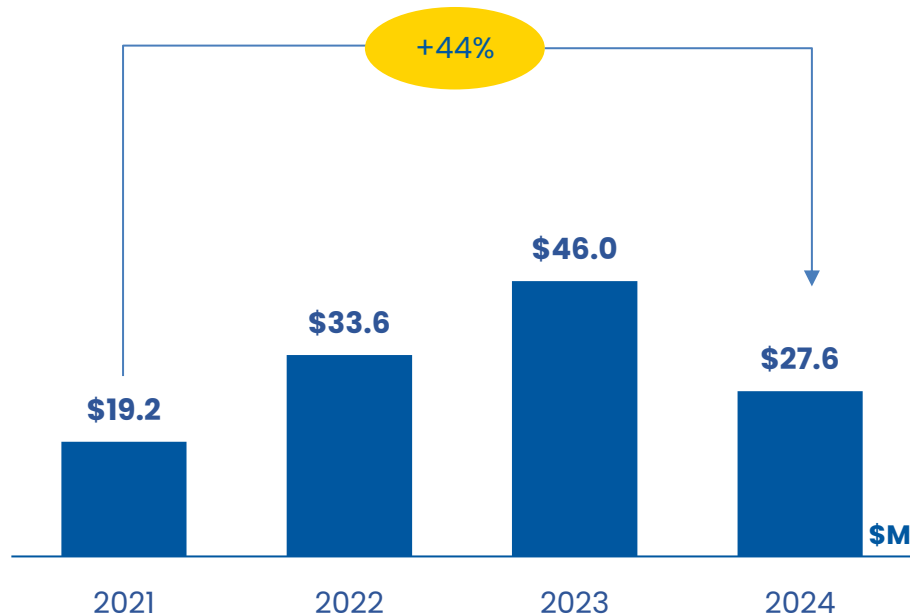
Third-Party Pretax Income (Commercial & Intl. Franchise Segments)



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

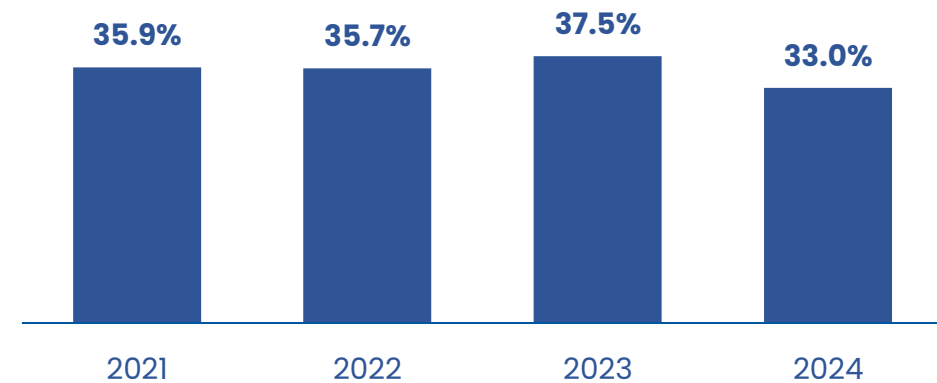
Consistent returns position us for a new phase of **growth**

Free Cash Flow*



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

ROIC*

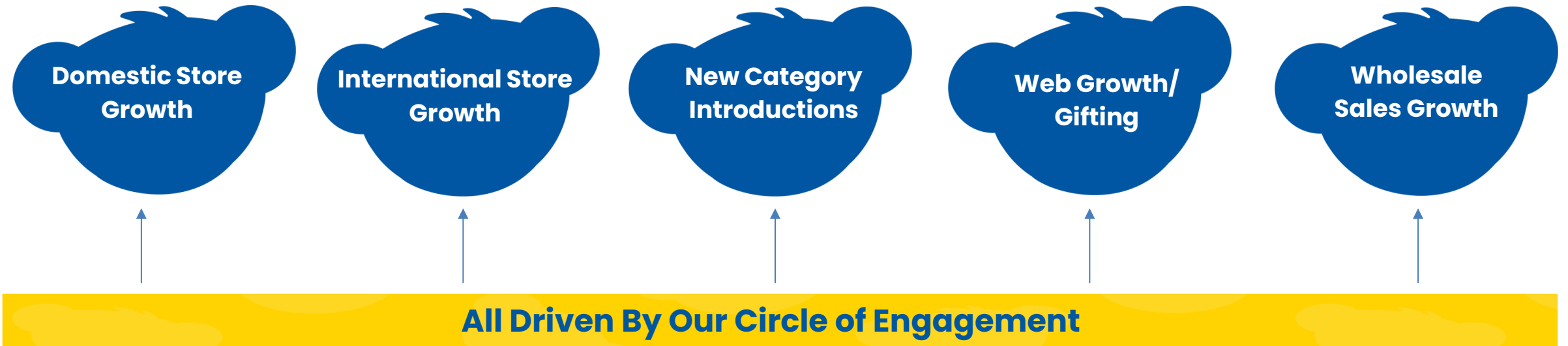


*Free Cash Flow and Return on Invested Capital (ROIC) are non-GAAP financial measures; see "Important Disclosures."



BUILD-A-BEAR

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

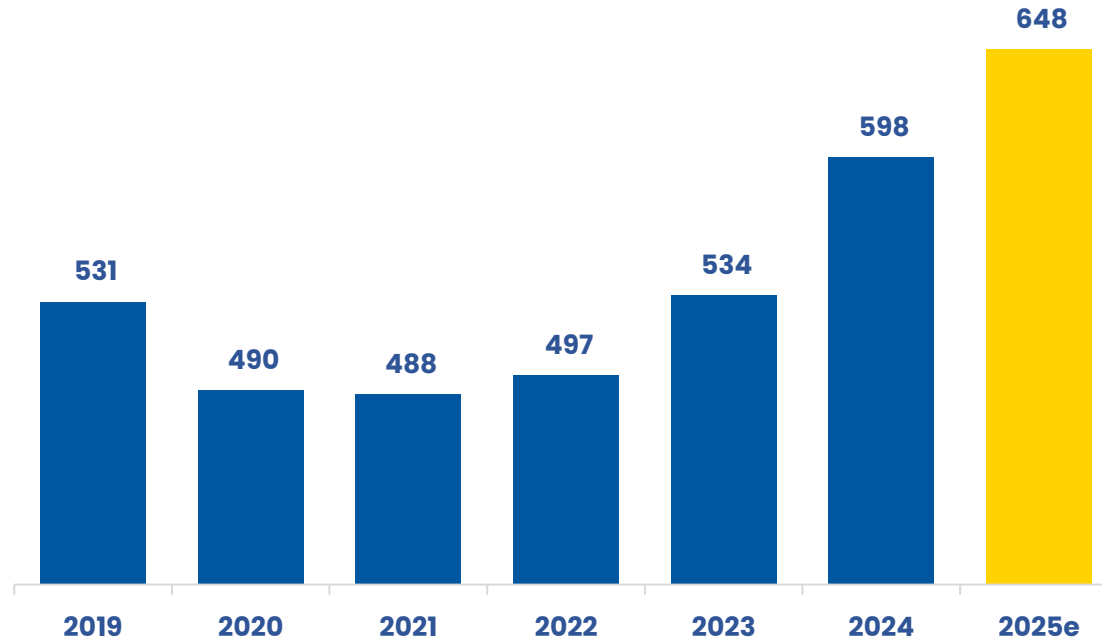


And we have restarted **new store unit growth**

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 60 locations, which includes Corporate, Partner, and Franchised Stores. 2019-2025 Franchise store count includes nine shop-in-shop locations in Australia not previously reported.



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



Fiscal 2024

	DTC (Corporate stores and websites in US, UK, CN)	Wholesale sales (includes US & Intl. partner-operated stores)	Sales-based royalty revenue, development fees, and merchandise sales
Store Count***	368	138	92
% of Co. Pretax Profit*	75%	23%	2%
Revenue	\$460M	\$31M	\$5M
Pretax Margin	10.9%	50.2%	21.6%
ROIC**	28%	106%	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."

***Franchise store count includes nine shop-in-shop locations in Australia not previously reported.



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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%



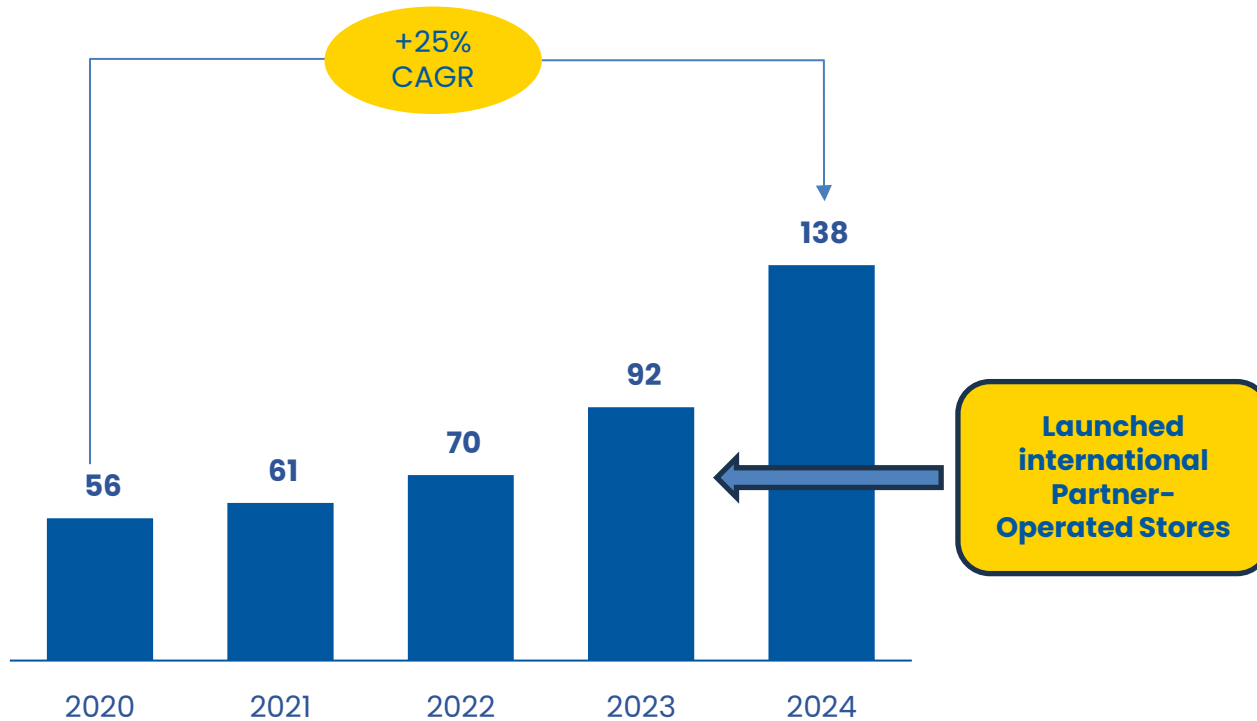
We opened a net 9 new corporate stores in fiscal 2024

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

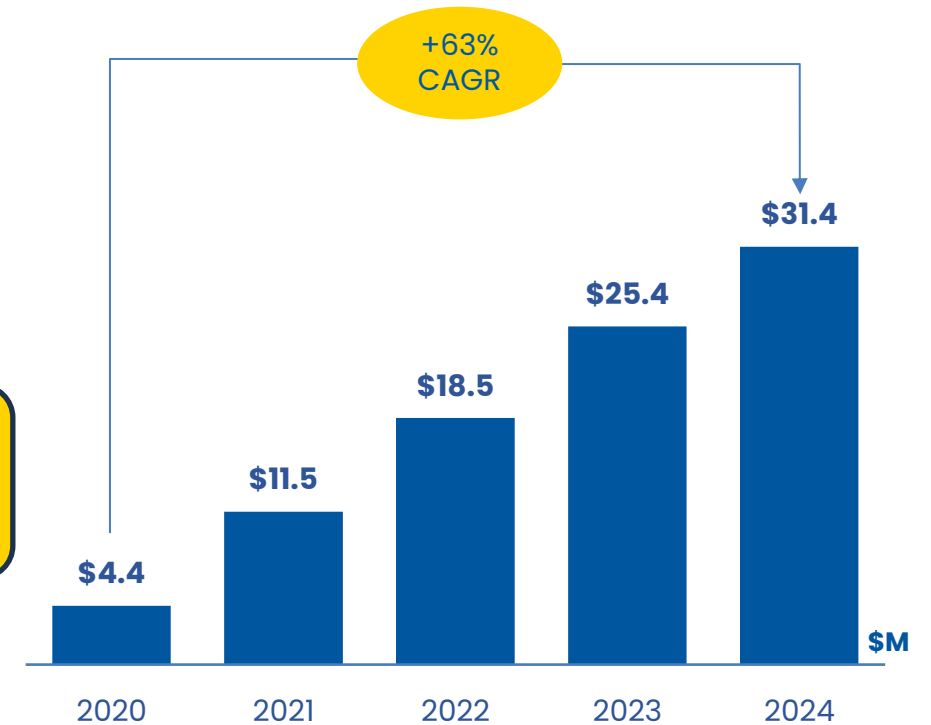


Commercial is our fastest growing segment

Partner-Operated Stores



Commercial Revenue

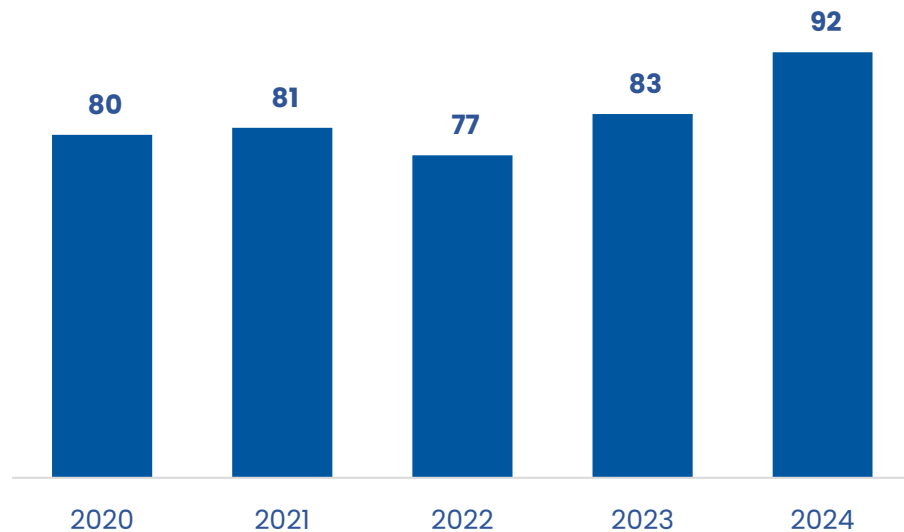


Commercial revenue is primarily wholesale sales, including sales to partner-operated stores

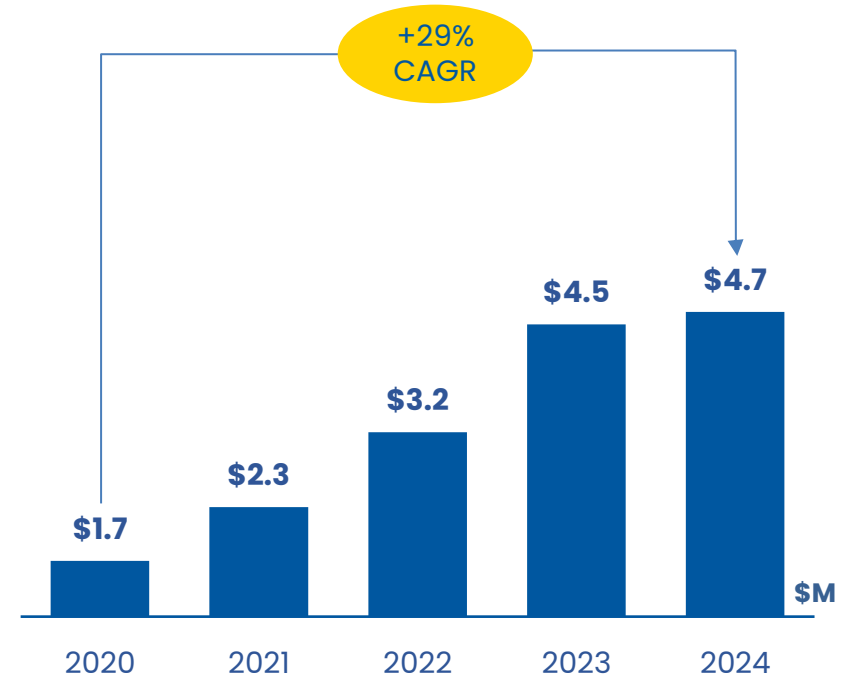


International Franchise is also **growing**

Intl. Franchise Stores*



Intl. Franchise Revenue



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

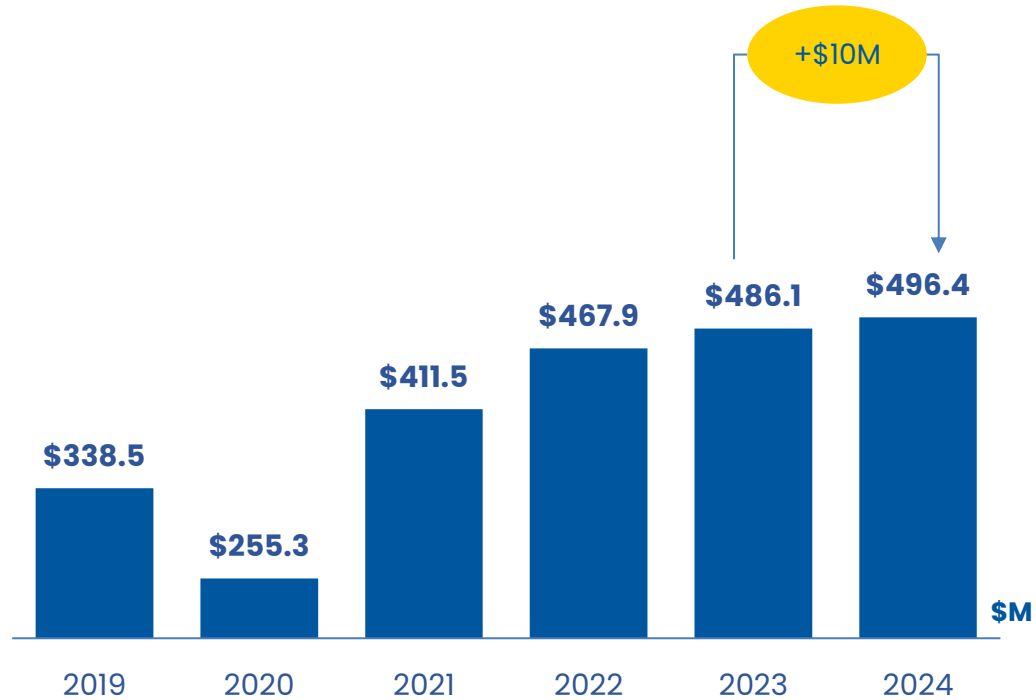
*2020-2024 Franchise store count includes nine shop-in-shop locations in Australia not previously reported.



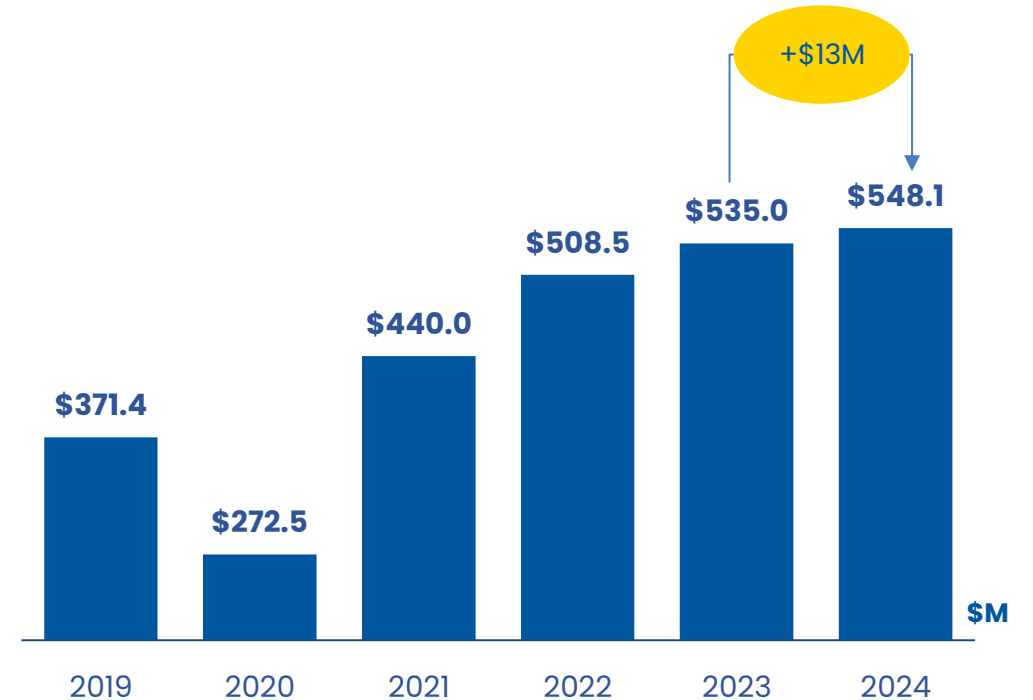
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Systemwide Sales **exceed revenue**

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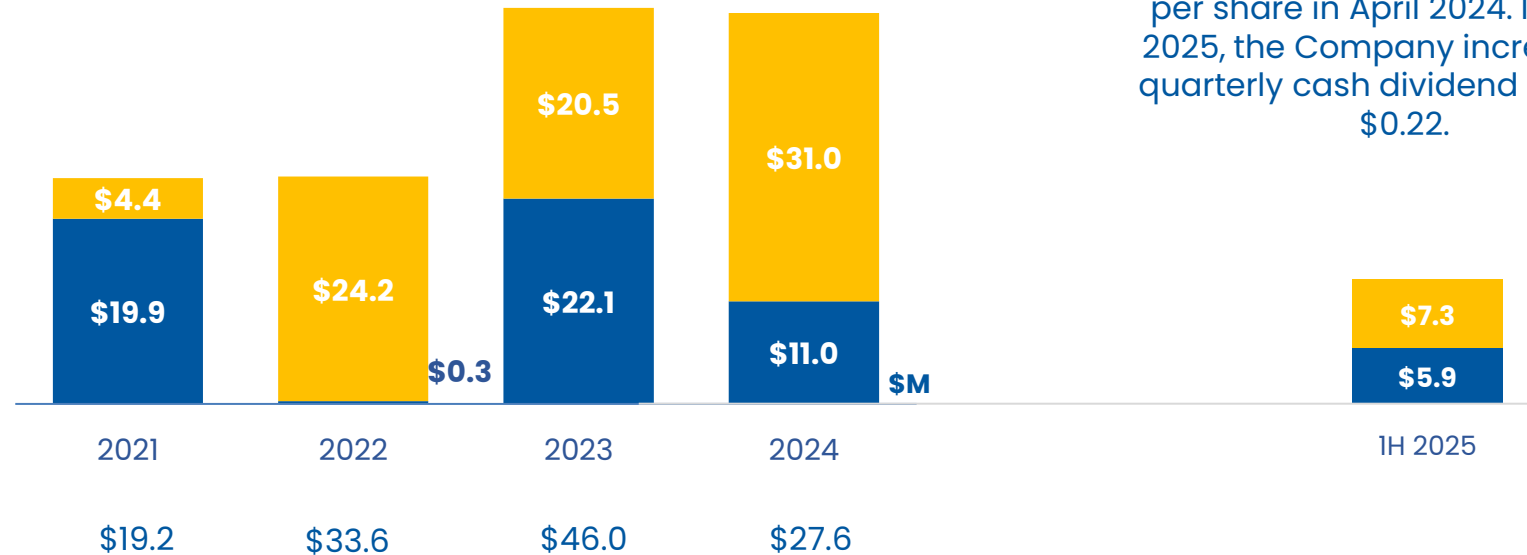
*Systemwide Sales is a Non-GAAP financial measure, see "Important Disclosures."

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

\$146M (\$10.01/share*) Returned to Shareholders

Share Repurchase
Dividends

The Company declared an initial quarterly cash dividend of \$0.20 per share in April 2024. 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.***



BUILD-A-BEAR

*<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 locations.

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



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Q2 2025 was our most profitable second quarter

Revenue	\$124.2M, +11.1%
Pretax Income	\$15.3M, +32.7%
Net New Unit Growth*	14 units
Gross Profit Margin	57.6%, + 340 BPS
EBITDA	\$18.8M, 15.1% margin
EPS	\$0.94, +46.9%
Quarter-end Cash	\$39.1M

Dividend	\$2.9M
Stock Repurchased	\$3.1M

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



1H 2025 was **our most profitable first half**

Revenue	\$252.6M, +11.5%
Pretax Income	\$34.9M, +31.5%
Net New Unit Growth*	29 units
Gross Profit Margin	57.2%, + 300 BPS
EBITDA	\$41.9M, 16.6% margin
EPS	\$2.11, +44.5%
Quarter-end Cash	\$39.1M

Dividend	\$5.9M
Stock Repurchased	\$7.3M

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



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

Revenue**	MSD-HSD growth
Pre-tax Income	\$62M-\$70M
Net New Unit Growth***	At least 60 units
Capital Expenditures	\$20M-\$25M
Depreciation & Amortization	≈\$16M
Income Tax Rate****	22% - 24%

Pre-tax income includes the impact of more than \$15 million in additional costs 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 August 28, 2025

**MSD = mid-single-digit, HSD = high-single-digit

***Net New Unit Growth includes Corporate, Partner, and Franchised locations

****Excludes discrete items



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BBW Key Statistics

Share Price - August 22	\$56.59
Shares Out. 2Q-end	13.1M
Market Capitalization	\$741M
Cash 2Q-end	39.1M
Qtly. Dividend/Yield	\$0.22/1.6%
Float (est.)	96.0%
Avg. Daily Vol. (3 mos.)	247,400



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
Systemwide Sales:						
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

Discovery Store Model Classes of 2019, 2020, and 2021 (\$ millions)

	2024
Calculation of EBITDA	
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

Fiscal Year-End (\$ millions)

	2024
Calculation of EBITDA	
Income before income taxes	\$ 66.3
Interest (income) expense, net	\$ -
Depreciation and amortization expense	<u>\$ (0.0)</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 66.3

Fiscal Year-End (\$ millions)	2022	2023	2024
Calculation of Free cash flow			
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

Concourse/SIS Store Model Classes of 2019, 2020, and 2021 (\$ millions)

	2024
Calculation of EBITDA	
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

13 Weeks Ended August 2, 2025 (\$ millions)

	Q2 2025
Calculation of EBITDA	
Income before income taxes	\$ 15.3
Interest (income) expense, net	\$ (0.2)
Depreciation and amortization expense	<u>\$ 3.7</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 18.8

26 Weeks Ended August 2, 2025 (\$ millions)

	1H 2025
Calculation of EBITDA	
Income before income taxes	\$ 34.9
Interest (income) expense, net	\$ (0.4)
Depreciation and amortization expense	<u>\$ 7.4</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 41.9



Build-A-Bear Non-GAAP Reconciliations

Return on invested capital, Segment ROIC

Fiscal Year-End (\$ millions)	2022	2023	2024
Calculation of Return on Invested Capital			
Numerator			
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
Denominator:			
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
Return on invested capital	35.7%	37.5%	33.0%

Fiscal Year-End (\$ millions)	2024
Calculation of Return on Invested Capital	
Commercial	
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
ROIC—Commercial	106%
Intl Franchise	
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
ROIC—Intl Franchise	41%

Fiscal Year-End (\$ millions)	2024
Calculation of Return on Invested Capital	
Net Retail	
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
ROIC—Retail	28%

Contact Information



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