

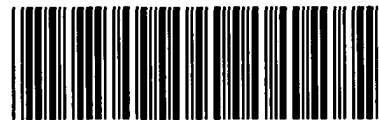
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BUILD-A-BEAR WORKSHOP UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

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BUILD-A-BEAR WORKSHOP UK LIMITED

COMPANY INFORMATION

Directors	E FencI S John V Todorovic
Company secretary	V Todorovic
Registered number	04537212
Registered office	10-14 Bath Road Slough Berkshire SL1 3SA
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

BUILD-A-BEAR WORKSHOP UK LIMITED

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BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

Introduction

The directors present their strategic report and financial statements for the 52-week period ended 28 January 2023 (referred to as fiscal 2022 throughout).

Business review

Build-A-Bear Workshop UK Limited is an indirectly wholly-owned subsidiary of Build-A-Bear Workshop Inc.

Build-A-Bear Workshop offers interactive entertainment experiences via both physical and digital engagement, targeting a range of consumer segments and purchasing occasions through digitally-driven, diversified omnichannel capabilities. We operate a vertical retail channel with experience locations that feature a unique combination of interactivity and product in which guests can “make their own stuffed animals” by participating in the stuffing, fluffing, dressing, accessorising, and naming of their own teddy bears and other stuffed animals.

We also operate an e-commerce site that focus on gift-giving, collectible merchandise and licensed products which appeal to consumers who have an affinity for characters from a range of entertainment, sports, art, and gaming properties. Our engaging digital purchasing experiences include our online “Bear-Builder”, an adult-focused “Bear Cave” and the “HeartBox” gifts. Our retail stores also act as “mini distribution centres” to provide efficient omnichannel support for our digital demand. The primary consumer target for our retail stores is families with children while our e-commerce sites focus on collectors and gift givers that are primarily tweens, teens and adults.

We have also extended our business model by leveraging our brand strength and owned intellectual properties through the creation of engaging content for kids and adults while also offering products at wholesale and in non-plush consumer categories via outbound licensing agreements with leading manufacturers.

We seek to provide outstanding guest service and experiences across all channels and touch points including our retail locations, our e-commerce site, our mobile sites and apps as well as traditional, digital and social media. We believe the hands-on and interactive nature of our experience locations, our personal service model and engaging digital shopping experiences result in guests forming an emotional connection with our brand which has multigenerational appeal that captures today’s zeitgeist including desire for engaging experiences, personalization and “DIY” while being recognized as trusted, giving, and a part of pop culture.

As of 28 January 2023, Build-A-Bear Workshop UK Limited operated 36 retail stores (32 corporately managed and four third party concessions) in United Kingdom and Republic of Ireland and our webstore, Buildabear.co.uk.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

Financial key performance indicators

The key financial performance indicators during the period are as follows:

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000	Change %
Turnover	45,863	37,623	21.9%
Cost of sales	(17,170)	(12,284)	(39.8%)
Selling and distribution costs	(24,854)	(22,158)	(12.2%)
Fixed asset impairment reversal	10	140	92.9%
Onerous lease reversal	105	597	82.4%
Intercompany receivable reversal impairment	33	(27)	222.2%
Administrative expenses	(2,593)	(3,503)	25.98%
Intercompany management fee	(1,022)	(559)	(82.8%)
Foreign exchange loss	(581)	(212)	(174.1%)
Operating loss	(209)	(383)	45.4%
Profit after tax	1,011	899	12.5%

Fiscal 2022 was the first fiscal year since 2019 where our UK and Ireland stores were not temporarily closed due to Government Covid-19 restrictions. In fiscal year 2021 the UK and Ireland Governments continued with Covid-19 restrictions during the first half of 2021, for non-essential retailers, which ensured that our stores were temporarily closed through to the mid/late April 2021 and operated under a variety of restrictions through to the end of January 2022. Fiscal 2022 retail sales increased by 22% compared to 2021 driven by an increase of 35% in store sales from our retail stores as our customers returned to shopping in physical stores, whilst there was a decline of 10.3% in e-commerce sales. During 2022 we opened two third party concessions and closed six corporately managed stores.

Fiscal 2022 was the third year of the temporary arrangement with the US parent company where, if required based on market conditions, support payment discounts, as determined from reference to an arm's length benchmark study, are provided to Build-A-Bear Workshop UK Limited.

Where market conditions have stabilised, the arrangement allows the U.S. parent to recoup all or portions of the support payment discounts. In fiscal 2022 Build-A-Bear Workshop UK made a payment of £2,218,000 to its US parent company under the terms of the temporary agreement.

Selling and distribution costs increased by £2,696,000 due to stores trading for more months in 2022 than in 2021 and the end of Covid-19 business support. Retail payroll costs increased by £504,000 before considering the impact of Government Covid-19 furlough support payments in 2021. The main drivers of the increase in

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

retail payroll were pay increases across all roles to maintain pay bandings following the increase in National Minimum Wage in April 2022 and higher number of hours worked in stores to meet the sales demand. Store occupancy costs increased by £1,305,000 following the end in 2021 of Covid-19 support via temporary lower rents from landlords and the reduction of business rates. Utilities costs increased by £400,000 because of the increase in electricity prices impacting the UK in 2022, and Advertising expenditure increased by £411,000. In Store Supplies increased by £95,000 and Sales Fees from third party payment processors increased by £73,000 in line with the increase in sales.

Administrative expenses fell by £910,000 compared to fiscal 2021 due to a reduction in bad debt provisions held for franchises following payments received during fiscal 2022. All administrative expenses related to the operation of the UK stores and webstore were flat to fiscal 2021.

The company saw a reduction in intercompany provision of £60,000 following payments received during the year from Build-A-Bear Trading (Shanghai) Co., Limited.

The Intercompany Management Fee from our US parent company increased by £463,000 compared to 2021. This was due to no management fee charged in the first quarter of fiscal 2021 when all UK stores were temporarily closed due to the UK Covid-19 restrictions.

The company incurred a loss of £581,000 on foreign exchange relating to US Dollars, an increase of £369,000 on the prior year.

In the first half of fiscal 2021 the company received £1,286,000 in Covid-19 support payments for schemes related to furloughing of staff and business restart grants available for non-essential retailers. There were no equivalent payments received in fiscal 2022.

Build-A-Bear Workshop UK Limited delivered a profit after tax of £1,011,000 for the year compared to a profit after tax of £899,000 in 2021.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

Section 172 statement

In accordance with section 172 of the Companies Act 2006, each of our directors acts in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act).

This s172 statement explains how the directors have engaged with employees, suppliers and customers, communities, and key stakeholders. Decisions taken by the company directors during the financial year are made whilst considering employee interests, the need to maintain and build upon the company's relationships with our suppliers and customers, how to positively impact the communities where we operate and fairly engage with key stakeholders.

When making decisions, each director ensures that he/she acts in a way he/she considers, in good faith, would most likely promote the company's success. The directors understand the company and the evolving environment in which we operate, including the challenges of transitioning from a traditional store-based retail brand company to a brand company where retailing is one part of the company strategy.

Our Purpose and Strategy

Build-A-Bear Workshop offers interactive entertainment experiences via both physical and digital engagement, targeting a range of consumer segments and purchasing occasions through digitally-driven, diversified omnichannel capabilities. We operate a vertical retail channel with experience locations that feature a unique combination of interactivity and product in which guests can "make their own stuffed animals" by participating in the stuffing, dressing, accessorising, and naming of their own teddy bears and other stuffed animals. We also operate e-commerce sites that focus on gift-giving, collectible merchandise and licensed products that appeal to consumers that have an affinity for characters from a range of entertainment, sports, art, and gaming properties.

Our engaging digital purchasing experiences include our online "Bear-Builder", an adult-focused "Bear Cave" and the "HeartBox" gifts. Our retail stores also act as "mini distribution centres" that provide efficient omnichannel support for our digital demand. The primary consumer target for our retail stores is families with children while our e-commerce sites focus on collectors and gift givers that are primarily tweens, teens, and adults. We have also extended our business model by leveraging our brand strength and owned intellectual properties through the creation of engaging content for kids and adults while also offering products at wholesale and in non-plush consumer categories via outbound licensing agreements with leading manufacturers.

We seek to provide outstanding guest service and experiences across all channels and touch points including our retail locations, our e-commerce site, our mobile sites, and apps as well as traditional, digital and social media. We believe the hands-on and interactive nature of our experience locations, our personal service model and engaging digital shopping experiences result in guests forming an emotional connection with our brand which has multi-generational appeal that captures today's zeitgeist including desire for engaging experiences, personalization and "DIY" while being recognised as trusted, giving, and a part of pop culture.

Our employees

The directors recognise that BABW employees are fundamental to the success of our business and to the delivery of strategic objectives. The success of the business depends on attracting, developing, motivating and retaining employees. Whilst ensuring we remain a responsible employer, from pay and benefits to health and safety in the workplace environment, the directors consider the implications of decisions on the employees where relevant and feasible.

Business relationships

Our stores and e-commerce site offer an extensive and coordinated selection of merchandise, including a wide range of different styles of plush products to be stuffed, pre-stuffed plush products, sounds and scents that can be added to the stuffed animals and a broad variety of clothing, shoes and accessories, as well as other brand appropriate toy and novelty items including family sleepwear, sourced from multiple vendors primarily in Vietnam

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

and China. Our plush products and clothing are produced from high quality, man-made materials or natural fibres, and the stuffing is made of a high-grade polyester fibre.

Similarly, our future success depends, in part, on the popularity and consumer demand for brands of licensors such as Disney, LucasFilm, Marvel, Hasbro and The Pokémon Company.

Our customers are central to our business strategy. We seek to provide outstanding customer service and experiences across all channels and touch points including our stores, our e-commerce site, our mobile sites and apps as well as traditional and social media. Customers visit our stores for multiple reasons including interactive family experiences, birthdays, parties and other milestone occasions as well as to purchase gifts. We believe the hands-on and interactive nature of our store and interactive service model result in customers forming an emotional connection with our brand.

Impact on communities

The company places heart at the centre of everything we do, and the Build-A-Bear Foundation seeks to add a little more heart to life for those in need. We use our position to create positive change for the people and communities where we operate.

Stakeholders

During the year the Board received information to enable them to consider the impact of the company's decisions on its key stakeholders. This information was distributed in a range of different formats, including through reports and presentations on our financial and operational performance, non-financial KPIs and risk. We acknowledge that every decision made will not necessarily result in a positive outcome for all our stakeholders and the Board frequently must make difficult decisions based on competing priorities. By considering the company's purpose and values, together with its strategic priorities we aim to balance those different perspectives.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

Principal risks and uncertainties

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially affect our operations. The risks, uncertainties and other factors set forth below may cause our actual results, performances or achievements to be materially different from those expressed or implied by our forward-looking statements. If any of these risks or events occur, our business, financial condition or results of operations may be adversely affected.

Since purchases of our merchandise are dependent upon discretionary spending by our guests, our financial performance is sensitive to changes in overall economic conditions that affect consumer spending. Consumer spending habits are affected by, among other things, prevailing economic conditions, inflation, levels of employment, salaries and wage rates, consumer confidence and consumer perception of economic conditions. A slowdown in the UK economy or uncertainty as to the economic outlook could reduce discretionary spending or cause a shift in consumer discretionary spending to other products. For example, the potential adverse effects of inflation, or geopolitical conflicts could result in lower net retail sales and could also result in excess inventories, which could, in turn, lead to increased merchandise markdowns and related costs associated with higher levels of inventory and adversely affect our liquidity and profitability.

Inflation impacted our business operations in fiscal 2022 and had an adverse impact on our business throughout the year, mainly in freight and other supply chain related costs. Although we took actions to mitigate these pressures, such as strategic price increases on highly sought-after products, there can be no assurance that we will be able to continue these actions or that they will be successful in the future. We expect the inflationary pressures experienced in fiscal 2022 to decrease but continue into fiscal 2023, specifically in supply chain costs and minimum wage increases compared to the prior year. We continue to monitor the impact of inflation on our business operations on an ongoing basis and may need to adjust our prices further to mitigate the impacts of changes to the rate of inflation during 2023 or in future years. These select price increases could have a negative impact on demand for our products.

Moreover, these inflationary pressures have caused, and are expected to continue to cause, significant increases in the costs of other products which are required by consumers, such as fuel for home heating, and groceries, which in turn are likely to reduce household spending on the types of discretionary products and entertainment we offer. Weakened economic conditions, lowered employment levels, or a recession may also significantly reduce consumer purchases of our products. Economic conditions may also be negatively impacted by terrorist attacks, wars, and other conflicts, such as the current Russia-Ukraine crisis, as well as natural disasters, increases in commodity prices or labour costs, or the prospect of such events. Such a weakened economic and business climate, as well as consumer uncertainty created by such a climate, could harm our revenues and profitability.

Our success and profitability not only depend on consumer demand for our products, but also on our ability to produce and sell those products at costs which allow us to make a profit. Whether due to inflation or other factors, rising petroleum and material prices, increased transportation and shipping costs, and increased labour costs in the markets in which our products are manufactured and sold all may further increase the costs we incur to produce and transport our products, which in turn may reduce our margins, reduce our profitability, and harm our business, in particular if we are unable to further adjust prices beyond what we were able to do in fiscal 2022, as discussed above.

We continue to update and evaluate our marketing initiatives, which are focused on building our brand, sharing relevant product news, executing timely promotions and adapting to rapidly changing consumer preferences. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our integrated marketing and advertising programs, access to leading entertainment relationships resulting in licensing relationships in a profitable manner and future marketing and advertising efforts that we undertake.

Our planned marketing expenditures may not result in increased total sales or generate sufficient levels of product and brand awareness, which could also have a material adverse effect on our financial condition and profitability. Additionally, we have shifted a number of our marketing programs to digital outlets which may not continue to be as effective as our more traditional, historical programs.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

While we invest in integrated marketing efforts and believe we are more of a destination location than other retailers, we rely to a great extent on consumer traffic in the shopping centres and tourist locations in which we are located. We rely on the continuing popularity of shopping centres and tourist locations as shopping destinations to attract high levels of consumer traffic. We cannot control the development of new shopping centres nor the closure of existing shopping centres, the addition or loss of anchors and co-tenants, the availability or cost of appropriate locations within existing or new shopping centres or the desirability, safety or success of shopping centres. While we have had significant growth in our e-commerce sales compared to pre-pandemic levels and continue with initiatives intended to develop and strengthen our online business, the majority of our sales are generated from our physical store locations. Consumer traffic may also be reduced due to factors such as the economy, civil unrest, actual or threatened acts of terrorism or other crime in shopping locations, the impact of weather or natural disasters or a decline in consumer confidence resulting from international conflicts or war. A decrease in consumer traffic could have an adverse effect on our financial condition and profitability.

The extent to which a pandemic may impact our operational and financial performance remains uncertain and will depend on many factors outside of our control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for our products. Additional future impacts may include, but are not limited to, material adverse effects on demand for our products and interactive experience, supply chain operations disruptions, our ability to execute strategic plans and to predict future performance, and our financial performance and profitability.

To the extent a pandemic adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to retail consumer traffic, general global economic conditions, and demand for our interactive retail experience.

The profitability of our business depends to a certain degree upon the price of petroleum products, both as a component of the transportation costs for delivery of inventory from our vendors to our stores and as a raw material used in the production of our plush products and stuffing. Volatility in petroleum prices can be due to many external factors that are beyond our control including political, environmental, and economic factors such as hostilities or other conflicts in oil producing areas (including the current Russia-Ukraine conflict), limitations and/or disruptions in refining and pipeline capacity, and worldwide demand for petroleum. We are unable to predict what the price of crude oil and the resulting petroleum products will be in the future. We may be unable to pass along to our guests the increased costs that would result from higher petroleum prices. Therefore, any such increase could have an adverse impact on our business and profitability.

We operate in a highly competitive environment characterized by low barriers to entry. We compete against a diverse group of competitors. Because we have shopping centre locations, we see our competition as other retailers that compete for prime locations, including various fashion, footwear and specialty retailers. As a retailer whose signature product is a stuffed animal that is typically purchased as a toy or gift, we also compete with big box retailers and toy stores, as well as manufacturers that sell plush toys. Since we offer our guests an experience as well as merchandise, we also view our competition as any company that competes for our guests' time and entertainment discretionary expenditure, such as cinemas, restaurants, amusement parks and arcades. In addition, there are several small companies that operate "make your own" teddy bear and stuffed animal experiences in retail stores and kiosks. Although we believe that none of these companies currently offer the breadth and depth of the Build-A-Bear Workshop products and experience, we cannot be certain that they will not compete directly with us in the future.

The retail sector has experienced an immense increase in sales initiated online and using mobile applications, as well as online sales and "click n collect". Online and multi-channel retailers continue to focus on delivery services, with consumers increasingly seeking faster, guaranteed delivery times and low-cost or free shipping. Our ability to be competitive on delivery times and delivery costs depends on many factors, and our failure to successfully manage these factors and offer competitive delivery options could negatively impact the demand for our products and our profit margins.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

We believe that our success depends in large part upon our ability to continue to attract new and repeat guests with our interactive shopping experience, and our ability to anticipate, gauge and respond in a timely manner to changing consumer preferences, such as online buying, and fashion trends including licensed relationships. We cannot be certain that there will continue to be a demand for our "make-your-own stuffed animal" interactive experience, including our store design and brand appearance, or for our stuffed animals, related apparel and accessories. A decline in demand for our interactive shopping experience, our stuffed animals, related apparel or accessories, or a misjudgement of consumer preferences, fashion trends or the demand for licensed products, including those that are associated with new movie releases, could have a negative impact on our business, financial condition and results of operations. In addition, negative commentary regarding our company or the products we sell may be posted on social media sites and other platforms at any time and may negatively impact our reputation or business.

Our future success depends, in part, on the popularity and consumer demand for brands of licensors such as Disney, NBCUniversal, Lucasfilm, Warner Bros., and Nintendo. If we are not able to meet our contractual commitments or are unable to maintain licensing agreements with key brands, our business would be adversely affected. There can be no certainty that our access to licensed brands will continue to be successful or enable us to maintain high levels of sales in the future and the timing of future entertainment projects may not coincide with the timing of previous successes impacting our ability to maintain sales levels. In addition, if we miscalculate the market for our merchandise or the purchasing preferences of our guests, we may be required to sell a significant amount of our inventory at discounted prices or even below costs, thereby adversely affecting our financial condition and profitability.

The retail industry continues to rapidly evolve and consumers continue to increasingly embrace digital shopping. As a result, the portion of total consumer expenditures with retailers occurring through digital platforms is increasing and the pace of this increase could continue to accelerate.

Our strategy, which includes investments in e-commerce platforms, digital technology, and other consumer initiatives, may not adequately or effectively allow us to continue to grow our e-commerce business, increase sales, or grow our position in the specialty retail and gifting and collectibles markets such as adult to adult gifting (e.g. Heartbox), adult driven affinity (e.g. The Bear Cave), and occasion gifting (e.g. graduation, Valentine's Day). The success of our strategy will depend on our ability to continue building and delivering a seamless omnichannel shopping experience for consumers. With an increasing allocation of capital expenditures focused on digital initiatives, our failure to successfully execute on individual components of this initiative may adversely affect our financial performance. In addition, a greater concentration of e-commerce sales could result in a reduction in the amount of traffic in our brick-and-mortar locations and materially adversely affect our financial performance.

Furthermore, the cost of certain investments in e-commerce and digital technology may adversely impact our financial performance in the short-term and failure to realize the benefits of these investments may adversely impact our financial performance over the longer term.

Our leases in the U.K. and Ireland also typically contain provisions requiring rent reviews every five years in which the base rent that we pay is adjusted to current market rates. These rent reviews require that base rents cannot be reduced if market conditions have deteriorated but can be changed "upwards only." We may be required to pay base rents that are significantly higher than we have projected. As a result of these and other factors, we may not be able to operate our store locations profitably. If we are unable to do so, our results of operations and financial condition could be harmed, and we may be required to record significant additional impairment charges.

Our operations are subject to numerous technology related risks, including risks related to the failure of the computer systems that operate our point of sale and inventory systems, websites and mobile sites and their related support systems. We engage key third-party business partners to support various functions of our business, including, but not limited to, information technology, web hosting and cloud-based services. We, and those third-party businesses that support us, are also subject to risks related to computer viruses, telecommunications failures, and other disruptions. Also, we may require additional capital in the future to

BUILD-A-BEAR WORKSHOP UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

sustain or grow our technological infrastructure and digital commerce capabilities.

Business risks related to technology and digital commerce include risks associated with the need to keep pace with rapid technological change, internet security risks, risks of system failure or inadequacy, governmental regulation and legal uncertainties with respect to the internet, and collection of VAT or other taxes. If any of these risks occur, it could have a material adverse effect on our business. Further, as our online sales have increased and have become critical to our growth, the risk of any interruption of our information technology system capabilities is heightened.

We purchase the majority of our merchandise directly from manufacturers in foreign countries, primarily in China and Vietnam. Any event causing a disruption of imports, including the imposition of import restrictions, taxes or fees, or labour strikes or lockouts and pandemics, could adversely affect our business. For example, our vendors in China and Vietnam were temporarily closed for periods of time in 2020 and 2021 as a result of COVID, ceasing production of inventory and supplies. The flow of merchandise from our vendors could also be adversely affected by financial or political instability in any of the countries in which the goods we purchase are manufactured, if the instability affects the production or export of merchandise from those countries. We are subject to trade restrictions in the form of tariffs or quotas, or both, applicable to the products we sell as well as to raw material imported to manufacture those products. Such tariffs or quotas are subject to change.

Our compliance with the regulations is subject to interpretation and review by applicable authorities. Change in regulations or interpretation could negatively impact our operations by increasing the cost of and reducing the supply of products available to us. Our business in the U.K. may be adversely impacted by ongoing uncertainty, fluctuations in currency exchange rates, changes in trade policies, or changes in labour, immigration, tax, data privacy or other laws. Any of these effects, among others, could materially and adversely affect our business, results of operations, and financial condition.

BUILD-A-BEAR WORKSHOP UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

Greenhouse gas emissions

	FY22 UK & Ireland	FY21 UK & Ireland
Emissions from combustion of gas (Scope 1)	n/a	n/a
Emissions from combustion of fuel for transport purposes (Scope 1)	n/a	n/a
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	13.7	10.9
Emissions from purchased electricity (Scope 2, location-based)	246.7	332.9
Total gross CO₂e based on above	260.4	343.8
Intensity ratio: tCO ₂ e per sqm of gross store area	0.04	0.05

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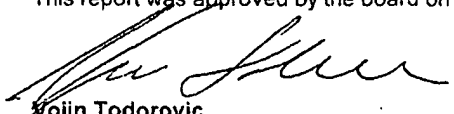
The company has used the UK Government GHG Conversion Factors for Company Reporting as the method to quantify and report greenhouse gas emissions. They have been reported in line with the UK Government's 'Environmental Reporting Guidelines' including streamlined energy and carbon reporting guidance.

The company's total energy use for fiscal year 2022 was 1,275,919 kWh. The Scope 2 electricity data was obtained from the electricity supplier to each location. The Scope 3 business travel data was calculated by assessing all mileage claims submitted on employee expense claims.

The intensity ratio was chosen as the most appropriate for the company to use in the retail sector. The company recognises that its operations have an environmental impact and is committed to minimising our emissions from our store and webstore operations. The total emissions for fiscal year 2022 are lower than the previous year for the following reasons.

- the closure of six stores during 2022
- review completed of each stores timing schedules controlling heating and air conditioning
- installing LED lighting in stores when existing bulbs and light fittings are replaced
- 9% reduction in the 2022 electricity conversion factor compared to 2021

This report was approved by the board on 05/03/2024 and signed on its behalf.


Vojin Todorovic
Director

BUILD-A-BEAR WORKSHOP UK LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

The Directors present their report and the financial statements for the 52 week period ended 28 January 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the 52 week period, after taxation, amounted to £1,011,000 (2022 - £899,000).

The directors do not recommend a final dividend (52 week period ended 29 January 2022 – £nil).

Directors

The Directors who served during the 52 week period were:

E FencI
S John
V Todorovic

Future developments

The company is looking to expand its appear with emphasis on maximising the consumer base by expanding to gift givers and affinity consumers via stores and e-commerce. The company will continue to monitor its estate to meet the changing consumer behaviours. This will involve taking advantage of lease re-gears tabled by landlords, closure of non-profitable stores and identifying opportunities for new stores (mainly on short term leases).

BUILD-A-BEAR WORKSHOP UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

Directors' liabilities

Build-A-Bear Workshop Inc has arranged insurance cover in respect of legal action brought by third parties against the directors of the company subject to the conditions set out in section 235 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report. Neither the insurance nor the indemnity provides cover in situations where a director has acted fraudulently or dishonestly.

Engagement with employees

The company recognises the need to effectively engage with employees through regular internal communications relating to the business performance, promotion activity, objectives and other relevant information. Build-A-Bear Workshop UK Limited obtains feedback from its staff.

Disabled employees

The company gives full consideration to applications for employment from disabled people, where they adequately fulfil the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under the company's terms and conditions and to provide training and career development whenever appropriate.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

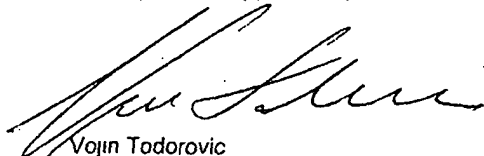
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 05/03/2024 and signed on its behalf.


Vojin Todorovic
Director

BUILD-A-BEAR WORKSHOP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD-A-BEAR WORKSHOP UK LIMITED

Opinion

We have audited the financial statements of Build-A-Bear Workshop UK Limited (the 'Company') for the 52 week period ended 28 January 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2023 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

BUILD-A-BEAR WORKSHOP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD-A-BEAR WORKSHOP UK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial 52 week period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

BUILD-A-BEAR WORKSHOP UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD-A-BEAR WORKSHOP UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to management override risks included enquiries of management about their own identification and assessment of the risks of irregularities, testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included testing a sample of income across the year to agree to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

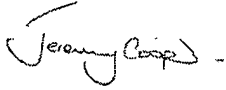
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

BUILD-A-BEAR WORKSHOP UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD-A-BEAR WORKSHOP UK LIMITED
(CONTINUED)**



Jeremy Cooper (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL
Date: 5 March 2024

BUILD-A-BEAR WORKSHOP UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

	Note	52 week period ended 28 January 2023 £000	As restated 52 week period ended 29 January 2022 £000
Turnover	4	45,863	37,623
Cost of sales		(17,170)	(12,284)
Gross profit		28,693	25,339
Selling and distribution costs		(24,854)	(22,158)
Fixed asset impairment reversal/(expense)		10	140
Administrative expenses		(2,593)	(3,503)
Foreign exchange (loss)/gain		(581)	(212)
Onerous lease reversal		105	597
Intercompany receivable (impairment)/reversal		33	(27)
Intercompany management fee		(1,022)	(559)
Operating loss	6	(209)	(383)
Other income	5	-	1,286
(Loss)/profit on ordinary activities before interest		(209)	903
Interest receivable and similar income		9	1
Interest payable and similar expenses		(2)	(5)
(Loss)/profit before tax		(202)	899
Tax on (loss)/profit	10	1,213	-
Profit for the financial 52 week period		1,011	899

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 21 to 42 form part of these financial statements.

BUILD-A-BEAR WORKSHOP UK LIMITED
REGISTERED NUMBER: 04537212

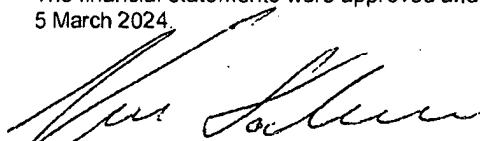
STATEMENT OF FINANCIAL POSITION
AS AT 28 JANUARY 2023

		28 January 2023 £000	As restated 29 January 2022 £000
	Note		
Fixed assets			
Intangible Assets	11	40	83
Tangible assets	12	1,211	1,499
Investments	13	2,457	2,457
Long term deposits	15	279	185
		<u>3,987</u>	<u>4,224</u>
Current assets			
Stocks	14	6,809	7,578
Debtors: amounts falling due within one year	15	5,367	2,425
Cash at bank and in hand	16	6,837	1,706
		<u>19,013</u>	<u>11,709</u>
Creditors: amounts falling due within one year	17	(30,606)	(23,992)
Net current liabilities		<u>(11,593)</u>	<u>(12,283)</u>
Total assets less current liabilities		<u>(7,606)</u>	<u>(8,059)</u>
Creditors: amounts falling due after more than one year	18	(670)	(1,123)
Provisions for liabilities			
Short term provisions	20	-	(105)
		<u>-</u>	<u>(105)</u>
Net liabilities		<u>(8,276)</u>	<u>(9,287)</u>
Capital and reserves			
Called up share capital	21	40	40
Share premium account	22	3,978	3,978
Other reserves	22	49	49
Profit and loss account	22	(12,343)	(13,354)
		<u>(8,276)</u>	<u>(9,287)</u>

BUILD-A-BEAR WORKSHOP UK LIMITED
REGISTERED NUMBER: 04537212

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 JANUARY 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 March 2024.



Vojin Todorovic
Director

The notes on pages 21 to 42 form part of these financial statements

BUILD-A-BEAR WORKSHOP UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 30 January 2021	40	3,978	49	(18,506)	(14,439)
Prior year adjustment	-	-	-	3,007	3,007
At 1 February 2021 (as restated)	40	3,978	49	(15,499)	(11,432)
Comprehensive income for the period					
Profit for the period	-	-	-	899	899
Intercompany payable forgiven	-	-	-	1,246	1,246
At 30 January 2022 (as previously stated)	40	3,978	49	(15,897)	(11,830)
Prior year adjustment	-	-	-	2,543	2,543
At 30 January 2022 (as restated)	40	3,978	49	(13,354)	(9,287)
Comprehensive income for the 52 week period					
Profit for the 52 week period	-	-	-	1,011	1,011
At 28 January 2023	40	3,978	49	(12,343)	(8,276)

The notes on pages 21 to 42 form part of these financial statements.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

1. General information

Build-A-Bear Workshop UK Limited is a private company limited by shares and incorporated in England and Wales. The registered office is Aquasulis House, 10-14 Bath Road, Slough, Berkshire, United Kingdom, SL1 3SA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of section 390 of the Companies Act 2006 which allows a variation of the accounting period reference date of up to seven days. The financial statements are made up to the nearest Saturday to 31 January that is 29 January 2022 and the comparative period to 30 January 2021, so as to coincide with the ultimate holding company, Build-A-Bear Workshop, Inc.

The functional currency of Build-A-Bear Workshop UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Build-A-Bear Workshop UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements under FRS 102 section 1.12 in relation to:

- Requirements of section 26 for share based payments
- Disclosure of related party transactions with and between wholly-owned subsidiaries
- Requirements of section 11 for financial instruments
- Presentation of a cash flow statement; and
- Remuneration of key management personnel.

Build-A-Bear Workshop UK Limited is consolidated in the financial statements of its ultimate parent, Build-A-Bear Workshop, Inc., details of where these can be obtained are documented in Note 24.

The following principal accounting policies have been applied:

2.2 Going concern

Build-A-Bear Workshop UK Limited is in a net current liability position. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the period of 12 months from the approval date of these financial statements, as the company's ultimate parent, Build-A-Bear Workshop Inc., has provided a letter of support to ensure the company is able to meet its liabilities as and when they fall due for a 12 month period from approval of these financial statements.

The directors have made appropriate and sufficient enquiries to satisfy themselves that the ultimate parent company can provide the stated support and, accordingly, these financial statements have been prepared on the going concern basis.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

2. Accounting policies (continued)

2.3 Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on exchange of payment for the good in store, or on delivery of the goods from E-commerce. Revenue is measured at the fair value of the consideration received, net of discounts, VAT and other sales taxes or duty. Revenue from gift cards is recognised at the time of redemption.

Outstanding loyalty scheme discounts are also included in revenue and recognised at the time of exemption or upon expiry of the gift card. Revenue from gift cards without an expiry date are recognised based on probability of redemption for those not yet redeemed at year end.

Plastic gift cards are sold in stores, on the webstore both plastic and electronic gift cards are sold which are redeemed against products sold. At various time during the year these gift cards will be sold at lower than face value as part of sales promotions, the full value of the liability is recorded at the date of gift card purchase. The relevant discount is recorded as an expense on the date the gift card is redeemed against products sold in BABW stores or webstore.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

2. Accounting policies (continued)

2.7 Foreign currencies

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of transaction. All differences are charged to the income statement.

2.8 Current and deferred taxation

The tax expense for the 52 week period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are amortised on a straight-line basis over their predicted economic useful life up to 7 years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators that the residual value or useful life of an intangible has changed since

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the term of the lease, up to 10 years straight line
Fixtures and fittings	- over the term of the lease, up to 7 years straight line
Computer equipment	- up to 5 years straight line
Assets under construction	- depreciated once brought into use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In application of the company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty are as below:

Onerous lease provision

All stores leases are reviewed at year end, and forecasts are prepared based upon current long range plans to determine which stores are at risk of generating future losses over the remaining life of the lease. Where an overall cash loss is expected, a store specific discounted cash flow is forecast that lease is deemed onerous and an onerous lease provision recorded for contracted rent costs which are not expected to generate future economic benefits.

Fixed asset impairment

Each store is considered to be a cash generating unit and projections of expected future performance are applied to historic earnings to judge whether the fixed assets of that store should be impaired. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. In accordance with FRS 102 section 27, we have calculated and booked fixed asset impairment where future discounted cash flows are not expected to exceed the net book value of fixed assets held in unprofitable stores or where a lease has been terminated and the associated fixed assets are considered to have no remaining value.

Valuation of stock

In assessing the realisable value of stock, the company is required to make judgements on future demand compared with existing stocks levels. Stock relates solely to finished goods which encompass the elements of the bear which are combined to make the finished product of sale. These are held at average cost based on previous 3 months purchases. Section 13 of FRS 102 requires that stocks be measured at the lower of cost and net realisable value.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

3. Judgements in applying accounting policies (continued)

Duty receivable

The company has received a decision in June 2022 from The Court of Appeal in relation to disputed duty paid on imported plush toy clothing, parts and accessories dating back to 2009. The Court of Appeal rejected Build-A-Bear Workshop UK Limited appeal and Build-A-Bear Workshop UK Limited have decided to appeal this decision at The Supreme Court. The company continues to record a provision against the duty receivable balance based on historic repayment trends projected against subsequent duty paid to HMRC.

Deferred tax assets

Under FRS 102.29.6 and 102.29.7, deferred tax assets are recognised only to the extent that the directors consider that it is more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred taxes are utilised within the year to reduce the company's taxable income.

Allowance for doubtful debt

Management applies judgement in evaluating the recoverability of debtors. This judgement is based on the ageing profile of debtors and historical experience. To the extent that the directors believe debtors not to be recoverable they have been provided for in the financial statements.

Gift card breakage

The gift card liability is released over the term for which it is valid using an appropriate rate that has been calculated using historic gift card usage data. Historically gift card redemptions occur within 12 months of the gift card purchase, followed by a sharp decline in redemptions in the following year and minimal redemption levels thereafter. Gift cards have an expiration date of two years from date of purchase, therefore any gift card liability remaining after two years is released to revenue.

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	52 week period ended 28 January 2023 £000	<i>52 week period ended 29 January 2022 £000</i>
Retail sales	37,154	27,882
E-commerce	8,456	9,552
Royalty revenue	253	189
	<u>45,863</u>	<u>37,623</u>

Analysis of turnover by country of destination:

	52 week period ended 28 January 2023 £000	<i>52 week period ended 29 January 2022 £000</i>
United Kingdom	45,610	37,434
Rest of Europe	253	189
	<u>45,863</u>	<u>37,623</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

5. Other operating income

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Government grants receivable	-	1,286
	<u>-</u>	<u>1,286</u>

Income from government grants as a result of the COVID-19 pandemic have been recognised in other income. The Company has received government assistance for our operations in United Kingdom and Republic of Ireland. The Company benefited from the Job Retention Scheme and Business Restart Grant Scheme (United Kingdom), Temporary Wage Subsidy Scheme and Employment Wage Subsidy Scheme (Republic of Ireland).

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the funds, the recognition of the grant revenue has been deferred until those conditions are satisfied.

6. Operating loss

The operating loss is stated after charging:

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Depreciation of fixed assets	467	554
Loss on disposal of fixed assets	20	40
Operating lease rentals	7,154	6,743
Amortisation of intangible assets	55	104
	<u>7,696</u>	<u>7,441</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

7. Auditor's remuneration

During the 52 week period, the Company obtained the following services from the Company's auditor and its associates:

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	52	44
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	23	-
Preparation of the company's financial statements	5	-

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

8. Employees

Staff costs were as follows:

	52 week period ended 28 January 2023 £000	<i>52 week period ended 29 January 2022 £000</i>
Wages and salaries	7,175	6,876
Social security costs	500	421
Cost of defined contribution scheme	202	209
	<u>7,877</u>	<u>7,506</u>

The average monthly number of employees, including the Directors, during the 52 week period was as follows:

	52 week period ended 28 January 2023 No.	<i>52 week period ended 29 January 2022 No.</i>
Selling and distribution	644	631
Administration	17	16
	<u>661</u>	<u>647</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

9. Directors' remuneration

	28 January 2023 £000	29 January 2022 £000
Aggregate remuneration in respect of qualifying services	88	74
Aggregate amounts receivable under long term incentive plans	242	166
Company pension contributions to defined contribution schemes	1	1
	331	241

The directors' remuneration is borne by the parent undertaking Build-A-Bear Workshop Inc., and is included within the total directors' remuneration disclosed in the financial statements of Build-A-Bear Workshop Inc. It is estimated that the directors spend between 5% and 13% of their time on services to Build-A-Bear Workshop UK Limited. Build-A-Bear Workshop Inc. has appointed three directors for periods ended 28 January 2023 and 29 January 2022.

All three directors have been accruing pension contributions for periods ended 28 January 2023 and 29 January 2022.

No director exercised share options in Build-A-Bear Workshop Inc. for the period ended 28 January 2023 (2022: none).

Remuneration in respect of qualifying services and amounts receivable under long term incentive plans for the highest paid director totalled £129,000 (2022: £96,000).

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

10. Taxation

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Foreign tax		
Foreign tax on income for the year	15	-
	<u>15</u>	<u>-</u>
Total current tax	<u>15</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(1,228)	-
	<u>(1,228)</u>	<u>-</u>
Total deferred tax	<u>(1,228)</u>	<u>-</u>
Tax on (loss)/profit	<u>(1,213)</u>	<u>-</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

10. Taxation (continued)

Factors affecting tax charge for the 52 week period/period

The tax assessed for the 52 week period/period is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	52 week period ended 28 January 2023 £000	As restated 52 week period ended 29 January 2022 £000
(Loss)/profit on ordinary activities before tax	(202)	899
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(38)	171
Effects of:		
Fixed asset differences	23	49
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7	586
Adjustments to tax charge in respect of prior periods	41	-
Deferred tax not recognised	(2,058)	396
Non-taxable income	(50)	(506)
Amounts relating to other comprehensive income	60	(9)
Adjustment to losses	594	-
Foreign tax credits	15	-
Effect of changes in tax rates	199	(705)
Foreign PE exemption	(6)	8
Group relief	-	10
Total tax charge for the 52 week period/period	(1,213)	-

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

10. Taxation (continued)

Factors that may affect future tax charges

The March 2021 Budget announced that the standard rate of corporation tax will increase from 19% to 25% from 1 April 2023 for companies with profits in excess of £250,000.

11. Intangible assets

	Computer software £000
Cost	
At 30 January 2022	377
Transfer from Tangible assets	12
	<hr/>
At 28 January 2023	389
	<hr/>
Amortisation	
At 30 January 2022 (as previously stated)	293
Prior Year Adjustment	1
	<hr/>
At 30 January 2022 (as restated)	294
Charge for the period	55
	<hr/>
At 28 January 2023	349
	<hr/>
Net book value	
At 28 January 2023	40
	<hr/>
At 29 January 2022 (as restated)	83
	<hr/>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

12. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Assets under course of construction £000	Total £000
Cost or valuation					
At 30 January 2022 (as previously stated)	8,536	1,792	783	89	11,200
Prior Year Adjustment	(952)	436	696	-	180
At 30 January 2022 (as restated)	7,584	2,228	1,479	89	11,380
Additions	-	-	-	201	201
Disposals	(1,007)	(198)	(145)	-	(1,350)
Transfers between classes	36	4	137	(177)	-
Transfer to intangibles	-	-	(12)	-	(12)
At 28 January 2023	6,613	2,034	1,459	113	10,219
Depreciation					
At 30 January 2022 (as previously stated)	7,412	1,791	488	-	9,691
Prior Year Adjustment	(862)	315	737	-	190
At 30 January 2022 (as restated)	6,550	2,106	1,225	-	9,881
Charge for the 52 week period on owned assets	278	67	122	-	467
Disposals	(1,004)	(198)	(128)	-	(1,330)
Impairment reversal	-	-	(10)	-	(10)
At 28 January 2023	5,824	1,975	1,209	-	9,008
Net book value					
At 28 January 2023	789	59	250	113	1,211
At 29 January 2022 (as restated)	1,035	121	254	89	1,499

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 30 January 2022	2,457
At 28 January 2023	<u>2,457</u>

On 1 August 2019, Build-a-Bear Workshop UK Limited established a limited liability partnership, Build-a-Bear Development LLP, along with Build-a-Bear Retail Management, Inc. Build-a-Bear UK's investment consisted of the transfer of intellectual property rights of some licensed products. Build-a-Bear Development LLP is incorporated in the United Kingdom. Its principal activity is the holding of intellectual property rights.

On 23 January 2024, the trade and assets of Build-A-Bear Developments LLP were transferred to their ultimate parent company and controlling party Build-A-Bear Workshop Inc.,

14. Stocks

	28 January 2023 £000	<i>As restated</i> 29 January 2022 £000
Finished goods	6,809	7,578
	<u>6,809</u>	<u>7,578</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

15. Debtors

	28 January 2023 £000	29 January 2022 £000
Due after more than one year		
Long term deposits	<u>279</u>	<u>185</u>
	28 January 2023 £000	29 January 2022 £000
Due within one year		
Trade debtors	1,103	1,167
Amounts owed by group undertakings	232	-
Other debtors	828	-
Prepayments and accrued income	1,976	1,258
Deferred taxation	1,228	-
	<u>5,367</u>	<u>2,425</u>

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

16. Cash and cash equivalents

	28 January 2023 £000	29 January 2022 £000
Cash at bank and in hand	6,837	1,706
	<u>6,837</u>	<u>1,706</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

17. Creditors: Amounts falling due within one year

	28 January 2023 £000	<i>As restated</i> 29 January 2022 £000
Trade creditors	1,512	1,790
Amounts owed to group undertakings	22,178	18,946
Other taxation and social security	2,304	575
Accruals and deferred income	4,612	2,681
	<u>30,606</u>	<u>23,992</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

18. Creditors: Amounts falling due after more than one year

	28 January 2023 £000	29 January 2022 £000
Deferred rent - long term	(670)	(1,123)
	<u>(670)</u>	<u>(1,123)</u>

19. Deferred taxation

	2023 £000
Charged to profit or loss	1,228
At end of year	<u>1,228</u>

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	28 January 2023 £000	29 January 2022 £000
Short term timing differences	454	-
Losses utilised for the taxable gain arising from disposal of investment held in subsidiary	774	-
	1,228	-

The Company has an unrecognised deferred tax asset of £505,000 (29 January 2022: £1,135,000) relating to fixed asset timing differences. In addition the Company has unused trading losses of £1,525,000 (29 January 2022: £7,193,000), all of which are carried forward at a corporation tax rate of 25%. The tax losses are available indefinitely for the offset against future taxable profits. The deferred tax asset is not recognised as the Directors deem it is not probable that there will be sufficient taxable profits which can be used to offset the deferred tax asset.

20. Provisions

	Onerous lease provision £000
At 30 January 2022	105
Released in 52 week period	(105)
At 28 January 2023	-

The provision above reflects onerous leases in the company's property portfolio. The provision reflects unavoidable costs of meeting the obligations of the contract which will exceed the future economic benefit. Future losses to be incurred in relation to the contract are unknown and therefore based on management's best estimate. The provision recorded reflects losses (up to a maximum of present value of rent to be paid) expected to be incurred to the nearest break clause or contract negotiate date.

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

21. Share capital

	28 January 2023 £000	29 January 2022 £000
Allotted, called up and fully paid		
2,737,149 (2022 - 2,737,149) 'A' Ordinary shares shares of £0.01 each	27	27
1,252,307 (2022 - 1,252,307) 'B' Ordinary shares shares of £0.01 each	13	13
	40	40

The "B" ordinary shares are non-voting shares.

An "A" ordinary shareholder and a "B" ordinary shareholder shall be entitled to receive such proportion of the aggregate amount paid by way of dividends as corresponds to the proportion which the number of "A" ordinary shares and/or "B" ordinary shares, as the case may be, held by such shareholder bears to the total number of "A" ordinary shares and "B" ordinary shares in issue at the time that such dividends are paid.

22. Reserves

Share premium account

The share premium account represents the consideration received for share capital in excess of the nominal value.

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses.

BUILD-A-BEAR WORKSHOP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023

23. Prior year adjustment

The prior year figures have been amended to reflect the correct accounting and recognition of the gift card liability, stock balance, intercompany balances and UK / US GAAP accounting differences for the treatment of leases. The impact on the corporation tax position has been considered in this current fiscal year. Further narrative including the monetary impact of each is noted below:

Gift card liability

Included within accruals and deferred income is a gift card liability which is released over an appropriate term depending on breakage with a maximum term of 24 months, representing the expiration date from purchase. Included in prior year accruals and deferred income was a gift card liability balance of £2.146m that was recognised in fiscal year 2017 as part of a change in accounting policy relating to the recognition of gift card revenue on a breakage basis. This balance was not released over an appropriate term as noted above and in the accounting policy note for gift card liabilities. Therefore a prior year adjustment has been made to de-recognise this £2.146m balance which has been released to increase retained earnings. There was no impact on the prior year profit and loss account.

Stock valuation

A calculation error was identified relating to the valuation of finished goods that impacted both the prior year profit and loss account and prior year retained earnings. A prior year adjustment has been made to increase the prior year stock valuation by £552k with there being an increase to the prior year profit of £120k and an increase to the prior year retained earnings of £432k.

Intercompany balances

An error was identified in the determination of intercompany balances with fellow Group entities during the period of 2015 to 2017. This resulted in the understatement of intercompany creditors by £626k. A prior year adjustment has been made to reduce retained earnings by £626k with there being no impact on the prior year profit and loss account.

Lease accounting

As referenced in Note 26, the ultimate parent undertaking is Build-A-Bear Workshop Inc., a company incorporated in the United States of America, for which these financial statements are consolidated in the overall Group financial statements under US GAAP.

A prior year adjustment has been identified relating to the reversal of US GAAP accounting for leases which is not aligned with UK GAAP. This resulted in an increase to the loss for the current year of £615k and an increase to the loss in the prior year of £584k with an increase to prior year brought forward retained earnings of £1,199k.

24. Pension commitments

The company operates defined contribution retirement benefit schemes for all qualifying employees and contributes to NEST pension scheme for other employees. The total expense charged to the income statement is £201,815 (2022: £209,000). No amounts were outstanding at period end (2022: £Nil).

BUILD-A-BEAR WORKSHOP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 28 JANUARY 2023**

25. Commitments under operating leases

At 28 January 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	28 January 2023 £000	29 January 2022 £000
Not later than 1 year	4,413	5,098
Later than 1 year and not later than 5 years	11,066	14,261
Later than 5 years	1,386	1,705
	<u>16,865</u>	<u>21,064</u>

26. Controlling party

The immediate parent undertaking is Build-A-Bear UK Holdings Limited (Registered No. 5651132). Copies of the immediate parent's financial statements can be obtained from:

Aquasulis House
10-14 Bath Road
Slough
Berkshire
United Kingdom
SL1 3SA

The ultimate parent undertaking and controlling party is Build-A-Bear Workshop Inc., a company incorporated in the United States of America. Copies of the group financial statements are publicly available on our corporate website buildabear.com and can be obtained from:

Build-A-Bear Workshop Inc.
1954 Innerbelt Business Center Drive
Saint Louis MO 63114
United States of America