

Build-A-Bear Workshop, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)

| | Fiscal Year | | |
|---|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Cash flows from operating activities: | | | |
| Net loss | \$ (2,112) | \$ (49,295) | \$ (17,062) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | 19,216 | 21,422 | 24,232 |
| Goodwill impairment | - | 33,670 | - |
| Asset impairment | 1,408 | 4,486 | 416 |
| Deferred taxes | 76 | 109 | 14,560 |
| Losses from investment in affiliate | - | 475 | - |
| Loss on disposal of property and equipment | 715 | 292 | 624 |
| Stock-based compensation | 2,849 | 3,611 | 4,605 |
| Trade credit utilization | 498 | 515 | 253 |
| Change in assets and liabilities: | | | |
| Inventories | (2,987) | 5,298 | (5,477) |
| Receivables | (4,727) | (1,520) | 35 |
| Prepaid expenses and other assets | 2,778 | 1,263 | 1,279 |
| Accounts payable and accrued expenses | 695 | (2,363) | 737 |
| Lease related liabilities | (1,863) | (3,120) | (4,743) |
| Gift cards and customer deposits | 2,910 | 2,445 | (561) |
| Deferred revenue | (398) | (746) | (1,664) |
| Net cash provided by operating activities | 19,058 | 16,542 | 17,234 |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (19,055) | (16,633) | (12,035) |
| Purchases of other assets and other intangible assets | (307) | (635) | (213) |
| Proceeds from sale or maturity of short term investments | - | 2,647 | 4,829 |
| Purchases of short term investments | - | - | (5,899) |
| Investment in unconsolidated affiliate | - | (475) | - |
| Cash flow used in investing activities | (19,362) | (15,096) | (13,318) |
| Cash flows from financing activities: | | | |
| Proceeds from the exercise of employee stock options, net of withholding tax payments | 348 | (1,555) | (809) |
| Purchases of Company's common stock | (216) | (1,347) | (15,002) |
| Cash flow provided by (used in) financing activities | 132 | (2,902) | (15,811) |
| Effect of exchange rates on cash | (334) | 260 | (493) |
| Net decrease in cash and cash equivalents | (506) | (1,196) | (12,388) |
| Cash and cash equivalents, beginning of period | 45,171 | 46,367 | 58,755 |
| Cash and cash equivalents, end of period | \$ 44,665 | \$ 45,171 | \$ 46,367 |
| Supplemental disclosure of cash flow information: | | | |
| Net cash paid (received) during the period for income taxes | \$ 1,113 | \$ 182 | \$ (98) |

See accompanying notes to consolidated