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): October 27, 2020

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

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

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

(314) 423-8000
(Registrant's Telephone Number, Including Area Code)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	BBW	New York Stock Exchange

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

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.

On October 27, 2020, Build-A-Bear Workshop, Inc. (the "Company") issued a press release setting forth the Company's preliminary expectations regarding certain financial results for the third fiscal quarter (13 weeks ending October 31, 2020). 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 October 27, 2020, Build-A-Bear Workshop, Inc. (the "Company") expects to participate in investor meetings. 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
99.1	Press Release dated October 27, 2020
99.2	Investor Presentation—October 27, 2020
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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: October 27, 2020

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

Exhibit 99.1

BUILD-A-BEAR WORKSHOP, INC. PROVIDES THIRD QUARTER FISCAL 2020 BUSINESS UPDATE REFLECTING RECENT POSITIVE TRENDS

● Expects Growth in Total Revenue and Expansion in Gross Profit Margin in Fiscal 2020 Third Quarter Compared to the Fiscal 2019 Third Quarter Despite Ongoing COVID-19 Impact

ST. LOUIS – October 27, 2020 – Build-A-Bear Workshop, Inc. (NYSE: BBW) today issued an update to its business expectations for its fiscal 2020 third quarter, the 13-weeks ending October 31, 2020, in conjunction with anticipated investor meetings. The Company noted that while the COVID-19 pandemic continues to impact its operations inclusive of select temporary store closures and reduced operating hours, it currently expects to achieve total revenue growth and expand its gross profit margin as compared to the fiscal 2019 third quarter. The Company attributes this improvement to actions taken to accelerate its digital transformation strategic initiative including enhancing omnichannel capabilities, improving fulfillment efficiencies and adding innovative product offerings while evolving its consumer communications programs. In addition, the Company has reimagined its store experience in ways that comply with recommended safety protocols and has recently executed sweeping favorable rent renegotiations enabled by the high level of lease optionality in its retail portfolio. These initiatives, along with the continuing focus on disciplined expense, cash and inventory management, should position the Company to achieve a significant improvement in profitability for the quarter compared to the pre-tax loss reported in the third quarter of fiscal 2019.

On a Preliminary Basis, for the third quarter (13 weeks ending October 31, 2020 compared to the 13 weeks ended November 2, 2019), the Company currently expects:

- Total revenues to be in the range of $72.0 million to $74.0 million compared to $70.4 million in the fiscal 2019 third quarter. Growth in net retail sales is expected to more than offset a decline in commercial and franchise revenue. The Company expects to achieve growth in net retail sales even with approximately 7% fewer operating days anticipated in the period driven by the COVID-19 pandemic;
- E-commerce demand, online generated orders including “buy online ship from stores” and “buy online pick up in stores”, to increase more than 165% compared to the fiscal 2019 third quarter;
- Gross profit margin to expand in the range of 450 to 550 basis points, reflecting the benefit of rent abatements and reductions driven by a high level of strategic lease flexibility and leverage of fixed costs, compared to 39.3% in the fiscal 2019 third quarter; and
- Selling, general and administrative expenses to decline by $2.0 to $2.5 million, reflecting disciplined expense management inclusive of select temporary savings, compared to $35.4 million in the fiscal 2019 third quarter.

Based on these factors, the Company currently expects to deliver a meaningful improvement from the loss in Earnings Before Interest and Taxes (EBIT) of $7.7 million that it reported in the fiscal 2019 third quarter. On a preliminary basis, the Company expects EBIT in the fiscal 2020 third quarter to be in the range of break-even to a loss of $1.5 million.

In addition, the Company expects to maintain a solid balance sheet with quarter-end cash and cash equivalents of at least $20 million and to be current on substantially all of its rent payments. Inventory at the end of the quarter is expected to be 25% to 30% lower than at the end of the Company's fiscal 2019 third quarter. The Company also expects to have no borrowings on its asset-based credit facility at quarter-end.

Sharon Price John, Build-A-Bear Workshop Chief Executive Officer commented, "As we noted at the end of the second quarter, we were seeing sales trends steadily improve in store locations compared to the prior year, which have now continued on a sustained basis, even with select temporary store closures and reduced operating hours, while e-commerce has stayed at record levels. Our initiatives to accelerate our digital transformation, a key pillar of our stated strategy, including enhanced omni-channel capabilities such as "buy online, ship from store" and "buy online, pick up in store" continue to allow us to capitalize on the increased demand for our products. We have been able to modify our popular in-store bear-building experience to reflect recommended safety protocols and even with lower in-store traffic levels, we are delivering retail sales growth driven by improvements in conversion and average transaction value. We continue to focus on financial liquidity and disciplined expense management while simultaneously executing our strategic plans designed to leverage the power of the Build-A-Bear brand and diversify revenue and profit streams for the long-term benefit of our stakeholders."

The Company expects to report its final fiscal 2020 third quarter results in early December.

Note Regarding Non-GAAP Financial Measures
The Company reports its financial results in accordance with generally accepted accounting principles (GAAP). The Company has supplemented the reporting of its financial information determined in accordance with GAAP with certain non-GAAP financial measures. These results are included as a complement to results provided in accordance with GAAP because the Company's management believes these non-GAAP financial measures help identify underlying trends in its 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 within this appendix.

About Build-A-Bear
Build-A-Bear is a multi-generational global brand focused on "adding a little more heart to life" appealing to a wide array of consumer groups who enjoy the personal expression in making their own "furry friends" to celebrate and commemorate life moments. The 500+ interactive brick-and-mortar retail locations provide guests of all ages an interactive entertaining experience, which often fosters a lasting and emotional brand connection. The company also offers an engaging e-commerce/digital purchasing activity called the "Bear-Builder" at www.buildabear.com. In addition, the company leverages its brand's power and equity beyond retail through entertaining content, wholesale products and non-plush consumer product categories via licensing agreements with leading manufacturers. Build-A-Bear Workshop, Inc. (NYSE: BBW) posted total revenue of $338.5 million in fiscal 2019. 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 April 16, 2020 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.

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*** Non-GAAP Financial Measures**

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Results
(dollars in millions)

	Projected Q3 2020	Actual Q3 2019
(Loss) income before income taxes (pre-tax)	($3.0)-($0.1)	$ (7.7)
(Loss) income before income taxes adjustments:		
Interest expense (income), net	-	-
Earnings before interest and taxes (EBIT)	($3.0)-($0.1)	$ (7.7)

Build-A-Bear Workshop
October 2020 - Investor Update

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) the COVID-19 pandemic has negatively impacted our business and continues to cause significant uncertainties; (2) general global economic conditions may decline, which could lead to disproportionately reduced consumer demand for our products, which represent relatively discretionary spending; (3) a decline in mall traffic could adversely affect our financial performance and profitability; (4) modification of our interactive shopping experience in response to COVID-19 could have a negative impact on the appeal of our interactive shopping experience; (5) we may experience store closures in shopping malls and tourist locations and other impacts to our business resulting from civil disturbances; (6) we may be restricted from offering the hands-on, interactive and high touch service model that is important to our brand; (7) there may be a reluctance to celebrate special occasions that have historically been a key driver for store traffic; (8) the COVID-19 pandemic may adversely affect consumer spending during this year's holiday season; (9) we may be unable to generate demand for our interactive retail experience and products, including as the economy emerges from the restrictions imposed by the COVID-19 pandemic, and otherwise respond to consumer preferences; (10) sales of our licensed products based on feature films with planned theatrical launches could be negatively affected by delayed movie releases as a result of the COVID-19 pandemic; (11) we may be unable to leverage the flexibility within our existing real estate portfolio; (12) 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 key products and services; (13) we are subject to a number of risks related to disruptions, failures or security breaches of our information technology infrastructure; (14) we may not be able to operate successfully if we lose key personnel; (15) we are subject to risks associated with technology and digital operations; (16) we may not be able to evolve our store locations to align with market trends, successfully diversify our store models and formats, or otherwise effectively manage our overall portfolio of stores; (17) we rely on a few global supply chain 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; (18) our company-owned distribution center and our third-party distribution center providers may experience disruptions in their ability to support our stores or they may operate inefficiently; (19) our merchandise is manufactured by foreign manufacturers 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, tariffs and foreign currency fluctuations; (20) we may be unable to effectively manage our international franchises, attract new franchisees or the laws relating to our international franchises change, (21) we may not be able to operate our international corporately-managed locations profitably; (22) 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; (23) we may suffer negative publicity or be sued if the manufacturers of our merchandise or Build-A-Bear branded merchandise 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; (24) 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; (25) our profitability could be adversely impacted by fluctuations in petroleum products prices; (26) our business may be adversely impacted by a significant variety of competitive threats; (27) 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; (28) we may be unsuccessful in engaging in various strategic transactions, which may negatively affect our financial condition and profitability; (29) the duration of our plan to not utilize cash to resume share repurchases while we continue to take measure to preserve our cash position may negatively impact our financial condition; (30) fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; (31) the market price of our common stock is subject to volatility, which could in turn attract the interest of activist shareholders; and (32) 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.

BBW Emerging Stronger

EXPERIENCED TEAM
Flexible, responsive and disciplined management team and organization

POWERFUL BRAND
Build-A-Bear has multi-generational consumer connections and monetizable brand equity

SOUND STRATEGY
Focused on driving profitable growth and leveraging brand equity to diversify revenue streams

RETURNING MOMENTUM
Showing a return to growth post the COVID shock and store closures

CONTINUED OPPORTUNITY
In early states of digital transformation and entertainment/content initiatives

Almost 25 Years in the Making

BBW
LISTED
NYSE

Est. 1997	2004	2013	2020 and Beyond
Make-Your-Own Stuffed Animal Mall Retailer	IPO	Business Turnaround	Diversified Retailer with Evolving Business Model

Company Snapshot

Global retail with over 500 locations*

372	60	92
Corporately-Managed Stores	Third-party Retail Locations	International Franchise Stores

Multi-generational

Nearly
200 MM
Furry Friends Sold

Diversified channels

Rapidly growing e-commerce
12 consecutive qtrs of dbl-digit growth**

Skilled Talent Pool

3,500+
Associates

Powerful Brand

Known, emotional and leverageable brand equity

*As of end of fiscal year 2019
**Q4-2017 through Q3-2020; Includes projected results for Q3-2020

A Powerful Brand

90%+

Aided Brand Awareness
US Moms of Kids ages 2-12

Build-A-Bear is a brand that has consumer TRUST and LOVE

Over 80% of Moms say BAB is "a brand they trust" and over 80% of kids say BAB is "fun to visit"
Source: C&R Research 2017

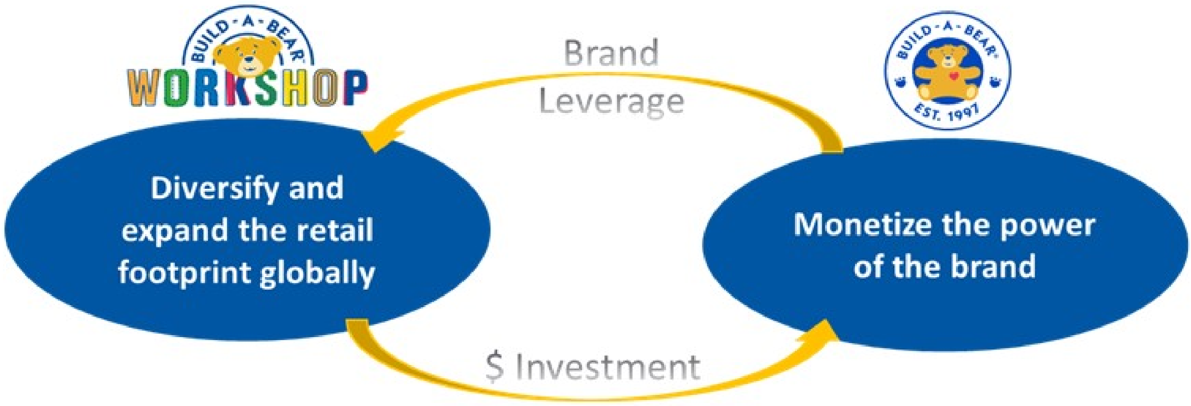
With Broad Demographic Appeal…

…and a Loyal, Passionate Consumer Base

Over 8MM total Bonus Club loyalty members and 8MM opted-in email accounts

AND YES, OVER 40% OF END USERS ARE TWEENS, TEENS AND ADULTS

A Sound Strategy



The strategy is based on:

1. OPTIMIZING a key skill set of EXPERIENTIAL RETAIL OPERATIONS (to include e-commerce) and PLUSH DESIGN, DEVELOPMENT AND SOURCING, while
2. LEVERAGING our most valuable asset, THE BRAND, to drive new revenue streams and growth beyond traditional retail

With the objective to deliver Long-Term Sustained PROFITABLE Growth

2019 and Early 2020 Momentum

BBW Returned to a Position of Profitable Growth in FY2019

Coming off of a strong 4th quarter that saw Total Revenues grow by 3% including 2.1% in Net Retail Sales and 46.2% in Commercial Revenue, BBW was positioned with momentum leading into FY2020 after delivering profitable growth in FY 2019.

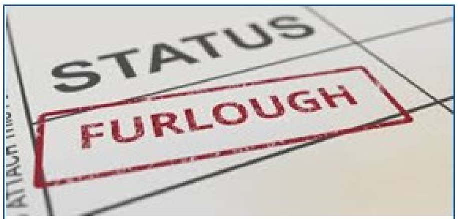
Total Revenues	Adjusted EBITDA	Gross Profit	Cash & Equivalents
$338.5MM +0.6% vs FY 2018	**$14.7MM** +$6.4MM vs FY 2018	**45.4%** +415 bps vs FY 2018	**$26.7MM** +$8.8MM vs end of FY 2018

($ in millions)	Actual 2019	Actual 2018	vs Prior Year
Total Revenues	$338.5	$336.6	$1.9
Gross Profit	$153.6	$138.8	14.8
Gross Profit %	45.4%	41.2%	415 bps
SG&A	$152.0	$157.2	($5.2)
EBIT*	$1.6	($18.5)	$20.1
EBITDA*	$15.3	($2.5)	17.8
Adjusted EBIT*	$1.0	($7.7)	$8.7
Adjusted EBITDA*	$14.7	$8.3	$6.4
CapEx	$12.4	$11.3	$1.1
Cash & Equivalents	$26.7	$17.9	$8.8
Inventory	$53.4	$58.4	($5.0)

* These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

Focused and Fast Response to COVID

Forced to temporarily **CLOSE** all corporately-managed stores



Furloughed over **90%** of workforce;
Salaries temporarily reduced for all others

Focused immediately on preserving **CASH** and reducing **EXPENSES**

Pivoted to manage **Triple-Digit** increase in e-commerce demand

Shifted to **VIRTUAL** workforce at HQ

2020 COVID Impact in the First Half of the Fiscal Year

Disciplined Cash Management Was Key

The temporary closure of all corporately-managed retail stores had significant negative impact on results in the first half of FY 2020.

Total Revenues	Adjusted EBITDA	Gross Profit	Cash & Equivalents
$87.0MM -46.8% vs FY 2019	($17.2MM) -$27.6MM vs FY 2019	17.9% -2,680 bps vs FY 2019	$25.3 MM +$10.3MM vs end of H1 2019

($ in millions)	Actual H1 2020	Actual H1 2019	vs Prior Year
Total Revenues	$87.0	$163.6	($76.6)
Gross Profit	$15.6	$73.2	($57.6)
Gross Profit %	17.9%	44.7%	(2,680 bps)
SG&A	$48.2	$71.5	($23.3)
EBIT*	($32.6)	$1.7	($34.3)
EBITDA*	($25.9)	$9.8	($35.7)
Adjusted EBIT*	($23.9)	$2.3	($26.2)
Adjusted EBITDA*	($17.2)	$10.4	($27.6)
CapEx	$6.7	$8.1	($1.4)
Cash & Equivalents	$25.3	$15.0	+$10.3
Inventory	$55.5	$62.1	($6.6)

* These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

Q3 2020 Revenue Expectations

Q3 2020 Revenue by Segment Expectations

($ in millions)	Projected Q3 2020	Actual Q3 2019	vs Prior Year*
Total Revenue	$72.0-$74.0	$70.4	$2.6
Net Retail Sales	$70.5-$72.0	$66.6	$4.7
Other Revenue (Commercial/Franchising)	$1.5-$2.0	$3.8	($2.1)

**Comparisons vs Prior Year at mid-point of 2020 range*

Q3 2020 Trend by Geography Expectations

Q3 2020 Retail KPI Expectations

Net Retail Sales (include Brick & Mortar and E-commerce Sales)

- TEMPORARY STORE CLOSURES: Brick and mortar stores projected to have ~7% fewer operating days in Q3 2020 vs PY
- SHORTENED OPERATING HOURS: Brick and mortar stores projected to have ~25% fewer open hours on average in Q3 2020 vs PY
- GEOGRAPHIC GAP: Projected to recapture over 100% of prior year sales in NA stores and ~80% in EU when open in Q3 2020
- OMNI-CHANNEL EXPANSION: Sales in NA reflect "Buy Online-Ship From Store" and "Buy Online-Pick Up In Store" orders
- STRONG DIGITAL DEMAND: E-commerce generated demand remained strong with expected growth of over 165% in Q3 vs PY

Commercial and Franchising Revenues are down as a result of COVID-19 circumstances

- Carnival Cruise Lines has not resumed sailing
- Most international franchised stores have re-opened, but many are still impacted by local regulations and restrictions

Innovation in Products and Promotions

- Popular licensed product sales have remained strong with ongoing offers of "the Child" from the Lucasfilm series, Star Wars: The Mandalorian on Disney+ as well as the launch of Harry Potter collection
- Innovative digital promotions, first ever No Line On-line Bear Building Sale and National Teddy Bear Day streaming event, engaged consumers bring e-commerce traffic and sales

Q3 2020 Profitability Expectations

A meaningful EBIT improvement is expected compared to the 2019 fiscal third quarter EBIT loss of $7.7 million; Q3 2020 EBIT expected to be in the range of break-even to $1.5M loss

Q3 2020 Revenue by Segment Expectations

($ in millions)	Projected Q3 2020	Actual Q3 2019	vs Prior Year*
Total Revenues	$72.0-$74.0	$70.4	$2.6
Gross Profit	$32.0-$33.0	$27.7	$4.8
Gross Profit %	43.8% - 44.8%	39.3%	500 bps
SG&A	$33.5 - $33.0	$35.4	($2.2)
SG&A %	46.5% - 44.6%	50.3%	475 bps
EBIT**	($1.5) - $0.0	($7.7)	+$7.0
EBITDA**	$2.0 - $3.5	($4.1)	$6.9

**Comparisons vs Prior Year at mid-point of 2020 range*

Leveraging the pandemic to further reduce expenses for ongoing benefit:

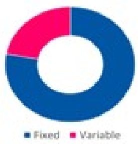
Impact of Rent Negotiations

- With a high level of lease optionality, achieved rent abatements, deferrals and reductions (while maintaining the optionality at ~70% over the next three years) on ~99% of the real estate portfolio
- Higher sales volumes and leverage of lowered occupancy costs drove majority of the projected Q3 2020 margin expansion

Shift to Variable Rent Structure

Rent negotiations led to higher level of variable rent deals

North America



Europe

Corporate Reorganization

- Need to operate as a simpler, leaner organization with long-planned corporate reorganization with reduced head count
- Associate furloughs and temporary salary reductions due to COVID

** These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

Regaining Momentum in Q3 2020

Profitable Growth Despite Negative COVID Impact

Expect to finish Q3 (historically the smallest and least profitable) with improvement in top- and bottom-line results, with higher cash position and lower inventory.

Total Revenues	EBITDA	Gross Profit	Cash & Equivalents
$72-74MM +$2.6MM vs FY 2019	**$2.0-3.5MM** +$6.9MM vs FY 2019	**43.8-44.8%** +500 bps vs FY 2019	**>$20.0MM** +$13.8MM vs end of Q3 2019

($ in millions)	Projected Q3 2020	Actual Q3 2019	vs Prior Year*
Total Revenues	$72.0-$74.0	$70.4	$2.6
Gross Profit	$32.0-$33.0	$27.7	$4.8
Gross Profit %	43.8% - 44.8%	39.3%	+500 bps
SG&A	$33.5-$33.0	$35.4	($2.2)
EBIT**	($1.5)-$0.0	($7.7)	$7.0
EBITDA**	$2.0-$3.5	($4.1)	$6.9
CapEx	$0.5-$1.5	$5.2	($4.2)
Cash & Equivalents	>$20.0	$6.2	$13.8
Inventory	25% - 30% down	$66.2	25%-30% down

**Comparisons vs Prior Year are based on the mid-point of the stated ranges*

In addition, we expect to finish the quarter with no borrowings under our revolving credit facility.

** These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure later in this document.

Focused and Fast Acceleration of Key Initiatives

After initially focusing on responding to and managing the immediate challenges brought by COVID, a rapid shift was made to leverage the circumstances to accelerate our strategic initiatives for long-term benefit. Resources have focused in 3 primary areas:

Accelerating the Digital Transformation to Drive Revenue and Meet Demand

Drive demand with key licensed products

Recognize consumer mind shifts and needs

Leverage content to connect

Innovate promotions to digital platforms

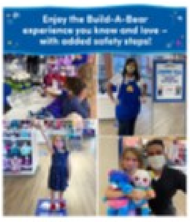
Drive brand engagement and awareness

Rapidly Evolving Retail Stores in Order to Reopen and Leveraging Rent Optionality

Over 99% of leases were renegotiated in NA (and >50% in EU)

99% SUCCESS

Reopen Retail Stores



Leverage Labor

Achieving Financial Stability and Well-Being with an Eye to Long-Term Positioning

AGGRESSIVE CASH MANAGEMENT

New Asset-Based Credit Facility

PNC BANK

CORPORATE REORGANIZATION

ACCELERATION OF DIGITAL TRANSFORMATION

We are focused on rapidly growing e-commerce with more effective use of technology and improved and enhanced fulfillment capabilities while leveraging our expanded digital platforms to inform and drive marketing and content efforts.

A comprehensive initiative that is driving change – and results – across the business

+~165%

Consolidated e-commerce demand projected increase in Q3 2020 vs prior year, resulting in the 12th consecutive quarter of double or triple digit revenue growth

Buy Online PICK-UP In-Store

Expansion of omni-channel capabilities leveraging store locations to supplement e-commerce fulfillment through buy on-line, ship from store and buy on-line, pick up in store

salesforce

Completed initial phase of expanded CRM platforms to drive sales by creating meaningful consumer journeys, managing multiple touch points and increasing life-time value

- Shifted from in-store only event to digital
- One of the Top 5 sales days in BBW e-comm history; Over 70% of orders were fulfilled from stores through expanded omni-channel

- Over 8MM Bonus Club members
- Nearly 3MM followers on Facebook
- Continue to advance and drive higher Return On Ad Spend with digital campaigns

Digital first approach to key product launches and web exclusive offerings relieve crowds in-store and drive efficient fulfillment through e-commerce

RAPID EVOLUTION OF RETAIL STORES

We are monitoring the retail landscape regarding consumer traffic and business rebound while maintaining a post-COVID profitable store base; will continue to prioritize the third party retail model

While the environment remains volatile, we returned to retail growth in Q3 2020 with a reimagined store experience to accommodate health recommendations

PRIOR TO COVID RETAIL SALES TREND

RETAIL REOPENING

RETURNED TO GROWTH

March	April	May	June	July	August	Sept/Oct
All corporately-managed stores closed		9% NA stores	74% NA stores 87% EU stores	86% NA stores 100% EU stores	90% NA stores 100% EU stores	NA Minimal closures EU in flux

% of stores open at end of each month

Sales recapture in open stores	~70%	~80%	>100%

Implemented COVID Safety Protocols

- Build-A-Bear's iconic experience was re-imagined to reflect safety recommendations while still offering a memorable, personal interaction for Guests and associates

Maintained Associate Commitment

- Majority of staff returned from furlough; minimal turnover following staff reorganization that eliminated select positions

Aggressively Managed Expenses

- Revised manager positions to hourly vs salaried positions
- Partially offset by COVID-19 safety materials (masks, shields, sanitizer, etc)

DISCIPLINED FOCUS ON FINANCIAL STABILITY

We are maintaining a solid financial position with the liquidity needed to support our business including assertive cash management and meaningful cost reductions

Immediate action was taken to preserve cash and reduce costs

Cash and Equivalents >$20.0MM

Projected at the end of Q3 2020, an increase of at least $13.8 million compared to the prior year

Credit Availability

A new 5-year asset-based credit agreement for up to $25MM has been reached with PNC Bank

Inventory

Disciplined management of the supply chain and closely working with the vendor structure has kept inventory tightly controlled: projected to be down by 25% to 30% at the end of Q3 2020 compared to the prior year

SG&A Savings $25.2MM

Projected for Q1 through Q3 2020 cumulatively compared to the prior year's period. Aggressive action to temporarily reduce expenses including furloughs of over 90% of associates, a corporate reorganization with a leaner staff

COMMERCIAL REVENUE

Third Party Retail

The 3rd party retail model reports revenue based on wholesale pricing requiring minimal capital and reducing operational risk while efficiently and strategically expanding our retail footprint. COVID closures have negatively impacted revenue in this channel.

Non-Retail Commercial Revenue

Licensed Consumer Products

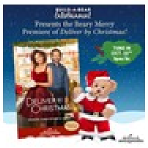
The Build-A-Bear brand is stretchable to a broad range of categories beyond "make-your-own" plush. We have agreements in place for over 20 outbound licenses and categories.

Wholesale

A new warehouse management system was put in place giving us additional capabilities that are needed to drive wholesale opportunities including direct sales of pre-stuffed plush product to other retailers and mass merchandisers.

Entertainment

In FY2019, several deals were finalized that are expected to expand our entertainment and content offerings. FY2020 has seen radio, music and made-for-TV films delivered.



INTERNATIONAL FRANCHISING

BBW has a franchise model that can be leveraged for international development, including supply chain capabilities, that offers the potential of beneficial returns to franchise partners. The COVID pandemic has challenged operations around the world and BBW's Franchise Revenue has been negatively impacted in FY2020.

- Within the past three years, BBW has reached agreements covering the major economic markets of **China and India** that have the potential to become significant contributors to revenue and profit on a mid- and long-term basis.

- Internal resources are focused on refining the service, merchandising and business models in order to optimize the brand offering in these markets and achieve development plans.

- All markets and ownership groups for existing franchise territories have been evaluated with an assessment of short- and long-term viability. We expect to terminate agreements with select underperforming territories as the focus shifts to the high-potential markets.

The Future: Integrated Brand Value Creation

We are building the infrastructure & organization to nurture a continuous circle of engagement to expand lifetime consumer value with the goal of delivering long-term profitable growth.

Why BBW? EMERGING STRONGER!

Investment in digital platforms and capabilities is delivering consistent and escalating e-commerce growth

- 12th consecutive quarter of double-digit (or greater) e-commerce growth since platform upgrade*

We have a proven experiential retail concept with diverse optionality that can operate in a wide range of retail, tourist and seasonal settings

- Over 99% of NA corporately-managed stores with renegotiated leases
- Over 70% of leases have options within the next three years
- Third-party retail model gives low-capital, low-risk growth channel

We have a differentiated brand with untapped equity and are taking bold steps to monetize our brand assets funded by cash from operations

- Solid balance sheet projected to fund strategic initiatives with no borrowings under our new revolving credit facility
- Outbound licensing, wholesale and entertainment opportunities; 2019 agreements with major players in entertainment industries with projects now coming to market

We are accelerating our strategic plans to diversify our retail portfolio and evolve our business model with a goal to deliver long-term sustainable profitable growth

*Q4-2017 through Q3-2020; Includes projected results for Q3-2020

BUILD-A-BEAR™

EST. 1997

Buildabear.com

#celeBEARate

Explanatory Note on Non-GAAP Financial Measures

The Company reports it financial results in accordance with generally accepted accounting principles (GAAP). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP financial measures. These results are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help identify underlying trends in the Company's business and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company's core operating results. These measures should not be considered a substitute for or superior to GAAP results. These non-GAAP financial measures are defined and reconciled to the most comparable GAAP measure within this appendix.

Reconciliation of Non-GAAP Measures: Q3 2020 Expectations and Q3 2019 Actuals

($ in millions)	Projected Q3 2020	Q3 2019
Loss before income taxes (pre-tax)	($1.5)-$0.0	($7.7)
Interest	$0	$0
Earnings before interest and taxes (EBIT)	($1.5)-$0.0	($7.7)
Depreciation & Amortization	$3.5	$3.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$2.0-$3.5	($4.1)

Reconciliation of Non-GAAP Measures: First Half 2020 and 2019 Results EBIT

($ in millions)	Actual H1 2020	Actual H1 2019
Loss before income taxes (pre-tax)	($32.6)	$1.7
Interest	$0	$0
Earnings before interest and taxes (EBIT)	($32.6)	$1.7
COVID-19 activity (1)	$0.1	$0
Impairment and other charges (2)	$8.3	($0.5)
Foreign exchange losses (gains) (3)	$0.3	$1.1
Adjusted earnings before interest and taxes (EBIT)	($23.9)	$2.3

(1) Represents COVID-19 related expenses at our stores, warehouse, and headquarters.
(2) Represents non-cash adjustments including asset impairment charges related to store fixed assets and right-of-use operating lease assets and bad debt expense
(3) Represents the consolidated impact of foreign exchange rates on the re-measurement of balance sheet items not denominated in functional currency recorded under the provisions of U.S. GAAP and transactional gains and losses. This does not include any impact on margin associated with the translation of revenues or the foreign subsidiaries' purchase of inventory in U.S. dollars.

Reconciliation of Non-GAAP Measures: First Half 2020 and 2019 Results EBITDA

($ in millions)	Actual H1 2020	Actual H1 2019
Loss before income taxes (pre-tax)	($32.6)	$1.7
Interest	$0	$0
Depreciation & Amortization	$6.7	$8.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	($25.9)	$9.8
COVID-19 activity (1)	$0.1	$0
Impairment and other charges (2)	$8.3	($0.5)
Foreign exchange losses (gains) (3)	$0.3	$1.1
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)	($17.2)	$10.4

(1) Represents COVID-19 related expenses at our stores, warehouse, and headquarters.
(2) Represents non-cash adjustments including asset impairment charges related to store fixed assets and right-of-use operating lease assets and bad debt expense
(3) Represents the consolidated impact of foreign exchange rates on the re-measurement of balance sheet items not denominated in functional currency recorded under the provisions of U.S. GAAP and transactional gains and losses. This does not include any impact on margin associated with the translation of revenues or the foreign subsidiaries' purchase of inventory in U.S. dollars.

Reconciliation of Non-GAAP Measures: 2019 and 2018 EBIT

($ in millions)	2019	2018
Income (loss) before income taxes (pre-tax)	$1.6	($18.5)
Interest income (loss)	$0	$0
Earnings before interest and taxes (EBIT)	$1.6	($18.5)
Asset impairment/Lease modification (1)	($1.0)	$9.1
Foreign exchange losses (2)	$0	$1.0
Other (3)	$0.4	$0.7
Adjusted earnings before interest and taxes (EBIT)	$1.0	($7.7)

(1) Represents the lease modification impacts of exercising early termination options in leases offset by non-cash impairment charges related to store fixed assets, receivables, and inventory
(2) Represents the consolidated impact of foreign exchange rates on the re-measurement of balance sheet items not denominated in functional currency recorded under the provisions of U.S. GAAP and transactional gains and losses. This does not include any impact on margin associated with the translation of revenues or the foreign subsidiaries' purchase of inventory in U.S. dollars.
(3) Represents severance and other non-recurring changes in reserves and charges

Reconciliation of Non-GAAP Measures: 2019 and 2018 EBITDA

($ in millions)	2019	2018
Income (loss) before income taxes (pre-tax)	$1.6	($18.5)
Interest income (loss)	$0	$0
Depreciation & Amortization	$13.7	$16.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$15.3	($2.5)
Asset impairment/Lease modification (1)	($1.0)	$9.1
Foreign exchange losses (2)	$0	$1.0
Other (3)	$0.4	$0.7
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)	$14.7	$8.3

(1) Represents the lease modification impacts of exercising early termination options in leases offset by non-cash impairment charges related to store fixed assets, receivables, and inventory
(2) Represents the consolidated impact of foreign exchange rates on the re-measurement of balance sheet items not denominated in functional currency recorded under the provisions of U.S. GAAP and transactional gains and losses. This does not include any impact on margin associated with the translation of revenues or the foreign subsidiaries' purchase of inventory in U.S. dollars.
(3) Represents severance and other non-recurring changes in reserves and charges