

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	February 1, 2020	February 2, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,726	\$ 17,894
Inventories, net	53,381	58,356
Receivables, net	11,526	10,588
Prepaid expenses and other current assets	7,117	12,960
Total current assets	98,750	99,798
Operating lease right-of-use asset	126,144	-
Property and equipment, net	65,855	66,368
Deferred tax assets	3,411	3,099
Other intangible assets, net	-	731
Other assets, net	3,102	2,050
Total Assets	<u>\$ 297,262</u>	<u>\$ 172,046</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,680	\$ 22,551
Accrued expenses	16,536	10,047
Operating lease liability short term	30,912	-
Gift cards and customer deposits	20,231	21,643
Deferred revenue and other	2,605	1,936
Total current liabilities	85,964	56,177
Operating lease liability long term	119,625	-
Deferred rent	-	18,440
Deferred franchise revenue	1,325	1,625
Other liabilities	1,717	1,490
Stockholders' equity:		
Preferred stock, par value \$0.01, Shares authorized: 15,000,000; No shares issued or outstanding at February 1, 2020 and February 2, 2019	-	-
Common stock, par value \$0.01, Shares authorized: 50,000,000;		
Issued and outstanding: 15,205,981 and 14,953,142 shares, respectively	152	150
Additional paid-in capital	70,633	69,088
Accumulated other comprehensive loss	(12,079)	(12,018)
Retained earnings	29,925	37,094
Total stockholders' equity	88,631	94,314
Total Liabilities and Stockholders' Equity	<u>\$ 297,262</u>	<u>\$ 172,046</u>

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands, except share and per share data)

	Fiscal year ended	
	February 1, 2020	February 2, 2019
Revenues:		
Net retail sales	\$ 323,491	\$ 326,304
Commercial revenue	11,892	6,560
International franchising	3,160	3,721
Total revenues	<u>338,543</u>	<u>336,585</u>
Costs and expenses:		
Cost of merchandise sold - retail	176,652	186,834
Store asset impairment	-	5,195
Cost of merchandise sold - commercial	5,432	3,317
Cost of merchandise sold - international franchising	2,836	2,485
Total cost of merchandise sold	<u>184,920</u>	<u>197,831</u>
Consolidated gross profit	153,623	138,754
Selling, general and administrative expense	152,047	157,176
Interest expense, net	15	85
Income (loss) before income taxes	1,561	(18,507)
Income tax expense (benefit)	1,300	(574)
Net income (loss)	<u>\$ 261</u>	<u>\$ (17,933)</u>
Foreign currency translation adjustment	(60)	(1,218)
Comprehensive income (loss)	<u>\$ 201</u>	<u>\$ (19,151)</u>
Income (loss) per common share:		
Basic	\$ 0.02	\$ (1.23)
Diluted	\$ 0.02	\$ (1.23)
Shares used in computing common per share amounts:		
Basic	14,711,334	14,591,270
Diluted	14,759,810	14,591,270

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Retained earnings</u>	<u>Total</u>
Balance, February 3, 2018	\$ 150	\$ 66,843	\$ (10,800)	\$ 55,909	\$ 112,102
Share repurchase and retirement	(2)	(1,058)	-	(868)	(1,928)
Stock-based compensation	-	3,439	-	-	3,439
Shares issued under employee stock plans	2	(136)	-	(14)	(148)
Other comprehensive loss	-	-	(1,218)	-	(1,218)
Net loss	-	-	-	(17,933)	(17,933)
Balance, February 2, 2019	<u>\$ 150</u>	<u>\$ 69,088</u>	<u>\$ (12,018)</u>	<u>\$ 37,094</u>	<u>\$ 94,314</u>
Stock-based compensation	-	1,793	-	-	1,793
Shares issued under employee stock plans	2	(248)	-	-	(246)
Adoption of new accounting standard	-	-	-	(7,431)	(7,431)
Other	-	-	(1)	1	-
Other comprehensive loss	-	-	(60)	-	(60)
Net income	-	-	-	261	261
Balance, February 1, 2020	<u>\$ 152</u>	<u>\$ 70,633</u>	<u>\$ (12,079)</u>	<u>\$ 29,925</u>	<u>\$ 88,631</u>

See accompanying notes to consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Fiscal year ended	
	February 1, 2020	February 2, 2019
Cash flows provided by operating activities:		
Net income (loss)	\$ 261	\$ (17,933)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,705	16,042
Stock-based compensation	2,877	3,439
Asset impairment	-	5,871
Deferred taxes	(318)	446
Provision for doubtful accounts	(83)	1,029
(Gain)/Loss on disposal of property and equipment	(7)	398
Change in assets and liabilities:		
Inventories, net	5,053	(1,116)
Receivables, net	(805)	(3,452)
Prepaid expenses and other assets	5,839	98
Accounts payable and accrued expenses	(2,439)	817
Operating leases	(490)	224
Gift cards and customer deposits	(1,369)	2,415
Deferred revenue	(615)	1,308
Net cash provided by operating activities	<u>21,609</u>	<u>9,586</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(12,384)	(11,253)
Purchases of other assets and other intangible assets	-	-
Proceeds from property insurance	-	-
Net cash used in investing activities	<u>(12,384)</u>	<u>(11,253)</u>
Cash flows used in financing activities:		
Proceeds from the exercise of employee stock options, net of withholding tax payments	(245)	(131)
Borrowings under line of credit	-	7,250
Repayments under line of credit	-	(7,250)
Purchases of Company's common stock	-	(2,228)
Net cash used in financing activities	<u>(245)</u>	<u>(2,359)</u>
Effect of exchange rates on cash	<u>(140)</u>	<u>421</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	8,840	(3,605)
Cash, cash equivalents and restricted cash, beginning of period	19,555	23,160
Cash, cash equivalents and restricted cash, end of period	<u>\$ 28,395</u>	<u>\$ 19,555</u>
Supplemental disclosure of cash flow information:		
Total cash, cash equivalents and restricted cash	\$ 28,395	\$ 19,555
Less: Restricted cash from long-term deposits (1)	(1,669)	(1,661)
Total cash and cash equivalents	<u>\$ 26,726</u>	<u>\$ 17,894</u>
Net cash paid (received) during the period for income taxes	\$ (1,800)	\$ 1,675

(1) See cash, cash equivalents and restricted cash in Note 2 - Summary of Significant Accounting Policies for further discussion.

See accompanying notes to consolidated financial statements.