

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, 2020

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-32320

(Commission
File Number)

43-1883836

(IRS Employer
Identification No.)

1954 Innerbelt Business Center Drive
St. Louis, Missouri

(Address of Principal Executive Offices)

63114

(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))

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.

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 |

Item 2.02. Results of Operations and Financial Condition.

On January 14, 2020, Build-A-Bear Workshop, Inc. (the “Company”) issued a press release setting forth the Company’s total revenue, pre-tax income, and ending cash balance expectations for fiscal year 2019 (the 52-week period ending February 1, 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 January 14, 2020, Build-A-Bear Workshop, Inc. (the “Company”) will participate in a fireside chat at the ICR Conference 2020 held at the Grande Lakes Hotel and Resort in Orlando, Florida. Sharon Price John, President and Chief Executive Officer, and Voin Todorovic, Chief Financial 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 90 days following the event. 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

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------------|---|
| <u>99.1</u> | <u>Press Release dated January 14, 2020</u> |
| <u>99.2</u> | <u>Investor Presentation—January 14, 2020</u> |

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, 2020

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

Build-A-Bear Workshop, Inc. Raises Guidance for Fiscal Year 2019 for Total Revenue and Pre-tax Income**Company to Present at ICR Conference at 9am ET, today**

ST. LOUIS--(BUSINESS WIRE)--January 14, 2020--Build-A-Bear Workshop, Inc. (NYSE: BBW) updated its financial guidance for fiscal year 2019 ahead of its presentation at the 22nd Annual ICR Conference. The Company is raising its guidance for fiscal 2019 from what was previously issued on December 5, 2019.

On a preliminary basis for the 2019 fiscal year (52-weeks ending February 1, 2020 compared to the 52-weeks ended February 2, 2019), the Company currently expects:

- Total revenue for the fiscal year to be in the range of \$334 million to \$338 million compared to \$336.6 million in fiscal year 2018. The projected total revenue for fiscal 2019 includes fourth quarter total revenue that is expected to be flat to slightly positive reflecting growth in December and continuing momentum in the final month of the period. The Company believes that it has benefitted from its gift giving programs including stronger gift card sales leading to higher redemption rates post-holiday; it also expects to deliver its ninth consecutive quarter of double-digit eCommerce growth;
- Pre-tax income to be in the range of \$0.1 million to \$2.0 million compared to a pre-tax loss of \$18.5 million in fiscal year 2018; and
- Cash and cash equivalents to end the year in the range of \$25 million to \$30 million compared to \$17.8 million at the end of fiscal 2018; the Company is projected to have no borrowings under its revolving credit facility at year-end.

Sharon Price John, Build-A-Bear Workshop Chief Executive Officer commented, “We are pleased to have seen a positive shift in sales trend as the fourth quarter progressed leading into the peak holiday period and sales have continued to grow post-holiday with stronger gift card redemption levels and positive consumer response to our newest merchandise offerings leading us to increase our guidance for the year. In addition to the improvement in our retail store base, we are also pleased with the continuing progress in our eCommerce segment which we expect to deliver a ninth consecutive quarter of double digit growth, a pattern than has been consistent since we implemented an upgrade to our platform in 2017. While we expect traditional retail to remain challenging on a macro basis, we believe that our projected results for 2019 demonstrate the long-term viability of our strategic plan to diversify our retail portfolio, leverage consumer affinity and demand for our strong brand and advance key initiatives that we expect to further evolve our business model into margin-accretive revenue streams.”

The Company is scheduled to present at the 22nd Annual ICR Conference held at the Grand Lakes Orlando, in Orlando, FL., on Tuesday, January 14, 2020, 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 more than 450 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. Build-A-Bear Workshop, Inc. (NYSE: BBW) posted total revenue of \$336.6 million in fiscal 2018. 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 (including our ability to amend our credit facility on a timely basis on terms acceptable to us or at all), 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 18, 2019 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.

Contacts

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PR@buildabear.com



**Build-A-Bear Workshop
2020 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) general global economic conditions may decline, which could lead to disproportionately reduced consumer demand for our products, which represent relatively discretionary spending; (2) we may not be able to operate our international corporate managed locations profitably; (3) a decline in mall traffic could adversely affect our financial performance and profitability; (4) 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; (5) our merchandise is manufactured by foreign manufacturers and we transact business in various foreign countries, and the availability and costs of our products, as well as our product pricing, may be negatively affected by risks associated with international manufacturing and trade and foreign currency fluctuations; (6) 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; (7) consumer interests change rapidly, and our success depends on the ongoing effectiveness of our marketing and online initiatives to build consumer affinity for our brand and drive consumer demand for key products and services; (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 operate successfully if we lose key personnel, are unable to hire qualified additional personnel, or experience turnover of our management team; (10) we are subject to risks associated with technology and digital operations; (11) 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; (12) 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; (13) 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; (14) we may be unable to effectively manage our international franchises, attract new franchisees or laws relating to international franchises may change; (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 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; (17) 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; (18) our profitability could be adversely impacted by fluctuations in petroleum products prices; (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) the market price of our common stock is subject to volatility which could attract the interest of activist shareholders; (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.



Over 20 Years in the Making



2020 Snapshot:



Global retail with over 500 locations*

371

Corporately-
Managed Stores

54

Third-party
Retail Locations

104

International
Franchise Stores



Multi-generational

Nearly

200 MM

Furry Friends Sold

Diversified channels



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

Skilled Talent Pool



3,500+

Associates

Powerful Brand



Known, emotional
and leverageable
brand equity

*As of fiscal 2019 3rd quarter ending November 2, 2019

**Q4-2017 through Q4-2019; Includes preliminary projected results for Q4-2019

FY2019 Preliminary Expectations



We expect FY2019 to show an improvement over the prior year as well as an improvement over our most recently stated guidance on key metrics:

| (\$ in millions) | Projected 2019 | 2018 | Variance to midpoint of range |
|------------------|----------------|----------|-------------------------------|
| Total Revenue | \$334-338 | \$336 | ~flat |
| Pre Tax Income | \$0.1-2.0 | (\$18.5) | ~+\$19.5 |
| EBITDA | \$14-\$15 | (\$2.4) | ~+\$17 |
| Capex | \$12-\$13 | \$11.3 | ~+\$1.2 |
| Cash | \$25-\$30 | \$17.9 | ~+\$10 |
| Inventory | <\$58 | \$58.4 | less than LY |

In addition, we expect to finish the year with no debt under our revolving credit facility

*EBITDA Non-GAAP reconciliation: 2018 Pre-tax loss (\$18.5 million), add back interest expense (\$0.1 million) and depreciation and amortization expense (\$16.0 million), for 2018 EBITDA loss of \$2.4 million.



With a backdrop of ongoing macro-consumer and economic uncertainty, FY2019 is expected to benefit from an end-of-year push in our current fourth quarter:

- While the year included ongoing and new pressure on several fronts (mall traffic challenges, geo-political global instability, Brexit uncertainty, movie properties below our expectations, delay in opening of a key tourist location), positive momentum in Q4 is leading us to increase our previously stated annual guidance.
- Q4 total revenue is now expected to be flat to slightly positive. We believe there are several variables contributing to our trend shift including:
 - **Shift in Retail Traffic Patterns:** Consumer shopping patterns continue to skew to later in the season: US retail traffic declined in November and the first three weeks of December* compared to the prior year, then turned positive, a trend that has continued, with BBW outpacing national trends
 - **Digital First Approach:** An aggressive shift to digital marketing allowed us to reach consumers on devices and in settings in which they frequently engage benefiting both our eCommerce and in-store business segments
 - **Bonus Club Activation:** Targeted communications through improved segmentation models have improved efficiency, relevance and visit activation of loyalty program membership
 - **Consumer Demand for Experiences:** Sales of BBW gift cards in-store, online and through third parties - the “gift of experience” - increased in the pre-Christmas time frame, contributing to higher redemption levels post-holiday
 - **Personalized Gifting:** Positive results from a focus on gifting - both online and in stores
 - **Licensed Products:** Notably, sales of licensed products associated with movies increased during the period, however, we do not believe they have been the key driver of the improvement in trend

Investment in digital platforms and capabilities is delivering consistent eCommerce growth

- 9th consecutive quarter of double-digit eCommerce 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 95% of NA corporately-managed stores have positive four-wall contribution**
- Over 70% of leases have options within the next three years
- Third-party retail growth to 54 locations (Q3-2019) from 34 locations (Q3-2018)

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 revolving credit facility
- Outbound licensing, wholesale and entertainment opportunities; 2019 agreements with major players in entertainment industries

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

*Based on current projected preliminary FY2019 forecast; platform upgrade was made in 2017

**Based on TTM ending with Q3-2019, the period ending November 2, 2019



Monetizable Powerful Brand

90%+

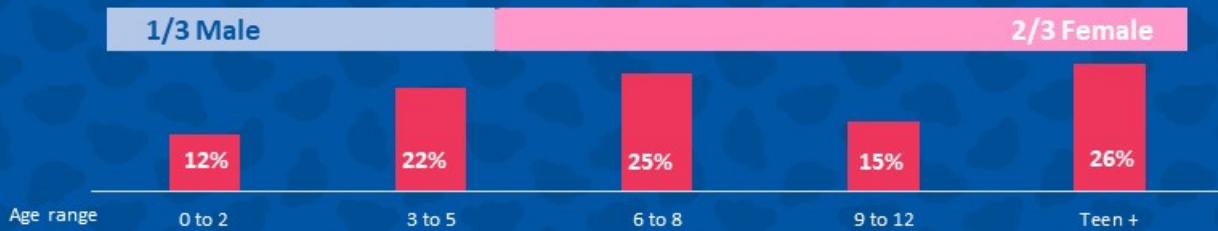
Aided Brand Awareness
US Moms of Kids ages 2-12

Build-A-Bear is a brand that
Moms **TRUST** and Kids **LOVE**

Over 80% of Moms say BAB is "a brand they trust"
and over 80% of kids say BAB is "fun to visit"

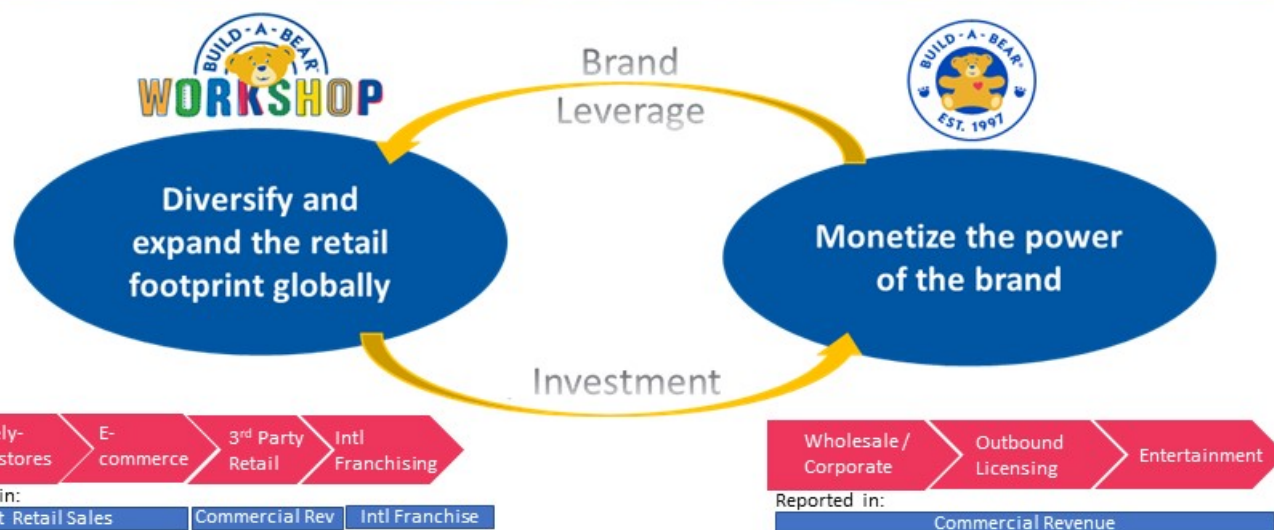
Source: C&R Research 2017

With Broad Demographic Appeal...



...and a Loyal, Passionate Consumer Base

Over 7MM total Bonus Club loyalty members and 8MM opted-in email accounts



Continued focus on the evolution of our Strategic Plan to monetize the Build-A-Bear brand across channels, geographies, consumers and categories. 2020 priorities:

1. eCommerce and digital commerce growth
2. Expanded retail diversification and accessibility through expansion in 3rd party retail as well as management of corporate portfolio to optimize profitability; improve conversion and dollars per transaction while further investing in the on-going evolution of marketing spend to social and digital media to drive store visits and enhance and add programs to drive store traffic.
3. Revenue diversification through outbound licensing and entertainment

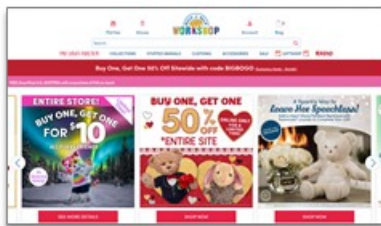
With the objective to deliver Long-Term Sustained PROFITABLE Growth

A Model of Continuous Engagement



A continuous circle of engagement can build a more powerful and profitable business model





Expect to leverage trends to online shopping as well as our own current momentum to continue to fuel growth

- Focus on secondary store segments of gift givers and affinity that prefer to shop online has driven growth without cannibalizing traditional retail
 - Opportunity to expand adult gifting merchandise categories
 - Affinity segments connect with limited edition and web-exclusive products
- Expect to expand omni-channel model
- Continue to refine digital marketing

Expect to leverage rich data from engaged Bonus Club membership to drive incremental purchases

- Over 7 million total Bonus Club members and 8 million opted-in email accounts for marketing
 - Opportunity to further develop segmentation and consumer journey models
- Implementation of enhanced site features to personalize offers and drive traffic and productivity

Opportunity to grow with third party marketplaces (e.g. Amazon) as well as primary store shopping segment (families with children)

- Prime certified, branded storefront on Amazon.com starting to deliver revenue growth
- Opportunity to add innovative digital shopping experiences to engage consumers seeking experience (over convenience)



* Q4-2017 through Q4-2019; Includes preliminary projected results for Q4-2019



Expect mall traffic to continue to be challenging

- On a monthly basis national retail traffic in US declined every month from Feb-Dec 2019
- Follows 5 years of traffic declines in which traditional mall traffic is estimated to have declined by 50% cumulatively

FY2019 US National Retail Traffic Trends



Source: Shoppertrak

Expect to leverage high level of strategic lease optionality

- Over 70% of leases have options in next 3 years
- As leases come due, priority is to optimize profitability and maintain site through aggressive rent negotiation
- Potential to close up to 20 stores that could be unprofitable in 2020 across geographies



In FY2020, expect corporately-managed portfolio to have less total square footage with higher productivity per square foot



By the end of FY2020, expect ~50% of stores to be in Discovery format

Expect to strategically add locations that expand consumer accessibility

- Expect to partially offset the impact of store closures by opening new locations that expand consumer accessibility to our concept
 - Tourist locations, Walmart shop-in-shops, seasonal, etc
- Total square footage should decrease but key metrics (sales and profit per square foot) should improve

2020 Retail Priorities: 3rd Party Store Locations



3rd party retail sales captured in our Commercial Revenue segment which was +100% over prior year in FY2019 through Q3-2019)

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

3rd Party Retail model benefits BBW as well as retail partners

- Advantages to BBW:
 - Little to no startup capital to open stores
 - No direct operational overhead (rent, labor, etc)
 - Access to desirable tourist and family-centric settings
- Advantages to partner
 - Leverage existing space and often talent pool
 - Power of BABW brand offering and proprietary service model

Expect growth from existing partners as well as annualization of partners added in 2019

- Locations tend to be in tourist and family-centric settings that are expected to see consistent or growing traffic patterns
- Established partners include Carnival Cruise Lines and Great Wolf Lodge which will annualize multiple locations in 2020. Other partners include Landry's, Cooks, Beaches, Yankee Candle



CookChildren's



Expect conversion of some partners currently in test mode into expanded locations

- Currently in test mode or expect to implement tests in a number of sites
 - Military bases
 - Chuck E Cheese
 - Marriott Resorts



2020 Priorities: Non-Retail Commercial Revenue



Outbound Licensing



Wholesale



Entertainment

In addition to 3rd Party Retail, we expect other areas in Commercial revenue to contribute to the business

We expect to benefit from initiatives to leverage the power of our brand and intellectual properties as we become a strong branded company with a diversified business model



- 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
- For example, the Build-A-Bear stuffing station was named to Walmart’s “Top Rated by Kids” toy list in 2019 and had strong sales across a diverse range of retail chains



- A new warehouse management system is expected to be implemented in FY2020 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

- In FY2019, several deals were finalized that are expected to expand our entertainment and content offerings. In FY2020, we expect to have radio, music, films and tv programming in market

February 2020

Always On: Radio



Initial BAB music CD



Initial Sony movie



2nd BAB music CD



Holiday TV movie





Expect to de-emphasize select territories and focus on priority markets

Infrastructure, sourcing channels and management capabilities have been enhanced and developed

- 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

Focus on priority markets with the highest potential for growth and expansion

- In 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

Select legacy markets are expected to be discontinued in the interim

- 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

Solid Balance Sheet Supports Ongoing Evolution



- Cash from operations has funded - and is expected to continue to fund - ongoing strategic initiatives
- Projected uses of capital reflect strategic priorities: eCommerce and digital, opportunistic stores, systems and infrastructure, maintenance





We have a differentiated brand with 20+ year of history of valuable equity and are taking bold steps to monetize our brand assets funded by cash from operations

We are executing against our strategic plans to diversify our business model and create revenue streams to leverage the brand and deliver long term sustainable profitable growth

Our proven experiential retail concept has been and remains a key tenant of the strong, emotional relationship that we enjoy with our guests. Our broad lease optionality and wide array of concepts, including 3rd party retail, enable operations in a variety of retail, tourist and seasonal settings beyond the traditional mall. We have a line of site to evolve our footprint to be more aligned where families now want to go for shopping, fun and entertainment.

We are leveraging our on-line success and aggressively investing in digital platforms and capabilities to more robustly participate in changing consumer shopping habits including gifting and e-commerce growth

We have taken important steps and created key relationships to leverage the brand beyond traditional channels



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