

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 16, 2024

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	001-32320	43-1883836
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
415 South 18th St., St. Louis, Missouri		63103
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(Address of Principal Executive Offices)		(Zip Code)

(314) 423-8000

(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Emerging growth company

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On April 16, 2024, the Compensation and Development Committee (the “Committee”) of the Board of Directors of Build-A-Bear Workshop, Inc. (the “Company”) adjusted the compensation for each of the Company’s executive officers (the “Executive Officers”), other than the President and Chief Executive Officer. At the recommendation of the Committee, the Board of Directors ratified and approved the President and Chief Executive Officer’s compensation.

These compensation adjustments included base salary adjustments for the Company’s Executive Officers, determination of the 2024 annual bonus program performance objectives, and approval of the 2024 long-term incentive compensation grants, each of which is described below.

2024 Base Salary Adjustments

The adjusted annual base salaries for the Company’s Executive Officers are:

<u>Name/Position</u>	<u>Adjusted Annual Base Salary</u>
Sharon John, President and Chief Executive Officer	\$787,700
J. Christopher Hurt, Chief Operations Officer	\$479,600
Voin Todorovic, Chief Financial Officer	\$479,500
Eric Fencl, Chief Administrative Officer, General Counsel and Secretary	\$387,400

2024 Annual Bonus Program

The Committee established the 2024 performance objectives for the range of cash bonuses that may be paid under the Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan (the “Omnibus Plan”) to each of the Executive Officers in accordance with the terms of the Company’s cash bonus program for its Executive Officers (the “Cash Bonus Program”). The “Base Bonus Calculation” for each of the Executive Officers for 2024 is determined by multiplying the 2024 Base Bonus Payout Target (set forth below) by his or her eligible base salary (which excludes items such as relocation allowances, bonuses, stock options exercises, vesting of restricted stock, performance-based long-term cash program payments, and compensation not received during a leave of absence):

<u>Name</u>	<u>Base Bonus Payout Target</u>
Sharon John	100%
J. Christopher Hurt	50%
Voin Todorovic	50%
Eric Fencl	50%

The Committee established specific profitability and revenue targets. If the Company achieves at least the threshold consolidated earnings before interest, taxes, depreciation and amortization (“EBITDA”), the Executive Officer will earn between 16.25% and 130% (the “Profitability Percentage of Base Bonus Calculation”) of the Base Bonus Calculation. If the Company (i) achieves at least a specified consolidated EBITDA, and (ii) achieves at least the threshold consolidated total revenues, the Executive Officer will earn between 8.75% and 70% (the “Revenue Percentage of Base Bonus Calculation”) of the Base Bonus Calculation. The total amount earned cannot exceed 200% of an Executive Officer’s Base Bonus Calculation. Consolidated EBITDA and consolidated total revenues results that fall between any of the achievement levels set forth in the Cash Bonus Program will be interpolated between the applicable achievement levels, in the sole discretion of the Committee. This discretion includes the ability to increase or reduce the otherwise applicable Profitability or Revenue Percentage of Base Bonus Calculation for each achievement level.

The foregoing summary of the Cash Bonus Program is qualified in its entirety by reference to the description of such program filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

2024 Long-Term Incentive Compensation

Utilizing market data compiled by the Committee's compensation consultant, the Committee determined the market value of the total long-term incentive program awards ("LTI Market Value") for each Executive Officer, payable pursuant to the terms of the Omnibus Plan. For Sharon John, the President and Chief Executive Officer, the resulting awards were then made 70% in three-year performance-based restricted stock and 30% in time-based restricted stock. For Executive Officers other than the President and Chief Executive Officer, the resulting awards were then made 50% in three-year performance-based restricted stock and 50% in time-based restricted stock. These awards were as follows:

<u>Name</u>	<u>Target Number of Shares of Three-Year Performance- Based Restricted Stock</u>	<u>Number of Shares of Time- Based Restricted Stock</u>
Sharon John	34,364	14,727
J. Christopher Hurt	6,364	6,363
Voin Todorovic	6,364	6,363
Eric Fencil	6,364	6,363

The Target Number of Shares of Three-Year Performance-Based Restricted Stock awarded to the President and Chief Executive Officer was derived by dividing 70% of her LTI Market Value by the closing sale price of the Company's common stock on the New York Stock Exchange on April 16, 2024 and rounding the resulting number to the closest whole number. The Target Number of Shares of Three-Year Performance-Based Restricted Stock awarded to each other Executive Officer was derived by dividing 50% of his or her LTI Market Value by the closing sale price of the Company's common stock on the New York Stock Exchange on April 16, 2024 and rounding the resulting number to the closest whole number. The number of three-year performance-based restricted stock shares, if any, that will be earned by the Executive Officers will be calculated by multiplying the Target Number of Shares of Three-Year Performance-Based Restricted Stock noted in the table above by the Total Earned Percentage (defined below) based on the Company's achievement of profitability and revenue goals for the fiscal 2024-2026. The three-year performance-based restricted stock that is earned, if any, will vest on April 30, 2027.

The Committee established specific profitability and revenue objectives for the fiscal 2024-2026 performance period and assigned a weighting to each objective. Profitability will be measured by the Company's achievement of cumulative consolidated EBITDA goals. Revenue will be measured by the Company's achievement of cumulative consolidated total revenues goals. The Total Earned Percentage ("Total Earned Percentage") of the performance-based stock will be determined by adding the percent of target number of shares for each performance objective based on the Company's achievement level of each performance objective over the three-year period multiplied by the weighting assigned to each objective. For the three-year performance period, the profitability objective will be weighted 65% and the revenue objective will be weighted 35%. Consolidated financial results that fall between any of the established achievement levels will be interpolated between the applicable achievement levels.

The Number of Shares of Time-Based Restricted Stock awarded to each Executive Officer was derived by dividing 30% of the President and Chief Executive Officer's LTI Market Value or, for the other Executive Officers, 50% of his or her LTI Market Value, by the closing sale price of the Company's common stock on the New York Stock Exchange on April 16, 2024 and rounding the resulting number to the closest whole number that is divisible by three. The time-based restricted stock vests as follows: one-third on April 30, 2025, one-third on April 30, 2026 and one-third on April 30, 2027.

The terms of the 2024 time-based and performance-based restricted stock are as set forth in the relevant portions of the Company's form of Restricted Stock Agreement (the "Award Agreement"). Vesting is accelerated, in certain circumstances, upon a change in control and upon death or termination of employment with the Company due to disability, subject to the terms set forth in the Award Agreement. Time-based restricted stock carries voting and dividend rights from the date of grant; holders of performance-based restricted stock are entitled to voting and dividend rights only upon satisfaction of applicable performance criteria. In both cases, the payment of any such dividends is deferred until the shares to which such dividends are attributable vest.

The summary of the terms of the time-based and performance based restricted stock herein is qualified in its entirety by reference to the terms set forth in the form of the Award Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

The cash bonuses and performance-based restricted stock awards described herein are subject to the Company's Clawback Policy filed as Exhibit 97.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits

Exhibit

Number Description of Exhibit

10.1	Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for Executive Officers
10.2	Form of Restricted Stock Agreement under the Registrant's Amended and Restated 2020 Omnibus Incentive Plan
97.1	Clawback Policy (incorporated by reference to Exhibit 97.1 to our Annual Report on Form 10-K, for the year ended February 3, 2024, filed on April 18, 2024)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 19, 2024

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Eric R. Fencel

Name: Eric R. Fencel

Title: Chief Administrative Officer
General Counsel and Secretary

BUILD-A-BEAR WORKSHOP, INC.**Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for Executive Officers**

The purpose of the Build-A-Bear Workshop, Inc. (the “Company”) Cash Bonus Program for Executive Officers (the “Program”) is to attract and retain highly qualified executive officers, motivate these executive officers to materially contribute to the Company’s business success, and align the interests of the Company’s executive officers and stockholders by rewarding the executive officers for performance based on achievement of targets established by the Compensation and Development of the Company’s Board of Directors (the “Committee”). The Program has been adopted under the Company’s Amended and Restated 2020 Omnibus Incentive Plan.

All executive officers of the Company are eligible to participate in the Program. The cash bonus, if any, to be paid to each executive officer will be calculated by multiplying the applicable Percentage of Base Bonus Calculation by the Base Bonus Calculation for the respective executive officer. The Base Bonus Calculation for each of the executive officers is determined by multiplying the Base Bonus Payout Target for the respective executive officer by his or her eligible base salary (which excludes items such as relocation allowances, bonuses, stock options exercised, vested restricted stock, and performance-based long-term cash program payments) (“Eligible Base Salary”).

The Percentage of Base Bonus Calculation is set based on the achievement of one or more financial performance objectives as follows: (i) a threshold achievement of 25% of the performance objective; (ii) a target achievement of 100% of the performance objective; and (iii) a maximum achievement of 200% of the performance objective (the “Achievement Levels”). The total amount earned cannot exceed 200% of the target. The calculation of cash bonuses will be interpolated to reflect financial performance results which fall within any of the financial objective Achievement Levels, in the sole discretion of the Committee. This discretion includes the ability to increase or reduce the otherwise applicable Percentage of Base Bonus Calculation for each Achievement Level.

Any cash bonus paid pursuant to the Program is subject to the Build-A-Bear Workshop, Inc. Clawback Policy adopted by the Company’s Board of Directors on November 7, 2023 as such policy may be amended from time to time.

**BUILD-A-BEAR WORKSHOP, INC.
RESTRICTED STOCK
AGREEMENT**

Grant Date: _____
Employee: _____
No. of Shares of Time-Based Restricted
Stock: _____
Target Number of Shares of Performance-
Based Restricted Stock: _____

This Agreement will certify that the employee named above (“**Employee**”) is awarded the total number of restricted shares of common stock, \$0.01 par value per share (the “**Common Stock**”), of Build-A-Bear Workshop, Inc. (the “**Company**”) designated above (the “**Restricted Stock**”), pursuant to the Build-A-Bear Workshop, Inc. Amended and Restated 2020 Omnibus Incentive Plan (the “**Plan**”), as of the date indicated above (the “**Grant Date**”) and subject to the terms, conditions and restrictions in the Plan and those set forth below. Any capitalized, but undefined, term used in this Agreement shall have the meaning ascribed to it in the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan shall control. Employee’s electronic acceptance within sixty (60) days on his/her personal Merrill Lynch account constitutes Employee’s acceptance of this award and acknowledgement of Employee’s agreement to all the terms, conditions and restrictions contained in the Plan and this Agreement. If the Employee does not accept this award on his/her personal Merrill Lynch account within sixty (60) days of the Grant Date, the Employer may revoke this grant.

BUILD-A-BEAR WORKSHOP, INC.

By: _____
Sharon Price John
Chief Executive Officer

Terms and Conditions

A. Terms and Conditions Applicable to Restricted Stock

1. Terms of Restricted Stock Award. Pursuant to action of the Compensation and Development Committee (the “Committee”), the Company awards to the Employee the number of shares of Restricted Stock set forth above. The Restricted Stock is nontransferable by the Employee during the period described below and is subject to the risk of forfeiture as described below. Prior to the time shares become transferable, the shares of Restricted Stock shall bear a legend indicating their nontransferability, and, subject to the terms of this Agreement, if the Employee terminates service as an employee of the Company prior to the time a restriction lapses, the Employee shall forfeit any shares of Restricted Stock which are still subject to the restrictions at the time of termination of such service.

(a) Time-Based Restricted Stock

The restrictions on transfer described in this Section A.1 applicable to the Time-Based Restricted Stock awarded above shall lapse and be of no further force and effect as follows, if the Employee is still an employee of the Company on the respective dates set forth below, and has been continuously serving as such an employee of the Company from the Grant Date until such date:

Date **Portion of**

**Grant for
which
Restrictions
Lapse on
Indicated
Date**

Grant Date: 0
_____, 20__ : One-third
_____, 20__ : One-third
_____, 20__ : One-third

For avoidance of doubt, on _____, 20__, one hundred percent (100%) of the Time-Based Restricted Stock shall be transferable by the Employee if the Employee is still an employee of the Company, and has been continuously serving from the Grant Date through _____, 20__ as an employee of the Company.

Notwithstanding the foregoing, in the event of a Change in Control, all previously granted shares of Time-Based Restricted Stock not yet free of the restrictions of this Section A.1.(a) shall only become immediately free of such restrictions in accordance with Section 12.B of the Plan.

(b) Performance-Based Restricted Stock

The restrictions on transfer described in this Section A.1 applicable to the Performance-Based Restricted Stock awarded above shall lapse and be of no further force and effect as follows, if (1) the performance criteria applicable to the Performance-Based Restricted Stock as established by the Committee and included in **Exhibit A** hereto (the “**Performance Criteria**”) has been satisfied, and (2) the Employee is still an employee of the Company on the date set forth below, and has been continuously serving as such an employee of the Company from the Grant Date to such date:

Date	Portion of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
_____, 20__	100%

For avoidance of doubt, on the date ending _____, 20__, one hundred percent (100%) of the Performance-Based Restricted Stock shall be transferable by the Employee if (1) the Performance Criteria set forth in **Exhibit A** hereto have been satisfied, and (2) the Employee is still an employee, and has been continuously serving from the Grant Date through _____, 20__ as an employee of the Company on such date.

Notwithstanding the foregoing, in the event of a Change in Control prior to _____, 20__, one hundred percent (100%) of the Target Number of Shares of Performance-Based Restricted Stock (as set forth on page 1) shall only become immediately free of the restrictions of this Section A.1. (b) in accordance with Section 12.B of the Plan.

2. Death or Disability of the Employee.

(a) Time-Based Restricted Stock

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, all previously granted shares of Time-Based Restricted Stock not yet free of the restrictions of Section A.1(a) shall become immediately free of such restrictions.

(b) Performance-Based Restricted Stock

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, in either case prior to the end of Fiscal Year 20__, one hundred percent (100%) of Target Number of Shares of Performance-Based Restricted Stock (as set forth on page 1) shall become immediately free of the restrictions of Section A.1(b).

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, in either case subsequent to the end of Fiscal Year 20__, all shares of Performance-Based Restricted Stock which are earned but not yet free of the restrictions of Section A.1(b) shall become immediately free of such restrictions.

3. Cost of Restricted Stock. The purchase price of the shares of Restricted Stock shall be \$0.00.

4. Rights as Stockholder. The Employee shall be entitled to all of the rights of a stockholder, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares, as follows: (i) with respect to the shares of Time-Based Restricted Stock, since the Grant Date; and (ii) with respect to the shares of Performance-Based Restricted Stock, only upon satisfaction of the Performance Criteria; provided that any such rights, dividends or other distributions will be subject to the same vesting requirements as the underlying Restricted Stock and shall be paid at the time the restrictions set forth in Sections A.1(a) and A.1(b) have been lifted pursuant to the terms of this Agreement. If any dividends or distributions are paid in shares, the shares shall be deposited with the Company and shall be subject to the same restrictions on transferability and forfeitability as the Restricted Stock with respect to which they were paid. If the Employee forfeits any rights the Employee has under this Agreement, the Employee shall, on the date of the forfeiture, no longer have any rights as a shareholder with respect to the shares of Restricted Stock described in this award which are subject to such forfeiture and shall no longer be entitled to vote or receive dividends with respect to such shares.

5. **Escrow of Share Certificates.** Certificates for the Restricted Stock shall be issued in the Employee's name and shall be held in escrow by the Company until all restrictions lapse or such shares are forfeited as provide herein. A certificate or certificates representing the Restricted Stock as to which restrictions have lapsed shall be delivered to the Employee upon such lapse.

6. **Government Regulations.** Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

7. **Withholding Taxes.** The Company shall have the right to require the Employee to remit to the Company, or to withhold from other amounts payable to the Employee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements.

8. **Mandatory Clawback.** The Performance-Based Restricted Stock awarded above shall be subject to the Build-A-Bear Workshop, Inc. Clawback Policy adopted by the Company's Board of Directors on November 7, 2023, as such policy may be amended from time to time.

B. TERMS AND CONDITIONS APPLICABLE TO ALL AWARDS

1. **Adjustments Upon Changes in Capitalization or Corporate Acquisitions.** Notwithstanding any other provision in the Agreement, if there is any change in the Common Stock by reason of stock dividends, spin-offs, split ups, recapitalizations, mergers, consolidations, reorganizations, combinations or exchanges of shares, the number of shares of Common Stock under this award not yet vested, and the price thereof, as applicable, shall be appropriately adjusted by the Committee.

2. **Consideration/No Right to Continued Service.** This award is made in consideration of the services to be rendered by the Employee to the Company. Nonetheless, nothing in this Agreement shall be deemed to create any limitation or restriction on such rights as the Company otherwise would have to terminate the service of the Employee, with or without cause.

3. **Committee Administration.** This award has been made pursuant to a determination made by the Committee, and the Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this Agreement, shall have plenary authority to interpret any provision of this

Agreement and to make any determinations necessary or advisable for the administration of this Agreement and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to the Employee by the express terms hereof.

4. **Grant Subject to Plan.** This Restricted Stock award is granted under and is expressly subject to all the terms and provisions of the Plan, and the terms of the Plan are incorporated herein by reference. The Employee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The Committee has been appointed by the Board of Directors and designated by it, as the Committee to make grants of Restricted Stock.

5. **Section 83(b) Election.** The Employee may make an election under Internal Revenue Code Section 83(b) (a "Section 83(b) Election") with respect to the Restricted Stock awarded. Any such election must be made within thirty (30) days after the Grant Date. If Employee elects to make a Section 83(b) Election, the Employee shall provide the Company with a copy of an executed version and satisfactory evidence of the filing of the executed Section 83(b) Election with the Internal Revenue Service. The Employee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

6. **Notices.** Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Chief Administrative Officer & General Counsel of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Employee under this Agreement shall be in writing and addressed to the Employee at the Employee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

7. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Employee and the Employee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock may be transferred by will or the laws of descent or distribution.

8. **Governing Law.** This Agreement shall be construed under the laws of the State of Delaware.

Exhibit A

Performance Criteria Applicable to Performance-Based Restricted Stock