

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 13, 2021

Build-A-Bear Workshop, Inc.

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(Exact Name of Registrant as Specified in Its Charter)

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

(314) 423-8000

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(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.

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

(e) On April 13, 2021, 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 Company’s named 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 2021 annual bonus program performance objectives, and approval of the 2021 long-term incentive compensation grants, each of which is described below.

2021 Base Salary Adjustments

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

<b><u>Name/Position</u></b>	<b><u>Adjusted Annual Base Salary</u></b>
Sharon John, President and Chief Executive Officer	\$735,400
Voin Todorovic, Chief Financial Officer	\$388,300
Jennifer Kretchmar, Chief Digital and Merchandising Officer	\$435,300
J. Christopher Hurt, Chief Operations and Experience Officer	\$430,500
Eric Fencl, Chief Administrative Officer, General Counsel and Secretary	\$344,400

## 2021 Annual Bonus Program

The Committee established the 2021 performance objectives for the range of cash bonuses that may be paid under the Build-A-Bear Workshop, Inc. 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 2021 is determined by multiplying the 2021 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):

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

The Committee established specific targets related to profitability. If the Company achieves at least the threshold consolidated earnings before interest and taxes ("EBIT"), the Executive Officer will earn between 1% and 200% (the "Percentage of Base Bonus Calculation") of the Base Bonus Calculation. If the Company achieves at least a specified EBIT and certain specified strategic and operational objectives are also attained, the Percentage of Base Bonus Calculation will be increased by up to an additional 25%; provided, however, that the total amount earned cannot exceed 200% of an Executive Officer's Base Bonus Calculation. Consolidated EBIT 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 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.

## 2021 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 35% in three-year performance-based restricted stock, 35% in three-year performance-based cash, 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 cash and 50% in time-based restricted stock. These awards were as follows:

<b>Name</b>	<b>Target Number of Shares of Three-Year Performance-Based Restricted Stock</b>	<b>Target Payout Amount of Three-Year Performance-Based Cash</b>	<b>Number of Shares of Time-Based Restricted Stock</b>
Sharon John	53,095	\$ 437,500	45,510
Voin Todorovic	—	\$ 150,000	18,204
Jennifer Kretchmar	—	\$ 150,000	18,204
J. Christopher Hurt	—	\$ 150,000	18,204
Eric FencI	—	\$ 137,500	16,686

The target number of shares of three-year performance-based restricted stock awarded to the President and Chief Executive Officer was derived by dividing 35% of her LTI Market Value by the closing sale price of the Company's common stock on the New York Stock Exchange on April 13, 2021 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 President and Chief Executive Officer 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 fiscal 2021, fiscal 2022 and fiscal 2023. The three-year performance-based restricted stock that is earned, if any, will vest on April 30, 2024.

The target payout amount under the three-year performance-based cash program for the President and Chief Executive Officer is 35% of her LTI Market Value and for each other Executive Officer is 50% of such Executive Officer's LTI Market Value. The cash award that will be earned, if any, by each such Executive Officer will be calculated by multiplying the Target Payout Amount of Three-Year Performance-Based Cash set forth in the table above by the Total Earned Percentage (defined below) based on the Company's achievement of profitability and revenue goals for fiscal 2021, fiscal 2022 and fiscal 2023. The cash award that will be earned, if any, by each Executive Officer will be paid no later than May 15, 2024. The summary of the three-year performance-based cash program herein is qualified in its entirety by reference to the description of such program filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

The Committee established specific profitability and revenue objectives for fiscal 2021, 2022 and 2023 and assigned a weighting to each objective. Profitability will be measured by the Company's achievement of established cumulative consolidated earnings before interest, taxes and depreciation and amortization (EBITDA) goals. Revenue will be measured by the Company's achievement of revenue growth, by meeting established compound annual growth rate targets for total web demand sales or cumulative total revenue objectives. The Total Earned Percentage ("Total Earned Percentage") of the performance-based stock and cash awards will, in each case, be determined by adding the percent of target number of shares or target payout amount earned, respectively, 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 financial profitability objective will be weighted 75% and the revenue objective will be weighted 25%. Consolidated financial results that fall between any of the established achievement levels 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 percentage of target number of shares or payout amount earned, as applicable, for each achievement level.

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 13, 2021 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, 2022, one third on April 30, 2023 and one-third on April 30, 2024.

The terms of the 2021 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, 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. 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 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

Each of the performance-based restricted stock and cash awards described herein is subject to reimbursement or forfeiture in the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under securities laws, and in any event, in accordance with the terms of any Company recoupment policy that may be adopted pursuant to the rules and regulations of the Commission or New York Stock Exchange.

Item 9.01      Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	<a href="#">Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for C-Level Employees</a>
10.2	<a href="#">Description of Build-A-Bear Workshop, Inc. Long-Term Performance-Based Cash Incentive Program for C-Level Employees (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on October 9, 2020)</a>
10.3	<a href="#">Form of Restricted Stock Agreement under the Registrant's 2020 Omnibus Incentive Plan</a>
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 16, 2021

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Eric R. FencI

Name: Eric R. FencI

Title: Chief Administrative Officer  
General Counsel and Secretary

**BUILD-A-BEAR WORKSHOP, INC.**  
**Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for C-Level Employees**

The purpose of the Build-A-Bear Workshop, Inc. (the “Company”) Cash Bonus Program for C-Level Employees (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 2020 Omnibus Incentive Plan (the “2020 Plan”).

All C-Level Employees of the Company are eligible to participate in the Program. The cash bonus, if any, to be paid to each C-Level Employee will be calculated by multiplying the applicable Percentage of Base Bonus Calculation by the Base Bonus Calculation for the respective C-Level Employee. The Base Bonus Calculation for each of the C-Level Employees is determined by multiplying the Base Bonus Payout Target for the respective C-Level Employee 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 performance objectives as follows: for financial performance objectives, (i) a threshold achievement of 1% of the performance objective; (ii) a target achievement of 75% of the performance objective; and (iii) a maximum achievement of 200% of the performance objective (the “Achievement Levels”). If the Company achieves at least the target achievement level for profitability and certain specified strategic and operational objectives are also attained, the Executive Officer will also earn up to an additional 25% of the target; provided, however, that 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.

In the event of a financial restatement impacting the applicable performance objective after a cash bonus has been paid, the Company shall recover from the recipient of such cash bonus the applicable amount of the cash bonus which should not have been paid, based on the restatement of the performance objective, plus interest at the rate determined by the Committee, from the time Company made such cash bonus payment to the recipient until its recovery thereof. The recovery of any cash bonus paid pursuant to the Program shall be made in accordance with the terms of any incentive compensation recoupment or recovery policy adopted in the future by the Company pursuant to Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations of the New York Stock Exchange, or any national securities exchange on which the Company’s common stock is then-listed, to the extent that such policy would apply to such cash bonuses.

**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. 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. 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.

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:

<b>Date</b>	<b>Portion of Grant for which Restrictions Lapse on Indicated Date</b>
Grant Date:	0
_____, 202_:	One-third
_____, 202_:	One-third
_____, 202_ (the “ <b>Final Vesting Date</b> ”):	One-third

(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



For avoidance of doubt, on the Final Vesting Date, 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 the Final Vesting Date 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:

<b>Date</b>	<b>Portion of Grant for which Restrictions Lapse on Indicated Date</b>
Grant Date	0
_____, 202_ (the <b>Final Vesting Date</b> ):	100%

For avoidance of doubt, on the Final Vesting Date, 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 the Final Vesting Date as an employee of the Company on such date.

Notwithstanding the foregoing, in the event of a Change in Control prior to the Final Vesting Date, 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 202\_, 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 202\_, 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.

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. **Accounting Restatement.** In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Committee shall require reimbursement or forfeiture of shares of Performance-Based Restricted Stock which have been earned and/or which have vested pursuant to this Agreement during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement and any transition period within such time period. The amount to be recovered will be the excess of the number of shares of Performance-Based Restricted Stock earned and/or vested based on the erroneous data over the shares of Performance-Based Restricted Stock that would have been earned and vested had it been based on the restated results, as determined by the Committee. The Committee will determine, in its sole discretion, the method for recouping the Performance-Based Restricted Stock hereunder which may include, without limitation: (i) seeking recovery of any gain realized on the vesting, sale, transfer or other disposition of shares of the Performance-Based Restricted Stock; (ii) offsetting the recouped amount from any compensation otherwise owed by the Company to the Employee; (iii) cancelling outstanding vested or unvested shares of the Performance-Based Restricted Stock; or (iv) taking any other remedial and recovery action permitted by law, as determined by the Committee. In addition, the Company shall recoup or recover any erroneously issued Performance-Based Restricted Stock in accordance with any incentive compensation recoupment or recovery policy adopted in the future by the Company pursuant to Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations of the New York Stock Exchange, or any national securities exchange on which the Company's Common Stock is then-listed. In the event of any conflict between the provisions of this Section A.8 and such a policy, the terms of the policy shall govern the recoupment or recovery of the Performance-Based Restricted Stock; provided that the recoupment or recovery policy shall apply to this Performance-Based Restricted Stock regardless of Employee's classification as an "executive officer" as defined by the applicable rules and regulations.

**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. **No Right to Continued Service.** 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.

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. **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