



ANNUAL REPORT 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 30, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____
For the transition period from _____ to _____
Commission file number: 001-32635

BIRKS GROUP INC.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Canada

(Jurisdiction of incorporation or organization)

2020 Robert-Bourassa Blvd.
Montreal Québec
Canada
H3A 2A5

(Address of principal executive offices)

Katia Fontana, 514-397-2592 (telephone), 514-397-2537 (facsimile)
2020 Robert-Bourassa Blvd.
Suite 200
Montreal Québec
Canada
H3A 2A5

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Voting Shares, without nominal or par value	BGI	NYSE American LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.

The number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report was:

11,447,999	Class A Voting Shares, without nominal or par value
7,717,970	Class B Multiple Voting Shares, without nominal or par value
0	Series A Preferred Shares, without nominal or par value, issuable in series

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Auditor Firm ID: 85

Auditor Name : KPMG LLP

Auditor Location: Montreal, QC, Canada

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INTRODUCTION

References

Unless the context otherwise requires, the terms “Birks Group,” “the Company,” “we,” “us,” and “our” are used in this Annual Report to refer to Birks Group Inc., a Canadian corporation, and its subsidiaries on a consolidated basis. In addition, (i) the term “Mayors” refers to Mayor’s Jewelers, Inc., a Delaware corporation, and its wholly-owned subsidiary, Mayor’s Jewelers of Florida, Inc., a Florida corporation, until October 23, 2017, upon which date it was sold to a third party, and (ii) “the merger” refers to the merger of Mayors with a wholly-owned subsidiary of the Company, as approved by the stockholders on November 14, 2005. The term “Birks” refers to Henry Birks & Sons Inc., the legal name of Birks Group prior to the merger.

Presentation of Financial and Other Information

Throughout this Annual Report, we refer to our fiscal year ending March 30, 2024, as fiscal 2024, and our fiscal years ended March 25, 2023, and March 26, 2022, as fiscal 2023 and 2022, respectively. Our fiscal year ends on the last Saturday in March of each year. The fiscal years ended March 30, 2024 consisted of 53 weeks whereas fiscal years ended March 25, 2023, and March 26, 2022 each consisted of 52 weeks.

All figures presented in this Form 20-F are in Canadian dollars unless otherwise specified.

Current developments

External risk factors

The Company believes recent general economic conditions, including high inflation and interest rates, could lead to a slow-down in certain segments of the global economy and affect the amount of discretionary income spent by potential consumers to purchase the Company’s products. If global economic and financial market conditions persist or worsen, the Company’s sales may decrease, and the Company’s financial condition and results of operations may be adversely affected.

Forward-Looking Information

This Annual Report and other written reports and releases and oral statements made from time to time by the Company contain forward-looking statements which can be identified by their use of words like “plans,” “expects,” “believes,” “will,” “anticipates,” “intends,” “projects,” “estimates,” “could,” “would,” “may,” “planned,” “goal,” and other words of similar meaning. All statements that address expectations, possibilities or projections about the future, including, without limitation, statements about our strategies for growth, expansion plans, sources or adequacy of capital, expenditures and financial results are forward-looking statements. These risks and uncertainties include, but are not limited to the following: (i) heightened inflationary pressure, a decline in consumer discretionary spending, and increased cost of borrowing or deterioration in consumer financial position; (ii) economic, political and market conditions, including the economies of Canada and the U.S., which could adversely affect the Company’s business, operating results or financial condition, including its revenue and profitability, through the impact of changes in the real estate markets, changes in the equity markets and decreases in consumer confidence and the related changes in consumer spending patterns, and the impact on store traffic, tourism and sales; (iii) the impact of fluctuations in foreign exchange rates, increases in commodity prices and borrowing costs and their related impact on the Company’s costs and expenses; (iv) the Company’s ability to maintain and obtain sufficient sources of liquidity to fund its operations, to achieve planned sales, gross margin and net income, to keep costs low, to implement its business strategy, to maintain relationships with its primary vendors, to source raw materials, to mitigate fluctuations in the availability and prices of the Company’s merchandise, to compete with other jewelers, to succeed in its marketing initiatives (including with respect to Birks branded products), and to have a successful customer service program; (v) the Company’s plan to evaluate the productivity of existing stores, close unproductive stores and open new stores in new prime retail locations,

renovate existing stores and invest in its website and e-commerce platform; (vi) the Company's ability to execute its strategic vision; and (vii) the Company's ability to invest in and finance capital expenditures.

One must carefully consider such statements and understand that many factors could cause actual results to differ from the forward-looking statements, such as inaccurate assumptions and other risks and uncertainties, some known and some unknown. No forward-looking statement is guaranteed and actual results may vary materially. Such statements are made as of the date provided, and we assume no obligation to update any forward-looking statements to reflect future developments or circumstances.

One should carefully evaluate such statements by referring to the factors described in our filings with the Securities and Exchange Commission ("SEC"), especially on this Form 20-F and our Forms 6-K. Particular review is to be made of Items 3, 4 and 5 of this Form 20-F where we discuss in more detail various important risks and uncertainties that could cause actual results to differ from expected or historical results. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. Since it is not possible to predict or identify all such factors, the identified items are not a complete statement of all risks or uncertainties.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

RISK FACTORS

Risks Related to Global and Economic Conditions

Our business depends, in part, on factors affecting consumer spending that are out of our control. A downturn in the global economy, including as a result of general economic conditions, such as inflation or interest rate increases, can significantly affect consumer purchases of discretionary items, which could materially impact our sales, profitability and financial condition.

Our business, like other retailers, depends on consumer demand for our products and our sales are affected by discretionary spending by consumers. Consequently, our business is sensitive to a number of factors that are beyond our control, and that influence consumer spending, including general economic conditions, interest and tax rates, inflation, consumer confidence in future economic conditions, domestic and international geopolitical conditions, the availability of consumer credit, consumer indebtedness levels, tourism, recession and fears of recession, disposable consumer income, level of customer traffic in shopping malls and other retail centers, conditions in the housing market, consumer perceptions of personal well-being and security, fuel prices, inclement weather, foreign exchange rates, sales tax rate increases, pandemics, such as the COVID-19 pandemic, epidemics, disease outbreaks, and other public health crises, and war and fears of war. Jewelry and timepiece purchases are discretionary for consumers and may be particularly and disproportionately affected by adverse trends in the general economy and the equity markets. Adverse changes in factors affecting discretionary consumer spending could reduce consumer demand for our products, resulting in a reduction in our sales and harming our business, operating results and cash flows. Recent geopolitical events and general economic conditions, such as rising inflation, could lead to a slow-down in certain segments of the global economy and could affect the amount of discretionary income available for certain consumers to purchase our products. If adverse global economic and financial market conditions persist, our sales could decrease, and our financial condition and results of operations could be adversely affected. The risk of recession is growing, notably in light of the significant increase in interest and inflation rates and could further have an adverse impact on our business and results of operations.

A substantial portion of our customers use credit, either from our private label and proprietary credit cards or another consumer credit source, to purchase jewelry and timepieces. When there is a downturn in the general economy, fewer people may use or be approved for credit, which could result in a reduction in net sales and/or an increase in credit losses, which in turn, could lead to an unfavorable impact on our overall profitability. The current inflationary environment, high interest rates, and the increase in cost of sales could negatively affect consumer spending and have adverse effects on our business and our financial results. Any of these factors could have a material adverse impact on our business, financial results, and the execution of our strategic plan. We have seen decreases in consumer spending, and such trends may continue. If periods of decreased consumer spending continue, our sales could be negatively impacted, and our financial condition and results of operations could be adversely affected. Consequently, our belief that we currently have sufficient liquidity to fund our operations is based on certain assumptions about the future state of the economy, the future availability of borrowings to fund our operations and our future operating performance. To the extent that the economy and other conditions affecting our business are significantly worse than we anticipate, we may not achieve our projected level of financial performance and we may determine that we do not have sufficient capital to fund our operations.

Our business, financial condition, results of operations and cash flows have been and may continue to be adversely impacted by the COVID-19 pandemic or other public health crisis, disease outbreak, epidemic or pandemic.

A public health crisis or disease outbreak, epidemic or pandemic, such as COVID-19, or the threat or fear of such events, has adversely impacted and could continue to adversely impact our business. COVID-19 significantly impacted our retail stores, sales, foot traffic, and supply chain in fiscal 2020, fiscal 2021 and to a lesser extent fiscal 2022.

Consumer demand may be impacted amidst the uncertainty caused by a public health crisis, disease outbreak, epidemic or pandemic which could negatively impact our retail business as well as the businesses of our retail partners. Our business is particularly sensitive to reductions in discretionary spending by consumers. A public health crisis, disease outbreak, epidemic or pandemic may cause significant uncertainty and disruption in the financial markets both globally and in Canada, which may lead to a decline in discretionary spending by consumers, and which in turn may impact, materially, our business, sales, financial condition and results of operations. Our retail business is sensitive to tourism and a public health crisis, disease outbreak, epidemic or pandemic may impact tourism. A public health crisis, disease outbreak, epidemic or pandemic may also disrupt our global supply chain network, including shortages of certain products due to disruptions in manufacturing by our suppliers, as well as costs of production and distribution.

Our business may be further impacted if the economy deteriorates due to the long-term effects of the COVID-19 pandemic or other public health crises. To the extent that COVID-19 has affected and continues to adversely affect the Canadian and global economy, our business, results of operations, cash flows, and/or financial condition, may continue to negatively be impacted.

Financial and Liquidity Risks

The level of our indebtedness could adversely affect our operations, liquidity and financial condition.

Our debt levels fluctuate from time to time based on seasonal working capital needs. In fiscal 2024, the Company's total indebtedness increased by \$8.1 million driven primarily by an increase in bank indebtedness as a result of negative cash flows from operations. Along with the increase in bank indebtedness, interest expense has also increased as a result of the rise in interest rates. In fiscal 2023, the Company's total indebtedness increased by \$15.3 million driven primarily by an increase in bank indebtedness as a result of negative cash flows from operations. The following table sets forth our total indebtedness (including bank indebtedness and current and long-term portion of debt), total stockholders' equity (deficiency), total capitalization and ratio of total indebtedness to total capitalization as of (dollars in thousands):

	<u>March 30, 2024</u>	<u>March 25, 2023</u>
Total indebtedness (consisting of bank indebtedness and long-term debt, including current portion)	\$90,311	\$82,203
Total stockholders' equity (deficiency)	\$ (5,149)	(603)
Total capitalization	<u>\$85,162</u>	<u>\$81,600</u>
Ratio of total indebtedness to total capitalization	<u>106.0%</u>	<u>100.7%</u>

This level of leverage could adversely affect our results of operations, liquidity and financial condition. Some examples of how high levels of indebtedness could affect our results of operations, liquidity and financial condition may include the following:

- make it difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to adverse economic and industry conditions;
- increase our vulnerability to fluctuations in interest rates;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions;
- place us at a disadvantage compared to our competitors that have a lower degree of leverage; and
- negatively affect the price of our stock.

Consequently, our belief that we currently have sufficient liquidity to fund our operations is based on certain assumptions about the future state of the economy, the future availability of borrowings to fund our operations and our future operating performance. To the extent that the economy and other conditions affecting our business are significantly worse than we anticipate, we may not achieve our projected level of financial performance and we may determine that we do not have sufficient capital to fund our operations.

Significant restrictions on our borrowing capacity could result in our inability to fund our cash flow requirements or maintain minimum excess availability requirements under the terms of our secured asset-based credit facility needed to support our day-to-day operations and our ability to continue as a going concern.

Our ability to meet our cash flow requirements in order to fund our operations is dependent upon our ability to attain profitable operations, adhere to the terms of our committed financings, obtain favorable payment terms from suppliers as well as to maintain positive excess availability levels under our Amended Credit Facility (as defined below) and our Amended Term Loan (as defined below). Under the Amended Credit Facility, our sole financial covenant is to maintain minimum excess availability of not less than \$8.5 million at all times, except that we shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month.

Our Amended Credit Facility and Amended Term Loan are subject to cross default provisions with all other loans pursuant to which if we are in default of any other loan, we will immediately be in default of both the Amended Credit Facility and the Amended Term Loan. In the event that excess availability falls below \$8.5 million for more than two consecutive business days once during any fiscal month, this would be considered an event of default under the Amended Credit Facility and Amended Term Loan agreements, that provides the lenders the right to require the outstanding balances borrowed under our Amended Credit Facility and Amended Term Loan to become due immediately, which would result in cross defaults on our other borrowings. We expect to have excess availability of at least \$8.5 million for at least the next twelve months.

On October 23, 2017, the Company entered into a credit facility with Wells Fargo Canada Corporation for a maximum amount of \$85.0 million and maturing in October 2022. On December 24, 2021, the Company entered into an amended and restated senior secured revolving credit facility (“Amended Credit Facility”) with Wells Fargo Canada Corporation. The Amended Credit Facility extended the maturity date of the Company’s pre-existing loan from October 2022 to December 2026. The Amended Credit Facility, also provides the Company with an option to increase the total commitments thereunder by up to \$5.0 million. The Company will only have the ability to exercise this accordion option if it has the required borrowing capacity at such time. The Amended Credit Facility bears interest at a rate of the Canadian Dollar Offered Rate (“CDOR”) plus a spread ranging from 1.5% - 2.0% depending on the Company’s excess availability levels. Under the Amended Credit Facility, the sole financial covenant which the Company is required to adhere to is to maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month. The Company’s excess availability was above \$8.5 million throughout fiscal 2024 and 2023. On June 26, 2024, the Company entered into an amendment to the Amended Credit Facility with Wells Fargo Capital Finance Corporation Canada. The amendment replaces the interest rate of CDOR plus a spread ranging from 1.5% - 2% depending on the Company’s excess availability levels for the interest rate of the Canadian Overnight Repo Rate Average (“CORRA”) plus a CORRA adjustment ranging from 0.30% to 0.32% and a spread ranging from 1.5% - 2% depending on the Company’s excess availability levels. The adjustment was effective on June 26, 2024.

On June 29, 2018, the Company secured a \$12.5 million Term Loan maturing in October 2022 with Crystal Financial LLC (now known as SLR Credit Solutions) (“SLR”). On December 24, 2021, the Company entered into an amended and restated senior secured term loan (“Amended Term Loan”) with SLR. The Amended Term Loan extended the maturity date of the Company’s pre-existing loan from October 2022 to December 2026. The Amended Term Loan is subordinated in lien priority to the Amended Credit Facility and bears interest at a rate of

CDOR plus 7.75%. The Amended Term Loan also allows for periodic revisions of the annual interest rate to CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants. Under the Amended Term Loan, the Company is required to adhere to the same financial covenant as under the Amended Credit Facility (maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month). In addition, the Amended Term Loan includes availability blocks at all times of not less than the greater of \$8.5 million and 10% of the borrowing base, including additional seasonal availability blocks imposed from December 20th to January 20th of each year of \$5.0 million and from January 21st to January 31st of each year of \$2.0 million. The Amended Term Loan is required to be repaid upon maturity. On June 26, 2024, the Company entered into an amendment to the Amended Term Loan with SLR. The amendment replaces the interest rate of CDOR plus 7.75% (or CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants) for the interest rate of CORRA plus a CORRA adjustment of 0.32% and 7.75% (or CORRA plus a CORRA adjustment of 0.32% plus 7.00% or CORRA plus a CORRA adjustment of 0.32% plus 6.75% depending on the Company complying with certain financial covenants). The adjustment was effective on June 26, 2024.

Our borrowing capacity under both the Amended Credit Facility and Amended Term Loan is based upon the value of our inventory and accounts receivable, which is periodically assessed by our lenders and based upon these reviews, our borrowing capacity could be significantly increased or decreased.

Our lenders under our Amended Credit Facility and our Amended Term Loan may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under our credit facilities (customary for asset-based loans), at their reasonable discretion, to: i) ensure that we maintain adequate liquidity for the operation of our business, ii) cover any deterioration in the value of the collateral, and iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that our lenders may impose at their reasonable discretion.

No discretionary reserves were imposed during fiscal 2024, fiscal 2023, and fiscal 2022, by our current or former lenders.

For fiscal 2024 and 2023, the Company reported net losses of \$4.6 million and \$7.4 million, respectively. The Company reported net income of \$1.3 million for fiscal 2022. The Company used cash from operating activities of \$0.2 million and \$6.9 million in fiscal 2024 and 2023, respectively, and generated cash from operating activities of \$18.6 million in fiscal 2022. The Company had a negative working capital as at March 30, 2024 and March 25, 2023 and a positive working capital as at March 26, 2022.

Maintenance of sufficient availability of funding through an adequate amount of committed financing is necessary for the Company to fund its day-to-day operations. If the Company does not generate profitable operations and positive cash flows from operations in future periods, the Company may be unable to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company's ability to make scheduled payments of principal, or to pay the interest or additional interest, if any, or to fund planned capital expenditures and operations will depend on its ability to maintain adequate levels of available borrowing and its future performance, may be subject to general economic, financial, competitive, legislative and regulatory factors, as well as other events that are beyond the Company's control.

On August 24, 2021, the Company entered into a new 10-year loan agreement with Investissement Québec, the sovereign fund of the province of Québec, for an amount of up to \$4.3 million to be used specifically to finance the digital transformation of the Company through the implementation of an omni-channel e-commerce platform and enterprise resource planning system. As of March 30, 2024, the Company has \$4.2 million outstanding on the loan. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01 at the end of the Company's fiscal year. During fiscal 2024, the

Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. The covenant as of March 30, 2024 was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

On July 8, 2020, the Company secured a new six-year term loan with Investissement Québec, in the amount of \$10.0 million, as amended. The secured term loan was used to fund the working capital needs of the Company, of which \$4.9 million is outstanding at March 30, 2024. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. The covenant as of March 30, 2024 was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

There is no assurance the Company will meet its covenant at March 29, 2025, or future years, or that if not met, waivers would be available. If a waiver is not obtained, cross defaults with our Amended Credit Facility and our Amended Term Loan would arise.

On July 15, 2024, the Company obtained a support letter from one of its shareholders, Mangrove Holding S.A., providing financial support in an amount of up to \$3.75 million, of which \$1.0 million would be available after January 1, 2025. These amounts can be borrowed, if needed, when deemed necessary by the Company, upon approval by the Company's Board of Directors, until at least July 31, 2025, to assist the Company in satisfying its obligations and debt service requirements as they come due in the normal course of operations, or in meeting its financial covenant requirements of maintaining minimum excess availability levels of \$8.5 million at all times as required by its Amended Credit Facility and Amended Term Loan. Amounts drawn under this support letter will bear interest at an annual rate of 15%. However, there will be no interest or principal repayments prior to July 31, 2025.

The going concern of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Additional financing or capital that may be required may not be available on commercially reasonable terms, or may not be available at all.

If we are unable to meet our financial projections, in order to invest in growth initiatives, we may need to raise additional funds through public or private equity or debt financing, including funding from governmental sources, which may not be possible as the success of raising additional funds is beyond our control. The sale or issuance of additional equity securities could result in significant dilution to our current shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common stock. Failure to obtain such additional financing or capital could have an adverse impact on our liquidity and financial condition including our ability to continue as a going concern.

The terms of our Amended Credit Facility and Amended Term Loan expire in December 2026, and as such, financing may be unavailable in amounts or on terms similar to the current agreements or acceptable to us, if at all, which could have a material adverse impact on our business, including our ability to continue as a going concern.

The Company continues to be actively engaged in identifying alternative sources of financing that may include raising additional funds through public or private equity, the disposal of assets, and debt financing, including funding from governmental sources which may not be possible as the success of raising additional

funds is beyond the Company's control. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that could restrict the Company's operations. Financing may be unavailable in amounts or on terms acceptable to the Company if at all, which may have a material adverse impact on its business, including its ability to continue as a going concern.

Operational Risks

Our business could be adversely affected if we are unable to continue to lease retail stores in prime locations and successfully negotiate favorable lease terms.

Historically, we have generally been successful in negotiating and improving leases for renewal as our current leases near expiration. As of May 31, 2024, we had 22 leased retail stores. The leases are generally in prime retail locations and generally have lease terms of ten years, with rent being a fixed minimum base plus, for certain stores, a percentage of the store's sales volume (subject to some adjustments) over a specified threshold. Many uncontrollable factors can impact our ability to renew these leases, including but not limited to, competition for key locations from other retailers. Only three of the Company's store leases are renewable within the next two years and such stores generated approximately 4.8% of our fiscal 2024 net sales. The capital expenditures related to remodeling some of our retail stores are estimated to be approximately \$6.4 million during fiscal 2025. These planned capital expenditures are at the discretion of the Company, are not required by our landlords, and are not yet fully committed. We expect to be able to finance these capital expenditures with internally generated funds and existing financing arrangements. The Company also continues to be actively engaged in identifying alternative sources of financing that may include raising additional funds through public or private equity, the disposal of assets, and debt financing, including funding from government sources. However, in the future, if we are unsuccessful at negotiating favorable renewal terms, locations or if more capital is required to meet landlord requirements for remodeling or relocating retail stores and we are unable to secure the necessary funds to complete these projects, our business, financial condition, and operating results could be adversely affected. In addition, we may not be able to locate suitable alternative sites in a timely manner. Our sales, earnings and cash flows will decline if we fail to maintain existing store locations, renew leases or relocate to alternative sites, in each case on attractive terms.

Our business could be adversely affected if our relationships with any primary vendors are terminated or if the delivery of their products is delayed or interrupted.

We compete with other jewelry and timepiece retailers for access to vendors that will provide us with the quality and quantity of merchandise necessary to operate our business, and our merchandising strategy depends upon our ability to maintain good relations with significant vendors. Certain brand name timepiece and jewelry manufacturers have distribution agreements with our Company that, among other things, provide for specific sales locations, yearly renewal terms and early termination provisions at the manufacturer's discretion. In fiscal 2024, merchandise supplied by our largest luxury timepiece supplier and sold through our stores accounted for approximately 27% of our total net sales (20% in fiscal 2023). Our relationships with primary suppliers are generally not pursuant to long-term agreements. We obtain materials and manufactured items from third-party suppliers. Any delay or interruption in our suppliers' abilities to provide us with necessary materials and components, may require us to seek alternative supply sources. Any delay or interruption in receiving supplies could impair our ability to supply products to our stores and, accordingly, could have a material adverse effect on our business, results of operations and financial condition. The abrupt loss of any of our significant third-party suppliers or a decline in the quality or quantity of materials supplied by any third-party suppliers could cause significant disruption in our business.

We may not successfully manage our inventory, which could have an adverse effect on our net sales, profitability, cash flow and liquidity.

As a retail business, our results of operations are dependent on our ability to manage our inventory. To properly manage our inventory, we must be able to accurately estimate customer demand and supply

requirements and purchase new inventory accordingly. If we fail to sell our inventory, we may be required to write-down our inventory or pay our vendors without new purchases, creating additional vendor financing, which would have an adverse impact on our earnings and cash flows. Additionally, a significant portion of the merchandise we sell is carried on a consignment basis prior to sale or is otherwise financed by vendors, which reduces our required capital investment in inventory. Any significant change in these consignment or vendor financing relationships could have a material adverse effect on our net sales, cash flows and liquidity.

Fluctuations in the availability and prices of our raw materials and finished goods may adversely affect our results of operations.

We offer a large selection of distinctive high-quality merchandise, including diamond, gemstone and precious metal jewelry, rings, wedding bands, earrings, bracelets, necklaces, timepieces and gifts. Accordingly, significant changes in the availability or prices of diamonds, gemstones, and precious metals we require for our products could adversely affect our earnings. We do not hedge a material portion of the price of raw materials. A significant increase in the price and availability of these materials could adversely affect our net sales and gross margins.

We may not be able to adequately protect our intellectual property and may be required to engage in costly litigation as a protective measure.

To establish and protect our intellectual property rights, we rely upon a combination of trademark and trade secret laws, together with licenses, exclusivity agreements and other contractual covenants. In particular, the “Birks” trademarks are of significant value to our operations. The measures we take to protect our intellectual property rights may prove inadequate to prevent misappropriation of our intellectual property. Monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could significantly harm our results of operations.

A significant data privacy breach or security breach of our information systems could disrupt or negatively affect our business.

The protection of customer, employee and company data is important to us, and our customers expect that their personal information will be adequately protected. The regulatory environment surrounding information security and data privacy is becoming increasingly demanding, as requirements in respect of personal data use and processing, including significant penalties for non-compliance, continues to evolve in the various jurisdictions in which the Company does business. Although we have developed and implemented systems and processes that are designed to protect our information and prevent data loss and other security breaches, such measures cannot provide absolute security and our business could still be exposed to risks. Attacks may be targeted at us, our vendors or customers, or others who have entrusted us with information. Data and security breaches can also occur as a result of non-technical issues including intentional or inadvertent breach by employees or persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. We rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including e-commerce sales, supply chain, merchandise distribution, customer invoicing and collection of payments. We use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, the proprietary business information of our customers and suppliers, as well as personally identifiable information of our customers and employees, in our information technology systems. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to our business operations and strategy. Cyber-attacks,

security breaches, and data breaches have become more prevalent and may occur in our systems in the future. A significant breach of customer, employee or company data could damage our reputation, our relationship with customers and the Birks brand and could result in lost sales, sizable fines, violation of applicable privacy and other laws, significant breach-notification costs and lawsuits as well as adversely affect results of operations. In addition, it could harm our ability to execute our business and adversely impact sales, costs and earnings. Because of the rapidly evolving types of cyber-attacks and the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate cost-effective preventative measures. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. We are currently operating under a hybrid work policy whereby employees are able to work from home for a certain number of days per week. Remote work could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations.

Failure to successfully implement or make changes to information systems could disrupt or negatively impact our business.

In addition to regularly evaluating and making changes and upgrades to our information systems, we started the implementation of a new enterprise resource planning (“ERP”) system with the Microsoft Dynamics D365 for Retail platform in order to update our retail systems including point of sale (POS), supply chain, warehouse management, wholesale, and finance. While we follow a disciplined methodology when evaluating and making such changes, there can be no assurances that we will successfully implement such changes, that such changes will occur without disruptions to our operations, that the new or upgraded systems will achieve the desired business objectives or that the internal controls will be effective in preventing misstatements in financial reporting. Any such disruptions, inadequate internal controls or the failure to successfully implement new or upgraded systems such as those referenced above, could have a material adverse effect on our results of operations and could also affect our reputation, our relationship with customers and our brands.

Our customer, employee and vendor relationships could be negatively affected if we fail to maintain our corporate culture and reputation.

We believe we have a well-recognized culture and reputation that our consumers associate with a high level of integrity, customer service and quality merchandise, and it is one of the reasons customers shop with us and employees choose us as a place of employment. Any significant damage to our reputation could diminish customer trust, weaken our vendor relationships, reduce employee morale and productivity and lead to difficulties in recruiting and retaining qualified employees.

We believe that the customer experience we offer to our clients has a direct impact on our sales and results from operations. Changes in the employment market, and competition for qualified sales professionals could result in the Company incurring higher labor costs. A shortage of qualified individuals and higher labor costs could result in disruptions to the performance of sales associates and an inability to recruit, train, motivate and retain suitably qualified sales associates, which could adversely impact sales and earnings.

Inability to retain key employees and personnel may adversely affect our results of operations.

The Company is dependent on key employees and having sufficient personnel and could be materially adversely affected by a shortfall of personnel or by substantial turnover. The Company is dependent on its ability to attract and retain a variety of employees, including senior leadership, managers, store personnel and other key employees having the necessary industry experience, qualifications and knowledge in order to execute its business plan and operate its business. If the Company were to experience a shortfall or a substantial turnover in its key employees (including as a result of the more competitive labor market), the Company, its business, results from operations and financial condition could be materially adversely affected.

Failure to attract and retain qualified executive officers, managers and other key employees could materially and adversely affect the Company's business, results of operations or financial condition.

A few key employees are responsible for the management of the Company and the loss of any one of these employees could have negative repercussions for the Company. The Company's success is also dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified personnel. Failure to attract and retain qualified executive officers, managers and other key employees could materially and adversely affect the Company's business, results of operations or financial condition.

Risks Related to External Factors, including Regulations

We are exposed to currency exchange risks that could have a material adverse effect on our results of operations and financial condition.

A portion of the purchases we make from our suppliers are denominated in U.S. dollars. As a result, a depreciation of the Canadian dollar against the U.S. dollar would increase the cost of acquiring those goods in Canadian dollars, which would have a negative effect on our gross profit margin. In addition, material fluctuations in foreign currency exchange rates could reduce our borrowing availability under our Amended Credit Facility which is denominated in Canadian dollars, and limit our ability to finance our operations.

We operate in a highly competitive and fragmented industry.

The retail jewelry and timepiece business is highly competitive and fragmented, and we compete with nationally-recognized jewelry chains as well as a large number of independent regional and local jewelry and timepiece retailers and other types of retailers who sell jewelry, timepieces, and gift items, such as department stores and mass merchandisers. We also compete with e-commerce sellers of jewelry and timepieces. Because of the breadth and depth of this competition, we are constantly under competitive pressure that both constrains pricing and requires extensive merchandising and marketing efforts in order for us to remain competitive.

We are controlled by a single shareholder whose interests may be different from yours.

As of May 31, 2024, The Grande Rousse Trust ("Grande Rousse") beneficially owns or controls 71.1% of all classes of our outstanding voting shares, which are directly owned by Mangrove Holdings S.A ("Mangrove") and Montel Sarl ("Montel"), previously Montrovest B.V. Montel and Mangrove own 46.1% and 25.1% of our outstanding voting shares respectively. The trustee of Grande Rousse is Meritus Trust Company Limited (the "Trustee"). Confido Limited has the power to remove the Trustee and as a result may be deemed to have beneficial ownership of the Class A voting shares held by Montel and Mangrove. Under our restated articles, Montel and Mangrove, as holders of the Class B multiple voting shares, have the ability to control most actions requiring shareholder approval, including electing the members of our Board of Directors and the issuance of new equity.

Grande Rousse, Montel and Mangrove may have different interests than you have and may make decisions that do not correspond to your interests. In addition, the fact that we are controlled by one shareholder may have the effect of delaying or preventing a change in our management or voting control.

Terrorist acts or other catastrophic events could have a material adverse effect on our business and results of operations.

Terrorist acts, acts of war or hostility, natural disasters or other catastrophic events could have an immediate disproportionate impact on discretionary spending on luxury goods upon which our operations are dependent, and could have a material adverse impact on our business and results of operations. We have been, and may continue to be affected in the future, by widespread protests such as the protests related to social injustices that took place in various cities across Canada in February 2022. Such protests can disrupt foot traffic at our stores, thereby negatively impacting sales, cause temporary store closures, and lead to inventory shrinkage, and property damage, all of which could adversely impact our sales and results from operations.

Environmental and climate changes could affect the Company's business.

The Company recognizes that climate change is a serious risk to society and therefore continues to take steps to reduce the Company's impact on the environment. Adverse effects of climate change, such as extreme weather events, particularly over a prolonged period of time, could negatively impact the Company's business and results of operations if such conditions limit our consumer's ability to access our stores, cause our consumers to limit discretionary spending, or disrupt our supply chains or distribution channels. Social, ethical and environmental matters influence the Company's reputation, demand for merchandise by consumers, the ability to recruit staff, relations with suppliers and standing in the financial markets. The Company's success is dependent on the strength and effectiveness of its relationships with its various stakeholders: customers, shareholders, employees and suppliers. In recent years, stakeholder expectations have increased, as these stakeholders expect businesses to consider social, ethical, and environmental impacts while making business decisions, and the Company's success and reputation will depend on its ability to meet these higher expectations. The Company's success also depends upon its reputation for integrity in sourcing its merchandise, which, if adversely affected could impact consumer sentiment and willingness to purchase the Company's merchandise.

Legal and Compliance Risks

Applicable laws and regulations related to consumer credit may adversely affect our business.

The operation of our credit business subjects us to substantial regulation relating to disclosure and other requirements upon origination, servicing, debt collection and particularly upon the amount of finance charges we can impose. Any adverse change in the regulation of consumer credit could adversely affect our earnings. For example, new laws or regulations could limit the amount of interest or fees we, or our banks, can charge on consumer loan accounts, or restrict our ability to collect on account balances, which could have a material adverse effect on our earnings. Compliance with existing and future laws or regulations could require material expenditures or otherwise adversely affect our business or financial results. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, and fines, either of which could have a material adverse effect on our results of operations.

The Company conducts retail operations in Canada and conducts wholesale operations in North America, the United Kingdom and the European Union. The Company sources its inventory from several suppliers within and outside North America, and has cross border financing arrangements. As a result, the Company is subject to the risks of doing business in jurisdictions within and outside North America.

The Company generates the majority of its net sales in Canada. The Company also relies on certain foreign third-party vendors and suppliers. As a result, the Company is subject to the risks of doing business in jurisdictions within and outside North America, including:

- the laws, regulations and policies of governments relating to loans and operations, the costs or desirability of complying with local practices and customs and the impact of various anti-corruption, anti-money laundering and other laws affecting the activities of the Company;
- potential negative consequences from changes in taxation policies or currency restructurings;
- potential negative consequences from the application of taxation policies, including transfer pricing rules and sales tax matters;
- import and export licensing requirements and regulations, as well as unforeseen changes in regulatory requirements;
- economic instability in foreign countries;
- uncertainties as to enforcement of certain contract and other rights;
- the potential for rapid and unexpected changes in government, economic and political policies, political or civil unrest, acts of terrorism or the threat of boycotts; and
- inventory risk exposures.

Changes in regulatory, political, economic, or monetary policies and other factors could require the Company to significantly modify its current business practices and may adversely affect its future financial results. For example, the Company could be adversely impacted by U.S. trade policies, legislation, treaties and tariffs, including trade policies and tariffs affecting China, the E.U., Canada and Mexico, as well as retaliatory tariffs by such countries. Such tariffs and, if enacted, any further legislation or actions taken by the U.S. government that restrict trade, such as additional tariffs or trade barriers, and other protectionist or retaliatory measures taken by governments in Europe, Asia and elsewhere, could have a negative effect on the Company's ability to sell products in those markets.

While these factors and the effect of these factors are difficult to predict, any one or more of them could lower the Company's revenues, impact its cash flow, increase its costs, reduce its earnings or disrupt its business.

Risks Related to Class A Voting Shares

Our share price could be adversely affected if a large number of Class A voting shares are offered for sale or sold.

Future issuances or sales of a substantial number of our Class A voting shares by us, Montel, Mangrove, or another significant shareholder in the public market could adversely affect the price of our Class A voting shares, which may impair our ability to raise capital through future issuances of equity securities. As of May 31, 2024, we had 11,472,999 Class A voting shares issued and outstanding. Sales of restricted securities in the public market, or the availability of these Class A voting shares for sale, could adversely affect the market price of Class A voting shares.

As a retailer of jewelry and timepieces with a limited public float, the price of our Class A voting shares may fluctuate substantially, which could negatively affect the value of our Class A voting shares and could result in securities class action claims against us.

The price of our Class A voting shares may fluctuate substantially due to, among other things, the following factors: (1) fluctuations in the price of the shares of a small number of public companies in the retail jewelry business; (2) additions or departures of key personnel; (3) announcements of legal proceedings or regulatory matters; and (4) general volatility in the stock market. The market price of our Class A voting shares could also fluctuate substantially if we fail to meet or exceed expectations for our financial results or if there is a change in financial estimates or securities analysts' recommendations.

Significant price and value fluctuations have occurred in the past with respect to the securities of retail jewelry and related companies. In addition, because the public float of our Class A voting shares is relatively small, the market price of our Class A voting shares is likely to be volatile. There is limited trading volume in our Class A voting shares, rendering them subject to significant price volatility. In addition, the stock market has experienced volatility that has affected the market prices of equity securities of many companies, and that has often been unrelated to the operating performance of such companies. A number of other factors, many of which are beyond our control, could also cause the market price of our Class A voting shares to fluctuate substantially. In the past, following periods of downward volatility in the market price of a company's securities, class action litigation has often been pursued. If our Class A voting shares were similarly volatile and litigation was pursued against us, it could result in substantial costs and a diversion of our management's attention and resources.

We are governed by the laws of Canada, and, as a result, it may not be possible for shareholders to enforce civil liability provisions of the securities laws of the U.S.

We are governed by the laws of Canada. Our assets are located outside the U.S. and our directors and officers are residents outside of the U.S. As a result, it may be difficult for investors to effect service within the U.S. upon us or our directors and officers, or to realize in the U.S. upon judgments of courts of the U.S. predicated upon civil liability of Birks Group and such directors or officers under U.S. federal securities laws.

There is doubt as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of U.S. courts, of the civil liabilities predicated upon U.S. federal securities laws.

We are subject to the continued listing requirements of the NYSE American. If we are unable to comply with such requirements, our common stock could be delisted from the NYSE American, which would limit investors' ability to effect transactions in our common stock and subject us to additional trading restrictions.

Our common stock is currently listed on NYSE American. In order to maintain our listing, we must maintain certain share prices, financial and share distribution targets, including maintaining a minimum amount of stockholders' equity and a minimum number of public shareholders. NYSE American may delist the securities of any issuer for other reasons involving the judgment of NYSE American.

On February 6, 2022, the Company was notified by NYSE American LLC ("NYSE American") that it was back in compliance with all of the NYSE American's continued listing standards set forth in Part 10 of the NYSE American Company Guide ("Company Guide"). As previously reported, on August 13, 2020, the Company was notified by NYSE American that it was not in compliance with the continued listing standards set forth in Section 1003(a)(ii) of the Company Guide. That section applies if a listed company has stockholders' equity of less than U.S. \$4.0 million and has reported losses and/or net losses in three of its four most recent fiscal years. Furthermore, on December 9, 2020, the Company was notified by NYSE American that it was not in compliance with the continued listing standards set forth in Section 1003(a)(i) of the Company Guide. That section applies if a listed company has stockholders' equity of less than U.S.\$2.0 million and has reported losses and/or net losses in two of its three most recent fiscal years. Lastly, on June 25, 2021, the Company was notified by NYSE American that it was not in compliance with the continued listing standards as set forth in Section 1003(a)(iii) of the Company Guide which applies if a listed company has stockholders' equity of less than U.S. \$6.0 million and has reported losses from operations and/or net losses in its five most recent fiscal years.

In accordance with the procedures and requirements of Section 1009 of the Company Guide, the Company submitted its plan of compliance on September 6, 2020 addressing how the Company intends to regain compliance with Section 1003(a)(ii) of the Company Guide. On October 22, 2020, NYSE American notified the Company that it accepted the compliance plan and granted the Company an extension for its continued listing until February 6, 2022 (the "Plan Period"). During the Plan Period, the Company submitted quarterly plan updates for review by the NYSE American, and all of the quarterly updates were all accepted by the NYSE American. As of the end of the Plan Period, the Company's stockholders' equity was U.S. \$7.1 million, which is above the U.S. \$6.0 million required to comply with Sections 1003(a)(i) through (iii) of the Company Guide. As a result, the Company received a letter from the NYSE American confirming that the Company regained compliance with Sections 1003(a)(i), (ii) and (iii) of the Company Guide.

NYSE American does not normally consider suspending dealings with issuers that are below standards (i) through (iii) of Section 1003(a) of the Company Guide if the issuer has a total market capitalization of U.S. \$50,000,000 or total assets and revenue of U.S. \$50,000,000 each in its last fiscal year or two of its last three fiscal years, and the issuer has at least 1,100,000 shares publicly held, 400 round lot shareholders, and a market value of publicly held shares of at least U.S. \$15,000,000. For the fiscal year ended March 30, 2024, the Company reported total assets of \$203.3 million (U.S. \$150.0 million) and revenues of \$185.3 million (U.S. \$137.5 million). As of July 15, 2024, the Company had 5,371,320 publicly listed shares, more than 400 lot shareholders, and a market value of publicly listed shares of U.S. \$13.8 million.

It is possible that the Company may not be in compliance with the NYSE American's continued listing standards in the future. If NYSE American delists our common stock from trading on the exchange and we are not able to list our securities on another national securities exchange, we expect our common stock would qualify to be quoted on an over-the-counter market. If this were to occur, we could experience a number of adverse consequences, including: limited availability of market quotations for the common stock; reduced liquidity for our securities; our common stock being categorized as a "penny stock," which requires brokers trading in our

common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock; and decreased ability to issue additional securities or obtain additional financing in the future.

We expect to maintain our status as a “foreign private issuer” under the rules and regulations of the SEC and, thus, are exempt from a number of rules under the Exchange Act of 1934 and are permitted to file less information with the SEC than a company incorporated in the U.S.

As a “foreign private issuer,” we are exempt from rules under the Exchange Act of 1934, as amended (“the Exchange Act”) that impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Class A voting shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor are we required to comply with Regulation Fair Disclosure, which restricts the selective disclosure of material information. Accordingly, there may be less publicly available information concerning us than there is for other U.S. public companies.

If we were treated as a passive foreign investment company (“PFIC”) some holders of our Class A voting shares would be subject to additional taxation, which could cause the price of our Class A voting shares to decline.

We believe that our Class A voting shares should not be treated as stock of a PFIC for U.S. federal income tax purposes, and we expect to continue operations in such a manner that we will not be a PFIC. If, however, we are or become a PFIC, some holders of our Class A voting shares could be subject to additional U.S. federal income taxes on gains recognized with respect to our Class A voting shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules.

Our assessment of our internal control over financial reporting may identify “material weaknesses” in the future which could reduce confidence in our financial statements and negatively affect the price of our securities.

We are subject to reporting obligations under U.S. securities laws. Beginning with our Annual Report on Form 20-F for fiscal 2008, Section 404 of the Sarbanes-Oxley Act requires us to prepare a management report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over our financial reporting is not effective. If at any time in the future, we are unable to assert that our internal control over financial reporting is effective, market perception of our financial condition and the trading price of our stock may be adversely affected and customer perception of our business may suffer, all of which could have a material adverse effect on our operations. Furthermore, our auditors do not audit our internal controls over financial reporting due to our market capitalization, and therefore, there has been no independent attestation of our internal controls over financial reporting.

If the costs and burden of being a public company outweigh its benefits, we may in the future decide to discontinue our status as a publicly traded company.

As a public company, we currently incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and the NYSE American, have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls as well as mandating certain corporate governance practices. Our management and other personnel devote a substantial amount of time and financial resources to these compliance initiatives. As such, if it is determined in the future that the costs and efforts of being a public company outweigh the benefits of being a public company, we may decide to discontinue our status as a publicly traded or registered company.

Item 4. Information on the Company

THE COMPANY

Corporate History and Overview

Birks Group is a leading designer of fine jewelry and operator of luxury jewelry, timepieces and gifts retail stores in Canada, with wholesale customers in North America, the E.U., the U.K. and the Middle East. As of May 31, 2024, Birks Group operated 18 retail stores under the Maison Birks brand in most major metropolitan markets in Canada, one retail location in Calgary operated under the Brinkhaus brand, two retail locations in Vancouver, one operated under the Graff brand and the other operated under the Patek Philippe brand, and one retail location in Laval, Quebec, operated under the Breitling brand. Birks fine jewelry collections are also available through select SAKS Fifth Avenue stores in Canada and the U.S., select Mappin & Webb and Goldsmiths locations in the United Kingdom, in Mayors stores in the United States as well as at certain jewelry retailers across North America and in Europe. For fiscal 2024, we had net sales of \$185.3 million.

Birks' predecessor company was founded in Montreal in 1879 and developed over the years into Canada's premier designer, manufacturer and retailer of fine jewelry, timepieces, sterling and plated silverware and gifts. In addition to being a nationwide retailer with a strong brand identity, we are also highly regarded in Canada as a jewelry designer. We believe that operating our stores under the Maison Birks brand and the fact that we sell Birks branded jewelry distinguishes us from many competitors because of our longstanding reputation and heritage, our ability to offer distinctively designed, exclusive products, and by placing a strong emphasis on providing a superior shopping experience to our clients.

Birks was purchased by Borgosesia Acquisitions Corporation in 1993, a predecessor company of Regaluxe Investment S.á.r.l., which is referred to in this Annual Report as Regaluxe. Effective March 28, 2006, Regaluxe was acquired through a merger with Iniziativa S.A. ("Iniziativa"). As of May 31, 2007 and June 4, 2007, respectively, following a reorganization, Iniziativa and Montrolux S.A. transferred all of the shares they respectively held in the Company to their parent company, Montrovest B.V. ("Montrovest" now known as Montel). Following the 1993 acquisition of Birks, Birks' operations were evaluated and a program of returning Birks to its historic core strength as the leading Canadian prestige jeweler was initiated.

In August 2002, Birks invested \$23.6 million to acquire approximately 72% of the voting control in Mayors, which was experiencing an unsuccessful expansion beyond its core markets and was incurring significant losses.

Between August 2002 and November 2005, it became apparent to both Mayors and Birks management that it was in the best interests of the shareholders to combine its operations. The Company believed that such combination would create a stronger capital base, improve operating efficiencies, reduce the impact of regional issues, simplify the corporate ownership of Mayors, eliminate management and board of directors' inefficiencies with managing intercompany issues, and possibly increase shareholder liquidity. Upon the consummation of the merger on November 14, 2005, each outstanding share of Mayors common stock not then owned by Birks was converted into 0.08695 Class A voting shares of Birks. As a result of the merger, Mayors common stock ceased trading on the American Stock Exchange ("AMEX") and Birks Group began trading on the AMEX, which is now known as the NYSE American, under the trading symbol "BGI." Following the merger, Birks Group worked very diligently to fully integrate the Birks business with Mayors. As a result of the merger, we believe Birks Group improved operational efficiencies and diversity and depth of its products and distribution capabilities.

In December 2015, Montrovest (now known as Montel) transferred a portion of its Class A and Class B voting shares to Mangrove and as a result Montel owned 49.2% of the voting shares of the Company and Mangrove owned 26.7%.

In August 2017, Birks entered into the Stock Purchase Agreement with Aurum, the largest fine watch and jewelry retailer in the U.K., to sell its wholly-owned subsidiary Mayors. The Aurum Transaction (as defined below) closed on October 23, 2017 for total cash consideration of \$135.0 million (U.S. \$106.8 million). As part of the transaction, Birks entered into a 5-year distribution agreement with Aurum to sell Birks fine jewelry in the U.K. at Mappin & Webb, Goldsmiths stores and on their e-commerce websites.

In April of 2021, the Company entered into a joint venture with FWI LLC (“FWI”) to form RMBG Retail Vancouver ULC (“RMBG”). During fiscal 2023, the joint venture company became operational. RMBG operates a boutique in Vancouver, retailing third party branded watches, sales of which were historically recognized at the Company’s Vancouver Flagship location and are now recognized through the joint venture company. The Company and FWI both contributed certain assets for a 49% and 51% equity interest respectively in RMBG, the legal entity comprising the joint venture.

In the last three fiscal years, we invested a total of approximately \$23.3 million in capital expenditures primarily associated with the remodeling of our existing store network, as well as a digital transformation of the Company including the transition to a new e-commerce platform. During fiscal 2024, we invested a total capital expenditure of \$7.2 million, including \$1.5 million of leasehold improvement to initiate the construction of a new store in Montreal, planned to open in August 2024. In addition, we invested \$3.2 million for the completion of renovations that started in fiscal 2023 and other partial renovations in certain stores to accommodate brand movement. \$1.3 million was invested for various digital transformation initiatives including improvement of our e-commerce platform and the on-going implementation of our ERP system (included in intangible assets), as well as \$0.3 million towards various wholesale and visual merchandising projects.

During fiscal 2023, total capital expenditures of \$10.6 million included \$4.8 million towards major store renovation and remodeling projects, including the renovation of a store location in Calgary, the major renovation of a store in Laval, and towards the partial remodeling of the Vancouver flagship location, \$0.7 million towards various renovations across the retail network, including the addition of various new brand counters and shop-in-shops in certain stores, \$3.7 million towards various digital transformation initiatives including the implementation of a new e-commerce platform and the on-going implementation of our ERP system (included in intangible assets), as well as \$0.5 million towards various wholesale and visual merchandising projects.

We currently expect to continue to invest in capital expenditures to make on-going strategic improvements to our retail network in fiscal 2025 and fiscal 2026, all the while focusing on operations and on delivering a return on our strategic investment spending during the last fiscal year. We expect to finance these capital expenditures from operating cash flows, and existing financing arrangements including tenant allowances from certain of our landlords and capital lease financing.

The Company regularly reviews the locations of its retail network that leads to decisions that impact the opening, relocation or closing of these locations. During fiscal 2024, we launched the construction of a new store in Montreal, which is planned to open in August 2024, we executed a partial renovation of two stores in Toronto and one store in Calgary and we launched a partial renovation of a store in Ottawa. During fiscal 2024, we also closed three Maison Birks stores: one in Burlington, Ontario, one in Mississauga, Ontario and one in Calgary, Alberta. During fiscal 2023, we executed a partial renovation of our flagship location in Vancouver, British Columbia, we renovated our Laval, Quebec Maison Birks store and opened an adjoining store operated under the Breitling brand. We also relocated one Maison Birks store in Calgary, Alberta and, in the process, upgraded its third-party timepieces and jewelry brand distribution portfolio. During fiscal 2023, we also closed two Maison Birks stores: one in Surrey, British Columbia and another in Winnipeg, Manitoba. During fiscal 2022, we renovated our Brinkhaus store in Calgary, Alberta, and remodeled a Maison Birks store in Calgary, Alberta. During fiscal 2022, we also closed three Maison Birks stores: one in Oshawa, Ontario, one in Saskatoon, Saskatchewan, and one in Victoria, British Columbia.

Our sales are divided into two principal product categories: (i) jewelry and other, and (ii) timepieces. Jewelry and other also includes sales of other product offerings we sell such as giftware, as well as repair and custom design services.

The following table compares our sales of each product category for the last three fiscal years (dollars in thousands):

	Fiscal Year-Ended					
	March 30, 2024		March 25, 2023		March 26, 2022	
Jewelry and other	\$ 85,226	46.0%	\$ 85,798	52.7%	\$ 90,522	49.9%
Timepieces	100,049	54.0%	77,152	47.3%	90,820	50.1%
Total	<u>\$185,275</u>	<u>100%</u>	<u>\$162,950</u>	<u>100%</u>	<u>\$181,342</u>	<u>100%</u>

Jewelry and other product category sales have remained relatively stable in fiscal 2024 as compared to fiscal 2023, and similarly to fiscal 2023, we believe the Company’s product assortment at lower price points continued to be impacted by increased inflation and heightened interest rates all directly impacting discretionary consumer spending. The decrease in sales from the jewelry and other products categories in fiscal 2023 as compared to fiscal 2022 is driven primarily by lower Birks branded jewelry sales including both Birks fine jewelry and Birks bridal jewelry, driven in part by the impact of temporary store closures during renovations, as well as, we believe, by the impact of heightened inflationary pressure on consumers’ discretionary spending, particularly on the Company’s product assortments at lower price points.

The increase in sales from the timepieces product category in fiscal 2024 as compared to 2023 is attributable to growth in third-party timepiece brands primarily resulting from the renovations and improved merchandising of two of our key locations at the end of fiscal 2023. The decrease in sales from the timepieces product category in fiscal 2023 as compared to fiscal 2022 is attributable primarily to the exclusion of the sales of RMBG.

Birks Group is a Canadian corporation. Our corporate headquarters are located at 2020 Robert-Bourassa Boulevard, Suite 200, Montreal, Québec, Canada H3A 2A5. Our telephone number is (514) 397-2501. Our website is www.birksgroup.com.

The U.S. Securities and Exchange Commission (“SEC”) maintains a website that contains reports, proxy and information statements, and other information regarding issuers (including Birks Group) that file electronically with the SEC at <http://www.sec.gov>. The Company also maintains a public website at <http://www.birks.com> and <http://www.maisonbirks.com>.

Products

We offer distinctively designed, exclusive products and a large selection of distinctive high quality merchandise at various price points. This merchandise includes our own Birks branded designed jewelry, and designer jewelry, that include diamonds, gemstones, and precious metals.

Our Birks brand consists of internally developed luxury fine jewelry and bridal collections as well as gift items. Part of our strategy is to increase our exclusive offering of internally designed goods sold to our customers, consisting primarily of fine jewelry and bridal offerings, all of which leverage the Birks brand loyalty in their respective markets and in order to differentiate our products with unique and exclusive designs.

Our stores, operating under the Maison Birks, Brinkhaus, Breitling, Graff and Patek Philippe brands, carry a large selection of prestigious brand name timepieces including timepieces made by Rolex, Tudor, Baume & Mercier, Breitling, Cartier, Chaumet, Frédérique Constant, Graff, Grand Seiko, IWC, Jaeger Lecoultré, Longines, Montblanc, Panerai, Patek Philippe, and Tag Heuer. We also carry an exclusive collection of high quality jewelry that we design. We emphasize Birks brand jewelry offerings but also include other designer jewelry made by Chaumet, Dinh Van Paris, Fred, Graff, Marco Bicego, Messika, Roberto Coin, and Yoko London. We also offer a variety of high quality giftware, including writing instruments made by Montblanc.

We have one primary channel of distribution, the retail division, which accounts for approximately 94% of net sales during each of fiscal 2024 and 2023, and 93% in fiscal 2022, as well as three other channels of distribution, namely e-commerce, wholesale, and gold exchange which combined accounted for approximately 6% of net sales during each of fiscal 2024 and 2023 and 7% in fiscal 2022.

Product Design, Development, Sourcing and Manufacturing

We established a product development process that supports our strategy to further develop and enhance our product offering in support of the Birks brand development. During fiscal 2024, 2023, and 2022, approximately 41%, 41%, and 49%, respectively, of our jewelry products acquired for sale were internally designed and sourced. A significant portion of internally designed products are associated with the Bridal segment, which is largely reliant on customized special orders. Products that are not designed and manufactured for us, are sourced from suppliers worldwide, enabling us to sell an assortment of fine quality merchandise often not available from other jewelers in our markets. Our staff of buyers procures distinctive high quality merchandise directly from manufacturers, diamond cutters, and other suppliers worldwide. Our loose stone acquisition team, product sourcing team and category managers specialize in sourcing merchandise in categories such as diamonds, precious gemstones, pearls, timepieces, gold jewelry, and giftware. Retail and merchandising personnel frequently visit our stores and those of competitors to compare value, selection, and service, as well as to observe client reaction to merchandise selection and determine future needs and trends.

Availability of Products

Although purchases of several critical raw materials, notably platinum, gold, silver, diamonds, pearls and gemstones, are made from a relatively limited number of sources, we believe that there are numerous alternative sources for all raw materials used in the manufacture of our finished jewelry, and that the failure of any principal supplier would not have a material adverse effect on our operations. Any material changes in foreign or domestic laws and policies affecting international trade may have a material adverse effect on the availability of the diamonds, other gemstones, precious metals and non-jewelry products we purchase. Significant changes in the availability or prices of diamonds, gemstones and precious metals we require for our products could adversely affect our earnings. We do not maintain long-term inventories or otherwise hedge a material portion of the price of raw materials. A significant increase in the price of these materials could adversely affect our net sales, gross margin and earnings. However, in the event of price increases, we will generally attempt to pass along any price increases to our customers.

In fiscal 2024, we purchased jewelry, timepieces and giftware for sale in our stores and online from several suppliers. Many of these suppliers have long-standing relationships with us. We compete with other jewelry and timepiece retailers for access to vendors that will provide us with the quality and quantity of merchandise necessary to operate our business. Our relationships with primary suppliers are generally not pursuant to long-term agreements. Although we believe that alternative sources of supply are available, the abrupt loss of any of our key vendors, or a decline in the quality or quantity of merchandise supplied by our vendors could cause significant disruption in our business. In fiscal 2024, merchandise supplied by our largest luxury timepiece supplier and sold through our stores accounted for approximately 27% of our total net sales. If our largest luxury timepiece supplier terminated its distribution agreements with us, such termination would have a material adverse effect on our business, financial condition and operating results.

Impact of inflation

We believe that in fiscal 2023 and 2024, inflation, interest rates, and the volatility in the stock market may have had an impact on consumer discretionary spending, and on our sales results and results from operations. Luxury jewelry and timepiece purchases are considered discretionary spending. As such, if inflation, interest rates, and volatility in the stock market could negatively impact consumer discretionary spending, it could also negatively impact our future sales results and operating performance.

The cost of gold and diamonds continued to fluctuate during fiscal 2024 with an increase in the first months of the year, and a decrease in the summer months before increasing once again during the holiday season. During fiscal 2023, diamond and gold costs increased throughout the year. As a result of these fluctuations, we have increased retail prices on certain product categories to offset such cost increases in fiscal 2023 but maintained retail prices stable during fiscal 2024. Refer to Item 1A, Risk Factors, for further information on the potential impacts and risk associated with inflation.

Seasonality

Our sales are highly seasonal, with the third fiscal quarter (which includes the holiday shopping season) historically contributing significantly higher net sales than any other quarter during the year. In addition to seasonality trends, fiscal 2022 was also impacted by factors attributable to COVID-19, such as widespread restrictions and temporary store closures, particularly in the first quarter of fiscal 2022 which shifted net sales between quarters. Net sales in the first, second, third and fourth quarters in fiscal 2024 were 24%, 24%, 33% and 20%, respectively, in fiscal 2023 were 26%, 22%, 33% and 19%, respectively, and in fiscal 2022 were 22%, 25%, 34% and 19%, respectively.

Retail Operations, Merchandising and Marketing

General

We believe we are differentiated from most of our competitors because we offer distinctively designed, exclusive products and a selection of distinctive high quality merchandise at a wide range of price points. We keep the majority of our inventory on display in our stores rather than at our distribution facility. Although each store stocks a representative selection of jewelry, timepieces, and giftware, certain inventory is tailored to meet local tastes and historical merchandise sales patterns of specific stores.

We believe that our stores' elegant surroundings and distinctive merchandise displays play an important role in providing an atmosphere that encourages sales. We pay careful attention to detail in the design and layout of each store, particularly lighting, colors, choice of materials, and placement of display cases. We also use window displays as a means of attracting walk-in traffic and reinforcing our distinctive image. Our marketing department designs and creates window and store merchandise case displays for all of our stores. Window displays are frequently changed to provide variety and to reflect seasonal events such as the November – December Holiday Season, Valentine's Day, Mother's Day and Father's Day.

Personnel and Training

We place substantial emphasis on the professionalism of our sales force to maintain our position as a leading prestige jeweler. We strive to hire only highly motivated, professional and customer-oriented individuals. All new sales professionals attend an intensive training program where they are trained in technical areas of the jewelry and timepiece business, specific sales and service techniques and our commitment to client service. Management believes that attentive personal service and knowledgeable sales professionals are key components to our success.

As part of our commitment to continuous, on-the-job training, we have established "Birks University", a formalized system of in-house training with a primary focus on client service, selling skills and product knowledge that involves extensive training, the use of detailed operational manuals, in-store mentorship programs and a leading edge product knowledge program which includes on-line quizzes. In addition, we conduct in-house training seminars on a periodic basis and administer training modules with audits to (i) enhance the quality and professionalism of all sales professionals, (ii) measure the level of knowledge of each sales professional, (iii) update sales professionals on changes to our credit programs available to customers and changes to applicable laws, including anti-money laundering legislation, and (iv) identify needs for additional training. We also provide all management team members with more extensive training that emphasizes leadership skills, general management skills, "on-the-job" coaching and training instruction techniques.

Advertising and Promotion

One of our key marketing goals is to build on our reputation in our core markets as a leading luxury jewelry brand offering high quality merchandise in an elegant, sophisticated environment. For example, we frequently run advertisements that associate the Birks brand with internationally recognized brand names. Advertising and promotions for all stores are developed by our personnel in conjunction with outside creative professionals.

Our advertising reinforces our role as a world-class luxury brand that aims to deliver a total shopping experience that is as memorable as our merchandise. Our marketing efforts consist of advertising campaigns on digital platforms (including on our website and on social media), billboards, print, direct mail, special events, media and public relations, distinctive store design, elegant displays, partnerships with key suppliers and associations with prestige institutions. The key goals of our marketing initiatives are to enhance customer awareness and appreciation of our retail brand, Maison Birks, as well as our Birks product brand, and to increase customer traffic, client acquisition and retention and net sales.

Credit Operations

We have a private label credit card, which is administered by a third-party financial institution that owns the credit card receivable balances. We also have a Birks proprietary credit card, which we administer. Our credit programs are intended to complement our overall merchandising and sales strategy by encouraging larger and more frequent sales to a loyal customer base. Sales under the Birks private label credit card and the Birks in-house credit card accounted for approximately 18.9% of our net sales during fiscal 2024, 15.6% of our net sales during fiscal 2023 and 14.7% during fiscal 2022. We have continued to implement attractive term plans during fiscal 2024. Sales under the Birks private label credit cards are generally made without credit recourse to us.

Distribution

Our retail locations receive the majority of their merchandise directly from our distribution warehouse located in Montreal, Québec. Merchandise is shipped from the distribution warehouse utilizing various air and ground carriers. We also transfer merchandise between retail locations to balance inventory levels and to fulfill client requests, and a portion of merchandise is delivered directly to the retail locations from suppliers.

Competition

The North American retail jewelry industry is highly competitive and fragmented, with a few very large national and international competitors and many medium and small regional and local competitors. The market is also fragmented by price and quality. Our competitors include national and international jewelry chains as well as independent regional and local jewelry and timepiece retailers. We also compete with other types of retailers such as department stores and specialty stores and, to a lesser extent, catalog showrooms, discounters, direct mail suppliers, televised home shopping networks, and pure e-commerce players. Many of these competitors have greater financial resources than we do. We believe that competition in our markets is based primarily on the total brand experience including trust, quality craftsmanship, product design and exclusivity, product selection, marketing and branding elements (including web), service excellence, including after-sales service, and, to a certain extent, price. With the on-going consolidation of the retail industry, we believe that competition with other general and specialty retailers and discounters will continue to increase. Our success will depend on various factors, including general economic and business conditions affecting consumer spending, the performance of national and international retail operations, the acceptance by consumers of our merchandising and marketing programs, store locations and our ability to properly staff and manage our stores.

Regulation

Our operations are affected by numerous federal and provincial laws that impose disclosure and other requirements upon the origination, servicing and enforcement of credit accounts and limitations on the maximum

amount of finance charges that may be charged by a credit provider. In addition to our private label and proprietary credit cards, credit to our clients is primarily available through third-party credit cards such as American Express®, Discover®, MasterCard®, Union Pay® and Visa®, without recourse to us in the case of a client's failure to pay. Any change in the regulation of credit that would materially limit the availability of credit to our traditional customer base could adversely affect our results of operations and financial condition.

We generally utilize the services of independent customs agents to comply with U.S. and Canadian customs laws in connection with our purchases of gold, diamond and other jewelry merchandise from foreign sources.

Diamonds extracted from certain regions in Africa, including Zimbabwe, that are believed to be used to fund terrorist activities, are considered conflict diamonds. We have designed a conflict minerals compliance initiative to implement a consistent, company-wide compliance process which includes:

- Educating our employees and suppliers about conflict minerals;
- Establishing a cross-functional management team with members of senior management and subject-matter experts from relevant functions such as supply chain, product development, merchandising, legal and finance responsible for implementing our conflict minerals compliance strategy; and
- Reporting mechanisms for questions and concerns, including a toll-free confidential and anonymous hotline.

We support the Kimberley Process, an international initiative intended to ensure diamonds are not illegally traded to fund conflict. As part of this initiative, we require our diamond suppliers to acknowledge compliance with the Kimberley Process and invoices received for diamonds purchased by us must include certification from the vendor that the diamonds and diamond containing jewelry are conflict free. Through this process and other efforts we believe that the suppliers from whom we purchase diamonds exclude conflict diamonds from their inventories.

Our compliance program has been designed to conform, in all material respects, with the framework in The Organization of Economic Co-operation and Development ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Second Edition), and the related gold supplement for conflict minerals. In addition, we have adopted a conflict minerals policy which has been communicated to our suppliers and is included in our Merchandise Quality Manual and available under "Corporate Governance" on the "Investor Relations" webpage of our website at www.birks.com. Our conflict mineral policy indicates that suppliers who do not comply with this policy will be reviewed and evaluated accordingly for future business and sourcing decisions.

In August 2012, the SEC issued rules that require companies that manufacture products using certain "conflict minerals", including gold, to determine whether those minerals originated in the Democratic Republic of Congo or adjoining countries ("DRC"). If the minerals originate in the DRC, or if companies are not able to establish where they originated, extensive disclosure regarding the sources of those minerals, and in some instances an independent audit of the supply chain, is required. We filed our twelfth disclosure report on May 31, 2024 for the calendar year ended December 31, 2023. We determined that we had no reason to believe that any conflict minerals necessary to the functionality or production of our products may have originated in the DRC.

Trademarks and Copyrights

The designations Birks, and the Birks logos, are our principal trademarks and are essential to our ability to maintain our competitive position in the prestige jewelry segment. We maintain a program to protect our trademarks and will institute legal action where necessary to prevent others from either registering or using marks that are considered to create a likelihood of confusion with our trademarks. We are also the owner of the original jewelry designs.

Organizational Structure

Not applicable.

Properties

We lease all of our store locations as well as our corporate head office which includes a distribution center. We believe that all of our facilities are well maintained and in good condition and are adequate for our current needs. We actively review all leases that expire within the next 12 months to determine whether to renew the leases. Over the past few years, we have also decreased the number of stores we operate by closing certain underperforming stores. Going forward, we plan to continue to evaluate the productivity of our existing stores and close unproductive stores. In addition, we plan to continue to review opportunities to open new stores in new prime retail locations when the right opportunities exist.

Following is a listing of all our properties as of March 30, 2024:

	<u>Size (Square Feet)</u>	<u>Expiration of Lease</u>	<u>Location</u>
Operating Stores			
Bayshore Centre	1,099	September 2027	Ottawa, ON
Bloor Flagship Store	9,695	February 2034	Toronto, ON
Brinkhaus	3,221	March 2027	Calgary, AB
Breitling Laval	257	August 2032	Laval, QC
Carrefour Laval	2,288	August 2032	Laval, QC
Chinook Shopping Centre	4,186	October 2032	Calgary, AB
DIX-30 Mall	1,645	July 2033	Brossard, QC
Fairview Pointe-Claire	1,450	August 2030	Pointe-Claire, QC
First Canadian Place	2,243	August 2028	Toronto, ON
Graff Boutique	850	October 2028	Vancouver, BC
Montreal Flagship Store	7,714	April 2032	Montreal, QC
Park Royal	1,797	October 2024	West Vancouver, BC
Patek Philippe Boutique	850	October 2028	Vancouver, BC
Place Ste-Foy	1,472	September 2027	Ste-Foy, QC
Rideau Centre	2,745	May 2034	Ottawa, ON
Sherway Gardens	2,726	September 2025	Etobicoke, ON
Southgate Shopping Centre	1,300	April 2028	Edmonton, AB
Toronto Dominion Square	5,568	August 2030	Calgary, AB
Vancouver Flagship Store	20,221	August 2032	Vancouver, BC
West Edmonton Mall	2,244	August 2024	Edmonton, AB
Willowdale Fairview Mall	1,543	August 2029	North York, ON
Yorkdale	2,817	October 2026	Toronto, ON
Other Properties			
Montreal corporate office	26,423	May 2033	Montreal, QC

Total annual base rent for the above locations for fiscal 2024 was approximately \$11.9 million.

Diversity, Equity and Inclusion Throughout the Company

We strive to embed diversity, equity and inclusion (“DE&I”) in our corporate culture and provide our employees across Canada with equal opportunities and a sense of belonging, regardless of their background, experience or beliefs. This creates a better work environment and fosters individual and team growth, allowing us to better serve our customers and attract the best diverse talent.

We promote equal opportunity in recruitment, hiring, promotion, compensation, employee development such as training, and all other terms and conditions of employment. As such, all decisions regarding these matters are made without bias relating to race, national or ethnic origin, color, religion, age, gender, sex, sexual orientation, matrimonial status, civil status, physical or mental ability, or thoughts and beliefs, in each case in accordance with the laws of the jurisdictions in which we operate and as set out in our Code of Conduct.

Some of the Company's tangible initiatives to promote DE&I and foster a more inclusive culture where everyone feels they belong include:

- The establishment of a Diversity & Inclusion Task Force (the "Task Force") in July 2020, which has expanded to 9 members spanning multiple functions, regions and levels within the Company and led by a senior executive, namely Miranda Melfi. The Task Force has developed recommendations to create opportunities that promote cultural awareness and open dialogue and facilitate inclusion at all levels of the Company, which are being implemented by the relevant departments of the Company. Such recommendations were developed based on an analysis of the valuable feedback received from survey results and team lead interviews conducted with employees, department heads and team leads throughout the Company. The Task Force has been renamed the Diversity, Equity and Inclusion Committee (the "DE&I Committee").
- A mandatory two-session training course on diversity, inclusion and unconscious bias was delivered by an external consultant with subject matter expertise in DE&I, to all of the Company's employees as well as the Board of Directors. The course, which emphasizes both the Company's and employee's responsibility to build an inclusive culture, has become a part of the Company's training program, and all new employees must complete the course as part of their onboarding.
- A mandatory training course on anti-racism was also delivered by an external consultant with subject matter expertise in DE&I, to all of the Company's employees.
- An annual calendar highlighting various societal, cultural and religious days of importance was developed in order to create awareness and to publicly recognize the diversity of the Company's workforce and to foster a more inclusive environment.
- Flexible work arrangements are offered to office employees, allowing office employees (i) a flexible work schedule, (ii) the opportunity to telework within a hybrid work model, and (iii) a summer schedule allowing employees to take a few Friday afternoons off during the summer.

Environmental, Social and Governance Highlights

The Company is committed to enhancing its Environmental, Social and Governance ("ESG") practices and disclosure. We organize our ESG efforts around three pillars: (1) Environmental, (2) Social, and (3) Governance. These pillars are reflective of the integrity of the Birks brand and are embedded in our operations and culture. They specifically focus on our employees, communities, operations and products, and priorities are distributed across our value chain from raw material sourcing and third-party manufacturing, our stores, head office, distribution center and our watch and jewelry ateliers, through to our products' use and end of life impacts. We believe this approach creates value for all of our stakeholders, including our customers, employees, suppliers and partners, and the communities we serve, in turn creating long-term value for our shareholders.

Some of the highlights of our key initiatives and achievements are described below.

Environmental

Our commitment to sustainable business operations spans from the products we offer to our customers, to our store construction, maintenance and operations, to our supply chain and packaging initiatives, and to an ethical sourcing program. In addition, our Birks branded jewelry collections are inspired by the Canadian nature which we believe contributes to keeping the environment in the front and center.

Recycling and Waste Management

- Since 2014, we have been reporting verified conflict-free gold to the U.S. Securities and Exchange Commission;
- We have recovered over 1,575 troy ounces of gold and platinum in fiscal 2024 through our Maison Birks Gold Exchange Program;
- We have recovered approximately 11% of our diamonds in fiscal 2024 through our diamond upgrade program- that were sold and made available for sale;
- Following the recommendations of our former paperless committee, we have implemented initiatives which led to the reduction of our consumption of paper and ink by (i) reducing the number of documents being printed, (ii) reducing the number of printers, (iii) providing two computer screens to employees which allow them to view documents on two screens thereby reducing the need to print, and (iv) offering and encouraging our customers to use the option of electronic statements.

Sourcing and Quality Assurance

- We uphold high standards in quality and maintain a global sourcing program to obtain high-quality products from our suppliers around the world.
- To ensure that suppliers adhere to our standards of social and environmental responsibility, we also have a global responsible sourcing program and support the Kimberley Process, which is an international certification initiative that regulates trade in rough diamonds and is intended to ensure that diamonds are not illegally traded to fund conflict thereby protecting human rights and the environment. As part of this initiative, we require our diamond suppliers to acknowledge compliance with the Kimberley Process and invoices received for diamonds purchased by us must include certification from the vendor that the diamonds and diamond containing jewelry are conflict free.
- In addition, we maintain high standards of diamond traceability and in keeping with our commitment to responsible sourcing, we provide a Birks Canadian Diamond Certificate for every newly sourced, individually registered Canadian diamond (of 0.18 carats and larger) that are set in our diamond engagement rings. The Certificate provides an individual Birks Canadian Diamond Identification Number which allows for detailed traceability of the diamond from the mine to the Birks engagement ring.

Sustainable Packaging

- We are currently working with suppliers to find ways to make our Birks bags more recyclable. We have set goals to lessen the environmental impact of our Birks bags by prioritizing recycling and reuse, and selecting more sustainable materials.

Bee Protection

- One of the Company's objectives is to spread awareness to ensure the longevity of bees. The world population of bees is decreasing at an alarming rate due to climate change, pesticides, insecticides, loss of habitat and new diseases. Bees play a pivotal role in maintaining and protecting natural ecosystems and biodiversity contributing to the overall wellbeing of our environment. To that end, the Company has partnered with The Nature Conservancy of Canada, Alvéole Urban Beekeeping and University of Guelph, to ensure the longevity of Canada's world-renowned natural environment. The Company is proud to home beehives in Montreal managed by Alvéole.

Social

The Company is committed to corporate social responsibility. Our core values are at the root of all of our human capital management programs, policies and practices. We believe our focus on improving career paths for

our employees through training, competitive wages, new ways of working, and opportunities for advancement empower our employees to provide an outstanding performance and customer experience and position our employees to embody our core values.

Employee Engagement

- As discussed in this Circular under “Diversity, Equity and Inclusion Throughout the Company” above, we created a DE&I Committee. We strive to create an inclusive and respectful environment that encourages our employees to bring their whole selves to work every day. We have a zero-tolerance policy for discrimination or harassment.
- We strive to maintain an open and ongoing dialogue with our employees, which helps us to make Birks Group a better, more fulfilling place to work. Throughout the year, we engage our employees through a variety of remote and on-site events, including training, and health and wellness activities. We also actively seek employee feedback through formal and informal touchpoints. We use the feedback from these touchpoints to help improve the overall employee experience.

Employee Development

- We invest in the development of our employees to enable them to thrive in our highly competitive industry. As such, we offer all of our employees the opportunity to benefit from development opportunities. We invest in ongoing growth and development by integrating our culture and values into our management practices, providing leadership coaching and support, and empowering our employees to learn new skills through diverse learning opportunities and challenging work experiences. The Company continually refreshes its product knowledge training to retain our competitive edge in the jewelry industry. Our retail employees are highly skilled professionals as a result of our continuous training and development of their skillsets. We equip our leaders with the tools they need to develop themselves and their teams through several programs designed to help them lead inclusively, empower their teams, and serve as mentors for our employees. Employees in management positions participate in courses or programs designed to build critical skills, grow as effective leaders and strengthen our culture, such as training on leadership skills, inclusiveness, employee engagement, and unconscious bias.

Commitment to Equitable and Competitive Compensation and Benefits

- We are committed to equal opportunity and treatment for all employees which includes equal career advancement opportunities and equitable and competitive compensation and benefits.
- Consistent with our core values, we invest in our employees by offering competitive compensation including bonuses based on Company performance and individual performance, as well as a broad range of benefits.
- We make compensation and benefits investments to ensure our compensation and benefits packages reflect the evolving circumstances across our markets.

Subject to certain eligibility requirements, our employees can take advantage of a range of benefits including a group insurance plan (health, dental and life insurance and short-term and long-term disability insurance), virtual care, a generous merchandise discount, vacation days and personal days, as well as a flexible work schedule and hybrid work model for head office employees.

Health and Safety as a Priority

- Birks Group is committed to the health and safety of its employees, every day and especially in times of crisis. We provide safe and clean facilities, comply with all applicable workplace safety laws and have safety policies and procedures to articulate our expectations with respect to managing the health and safety aspects of our retail stores, head office, distribution center and our watch and jewelry

ateliers. We are dedicated to the overall wellbeing of our employees and hence we offer a comprehensive health and safety program including an employee assistance program which offers confidential counseling and support services, and virtual care which provides remote access to healthcare professionals. These programs ensure our employees have the resources they need to support their physical and mental health and overall wellbeing.

Digital Transformation and New Ways of Working

- To deliver a seamless customer and employee experience, we regularly invest in digital tools to improve employee productivity, engagement, and performance. As more customers shop digitally, we have adapted by adding more roles in e-commerce fulfillment and our home office employees have accelerated tech-based solutions that enhance the customer and employee experiences. The Company provided greater flexibility and new options to customers with browsing, shopping, and pickup and in particular implemented a concierge service during the pandemic offering customers a safe option to buy online and pickup-at-store.
- During the pandemic, digital learning became very important, and the Company accelerated the implementation of digital meeting platforms for collaboration. Our employees embraced technology to connect, learn, and collaborate as they attained results. The Company provided training sessions for retail employees on the technology and the ability of virtual selling.
- We have established an artificial intelligence (“AI”) committee whose purpose is to explore and integrate AI technologies in order to enhance our business processes and drive efficiencies throughout the organization.

Strengthen our Communities

One of our core values is giving back and we support our communities in a number of ways. Since 2020, the Company has made and encouraged its employees to make donations to First Assist, an Indigenous-led charitable organization that provides education and sports integration programs to enhance the mental, emotional and physical well-being of youth in Indigenous Communities across Canada.

In May 2024, we published our first report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. (Canada), which describes, among other things, the policies and steps implemented and taken by the Company with respect to forced labour and child labour. This report is available on our website at www.birks.com.

Governance

Birks has a strong commitment to ethics and integrity, which serve as the foundation of our business and the guiding principles behind the decisions we make every day. As part of the governance pillar, we strive to continue to make sound strategic decisions and maintain high ethical standards.

Supported by management, the Company’s Board of Directors is the ultimate steward of ESG matters. Management is responsible for the development and implementation of ESG strategies and continues to work toward enhancing disclosure in this regard. The leadership and execution of ESG priorities is shared across a number of departments.

Together, the Board of Directors and management have full oversight and accountability for the Company’s ESG activities and performance. We believe this allocation of responsibilities to be the most effective means at the moment to drive accountability for ESG matters, and we will regularly re-evaluate our approach to ensure its effectiveness.

As part of the Company's enterprise risk management framework, the committees of the Board receive regular reports from management on the principal risks and opportunities of the Company's business relating to the committee's oversight responsibilities which are also discussed at the Board on a regular basis, including key areas which are material to the business from an ESG perspective.

Hence, ESG matters described herein are considered to mitigate risks and maximize our positive impacts. We continue to identify and monitor relevant risks and compliance expectations through ongoing assessments.

To date, the Company has implemented various programs, corporate policies and other initiatives to support the execution of its ESG priorities. These include but are not limited to the following:

- Our Board of Directors consists of a majority of independent directors. All of our directors, other than Messrs. Rossi di Montelera and Bédos, have been affirmatively determined by the Board of Directors to be independent in accordance with the NYSE American Company Guide (even though due to the Company's controlled company status it may be exempted from the independence requirement).
- The Company's Code of Conduct for directors, officers and employees.
- An anonymous and confidential whistleblowing line hosted by a third-party.
- A responsible sourcing program.
- The Company's anti-money laundering program.
- Oversight of data privacy and security through the audit and corporate governance committee.
- An assessment process for the Chief Executive Officer, the Board, the committees and the directors, individually.
- Policy Regarding the Mandatory Recovery of Compensation (i.e., claw back policy) and incentive compensation claw back policy in our Omnibus Long-Term Incentive Plan (for grants made after September 2016).

Furthermore, the Board has incorporated consideration of DE&I matters into its governance practices as provided in the Company's Board Diversity, Equity and Inclusion Policy. This is achieved through ensuring that diversity considerations are taken into account in Board of Directors vacancies. Additionally, the compensation and nominating committee considers the Board's diversity in its regular assessment of the Board's effectiveness, and its periodic review of the composition of the Board. As part of the selection process for new directors, a skills matrix is used to assess the overall strengths of directors and to assist in the ongoing renewal process of the Board of Directors, which skills matrix includes various ESG related skills.

Diversity considerations are also taken into account in senior management succession planning, committing to retention and development to ensure that our most talented employees are promoted from within the organization, and ensuring that diversity is taken into account when identifying and fostering the development of high-potential individuals within our Company.

Item 4A. Unresolved Staff Comments

Not applicable

Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report. The following discussion includes certain forward-looking statements. For a discussion of important factors, including the continuing development of our business, actions of regulatory authorities and competitors and other factors which could cause actual results to differ

materially from the results referred to in the forward-looking statements, see Item 3., “Key Information” under the heading “Risk Factors” and the discussion under the heading “Forward-Looking Information” at the beginning of this Annual Report.

Throughout this Annual Report, we refer to our fiscal year ended March 30, 2024, as fiscal 2024, and our fiscal years ended March 25, 2023, and March 26, 2022, as fiscal 2023 and fiscal 2022, respectively. Our fiscal year ends on the last Saturday in March of each year. The fiscal years ended March 30, 2024 and March 25, 2023 each consisted of 53 and 52 weeks, respectively.

Overview

Birks Group is a leading designer of fine jewelry and operator of luxury jewelry stores in Canada, with wholesale customers in North America, the U.K., and the E.U. As of March 30, 2024, we have two reportable segments, “Retail” and “Other.” Retail consists of our retail operations whereby we operate 18 stores across Canada under the Maison Birks brand, one store under the Brinkhaus brand, one store under the Breitling brand, one store under the Graff brand, and one store under the Patek Philippe brand. Other consists primarily of our wholesale business, our e-commerce business and our gold exchange business.

As of March 30, 2024, our retail operation’s total square footage was 77,932. The average square footage of our five Maison Birks flagship stores was approximately 9,477 while the average square footage for all other Maison Birks retail stores was approximately 2,225. The average square footage of the Brinkhaus, Graff, and Patek Philippe locations was 1,640. The Breitling Laval location was 257 square feet.

Investment in RMBG Joint Venture

In April of 2021, the Company entered into a joint venture with FWI LLC (“FWI”) to form RMBG Retail Vancouver ULC (“RMBG”). During fiscal 2023, the joint venture became operational. RMBG operates a boutique in Vancouver, retailing third party branded watches, sales of which were historically recognized at the Company’s Vancouver Flagship location and are now recognized through the joint venture. The Company and FWI both contributed certain assets for a 49% and 51% equity interest respectively in RMBG, the legal entity comprising the joint venture. FWI has controlled the joint venture since its inception. The Company has determined that it has significant influence but not control over RMBG and therefore has applied the equity method of accounting to account for its investment in RMBG. Such accounting treatment has an impact on period-to-period comparisons of sales, gross profit, operating expenses, and operating income, as the Company’s share of RMBG’s profits are now recorded within Equity in earnings of joint venture, net of taxes on the Company’s condensed consolidated statements of operations.

Description of Operations

Our net sales are comprised of revenues, net of discounts, in each case, excluding sales tax. Sales are recognized at the point of sale when merchandise is taken or shipped. Sales of consignment merchandise are recognized on a full retail basis at such time that the merchandise is sold. Revenues for gift certificates and store credits are recognized upon redemption. Customers use cash, debit cards, third-party credit cards, private label credit cards and proprietary credit cards to make purchases. The level of our sales is impacted by the number of transactions we generate and the size of our average sales transaction.

Our operating costs and expenses are primarily comprised of cost of sales and selling, general and administrative expenses (“SG&A”). Cost of sales includes cost of merchandise, direct inbound freight and duties, direct labor related to repair services, the costs of our design and creative departments, inventory shrink, damage and inventory reserves, jewelry, watch and giftware boxes, as well as product development costs. SG&A includes, among other things, all non-production payroll and benefits (including non-cash compensation expense), store and head office occupancy costs, overhead, credit card fees, information systems, professional

services, consulting fees, repairs and maintenance, travel and entertainment, insurance, legal, human resources and training expenses. Occupancy, overhead and depreciation are generally less variable relative to net sales than other components of SG&A, such as credit card fees and certain elements of payroll, such as commissions. Another significant item in SG&A is marketing expenses, which include marketing, public relations and advertising costs (net of amounts received from vendors for cooperative advertising) incurred to increase customer awareness of both the Birks product brand and our third party product brands. Marketing has historically represented a significant portion of our SG&A. As a percentage of net sales, marketing expenses represented 3.7 %, 5.0%, and 4.9% of sales for fiscal 2024, fiscal 2023, and fiscal 2022, respectively. Additionally, SG&A includes indirect costs such as freight, including inter-store transfers, receiving costs, distribution costs, and warehousing costs. Depreciation and amortization includes depreciation and amortization of our stores and head office, including leasehold improvements, furniture and fixtures, computer hardware and software and amortization of intangibles.

Our attention remains focused on the execution of our short-term and long-term strategic plans.

Over the short-term, we will focus our efforts on those strategies and key drivers of our performance that are necessary in the current business climate, which include our ability to:

- grow sales, gross margin rate and gross profits;
- manage expenses and assets efficiently in order to optimize profitability and cash flow with the objective of growing earnings before interest, tax, depreciation and amortization (“EBITDA”);
- align our operations to effectively and efficiently deliver benefits to our shareholders; and
- maintain flexible and cost effective sources of borrowings to finance our operations and strategies.

Over the long-term, we believe that the key drivers of our performance will be our ability to:

- continue to develop our Birks product brand through the expansion of all sales channels including international channels of distribution and e-commerce;
- execute our merchandising strategy to increase net sales and maintain and expand gross margin by lowering discounts, developing and marketing higher margin exclusive and unique products, and further developing our internal capability to develop and source products;
- execute our marketing strategy to enhance customer awareness and appreciation of the Birks product brand as well as our third party product brands with an objective of maintaining and eventually increasing customer traffic, client acquisition and retention and net sales through regional, national and international advertising campaigns using digital channels (including our website), billboards, print, direct mail, community relations, media and public relations, partnerships with key suppliers, and associations with prestige institutions;
- provide a superior omni-channel client experience through consistently outstanding customer service that will ensure customer satisfaction and promote frequent customer visits, customer loyalty, and strong customer relationships;
- increase our retail stores’ average retail transaction, conversion rate, productivity of our store professionals, inventory and four-wall profitability; and
- recruit and retain top talent whose values are aligned with our omni-channel strategic visions.

Fiscal 2024 Summary

Total net sales for fiscal 2024 were \$185.3 million compared to \$163.0 million in fiscal 2023, an increase of \$22.3 million, or 13.7%. The increase in net sales in fiscal 2024 was primarily driven by the results of the Company’s retail channel. Net retail sales were \$20.4 million higher than fiscal 2023, an increase primarily

driven by the strong performance of third party branded timepieces and jewelry throughout the retail network, including at the newly renovated Chinook and Laval stores, partially offset by a decrease in Birks product brand sales.

- Comparable store sales increased by 7.5% in fiscal 2024 compared to fiscal 2023 mainly driven by strong third party branded timepieces sales and by an increase in average sales transaction value, partially offset by a decrease in the Birks product brand sales.
- Total gross profit for fiscal 2024 was \$73.6 million, or 39.7% of net sales, compared to \$68.0 million, or 41.7% of net sales in fiscal 2023. This increase in gross profit was primarily driven by the increased sales volume experienced during fiscal 2024 due to strong third party branded timepieces and jewelry sales, partially offset by higher product and packaging costs. The decrease of 200 basis points in gross margin percentage resulted primarily from the sales mix with increased sales from third party branded timepieces and jewelry partially offset by lower promotions and discounts.
- SG&A expenses in fiscal 2024 were \$65.7 million, or 35.5% of net sales, compared to \$66.1 million, or 40.6% of net sales in fiscal 2023, a decrease of \$0.4 million. The main drivers of the decrease in SG&A expenses in the period include lower marketing costs (\$1.3 million) and lower non-cash stock based compensation expense (\$2.0 million) due to the fluctuations in the Company's stock price during the fiscal year, offset by higher compensation costs (\$1.5 million) primarily due to longer store opening hours compared to fiscal 2023, higher credit card costs (\$1.1 million) due to higher cost on private label credit cards and proprietary credit cards, higher occupancy costs (\$0.4 million) and higher general operating costs and variable costs (\$0.3 million). As a percentage of sales, SG&A expenses in fiscal 2024 decreased by 510 basis points as compared to fiscal 2023.
- The Company's EBITDA ⁽¹⁾ for fiscal 2024 was \$10.0 million, an increase of \$6.2 million, compared to EBITDA⁽¹⁾ of \$3.8 million for fiscal 2023.
- The Company's reported operating income for fiscal 2024 was \$1.2 million, an increase of \$5.0 million, compared to a reported operating loss of \$3.8 million for fiscal 2023.
- The Company recognized interest and other financing costs of \$8.0 million in fiscal 2024, an increase of \$2.4 million, compared to recognized interest and other financing costs of \$5.6 million in fiscal 2023. This increase is due to an increase in our average borrowing rate on our debt, an increase in the average amount outstanding on the amended credit facility as well as additional borrowings, partially offset by a foreign exchange gain of \$0.2 million in fiscal 2024 versus a foreign exchange loss of \$0.5 million in fiscal 2023 on our U.S. dollar denominated debt.
- The Company recognized net loss for fiscal 2024 of \$4.6 million, or \$0.24 per share, compared to a net loss for fiscal 2023 of \$7.4 million, or \$0.40 per share.

(1) This is a non-GAAP financial measure defined below under "Non-GAAP Measures" and accompanied by a reconciliation to the most directly comparable GAAP financial measure.

Comparable Store Sales

We use comparable store sales as a key performance measure for our business. Comparable store sales include stores open in the same period in both the current and prior year. We include our e-commerce sales in comparable store calculations. Stores enter the comparable store calculation in their thirteenth full month of operation under our ownership. Stores that have been resized and stores that are relocated are evaluated on a case-by-case basis to determine if they are functionally the same store or a new store and then are included or excluded from comparable store sales, accordingly. Comparable store sales measures the percentage change in net sales for comparable stores in a period compared to the corresponding period in the previous year. If a comparable store is not open for the entirety of both periods, comparable store sales measures the change in net sales for the portion of time that such store was open in both periods. We believe that this measure provides meaningful information on our performance and operating results. However, readers should know that this financial metric has no standardized meaning and may not be comparable to similar measures presented by other companies.

The percentage increase (decrease) in comparable store sales for the periods presented below is as follows:

	Fiscal Year Ended		
	<u>March 30, 2024</u>	<u>March 25, 2023</u>	<u>March 26, 2022</u>
Comparable store sales	<u>7.5%</u>	<u>2.9%</u>	<u>32.4%</u>

The increase in comparable store sales of 7.5% during fiscal 2024 was driven by strong third party branded timepiece sales. Furthermore, the comparable store sales increase was influenced by an increase in average sales transaction value, partially offset by a decrease in units sold.

The increase in comparable store sales of 2.9% during fiscal 2023 is in part due to the reduced impact of COVID-19 (including government-mandated temporary store closures, traffic declines and capacity limitations) experienced by the Company in fiscal 2023 as compared to fiscal 2022. No shopping days were lost due to temporary store closures in fiscal 2023, as compared to approximately 7% during fiscal 2022. The increase was experienced across both the branded jewelry and branded timepieces categories, with such product categories benefitting from the Company's continuously improving third party brand portfolio and client offering. For fiscal 2023, the Company's Vancouver Flagship store is excluded from the calculation of comparable store sales as a result of the RMBG joint venture.

Fiscal 2024 Compared to Fiscal 2023

The following table sets forth, for fiscal 2024 and fiscal 2023, the amounts in our consolidated statements of operations:

	Fiscal Year Ended	
	<u>March 30, 2024</u>	<u>March 25, 2023</u>
	(In thousands)	
Net sales	\$185,275	\$162,950
Cost of sales	<u>111,720</u>	<u>94,990</u>
Gross profit	73,555	67,960
Selling, general and administrative expenses	65,705	66,095
Depreciation and amortization	<u>6,639</u>	<u>5,673</u>
Total operating expenses	<u>72,344</u>	<u>71,768</u>
Operating income (loss)	1,211	(3,808)
Interest and other financing costs	<u>8,007</u>	<u>5,581</u>
(Loss) income before taxes and equity in earnings of joint venture	(6,796)	(9,389)
Income taxes (benefits)	—	—
Equity in earnings of joint venture, net of taxes of \$0.8 million (\$0.7 million in 2023)	<u>2,165</u>	<u>1,957</u>
Net (loss) income, net of tax	<u>\$ (4,631)</u>	<u>\$ (7,432)</u>

Net Sales

	Fiscal Year Ended	
	<u>March 30, 2024</u>	<u>March 25, 2023</u>
	(In thousands)	
Net sales – Retail	\$173,872	\$153,428
Net sales – Other	<u>11,403</u>	<u>9,522</u>
Total Net Sales	<u>\$185,275</u>	<u>\$162,950</u>

Total net sales for fiscal 2024 were \$185.3 million compared to \$163.0 million in fiscal 2023, which is an increase of \$22.3 million, or 13.7%. Net retail sales were \$20.4 million higher than the comparable prior year period. The increase in retail sales in fiscal 2024 was primarily driven by the strong performance of third party branded timepieces and jewelry, including at the newly renovated Chinook and Laval stores, partially offset by a decrease in Birks product brand sales. The net retail sales increase was driven by an increase in average sales transaction value, partially offset by a slight decrease in units sold. The increase in Net Sales – Other of \$1.9 million is primarily due to an increase in sales of 26.8% from our e-commerce business due to on-line exclusive product offerings and improved site functionalities. Additionally, the increase in Net Sales – Other was further driven by an increase of 34.4% from our gold exchange business, partially offset by a decrease in our wholesale activity.

Gross Profit

	Fiscal Year Ended	
	March 30, 2024	March 25, 2023
	(In thousands)	
Gross Profit – Retail	\$68,370	\$64,031
Gross Profit – Other	5,185	3,929
Total Gross Profit	<u>\$73,555</u>	<u>\$67,960</u>
Gross Margin (Total Gross Profit as a % of Total Net Sales)	<u>39.7%</u>	<u>41.7%</u>

Total gross profit for fiscal 2024 was \$73.6 million, or 39.7% of net sales, compared to \$68.0 million, or 41.7% of net sales in fiscal 2023. This increase in gross profit was primarily driven by the increased sales volume experienced in the period driven by strong third party branded timepieces and jewelry, partially offset by higher product, packaging and costs of sales. The decrease of 200 basis points in gross margin percentage was primarily resulting from the sales mix with increased sales from third party branded timepieces and jewelry partially offset by lower promotions and discounting. Gross Profit – Retail for fiscal 2024 was \$68.4 million, or 39.3% of Net Sales – Retail, compared to \$64.0 million, or 41.7% of Net Sales – Retail for fiscal 2023. Although there was an increase of \$4.3 million in Gross Profit – Retail, Gross Margin Percentage – Retail decreased by 240 basis points driven by the above-mentioned factors. Gross Profit – Other for fiscal 2024 was \$5.2 million, or 45.5% of Net Sales – Other compared to \$3.9 million, or 41.3% of Net Sales – Other for fiscal 2023, which is an increase of \$1.3 million driven by the increase in volume of e-commerce and gold exchange. The increase in gross margin of 420 basis points is primarily driven by the sales mix in e-commerce, gold exchange and wholesale business.

SG&A Expenses

SG&A expenses in fiscal 2024 were \$65.7 million, or 35.5% of net sales, compared to \$66.1 million, or 40.6% of net sales in fiscal 2023, a decrease of \$0.4 million. The main drivers of the decrease in SG&A expenses in fiscal 2024 include lower marketing costs (\$1.3 million) and lower non-cash stock based compensation expense (\$2.0 million) due to the fluctuations in the Company's stock price during the fiscal year, offset by higher compensation costs (\$1.5 million) primarily due to longer store opening hours compared to fiscal 2023, higher credit card costs (\$1.1 million) due to higher cost on private label credit cards and proprietary credit cards, higher occupancy costs (\$0.4 million) and higher general operating costs and variable costs (\$0.3 million). As a percentage of sales, SG&A expenses in fiscal 2024 decreased by 510 basis points as compared to fiscal 2023.

Depreciation and Amortization

Depreciation and amortization expense in fiscal 2024 was \$6.6 million compared to \$5.7 million in fiscal 2023. This increase was driven primarily by \$0.5 million accelerated depreciation due to modified terms of a vendor agreement as well as \$0.4 million due to accelerated depreciation related to store closures in fiscal 2024.

Interest and Other Financing Costs

Interest and other financing costs in fiscal 2024 were \$8.0 million compared to \$5.6 million in fiscal 2023, an increase of \$2.4 million, driven primarily by an increase of 210 basis points of the weighted average interest rate of the Amended Credit Facility (defined below) and Amended Term Loan (defined below), as well as explained by an increase in the average amount outstanding on the Amended Credit Facility (defined below) during fiscal 2024 compared to fiscal 2023.

Income Tax Expense

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of March 30, 2024, the Company did not have any accrued interest related to uncertain tax positions due to available tax loss carry forwards. The tax years 2017 through 2024 remain open to examination in the major tax jurisdictions in which the Company operates. We have continued to record a 100% valuation allowance on the full value of the deferred tax assets generated during these periods as the criteria for recognition of these assets was not met on March 30, 2024.

Equity in earnings of joint venture, net of taxes

During fiscal 2024, the Company recognized \$2.2 million of equity in earnings of joint venture, net of taxes, compared to \$2.0 million of equity in earnings of joint venture, net of taxes in fiscal 2023 as a result of its investment in the RMBG joint venture accounted for under the equity method of accounting.

Fiscal 2023 Compared to Fiscal 2022

The following table sets forth, for fiscal 2023 and fiscal 2022, the amounts in our consolidated statements of operations:

	Fiscal Year Ended	
	March 25, 2023	March 26, 2022
	(In thousands)	
Net sales	\$162,950	\$181,342
Cost of sales	94,990	105,122
Gross profit	67,960	76,220
Selling, general and administrative expenses	66,095	65,942
Depreciation and amortization	5,673	5,809
Total operating expenses	71,768	71,751
Operating (loss) income	(3,808)	4,469
Interest and other financing costs	5,581	3,182
(Loss) income before taxes and equity in earnings of joint venture	(9,389)	1,287
Income taxes (benefits)	—	—
Equity in earnings of joint venture, net of taxes of \$0.7 million.	1,957	—
Net income (loss), net of tax	<u>\$ (7,432)</u>	<u>\$ 1,287</u>

Net Sales

	Fiscal Year Ended	
	March 25, 2023	March 26, 2022
	(In thousands)	
Net sales – Retail	\$153,428	\$167,819
Net sales – Other	9,522	13,523
Total Net Sales	<u>\$162,950</u>	<u>\$181,342</u>

Total net sales for fiscal 2023 were \$163.0 million compared to \$181.3 million in fiscal 2022, which is a decrease of \$18.3 million, or 10.1%. Net retail sales were \$14.4 million lower than the comparable prior year period, attributable primarily to the exclusion of the sales of RMBG, partially offset by a 2.9% increase in comparable store sales. The net sales increase was influenced by an increase in average sales transaction value, partially offset by a slight decrease in volume. The decrease in Net Sales – Other of \$4.0 million is primarily driven by a decrease in sales of approximately 30% from our e-commerce business driven by a normalization of online traffic and reduction in conversion rates as consumer habits post COVID-19 shifted away from online shopping and toward the in-store experience. Furthermore, we believe the e-commerce business, which in large part caters to low and mid-price point consumers, was impacted by the heightened inflationary pressures on consumers’ discretionary spending. Additionally, the decrease in Net Sales – Other was further driven by a decrease of 41% from our gold exchange business which was largely successful during periods impacted by COVID-19 as customer demand for this service surged temporarily during the pandemic. Furthermore, the decrease in Net Sales – Other also includes a decrease in our wholesale activity.

Gross Profit

	Fiscal Year Ended	
	<u>March 25, 2023</u>	<u>March 26, 2022</u>
	(In thousands)	
Gross Profit – Retail	\$64,031	\$69,437
Gross Profit – Other	<u>3,929</u>	<u>6,783</u>
Total Gross Profit	<u>\$67,960</u>	<u>\$76,220</u>
Gross Margin (Total Gross Profit as a % of Total Net Sales)	41.7%	42.0%

Total gross profit was \$68.0 million, or 41.7% of net sales, for fiscal 2023 compared to \$76.2 million, or 42.0% of net sales for fiscal 2022. This decrease in gross profit is partially attributable to the exclusion of the gross profit of RMBG as well as by an increase in foreign exchange losses incurred during the period, partially offset by the impact of the 2.9% increase in comparable store sales experienced during fiscal 2023. The decrease of 30 basis points in gross margin percentage was mainly attributable to product sales mix comprised of more third party branded watches and jewelry than Birks branded products as well as by the impact of foreign exchange losses incurred in the period, partially offset by the Company’s adjusted pricing strategy on the Birks branded products, and its strategic focus to reduce sales promotions and discounting. Gross Profit – Retail for fiscal 2023 was \$64.0 million, or 41.7% of Net Sales – Retail, compared to \$69.4 million, or 42% of Net Sales – Retail for fiscal 2022. Although there was a decrease of \$8.3 million in gross profit, gross margin percentage only decreased by 30 basis points driven by the above-mentioned factors. Gross Profit – Other for fiscal 2023 was \$3.9 million, or 41.3% of Net Sales – Other compared to \$6.8 million, or 50.2% of net sales – Other for fiscal 2022, which is a decrease of \$2.9 million driven by the decrease in volume of e-commerce, gold exchange and wholesale sales. The decrease in gross margin of 890 basis points is primarily driven by a change in product sales mix in the e-commerce business (greater sales of third party branded jewelry and timepiece products compared to Birks branded products).

SG&A Expenses

SG&A expenses in fiscal 2023 were \$66.1 million, or 40.6% of net sales, compared to \$65.9 million, or 36.3% of net sales in fiscal 2022, an increase of \$0.2 million. This increase is primarily related to the reduced impact of COVID-19 (including fewer mandated store closures, increased opening hours and fewer government subsidies) experienced by the Company during fiscal 2023 as compared to fiscal 2022, and therefore there were fewer opportunities for cost containment initiatives available to management in response to the pandemic. The drivers of the increase in SG&A expenses in the period include greater occupancy costs (\$1.0 million) as a result of the re-opening of stores and expiring non-recurring rent abatements in fiscal 2022, higher general operating

costs and variable costs (\$0.9 million), lower wage subsidies (\$0.5 million) and rent subsidies (\$0.4 million), partially offset by lower marketing costs (\$0.7 million), lower compensation costs (\$0.9 million) driven by primarily by management bonuses in fiscal 2022 which did not reoccur in fiscal 2023, as well as lower stock-based compensation (\$1.0 million) linked to the conversion of the majority of RSUs and DSUs from cash settled awards to equity-settled awards during fiscal 2022. As a percentage of sales, SG&A expenses in fiscal 2023 increased by 430 basis points as compared to fiscal 2022.

Depreciation and Amortization

Depreciation and amortization expense in fiscal 2023 was \$5.7 million compared to \$5.8 million in fiscal 2022. This decrease of \$0.1 million was primarily driven by higher depreciation due to the increase in capital expenditures incurred by the Company over the last 12 months, offset in part by lower accelerated depreciation of leasehold improvements due to modified terms of a vendor agreement.

Interest and Other Financing Costs

Interest and other financing costs in fiscal 2023 were \$5.6 million compared to \$3.2 million in fiscal 2022, an increase of \$2.4 million, driven primarily by an increase of 300 basis points of the weighted average interest rate of the Amended Credit Facility (defined below) and Amended Term Loan (defined below), as well as greater F/X losses of \$0.6 million on U.S. denominated debt during fiscal 2023 compared to fiscal 2022. The increase is also partially explained by an increase in the average amount outstanding on the Amended Credit Facility (defined below) during fiscal 2023 compared to fiscal 2022.

Income Tax Expense

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of March 25, 2023, the Company did not have any accrued interest related to uncertain tax positions due to available tax loss carry forwards. The tax years 2016 through 2023 remain open to examination in the major tax jurisdictions in which the Company operates. We have continued to record a 100% valuation allowance on the full value of the deferred tax assets generated during these periods as the criteria for recognition of these assets was not met at March 25, 2023.

Equity in earnings of joint venture, net of taxes

During fiscal 2023, the Company recognized \$2.0 million of equity in earnings of joint venture, net of taxes as a result of its investment in the RMBG joint venture accounted for under the equity method of accounting.

Selected Financial Data

The following income statement data and balance sheet data as of March 30, 2024 and March 25, 2023 and for the years ended March 30, 2024, March 25, 2023, and March 26, 2022 have been derived from our audited consolidated financial statements, which are included elsewhere in this Annual Report. The following financial data as of March 26, 2022, March 27, 2021 and March 28, 2020 and for the years ended March 27, 2021 and March 28, 2020 have been derived starting with our audited consolidated financial statements not included in this Annual Report. The EBITDA and Adjusted EBITDA data below are non-GAAP measures. All fiscal years in the table below consisted of 52 weeks except for the period ended March 30, 2024 which consists of 53 weeks. The historical results included below and elsewhere in this Annual Report are not necessarily indicative of our future performance.

The data presented below is only a summary and should be read in conjunction with our audited consolidated financial statements, including the notes thereto, included elsewhere in this Annual Report. You should also read the following summary data in conjunction with Item 5, “Operating and Financial Review and Prospects” included elsewhere in this Annual Report.

Income Statement Data – from continuing operations:

	Fiscal Year Ended				
	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
	(In thousands, except per share data)				
Net sales	\$185,275	\$162,950	\$181,342	\$143,068	\$169,420
Cost of sales	111,720	94,990	105,122	86,718	104,943
Gross profit	73,555	67,960	76,220	56,350	64,477
Selling, general and administrative expenses	65,705	66,095	65,942	53,713	65,867
Depreciation and amortization	6,639	5,673	5,809	5,458	4,845
Impairment of long-lived assets ⁽¹⁾	—	—	—	—	309
Total operating expenses	72,344	71,768	71,751	59,171	71,021
Operating (loss) income	1,211	(3,808)	4,469	(2,821)	(6,544)
Interest and other financial costs	8,007	5,581	3,182	3,017	5,683
(Loss) income from continuing operations before income taxes	(6,796)	(9,389)	1,287	(5,838)	(12,227)
Income tax (recovery) expense	—	—	—	—	—
Equity in earnings of joint venture, net of taxes of \$0.8 million (\$0.7 million in fiscal 2023)	2,165	1,957	—	—	—
Net (loss) income from continuing operations	\$ (4,631)	\$ (7,432)	\$ 1,287	\$ (5,838)	\$ (12,227)
Discontinued operations: (Loss) income from discontinued operations, net of tax	—	—	—	—	(552)
Net (loss) income from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (552)
Net (loss) income attributable to common Shareholders	\$ (4,631)	\$ (7,432)	\$ 1,287	\$ (5,838)	\$ (12,779)
Net (loss) income per common share, basic	\$ (0.24)	\$ (0.40)	\$ 0.07	\$ (0.32)	\$ (0.71)
Net (loss) income per common share, diluted	\$ (0.24)	\$ (0.40)	\$ 0.07	\$ (0.32)	\$ (0.71)
Net (loss) income from continuing operations per common share – basic	\$ (0.24)	\$ (0.40)	\$ 0.07	\$ (0.32)	\$ (0.68)
Net (loss) income from continuing operations per common share – diluted	\$ (0.24)	\$ (0.40)	\$ 0.07	\$ (0.32)	\$ (0.68)
Weighted average common shares outstanding	19,058	18,692	18,346	18,005	17,968
Weighted average common shares outstanding – diluted	19,058	18,692	18,794	18,005	17,968
Dividends per share	—	—	—	—	—

Non-GAAP Measures*:

	Fiscal Year Ended				
	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
			(In thousands)		
EBITDA	\$10,015	\$3,822	\$10,278	\$2,637	\$(1,699)
Adjusted EBITDA	\$10,015	\$3,822	\$10,278	\$2,637	\$(1,390)

Balance Sheet Data:

	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
	(In thousands)				
Working capital	\$ (11,059)	\$ (8,367)	\$ 1,899	\$ (2,882)	\$ (6,275)
Total assets	\$203,268	\$196,981	\$183,261	\$201,680	\$210,652
Bank indebtedness	\$ 63,372	\$ 57,890	\$ 43,157	\$ 53,387	\$ 58,035
Long-term debt (including current portion)	\$ 26,939	\$ 24,313	\$ 23,500	\$ 26,022	\$ 16,281
Operating lease liability (including current portion)	\$ 66,311	\$ 69,747	\$ 73,720	\$ 73,011	\$ 78,458
Stockholders' equity (deficiency)	\$ (5,149)	\$ (603)	\$ 5,864	\$ (1,422)	\$ 3,410
Common Stock:					
Value	\$ 98,480	\$ 96,774	\$ 95,638	\$ 95,116	\$ 93,368
Shares	19,058	18,692	18,516	18,329	17,971

* As described in the section Non-GAAP Measures.

(1) Non-cash impairment of long-lived assets in fiscal 2020 were associated to store leases that had a possibility of early termination.

Significant Transaction in fiscal 2018 and impacting fiscal 2020 results presented above

On August 11, 2017, the Company entered into a stock purchase agreement (the "Stock Purchase Agreement") with Aurum Holdings Ltd., a company incorporated under the laws of England and Wales, which assigned its rights and obligations under the Stock Purchase Agreement to Aurum Group USA, Inc., a Delaware corporation (now known as Watches of Switzerland) ("Aurum") to sell its wholly-owned subsidiary, Mayors, which operated in Florida and Georgia and was engaged primarily in luxury timepieces and jewelry retail activities. The sale was completed on October 23, 2017 for total consideration of \$135.0 million (U.S. \$106.8 million) (the "Aurum Transaction").

As part of the Aurum Transaction, Birks entered into a 5-year distribution agreement with Aurum (the "Distribution Agreement") to sell Birks fine jewelry collections in the U.K. at Mappin & Webb and Goldsmiths stores and on their respective e-commerce platforms. Furthermore, pursuant to the Distribution Agreement, the Birks brand collections continue to be sold in the United States through Mayors stores in Florida and Georgia.

Proceeds from the Aurum Transaction were used to pay down outstanding debt under the Company's previous senior secured credit facilities that included term debt and working capital debt associated with Mayors. The Company did not pay dividends as a result of the Aurum Transaction, but rather, the remaining transaction proceeds were used by Birks to continue its strategic growth initiatives, specifically to invest in its Canadian flagship stores and to support its high-growth Birks brand wholesaling activities and e-commerce, as part of the Company's omni-channel strategy.

As a result of the Aurum Transaction, the Company has presented Mayors' results as a discontinued operation in the consolidated statements of operations and cash flows for all periods presented.

Dividends and Dividend Policy

We have not paid dividends since 1998 and do not currently intend to pay dividends on our Class A voting shares or Class B multiple voting shares in the foreseeable future. Our ability to pay dividends on our Class A voting shares and Class B multiple voting shares are restricted by our credit agreements. See Item 5, “Operating and Financial Review and Prospects — Liquidity and Capital Resources.” If dividends were declared by our Board of Directors, shareholders would receive a dividend equal to the per share dividend we would pay to holders of our Class A voting shares or holders of Class B multiple voting shares. Dividends we would pay to U.S. holders would generally be subject to withholding tax. See Item 10, “Additional Information —Taxation.”

NON-GAAP MEASURES

The Company reports financial information in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), and accordingly provide GAAP financial measures, including net income (loss). The Company’s performance is monitored and evaluated using various sales and earnings measures that are adjusted to include or exclude amounts from the most directly comparable GAAP measure (“non-GAAP measures”). The Company presents such non-GAAP measures in reporting its financial results to assist in business decision making and to provide key performance information to senior management. The Company believes that this additional information provided to investors and other external stakeholders will allow them to evaluate the Company’s operating results using the same financial measures and metrics used by the Company in evaluating performance. The Company does not, nor does it suggest that investors and other external stakeholders should, consider non-GAAP measures in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP. These non-GAAP measures may not be comparable to similarly titled measures presented by other companies. In addition to our results determined in accordance with U.S. GAAP, we use non-GAAP measures including: “EBITDA”, “adjusted operating expenses”, “adjusted operating loss” and “adjusted EBITDA”.

NET INCOME (LOSS) AND EBITDA

“EBITDA” is defined as net income (loss) before interest expense and other financing costs, income taxes expense (recovery) and depreciation and amortization.

Reconciliation of Total Operating Expenses, Operating Income (Loss) and Net Income (Loss) to Adjusted Operating Expenses, Adjusted Operating Loss, EBITDA and Adjusted EBITDA

The Company evaluates its operating earnings performance using financial measures which exclude expenses associated with operational restructuring plans and impairment losses. The Company believes that such measures provide useful supplemental information with which to assess the Company’s results relative to the corresponding period in the prior year and can result in a more meaningful comparison of the Company’s performance between the periods presented. There were no expenses associated with operational restructuring plans and impairment losses in fiscal 2024 and fiscal 2023. The table below provides a reconciliation of the non-GAAP measures presented to the most directly comparable financial measures calculated with GAAP.

Total Adjusted Operating Expenses

(\$000's)	For the fiscal year ended				
	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
Total operating expenses (GAAP measure)	\$72,344	\$71,768	\$71,751	\$59,171	\$71,021
<i>as a % of net sales</i>	39.0%	44.0%	39.6%	41.4%	41.9%
Remove the impact of:					
Impairment of long-lived assets (a)	—	—	—	—	—
Total adjusted operating expenses					
<i>as a % of net sales</i>	39.0%	44.0%	39.6%	41.4%	41.7%

Adjusted operating income (loss)

(\$000's)	For the fiscal year ended				
	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
Operating income (loss) (GAAP measure)	\$1,211	\$(3,808)	\$4,469	\$(2,821)	\$(6,544)
<i>as a % of net sales</i>	0.7%	-2.3%	2.5%	-2.0%	-3.9%
Add the impact of:					
Impairment of long-lived assets (a)	—	—	—	—	309
Adjusted operating income (loss) (non-GAAP measure)	\$1,211	\$(3,808)	\$4,469	\$(2,821)	\$(6,235)
<i>as a % of net sales</i>	0.7%	-2.3%	2.5%	-2.0%	-3.7%

EBITDA & Adjusted EBITDA

(\$000's)	For the fiscal year ended				
	March 30, 2024	March 25, 2023	March 26, 2022	March 27, 2021	March 28, 2020
Net income (loss) from continuing operations (GAAP measure)	\$(4,631)	\$(7,432)	\$ 1,287	\$(5,838)	\$(12,227)
<i>as a % of net sales</i>	-2.5%	-4.6%	0.7%	-4.1%	-7.2%
Add the impact of:					
Interest expense and other financing costs	8,007	5,581	3,182	3,017	5,683
Income taxes expense (recovery)	—	—	—	—	—
Depreciation and amortization	6,639	5,673	5,809	5,458	4,845
EBITDA (non-GAAP measure)	\$10,015	\$ 3,822	\$10,278	\$ 2,637	\$ (1,699)
<i>as a % of net sales</i>	5.4%	2.3%	5.7%	1.8%	-1.0%
Add the impact of:					
Impairment of long-lived assets (a)	—	—	—	—	309
Adjusted EBITDA (non-GAAP measure)	\$10,015	\$ 3,822	\$10,278	\$ 2,637	\$ (1,390)
<i>as a % of net sales</i>	5.4%	2.3%	5.7%	1.8%	-0.8%

(a) Non-cash impairment of long-lived assets in fiscal 2020 related to leasehold improvements that are associated to store leases that have a possibility of early lease termination.

Liquidity and Capital Resources

The Company's ability to fund its operations and meet its cash flow requirements is dependent upon its ability to maintain positive excess availability under the Company's Amended Credit Facility. As of March 30, 2024, bank indebtedness consisted solely of amounts owing under the Company's Amended Credit Facility,

which had an outstanding balance of \$63.4 million (\$63.7 million net of \$0.3 million of deferred financing costs) on its maximum \$85.0 million credit facility, which is used to finance working capital and capital expenditures, provide liquidity to fund the Company's day-to-day operations and for other general corporate purposes. The sole financial covenant which the Company is required to adhere to under both its Amended Credit Facility and its Amended Term Loan is to maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month. In the event that excess availability falls below the minimum requirement, this would be considered an event of default under the Amended Credit Facility and Amended Term Loan, that could result in the outstanding balances borrowed under the Company's Amended Credit Facility and Amended Term Loan becoming due immediately, which would also result in cross defaults on the Company's other borrowings. Similarly, both the Company's Amended Credit Facility and Amended Term Loan are subject to cross default provisions with all other loans pursuant to which if the Company is in default of any other loan, the Company will immediately be in default of both the Amended Credit Facility and Amended Term Loan. The Company met its excess availability requirements throughout fiscal 2024. In addition, the Company expects to have excess availability of at least \$8.5 million for at least the next twelve months from the date of this Form 20-F.

On October 23, 2017, the Company entered into a credit facility with Wells Fargo Canada Corporation for a maximum amount of \$85.0 million and maturing in October 2022. On December 24, 2021, the Company entered into the Amended Credit Facility with Wells Fargo Canada Corporation. The Amended Credit Facility extended the maturity date of the Company's pre-existing loan from October 2022 to December 2026. The Amended Credit Facility, also provides the Company with an option to increase the total commitments thereunder by up to \$5.0 million. The Company will only have the ability to exercise this accordion option if it has the required borrowing capacity at such time. The Amended Credit Facility bears interest at a rate of CDOR plus a spread ranging from 1.5% - 2.0% depending on the Company's excess availability levels. Under the Amended Credit Facility, the sole financial covenant which the Company is required to adhere to is to maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month. The Company's excess availability was above \$8.5 million throughout fiscal 2024.

On June 26, 2024, the Company entered into an amendment to the Amended Credit Facility with Wells Fargo Capital Finance Corporation Canada. The amendment replaces the interest rate of CDOR plus a spread ranging from 1.5% - 2% depending on the Company's excess availability levels for the interest rate of CORRA plus a CORRA adjustment ranging from 0.30% to 0.32% and a spread ranging from 1.5% - 2% depending on the Company's excess availability levels. The adjustment is effective on June 26, 2024.

On June 29, 2018, the Company secured a \$12.5 million term loan maturing in October 2022 with SLR. On December 24, 2021, the Company entered into the Amended Term Loan with SLR. The Amended Term Loan extended the maturity date of the Company's pre-existing loan from October 2022 to December 2026. The Amended Term Loan is subordinated in lien priority to the Amended Credit Facility and bears interest at a rate of CDOR plus 7.75%. The Amended Term Loan also allows for periodic revisions of the annual interest rate to CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants. Under the Amended Term Loan, the Company is required to adhere to the same financial covenant as under the Amended Credit Facility (maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month). In addition, the Amended Term Loan includes availability blocks at all times of not less than the greater of \$8.5 million and 10% of the borrowing base, including additional seasonal availability blocks imposed from December 20th to January 20th of each year of \$5.0 million and from January 21st to January 31st of each year of \$2.0 million. The Term Loan is required to be repaid upon maturity.

On June 26 2024, the Company entered into an amendment to the Amended Term Loan with SLR. The amendment replaces the interest rate of CDOR plus 7.75% (or CDOR plus 7.00% or CDOR plus 6.75%

depending on the Company complying with certain financial covenants) for the interest rate of CORRA plus a CORRA adjustment of 0.32% and 7.75% (or CORRA plus a CORRA adjustment of 0.32% plus 7.00% or CORRA plus a CORRA adjustment of 0.32% plus 6.75% depending on the Company complying with certain financial covenants). The adjustment is effective on June 26, 2024.

The Company's borrowing capacity under both the Amended Credit Facility and the Amended Term Loan is based upon the value of the Company's inventory and accounts receivable, which is periodically assessed by its lenders, and based upon these reviews the Company's borrowing capacity could be significantly increased or decreased.

The Company's Amended Credit Facility and its Amended Term Loan are subject to cross default provisions with all other loans pursuant to which if the Company is in default of any other loan, the Company will immediately be in default of both its Amended Credit Facility and its Amended Term Loan. In the event that excess availability falls below \$8.5 million for more than two consecutive business days once during any fiscal month, this would be considered an event of default under the Company's Amended Credit Facility and its Amended Term Loan, that provides the lenders the right to require the outstanding balances borrowed under the Company's Amended Credit Facility and its Amended Term Loan to become due immediately, which would result in cross defaults on the Company's other borrowings. The Company expects to have excess availability of at least \$8.5 million for at least the next twelve months from the date of issuance of these financial statements.

The Amended Credit Facility and Amended Term Loan also contain limitations on the Company's ability to pay dividends, more specifically, among other limitations, the Company can pay dividends only at certain excess borrowing capacity thresholds. The Company is required to either i) maintain excess availability of at least 40% of the borrowing base in the month preceding payment or ii) maintain excess availability of at least 25% of the borrowing base and maintain a fixed charge coverage ratio of at least 1.10 to 1.00. Other than these financial covenants related to paying dividends, the terms of the Amended Credit Facility and Amended Term Loan provide that no financial covenants are required to be met other than already described.

The Company's lenders under its Amended Credit Facility and Amended Term Loan may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under the Company's credit facilities (customary for asset-based loans), at their reasonable discretion, to: i) ensure that the Company maintain adequate liquidity for the operation of its business, ii) cover any deterioration in the value of the collateral, and iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that the Company's lenders may impose at their reasonable discretion. No discretionary reserves have been imposed by the Company's senior secured lenders since the inception of the loans.

The Company's ability to make scheduled payments of principal, or to pay the interest, or to fund planned capital expenditures will also depend on its ability to maintain adequate levels of available borrowing, adhere to all financial covenants with its lenders, obtain favorable payment terms from suppliers and its future performance, which may be subject to general economic, financial, competitive, legislative and regulatory factors, as well as other events that are beyond the Company's control. See "Risk Factors" for additional information.

Borrowings under our Amended Credit Facility for the periods indicated in the table below were as follows:

	Fiscal Year Ended	
	March 30, 2024	March 25, 2023
	(In thousands)	
Credit facility availability	\$76,741	\$70,758
Amount borrowed at year end	\$63,372	\$57,890
Excess borrowing capacity at year end (before minimum threshold)	\$13,369	\$12,868
Average outstanding balance during the year	\$61,507	\$50,349
Average excess borrowing capacity during the year	\$13,484	\$14,864
Maximum borrowing outstanding during the year	\$69,051	\$59,367
Minimum excess borrowing capacity during the year	\$10,048	\$ 9,466
Weighted average interest rate for the year	7.8%	5.7%

Investissement Québec

On August 24, 2021, the Company entered into a new 10-year loan agreement with Investissement Québec, the sovereign fund of the province of Québec, for an amount of up to \$4.3 million to be used specifically to finance the digital transformation of the Company through the implementation of an omni-channel e-commerce platform and enterprise resource planning system. As of March 30, 2024, the Company has \$4.2 million outstanding on the loan. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01 at the end of the Company's fiscal year. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. On March 30, 2024, the working capital ratio was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

On July 8, 2020, the Company secured a new six-year term loan with Investissement Québec, in the amount of \$10.0 million, as amended. The secured term loan was used to fund the working capital needs of the Company, of which \$4.9 million is outstanding at March 30, 2024. On January 4, 2023, the Company received a loan forgiveness in the amount of \$0.2 million that is being recognized over the term of the loan. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. On March 30, 2024, the working capital ratio was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

Other Financing

As of March 30, 2024, the Company had a balance of \$2.0 million (U.S. \$1.5 million) outstanding from an original \$6.7 million (U.S. \$5.0 million) cash advance from one of our controlling shareholders, Montel. This advance is payable upon demand by Montel once conditions stipulated in our Amended Credit Facility permit such a payment. The conditions that are required to be met are the same as those that are required to be met for the Company to pay dividends (outlined in above section). This advance bears an annual interest rate of 11%, net of any withholding taxes, representing an effective interest rate of approximately 12.2%.

On July 14, 2023, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for store construction and renovation. The maximum borrowing amount under this facility is U.S. \$3.6 million (Cdn \$4.7 million). The capital lease financing bears interest at 16% and is repayable over 24 months. During fiscal 2024, the Company borrowed approximately U.S. \$2.4 million (Cdn \$3.3 million) against this facility. As of March 30, 2024, the Company has U.S. \$1.8 million (Cdn \$2.4 million) outstanding under this facility.

On February 1, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the construction of a new store. The maximum borrowing amount under this facility is U.S. \$2.5 million (Cdn \$3.4 million). During fiscal 2024, the Company has drawn U.S. \$0.6 million (Cdn \$0.8 million). Payments will commence upon project completion, which is expected to occur during fiscal 2025. The amounts drawn are interest bearing at approximately 16% annually.

On February 1, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance. Inc relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the partial renovation of a store. The maximum borrowing amount under this facility is U.S. \$0.5 million (Cdn \$0.7 million) and the balance as of March 30, 2024 is nil. The payments are interest bearing at approximately 10% annually and commence upon project completion.

On June 3, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance. Inc relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the partial renovation of a store. The maximum borrowing amount under this facility is U.S. \$0.6 million (Cdn \$0.8 million) and the balance as of March 30, 2024 is nil. The payments are interest bearing at approximately 10% annually and commence upon project completion.

On March 26, 2020, the Company secured a 6-year term loan with Business Development Bank of Canada (BDC), as amended, for an amount of \$0.4 million to be used specifically to finance the renovations of the Company's Brinkhaus store location in Calgary, Alberta. As of March 30, 2024, the Company has \$0.2 million outstanding on the loan. The loan bears interest at a rate of 8.3% per annum and is repayable in 72 monthly payments from June 26, 2021, the date of the drawdown.

Cash Flows from Operating, Investing and Financing Activities

The following table summarizes cash flows from operating, investing and financing activities:

(in thousands)	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Net cash provided by (used in):			
Operating activities	\$ (170)	\$ (6,925)	\$ 18,648
Investing activities	(7,235)	(9,414)	(5,811)
Financing activities	<u>7,926</u>	<u>15,588</u>	<u>(12,631)</u>
Net increase (decrease) in cash and cash equivalents	\$ 521	\$ (751)	\$ 206

Net cash used in operating activities was \$0.2 million in fiscal 2024 as compared to net cash used in operating activities in fiscal 2023 of \$6.9 million. The \$6.7 million increase in cash flows from operating activities was primarily the result of (i) a \$2.8 million decrease in net loss in fiscal 2024 versus fiscal 2023, and (ii) a decrease of \$3.5 million in net cash used by changes in working capital, of which year over year changes included an inventory increase of \$10.7 million in fiscal 2024 compared to an increase of \$9.5 million in fiscal 2023 (reduced cash from operations by \$1.3 million) driven by lower turnover and higher purchases of inventory when compared to fiscal 2023, a decrease in accounts receivable of \$4.2 million in fiscal 2024 compared to an increase in accounts receivable of \$0.3 million in fiscal 2023 (increased cash from operations of \$4.4 million)

driven by shorter-term credit plans offered to clients compared to fiscal 2023, an increase in accounts payable of \$5.5 million in fiscal 2024 compared to an increase of \$9.0 million in fiscal 2023 (increase cash from operations by \$3.5 million) driven in part by the increase in inventory, an increase in Other long-term liabilities of \$2.3 million in fiscal 2024 compared to a decrease of \$0.03 million in fiscal 2023 (increased cash from operations of \$2.3 million) driven by an increase of supplier financing agreements, and offset by a decrease in accrued liabilities of \$0.8 million in fiscal 2024 compared to an increase of \$1.7 million in fiscal 2023 (increase cash from operations of \$0.9 million) driven by repayments of rent deferrals.

Net cash used in operating activities was \$6.9 million in fiscal 2023 as compared to net cash provided by operating activities in fiscal 2022 of \$18.6 million. The \$25.6 million decrease in cash flows from operating activities was primarily the result of (i) a \$8.7 million decrease in net income in fiscal 2023 versus fiscal 2022, and (ii) an increase of \$15.3 million in net cash used by changes in working capital, of which year over year changes included an inventory increase of \$9.5 million in fiscal 2023 compared to a decrease of \$18.9 million in fiscal 2022 (reduced cash from operations by \$28.3 million) driven by lower turnover and higher purchases of inventory when compared to fiscal 2022, an increase in accounts receivable of \$0.3 million in fiscal 2023 compared to an increase in accounts receivable of \$0.5 million in fiscal 2022 (decreased cash from operations of \$0.8 million) driven by lower sales compared to fiscal 2022, an increase in accounts payable of \$9.0 million in fiscal 2023 compared to a decrease of \$9.7 million in fiscal 2022 (increased cash from operations by \$18.7 million) driven in part by a buildup of inventory as required by the exhibition programs set up by certain brands, partially offset by an accrued liabilities decrease of \$1.8 million in fiscal 2023 compared to an increase of \$1.9 million in fiscal 2022 (decreased cash from operations of \$3.7 million) driven by repayments of rent deferrals.

During fiscal 2024, net cash used in investing activities was \$7.2 million compared to \$9.4 million used during fiscal 2023. The \$2.2 million decrease in net cash used in investing activities was primarily attributable to a decrease in capital expenditures in fiscal 2024 compared to fiscal 2023.

During fiscal 2023, net cash used in investing activities was \$9.4 million compared to \$5.8 million used during fiscal 2022. The \$3.6 million increase in net cash used in investing activities was primarily attributable to an increase in capital expenditures in fiscal 2023 compared to fiscal 2022.

Net cash provided by financing activities was \$7.9 million in fiscal 2024, as compared to net cash provided by financing activities of \$15.6 million during fiscal 2023. The \$7.7 million decrease in cash flows from financing activities was primarily due to a \$5.4 million increase in bank indebtedness in fiscal 2024 compared to a \$14.6 million increase in bank indebtedness in fiscal 2023, an increase in long-term debt of \$1.6 million in fiscal 2024 compared to an increase of \$2.8 million in fiscal 2023 and an increase in Obligations under capital leases of \$4.2 million in fiscal 2024 compared to nil in fiscal 2023, offset by an increase in repayment of Obligations under capital leases of \$1.1 million in fiscal 2024 compared to \$0.1 million in fiscal 2023. Debt increased in fiscal 2024 versus fiscal 2023 to finance ongoing capital projects such as store renovations and costs related to the digital transformation of the Company, as well as to support the working capital needs.

Net cash provided by financing activities was \$15.6 million in fiscal 2023, as compared to net cash used by financing activities of \$12.6 million during fiscal 2022. The \$28.2 million increase in cash flows from financing activities was primarily due to \$14.6 million increase in bank indebtedness in fiscal 2023 compared to a \$10.0 million decrease in bank indebtedness in fiscal 2022, lower debt repayments of \$2.1 million versus \$2.8 million in fiscal 2022, an increase in long-term debt of \$2.7 million in fiscal 2023 compared to an increase of \$0.4 million in fiscal 2022, and cash inflows associated with exercised stock options and warrants of \$0.4 million versus \$0.3 million in fiscal 2022. Debt increased in fiscal 2023 versus fiscal 2022 to finance ongoing capital projects such as store renovations and costs related to the digital transformation of the Company.

The following table details capital expenditures in fiscal 2024, 2023, and 2022:

	Fiscal Year Ended		
	<u>March 30, 2024</u>	<u>March 25, 2023</u>	<u>March 26, 2022</u>
	(In thousands)		
Leasehold improvements	\$3,883	\$ 3,772	\$2,451
Electronic equipment, computer hardware and software	1,120	2,919	1,482
Furniture and fixtures and equipment	1,279	2,019	351
Intangible assets ⁽¹⁾	953	1,921	1,150
Total capital expenditures ⁽²⁾	<u>\$7,235</u>	<u>\$10,631</u>	<u>\$5,434</u>

(1) Relates to the new e-commerce platform system as well as the ERP system totaling \$0.9 million in fiscal 2024, \$1.9 million in fiscal 2023 and \$1.2 million in fiscal 2022.

(2) Includes capital expenditures financed by finance leases of \$4.2 million in fiscal 2024, nil in fiscal 2023, and nil in fiscal 2022 as well as capital expenditures included in accounts payable and accrued liabilities of \$1.5 million as of March 30, 2024, \$2.3 million as of March 25, 2023, and \$1.0 million as of March 26, 2022.

In the last three fiscal years, we invested a total of approximately \$23.3 million in capital expenditures primarily associated with the remodeling of our existing store network. In 2024, we launched the construction of a new store in Montreal (opening in August 2024) and we completed the remodeling of our Laval store and one of our Calgary stores that began in fiscal 2023. During fiscal 2023, we also completed the partial renovation of our Vancouver flagship store and two other stores in Calgary were renovated in fiscal 2022. In the last three years, we also continued to improve our ERP system and invested in a new e-commerce platform.

In fiscal 2025, the Company expects to spend up to \$7.4 million in capital expenditures, primarily related to the completion of the construction of a new store in Montreal, store remodels, as well as on improvements to our e-commerce platform. Of the \$7.4 million, approximately \$4.0 million has been committed. We expect to finance these capital expenditures from operating cash flows, and existing financing arrangements including tenant allowances from our landlords and lease financing. The Company continues to be actively engaged in identifying alternative sources of financing that may include raising additional funds through public or private equity, the disposal of assets, and debt financing, including funding from governmental sources.

Maintenance of sufficient availability of funding through an adequate amount of committed financing is necessary for us to fund our day-to-day operations. Our ability to make scheduled payments of principal, or to pay the interest or additional interest, if any, or to fund planned capital expenditures and store operations will depend on our ability to maintain adequate levels of available borrowing, obtain favorable payment terms from suppliers and our future performance, which may be subject to general economic, financial, competitive, legislative and regulatory factors, as well as other events that are beyond our control. We believe that we currently have sufficient working capital to fund our operations. This belief is based on certain assumptions about the state of the economy, the availability of borrowings to fund our operations and estimates of projected operating performance. To the extent that the economy and other conditions affecting our business are significantly worse than we anticipate, we may not achieve our projected level of financial performance and we may determine that we do not have sufficient capital to fund our operations. See “Risk Factors” for additional information.

The Company believes that it will be able to adequately fund its operations and meet its cash flow requirements for at least the next twelve months. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

Commitments and Contractual Obligations

The following table discloses aggregate information about our contractual cash obligations as of March 30, 2024 and the periods in which payments are due:

	Payments due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years
	(In thousands)				
Contractual Obligations					
Debt maturities ⁽¹⁾	\$ 90,622	\$ 4,353	\$ 79,918	\$ 1,595	\$ 4,756
Finance lease obligations	70	54	16	—	—
Other long-term liabilities ⁽²⁾	4,841	2,287	2,329	66	159
Interest on long-term debt ⁽³⁾	5,795	2,194	2,713	619	269
Operating lease obligations ⁽⁴⁾	109,091	13,189	26,643	23,187	46,072
Total	\$210,419	\$22,077	\$111,619	\$25,467	\$51,256

The Company has commitments to maintain the appearance of stores and has planned for capital expenditures in fiscal 2025 and beyond but has no minimum commitment for these planned projects.

- (1) Includes bank indebtedness in the 2-3 years category to reflect the current expiration date of the Amended Credit Facility.
- (2) The amount of less than one year is recorded within accrued liabilities and accounts payable.
- (3) Excludes interest payments on amounts outstanding under our Amended Credit Facility as the outstanding amounts fluctuate based on our working capital needs. Interest charges associated to Amended Credit Facility, net of deferred financing costs, were \$4.7 million in fiscal 2024, \$4.8 million in fiscal 2023, and \$3.2 million in fiscal 2022. Interest expense on other variable rate long-term debt was calculated assuming the rates in effect at March 30, 2024. Interest charges associated to long-term debt, net of deferred financing costs, were \$2.3 million in fiscal 2024, \$4.6 million in fiscal 2023, and \$1.8 million in fiscal 2022.
- (4) The operating lease obligations do not include insurance, taxes and common area maintenance (CAM) charges to which we are obligated. CAM charges were \$2.4 million in fiscal 2024, \$2.2 million in fiscal 2023, and \$2.2 million in fiscal 2022.

In addition to the above and as of March 30, 2024, we had \$0.2 million of outstanding letters of credit.

Research and Development, Patents and Licenses, etc.

None.

Trend Information

During fiscal 2024, we were faced with several challenges impacting our results, including the temporary impact on sales of store closures during renovations at three key stores in fiscal 2023. These stores gradually reopened during the first quarter of fiscal 2024 and were fully operational during the second quarter of fiscal 2024. During fiscal 2024, we were also impacted by the partial renovations at two stores. Although these two stores remained opened during partial renovations, store traffic, customer experience and sales were negatively affected. We also believe that heightened inflationary pressure on consumers' discretionary spending, particularly on the Company's product assortments at lower and mid-price points, and the continuous impact of the increased cost of borrowing in fiscal 2024 affected our results. During fiscal 2023, we were also faced with similar challenges impacting our results, including the temporary effect on sales of store closures during renovations at those three key stores and, we believe the impact of heightened inflationary pressure on consumers' discretionary spending, particularly on the Company's product assortments at lower and mid-price points, and the impact of the increased cost of borrowing in fiscal 2023. We were still able to benefit from the positive impacts of the major renovations made to our flagship locations in Montreal, Toronto and Vancouver in prior years, on customer experience, customer acquisition and retention, and on sales during the fiscal year. We also benefited from our improved assortment of third party branded watches across our retail network and e-commerce channel. Increased competition for space in Canada continued to put pressure on occupancy costs and space retention for key locations. During fiscal 2024 and fiscal 2023, we completed the remodeling and renovations of stores in Vancouver, Calgary and Laval, Quebec.

We continue to successfully pursue our strategy to develop the Birks product brand, and in fiscal 2024, we launched several new collections under the Birks brand. In addition, we continued to pursue our strategies to enhance our customers' in-store experience which includes the remodeling of our retail network with the goal of providing our clients with an engaging buying experience.

Our gross profit margin decreased in fiscal 2024 driven primarily by a slight shift in product sales mix favoring third party branded watches and jewelry. Going forward, we believe that our gross profit margin will stabilize and begin to increase as we continue to promote the development of the Birks product brand which we expect will provide us with higher gross profit margins. Furthermore, we also intend to continue to execute our merchandising strategy to expand gross margins by developing and marketing exclusive and unique third-party branded products with higher margins.

Our SG&A expenses as a percentage of sales decreased to 35.5% in fiscal 2024 from 40.6% in fiscal 2023. The main drivers of the decrease in SG&A expenses in fiscal 2024 include lower marketing costs (\$1.3 million) and lower non-cash stock based compensation expense (\$2.0 million) due to the fluctuations in the Company's stock price during the fiscal year, offset by higher compensation costs (\$1.5 million) primarily due to longer store opening hours compared to fiscal 2023, higher credit card costs (\$1.1 million) due to higher cost on private label credit cards and proprietary credit cards, higher occupancy costs (\$0.4 million) and higher general operating costs and variable costs (\$0.3 million). As a percentage of sales, SG&A expenses in fiscal 2024 decreased by 510 basis points as compared to fiscal 2023. We intend to continue to look for cost containment initiatives and saving opportunities when feasible.

In the past, we have also decreased the number of stores we operate through the closure of underperforming stores. Going forward we plan to continue to evaluate the productivity of our existing stores and close unproductive stores. In addition, we plan to continue to review opportunities to open new stores in new prime retail locations when the right opportunities exist. Moreover, we plan to continue to invest in our website and e-commerce platform to bolster our online distribution channel which represents an area of focus for us going forward.

Leases

The Company leases office, distribution, and retail facilities. Certain retail store leases may require the payment of minimum rent and contingent rent based on a percentage of sales exceeding a stipulated amount. The Company's lease agreements expire at various dates through 2034, are subject, in many cases, to renewal options and provide for the payment of taxes, insurance and maintenance. Certain leases contain escalation clauses resulting from the pass through of increases in operating costs, property taxes and the effect on costs from changes in consumer price indices, which are considered as variable costs.

The Company determines its lease payments based on predetermined rent escalations, rent-free periods and other incentives. The Company recognizes rent expense on a straight-line basis over the related terms of such leases, including any rent-free period and beginning from when the Company takes possession of the leased facility. Variable operating lease expenses, including contingent rent based on a percentage of sales, CAM charges, rent related taxes, mall advertising and adjustments to consumer price indices, are recorded in the period such amounts and adjustments are determined. Lease terms occasionally include renewal options for additional periods of up to 6 years. The Company uses judgment when assessing the renewal options in the leases and assesses whether or not it is reasonably certain to exercise these renewal options if they are within the control of the Company. Any renewal options not reasonably certain to be exercised are excluded from the lease term. There is generally no readily determinable discount rate implicit in the Company's leases. Accordingly, the Company uses its incremental borrowing rate for a term that corresponds to the applicable lease term in order to measure its lease liabilities and has elected to use such rates based on lease terms remaining as of March 30, 2024 and any new leases entered into thereafter.

The amounts of the Company's operating lease right-of-use ("ROU") asset and current operating lease liabilities are presented separately on the Consolidated Balance Sheet as of March 30, 2024. Most of the Company's leases are operating leases as of March 30, 2024. The Company records lease expenses within selling, general and administrative expenses. The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. ROU assets, as part of the group of assets, are periodically reviewed for impairment.

The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

Payments arising from operating lease activity, as well as variable and short-term lease payments not included within the operating lease liability, are included as operating activities on the Company's consolidated statement of cash flows. Operating lease payments representing costs to ready an asset for its intended use (i.e. leasehold improvements) are represented within investing activities within the Company's consolidated statements of cash flow.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions about future events and their impact on amounts reported in the financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results may differ from those estimates. These estimates and assumptions are evaluated on an on-going basis and are based on historical experience and on various factors that are believed to be reasonable. We have identified certain critical accounting policies as noted below.

Going concern assumption

Our consolidated financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles in the U.S. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In evaluating our ability to continue as a going concern, we are required to determine whether we have the ability to fund our operations and meet our cash flow requirements. This evaluation requires us to estimate and forecast our cash flows and excess availability levels under various scenarios for at least twelve months from the date the financial statements were authorized for issuance. Significant estimates that have the greatest impact on our analysis include our estimate of sales, gross margins and operating costs, capital expenditures, estimates of collateral values of inventory and accounts receivable performed by our lenders throughout the year which could increase or decrease our availability under our senior secured credit facility, estimates of forecasted working capital levels, timing of inventory acquisitions, vendor terms and payments, interest rate and foreign exchange rate assumptions and forecasted excess availability levels under the senior secured credit facility and senior secured term loan. Furthermore, we have also made judgments on whether any reserves would be imposed by our senior secured lenders. Significant variances from our assumptions used in preparing our going concern analysis could significantly impact our ability to meet our projected cash flows. Our ability to meet our projected cash flows could also be impacted if our senior secured lenders impose additional restrictions on our ability to borrow on our collateral or if we do not adhere to the applicable financial covenant under our Amended Credit Facility and Amended Term Loan, which would be considered an event of default.

The Company funds its operations primarily through committed financing under its Amended Credit Facility and Amended Term Loan described in Note 6 of our consolidated financial statements included elsewhere in this 20-F. The Amended Credit Facility along with the Amended Term Loan are used to finance working capital, finance capital expenditures, provide liquidity to fund the Company's day-to-day operations and

for other general corporate purposes. The Company's ability to meet its cash flow requirements in order to fund its operations is dependent upon its ability to attain profitable operations, obtain favorable payment terms from suppliers, as well as to maintain specified excess availability levels under its Amended Credit Facility and its Amended Term Loan. The sole financial covenant which the Company is required to adhere to under both its Amended Credit Facility and its Amended Term Loan is to maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month. In the event that excess availability falls below the minimum requirement, this would be considered an event of default under the Amended Credit Facility and under the Amended Term Loan, that could result in the outstanding balances borrowed under the Company's Amended Credit Facility and Amended Term Loan becoming due immediately, which would result in cross defaults on the Company's other borrowings. The Company met its excess availability requirement as of and throughout the year ended March 30, 2024 and as of the date the financial statements were authorized for issuance, and expects to have excess availability of at least \$8.5 million for at least the next twelve months.

The term loans with Investissement Québec requires the Company to maintain on an annual basis a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01. The working capital ratio of 1.01 may be lower in any given year if a tolerance letter accepting a lower working capital ratio is received from Investissement Québec. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. As at March 30, 2024 the Company had a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Refer to Note 1 to the consolidated financial statements for additional information. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

Reserves for slow-moving finished goods inventories

We reserve inventory for estimated slow-moving finished goods inventory equal to the difference between the cost of inventory and net realizable value, which is based on assumptions about future demand and market conditions. The allowance for slow-moving finished goods inventory is equal to the difference between the cost of inventories and the estimated selling prices. There is estimation uncertainty in relation to the identification of slow-moving finished goods inventories which are based on certain criteria established by the Company's management. The criteria includes consideration of operational decisions by management to discontinue ordering the inventory based on sales trends, market conditions, and the aging of inventories. Estimation uncertainty also exists in determining the expected selling prices and associated gross margins through normal sales channels based on assumptions about future demand and market conditions for those slow-moving inventories.

Recent Accounting Pronouncements

See Note 2 (s) to the consolidated financial statements included in this Form 20-F.

Safe Harbor

See section entitled "Forward-Looking Information" at the beginning of this Annual Report on Form 20-F.

Item 6. Directors, Senior Management and Employees

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth information about our executive officers and directors, and their respective ages and positions as of May 31, 2024. During fiscal 2024, the Company had four executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Niccolò Rossi di Montelera	51	Executive Chairman of the Board & Director
Jean-Christophe Bédos	59	President, Chief Executive Officer & Director
Davide Barberis Canonico	58	Director
Maria Eugenia Girón	60	Director
Emilio B. Imbriglio	64	Director
Louis-Philippe Maurice	42	Director
Deborah Shannon Trudeau	68	Director
Joseph F.X. Zahra	68	Director
Katia Fontana	54	Vice President and Chief Financial Officer
Maryame El Bouwab	46	Vice President Merchandising, Planning and Supply Chain
Miranda Melfi	60	Vice President, Human Resources, Chief Legal Officer & Corporate Secretary

Directors

Niccolò Rossi di Montelera, age 51, was elected to the Company's Board of Directors on September 23, 2010 and served as Vice-Chairman of the Company's Board of Directors from June 2015 until being appointed Executive Chairman of the Board effective January 1, 2017. Mr. Rossi di Montelera's term as a director of Birks Group expires in 2024. Mr. Rossi di Montelera was a consultant for Gestofi from August 2009 until December 31, 2016 and provided consulting services to the Company in the areas of new product and brand development in addition to being involved with the Company's business development activities and strategic initiatives. From 2007 to 2009, he served as the Company's Group Divisional Vice President responsible for product development, wholesale and e-commerce. From 2005 to 2006, he served as the Company's Group Director responsible for product development. From 2002 to 2003, he worked at Regaluxe Investments SA and was responsible for the North American business development for Royale de Champagne and from 1999 to 2002 he was a Project Leader for Ferrero Group. He was a member of the Supervisory Board of Directors of Montrovest until June 30, 2012. Mr. Rossi di Montelera is the son of Dr. Rossi di Montelera, who was the Company's Chairman of the Board until December 31, 2016, and is the brother-in-law of Mr. Carlo Coda-Nunziante who was the Company's Vice President, Strategy until March 31, 2018.

Jean-Christophe Bédos, age 59, was appointed to the Company's Board of Directors on April 19, 2012. He was the Company's Chief Operating Officer from January 2012 to March 2012 and became the Company's President and Chief Executive Officer on April 1, 2012. He became a director of Birks Group on April 19, 2012 and his term as a director expires in 2024. He has over 25 years of experience in merchandising, marketing, branding and product development in the global retail luxury sector. Mr. Bédos was President and Chief Executive Officer of French jeweler Boucheron from May 2004 to September 2011. Prior to that, he was the Managing Director of Cartier France from 2002 to 2004, and International Executive Manager alongside the President and Chief Executive Officer of Richemont International from 2000 to 2002. Mr. Bédos started his career in the jewelry industry at Cartier in 1988. He also serves as a director and Vice-Chairman of the Board of The Montreal General Hospital Foundation.

Davide Barberis Canonico, age 58, was elected to the Company's Board of Directors on September 12, 2013. Mr. Canonico's term as a director of Birks Group expires in 2024. From January 1, 2016 until April 2018, Mr. Canonico was also the Chief Executive Officer of Autofil Yarn Ltd., a company in the textile industry

supplying yarn to the automotive industry with manufacturing facilities in the United Kingdom and Bulgaria and was the Group Strategy Director from June 2015 to December 2015. From 1998 to March 2016, he was President and Chief Executive Officer of Manifattura di Ponzzone S.p.A., an Italian family-owned company in the textile industry. From 2001 to 2015, he was also a member of the board of Sinterama S.p.A., a company in the textile industry with manufacturing facilities worldwide. He was a member of the Supervisory Board of Montrovest B.V. until April 2018. He also serves as a director of a number of other corporate boards.

Maria Eugenia Girón, age 60, was elected to the Company's Board of Directors on September 14, 2023. Ms. Girón's term as a director of Birks Group expires in 2024. She is a corporate director. She serves as director of several private and publicly-listed companies operating in the following industries: asset management, automotive, confectionery and footwear. Since 2018, she is European Innovation Council Expert and Jury Member of the Executive Agency for Small and Medium-size Enterprises of the European Commission. She was the Founder and Executive Director of IE Premium & Prestige Business Observatory (IE Business School), a centre that conducts applied research on luxury and premium consumption, from 2010 to 2019, and an advisor and partner of Silvercloud, an investment vehicle of Marwyn Management Partners investing in companies in the premium and luxury industry from 2010 to 2013. From 1997 to 2006, Ms. Girón was the Chief Executive Officer of Carrera Y Carrera, a Spanish high-end jewellery brand and from 1992 to 1997, she held several senior management positions with Loewe, a luxury goods company. She is also a director of a number of non-profit organizations including IC-A, Instituto de Consejeros y Administradores (the Spanish association of independent directors dedicated to the creation and dissemination of good corporate governance practices), Royal Tapestry Manufacturing and IE University.

Emilio B. Imbriglio, age 64, was elected to the Company's Board of Directors on September 22, 2022. Mr. Imbriglio's term as a director of Birks Group expires in 2024. He is a corporate director. Mr. Imbriglio has been a Chartered Professional Accountant since 1982. From 2002 to 2013, Mr. Imbriglio lead Raymond Chabot Grant Thornton LLP's ("RCGT") corporate finance unit which included M&A, financing, business valuation and public-private partnerships. He was also the Chair of the Board of RCGT from 2011 to 2013. In 2013, Mr. Imbriglio was named President and Chief Executive Officer of RCGT and served in that capacity until he retired in 2021. Mr. Imbriglio also has been and currently is a director of a number of other private companies, non-profit organizations as well as public company corporate boards.

Louis-Philippe Maurice, age 42, was elected to the Company's Board of Directors on September 14, 2023. Mr. Maurice's term as a director of Birks Group expires in 2024. Since 2011, he has been the CEO & Co-founder and a member of the board of directors of Busbud Inc., a global mobility and travel group offering a leading platform for booking bus, train and ridesharing tickets in over 80 countries worldwide, since 2011. He is an entrepreneur with over 20 years of experience leading technology start-ups and developing innovative e-commerce & consumer web products on a global scale. From 2007 to 2009, he worked in Silicon Valley at Yahoo and LinkedIn in product management, marketing and business development. From 2017 until 2023, Mr. Maurice was a member of the board directors of Raymond Chabot Grant Thornton LLP, a leading professional services firm in Canada in the areas of assurance, tax, advisory services and business recovery and reorganization.

Deborah Shannon Trudeau, age 68, was elected to the Company's Board of Directors on September 22, 2022. Ms. Trudeau's term as a director of Birks Group expires in 2024. She is a corporate director. Since 1987, she has been a member of the Advisory Board of Trudeau Corporation, a Canadian family-owned company founded in 1889 that distributes high-end European crystal and glassware products and is a global leader in the design, creation, marketing and distribution of its own Trudeau-branded lifestyle kitchenware and tableware products. From 1987 until 2018, Ms. Trudeau was Senior Vice-President, International Business and Licensing of Trudeau Corporation overseeing its growth and market expansion. In addition, from 2017 to 2023, Ms. Trudeau has been Vice-Chair of the Board of Royal Canadian Mint, a for-profit crown corporation and a producer of circulation coins for Canada and other countries and of numismatic coins and gold and silver bullion. She has been and currently is a director of a number of other private companies, non-profit organizations as well as public company corporate boards including Crescita Therapeutics Inc.

Joseph F.X. Zahra, age 68, was appointed to the Company's Board of Directors on November 9, 2016. Mr. Zahra's term as a director of Birks Group expires in 2024. Mr. Zahra is a founding partner and director of SurgeAdvisory Limited, an advisory firm which focuses on strategy and transformation management, succession planning and boardroom coaching operating in Malta, since January 1, 2017. Prior thereto, he was a founding partner and managing director of MISCO, an independent consulting group operating in Malta, Cyprus and Italy from 1983 to 2016. Mr. Zahra also serves as director of several private, publicly-listed and regulated companies operating in the following industries: financial services (insurance and investment services), oil services, transportation, retail and hospitality. Mr. Zahra is also chairman of the board of directors of Vodafone Holdings and chairman of the audit committee of CPHCL Ltd., and member of the audit committee of United Finance plc and of Vodafone Insurance Ltd. He also serves as chairman of the investment committee of Pendergardens Developments plc and is a member of the investment committee of Chasophie Group Limited and the underwriting committee of Vodafone Insurance Ltd. Mr. Zahra was director of the Central Bank of Malta from 1992 to 1996 and served as executive chairman of Bank of Valletta Plc from 1998 to 2004, Maltacom Plc in 2003 and Middlesea Insurance Plc from 2010 to 2012. Mr. Zahra was appointed as one of the five international auditors at the Prefettura per gli Affari Economici of the Holy See from 2010 to 2014 and was the president of the economic and administrative reform commission (COSEA) from 2013 to 2014 as well as Vice Coordinator of the Council for the Economy of the Holy See from 2014 to 2020.

Other Executive Officers

Katia Fontana, age 54, is our Vice President, Chief Financial Officer and has been with Birks Group since January 13, 2020. Prior to joining us, she was Chief Financial Officer at Avenir Global, a holding company for communications and public relations firms. Prior thereto, she was with Groupe Dynamite Inc., an apparel retailer, from 2004 to 2018 in various positions, including Chief Financial Officer, Vice President, Finance and Administration and Director, Finance. From 1993 to 2004, Ms. Fontana was with Deloitte in its audit and assurance practice.

Maryame El Bouwab, age 46, is our Vice President, Merchandising, Planning and Supply Chain. She has been with the Company since March 2013. Prior to her current position, she was the Company's Vice President, Planning and Supply Chain from June 1, 2018 to September 30, 2018 and Vice President, Merchandise Planning from February 1, 2017 to May 31, 2018. From March 2013 to February 2017, she was the Company's Director of Merchandise Planning. Prior to joining the Company, Ms. El Bouwab was, from 2005 to 2012, with Mexx Canada and Lucky Brand Jeans and held the position of Merchandising and Planning Manager.

Miranda Melfi, age 60, is our Vice President, Human Resources, Chief Legal Officer and Corporate Secretary and has been with Birks Group since April 2006. Prior to her current position, she was our Vice President, Legal Affairs and Corporate Secretary from April 2006 to September 2018. Prior to joining us, Ms. Melfi was with Cascades Inc., a publicly-traded pulp and paper company for eight years and held the position of Vice President, Legal Affairs, Boxboard Group. From 1994 to 1998, Ms. Melfi was Vice President, Legal Affairs and Corporate Secretary at Stella- Jones Inc., a publicly-traded wood products company, and from 1991 to 1994, practiced corporate, commercial and securities law with Fasken Martineau DuMoulin LLP.

COMPENSATION OF DIRECTORS AND OFFICERS

Director Compensation

Until September 30, 2022, each director who was not an employee of the Company was entitled to receive an annual fee of U.S. \$25,000 (approximately \$33,700 in Canadian dollars) for serving on our Board of Directors, U.S. \$1,500 (approximately \$2,000 in Canadian dollars) for each Board meeting attended in person or by video conference and U.S. \$750 (approximately \$1,000 in Canadian dollars) for each Board meeting lasting over one (1) hour attended by phone or by video conference. The chairperson of each of the audit and corporate governance committee, and the compensation and nominating committee received an additional annual fee of

U.S. \$10,000 and U.S. \$8,000 (approximately \$13,500 and \$10,800 in Canadian dollars) respectively. The members of the audit and corporate governance committee, and the compensation and nominating committee received an additional annual fee of U.S. \$5,000, and U.S. \$4,000 (approximately \$6,700 and \$5,400 in Canadian dollars), respectively, and the independent member of the executive committee received an additional annual fee of U.S. \$4,000 (approximately \$5,400 in Canadian dollars). The chairperson and any other members of any special independent committee of directors that may be established from time to time is entitled to receive compensation as may be determined by the Board of Directors for his or her service on such committee.

Since October 1, 2022, each director who is not an employee of the Company is entitled to receive an annual fee of US\$45,000 (approximately \$60,600 in Canadian dollars) for serving on the Company's Board of Directors. The chairperson of each of the audit and corporate governance committee, and the compensation and nominating committee received an additional annual fee of US\$15,000 and US\$12,000 (approximately \$20,200 and \$16,200 in Canadian dollars) respectively. The members of the audit and corporate governance committee, and the compensation and nominating committee received an additional annual fee of US\$8,000 and US\$6,000 (approximately \$10,800 and \$8,100 in Canadian dollars), respectively, and the independent member of the executive committee received an additional annual fee of US\$4,000 (approximately \$5,400 in Canadian dollars). The chairperson and any other members of any special independent committee of directors that may be established from time to time is entitled to receive compensation as may be determined by the Board of Directors for his or her service on such committee.

Since September 2018 and every September thereafter until September 2022, each director who is not an employee of the Company is entitled to receive deferred stock units equal to a value of U.S. \$25,000 (approximately \$33,700 in Canadian dollars). All directors were reimbursed for reasonable travel expenses incurred in connection with the performance of their duties as directors.

From and including September 2023 and every September thereafter, each director who is not an employee of the Company is entitled to receive deferred stock units equal to a value of US\$45,000 (approximately \$60,600 in Canadian dollars).

On November 15, 2016, the Company's Board of Directors approved annual payments of €200,000 (approximately \$310,000 in Canadian dollars) and €50,000 (approximately \$78,000 in Canadian dollars) to Mr. Niccolò Rossi di Montelera for his role as Executive Chairman of the Board and Chairman of the Executive Committee, respectively, effective January 1, 2017.

Executive Compensation

We are a "foreign private issuer" under U.S. securities laws and not a reporting issuer under Canadian securities laws and are therefore not required to publicly disclose detailed individual information about executive compensation under U.S. securities laws to the extent that we comply with the rules of our home jurisdiction. As such, the executive compensation of our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers are detailed in our Management Proxy Circular described below. Under the *Canada Business Corporations Act*, being the statute under which we were incorporated, we are required to provide certain information on executive compensation. The aggregate compensation paid by us to our four executive officers was approximately \$1,770,000 (annual salary).

The summary compensation table regarding our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers and the option/RSU grants and exercise of options/RSU tables in our Management Proxy Circular will be filed on Form 6-K with the SEC in connection with our 2024 Annual Meeting of Shareholders.

Birks Group Incentive Plans

The following plan makes reference to stock prices; since BGI trades publicly on the NYSE American, all stock prices are denominated in U.S. dollars.

Long-Term Incentive Plan

In 2006, Birks Group adopted a Long-Term Incentive Plan to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants and to promote the success of Birks Group's business. As of May 31, 2024, there were 15,000 cash-based stock appreciation rights granted to members of the Company's Board of Directors and outstanding stock options to purchase 20,000 shares of the Company's Class A voting shares granted to members of the Company's senior management team under the Long-Term Incentive Plan. The stock options outstanding as of May 31, 2024, under the Long-Term Incentive Plan have a weighted average exercise price of \$0.78.

In general, the Long-Term Incentive Plan is administered by Birks Group's Board of Directors or a committee designated by the Board of Directors (the "Administrator"). Any employee or consultant selected by the Administrator is eligible for any type of award provided for under the Long-Term Incentive Plan, except that incentive stock options may not be granted to consultants. The selection of the grantees and the nature and size of grants and awards are wholly within the discretion of the Administrator.

In the event of a change in control of Birks Group, the Administrator, at its sole discretion, may determine that all outstanding awards shall become fully and immediately exercisable and vested. In the event of dissolution or liquidation of Birks Group, the Administrator may, at its sole discretion, declare that any stock option or stock appreciation right shall terminate as of a date fixed by the Administrator and give the grantee the right to exercise such option or stock option right.

In the event of a merger or asset sale or other change in control, as defined by the Long-Term Incentive Plan, the Administrator may, in its sole discretion, take any of the following actions or any other action the Administrator deems to be fair to the holders of the awards:

- Provide that all outstanding awards upon the consummation of such a merger or sale shall be assumed by, or an equivalent option or right shall be substituted by, the successor corporation or parent or subsidiary of such successor corporation;
- Prior to the occurrence of the change in control, provide that all outstanding awards to the extent they are exercisable and vested shall be terminated in exchange for a cash payment equal to the change in control price; or
- Prior to the occurrence of the change in control, provide for the grantee to have the right to exercise the award as to all or a portion of the covered stock, including, if so determined by the Administrator, in its sole discretion, shares as to which it would not otherwise be exercisable.

The Long-Term Incentive Plan authorized the issuance of 900,000 Class A voting shares, which consisted of authorized but unissued Class A voting shares. The Long-term Incentive Plan expired on February 10, 2016 and no further awards will be granted under this plan. However, this plan will remain effective until the outstanding awards issued thereunder terminate or expire by their terms.

Omnibus Long-Term Incentive Plan

On August 15, 2016, the Board of Directors adopted the Company's Omnibus Long-Term Incentive Plan (the "Omnibus LTIP"), and same was approved by the Company's shareholders on September 21, 2016. Under the Omnibus LTIP, the Company's directors, officers, senior executives and other employees of the Company or one of its subsidiaries, consultants and service providers providing ongoing services to the Company and its affiliates may from time-to-time be granted various types of compensation awards, as same are further described below. The Omnibus LTIP is meant to replace the Company's former equity awards plans. A total of 1,000,000 shares of the Company's Class A voting shares are reserved for issuance under the Omnibus LTIP. On January 11, 2022 and September 22, 2022, the Board of Directors and a majority of shareholders, respectively, approved the increase to the maximum number of Class A voting shares reserved for issuance under the Omnibus

LTIP from 1,000,000 to 1,500,000. In no event shall the Company issue Class A voting shares, or awards requiring the Company to issue Class A voting shares, pursuant to the Omnibus LTIP if such issuance, when combined with the Class A voting shares issuable upon the exercise of awards granted under the Company's former plan or any other equity awards plan of the Company, would exceed 1,796,088 Class A voting shares, unless such issuance of Class A voting shares or awards is approved by the shareholders of the Company. This limit shall not restrict however, the Company's ability to issue awards under the Omnibus LTIP that are payable other than in shares. As of May 31, 2024, the only awards outstanding under the Omnibus LTIP were 715,482 deferred stock units granted to members of the Company's Board of Directors which were converted from cash-settled to share-settled awards on December 20, 2021, 96,688 cash-settled deferred stock units granted to members of the Company's Board of Directors, and 12,000 Class A voting shares underlying options granted to members of the Company's senior management team. The stock options outstanding as of May 31, 2024, under the Omnibus Long-Term Incentive Plan, have a weighted average exercise price of \$1.43.

BOARD PRACTICES

Our by-laws state that the Board of Directors will meet immediately following the election of directors at any annual or special meeting of the shareholders and as the directors may from time to time determine. See "Item 10. Additional Information—Articles of Incorporation and By-laws."

Under our Restated Articles of Incorporation, our directors serve one-year terms although they will continue in office until successors are appointed. None of the members of our Board has service agreements providing for benefits upon termination of employment, except for Mr. Bédos, our President and Chief Executive Officer. See "Item 10. Additional Information—Material Contracts—Employment Agreements."

Our Board of Directors has determined that six of our eight directors (Davide Barberis Canonico, Maria Eugenia Girón, Emilio B. Imbriglio, Louis-Philippe Maurice, Deborah Shannon Trudeau and Joseph F.X Zahra) qualify as independent directors within the meaning of Section 803A of the NYSE American Company Guide.

All of the directors on our compensation and audit committees were independent as well as the corporate governance committee until it was eliminated in September 2019. As a consequence of the elimination of the corporate governance and nominating committee, the audit and corporate governance committee as well as the compensation and nominating committee were formed. The corporate governance responsibilities of the committee were transferred to the audit committee and the nomination responsibilities were transferred to the compensation committee.

We are a "controlled company" (one in which more than 50% of the voting power is held by an individual, a group or another company) within the meaning of the rules of the NYSE American. Accordingly, we are not required under the NYSE American rules to have a majority of independent directors, a nominating and corporate governance committee and a compensation committee (each of which, under the NYSE American rules, would otherwise be required to be comprised entirely of independent directors). Since November 2005, our Board of Directors has been comprised of a majority of independent directors, except for (i) fiscal year 2013 following the appointment of Mr. Bédos, our President and Chief Executive Officer, as an additional director of the Company, during which period our Board of Directors was comprised of 50% independent directors, (ii) part of fiscal year 2015 following the 2014 annual shareholder meeting where four of the Company's eight directors qualified as independent directors, (iii) part of fiscal year 2016 following the resignation of Mr. Guthrie J. Stewart in December 2015 until the appointment of Mr. Louis L. Roquet in May 2016, and (iv) part of fiscal year 2017 until the appointment of Mr. Joseph F.X. Zahra, during which period our Board of Directors was comprised of a majority of non-independent directors.

Notwithstanding the fact that we qualify for the "controlled company" exemption, we maintain an audit and corporate governance committee and a compensation and nominating committee comprised solely of independent directors.

In relation to fiscal year 2024, the Company's Board of Directors held a total of nine board meetings and fourteen committee meetings. With respect to such period, all of the directors attended 100% of the meetings of the Board of Directors, except for three directors who attended 80% of the board meetings.

Our Board of Directors is supported by committees, which are working groups that analyze issues and provide recommendations to the Board of Directors regarding their respective areas of focus. The executive officers interact periodically with the committees to address management issues. During fiscal 2024, our Board of Directors was composed of the three main committees below. The Board of Directors may from time to time also create special committees of the Board as needed.

1. *Audit and Corporate Governance Committee.* We have a separately designated standing audit and corporate governance committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit and corporate governance committee operates under a written charter adopted by the Board of Directors. The audit and corporate governance committee reviews the scope and results of the annual audit of our consolidated financial statements conducted by our independent auditors, the scope of other services provided by our independent auditors, proposed changes in our financial accounting standards and principles, and our policies and procedures with respect to its internal accounting, auditing and financial controls. The audit and corporate governance committee also examines and considers other matters relating to our financial affairs and accounting methods, including selection and retention of our independent auditors. The audit and corporate governance committee is also responsible for overseeing the Company's major risk exposures, cybersecurity and data privacy risks and protocols. In addition, the audit and corporate governance committee has oversight responsibility on all aspects of the Company's corporate governance policies as well as the oversight and review of all related party transactions. In relation to fiscal 2024, the audit and corporate governance committee held four meetings. With respect to such period, all the members of the audit and corporate governance committee attended 100% of these meetings. During fiscal 2024, the audit and corporate governance committee was comprised of Frank Di Tomaso (Chair and member until September 14, 2023), Emilio B. Imbriglio (Chair since September 14, 2023), Davide Barberis Canonico, Maria Eugenia Girón (since September 14, 2023) and Joseph F.X. Zahra (until September 14, 2023), each of whom was financially literate and an independent (as defined by the NYSE American listing standards and SEC rules), non-employee director of the Company. We have determined that both Frank Di Tomaso and Emilio B. Imbriglio are "audit committee financial experts" as this term is defined under SEC rules. Neither the SEC nor the NYSE American requires us to designate an "audit committee financial expert". A copy of the audit committee charter is available on the Company's website at www.birks.com.

2. *Compensation and Nominating Committee.* We have a standing compensation committee. The compensation and nominating committee operates under a written charter adopted by the Board of Directors. The purpose of the compensation and nominating committee is to recommend to the Board of Directors (i) director compensation and (ii) executive compensation, including base salaries, bonuses and long-term incentive awards for the Chief Executive Officer and certain other executive officers of Birks Group. The compensation and nominating committee also establishes criteria for goals and objectives for variable compensation, evaluates the performance of the Chief Executive Officer on an annual basis and provides recommendations to the Board of Directors regarding Chief Executive Officer and senior management succession plans. Certain decisions regarding compensation of certain other executive officers are reviewed by the compensation committee. In relation to fiscal year 2024, the compensation and nominating committee held four meetings and all members of the compensation and nominating committee attended 100% of these meetings with respect to that period, except for one member who attended 80% of the meetings. During fiscal year 2024, the compensation and nominating committee was comprised of Shirley A. Dawe (Chair and member until September 13, 2023), Deborah Shannon Trudeau (Chair since September 14, 2023), Davide Barberis Canonico, Louis-Philippe Maurice (since September 14, 2023) and Joseph F.X. Zahra. Each member of the compensation and nominating committee is an independent (as defined by the NYSE American listing standards), non-employee director of the Company.

The compensation and nominating committee is also responsible for nominating potential nominees to the Board of Directors. The Company's policy with regard to the consideration of any director candidates

recommended by a shareholder is that it will consider such candidates and evaluate such candidates by the same process as candidates identified by the compensation and nominating committee. The Company has adopted a policy requiring that a director nominee, whether such candidate was recommended by the compensation and nominating committee or a shareholder, should possess, at least, integrity and commitment to service on the board. In addition to those minimum qualifications, the compensation and nominating committee will consider the following qualities or skills, which the Board as a whole should possess: business judgment, financial literacy, public company experience, accounting and finance experience, industry knowledge, diversity and the ability to provide strategic insight and direction. A detailed discussion of each of these attributes can be found in the compensation and nominating committee charter, which is available on the Company’s website at www.birks.com.

3. *Executive Committee.* We have a standing executive committee. The executive committee operates under a written charter adopted by the Board of Directors. The purpose of the executive committee is to provide a simplified review and approval process in between meetings of the Board of Directors for certain corporate actions. The intent of the executive committee is to facilitate our efficient operation with guidance and direction from the Board of Directors. The goal is to provide a mechanism that can assist in our operations, including but not limited to monitoring the implementation of policies, strategies and programs. In addition, the executive committee’s mandate is to assist the Board with respect to the development, continuing assessment and execution of the Company’s strategic plan. The executive committee is comprised of at least three members of the Board of Directors. Vacancies on the committee are filled by majority vote of the Board of Directors at the next meeting of the Board of Directors following the occurrence of the vacancy. During fiscal year 2024, the executive committee consisted of Niccolò Rossi di Montelera (Chair), Jean-Christophe Bédos, Davide Barberis Canonico, Maria Eugenia Girón (since September 14, 2023) and Joseph F.X. Zahra (until September 14, 2023). In relation to fiscal year 2024, the executive committee held five meetings. All of the members of the executive committee attended 100% of these meetings with respect to such period, except for one member who attended approximately 67% of the meetings. Messrs. Barberis Canonico and Zahra and Mrs. Girón are independent, non-employee directors of the Company.

EMPLOYEES

As of March 30, 2024, we employed approximately 290 persons, including 12 employees on temporary leave. None of our employees are governed by a collective bargaining agreement with a labor union. We believe our relations with our employees are good and we intend to continue to place an emphasis on recruiting, training, retraining and developing the best people in our industry.

Retail employees include only those employees within our retail selling locations, while administration includes all other activities including corporate office, merchandising, supply chain operations, e-commerce sales and support, wholesale sales and gold exchange. The table below sets forth headcount by category in the periods indicated.

<u>As of March 30, 2024:</u>	Total
Administration and operating support	123
Retail	167
Total	<u>290</u>
<u>As of March 25, 2023:</u>	
Administration and operating support	142
Retail	171
Total	<u>313</u>
<u>As of March 26, 2022:</u>	
Administration and operating support	130
Retail	166
Total	<u>296</u>

SHARE OWNERSHIP

The following table sets forth information regarding the beneficial ownership of our Class A voting shares as of May 31, 2024, based on 11,472,999 Class A voting shares, by each executive officer and each director:

<u>Name of Beneficial Owner</u>	<u>Number of Class A Voting Shares Beneficially Owned</u>	<u>Options/DSUs to Purchase Shares</u>	<u>Percentage of Beneficially Owned</u>
Niccolò Rossi di Montelera	—	110,588 ⁽¹⁾	*
Jean-Christophe Bédos	92,633	—	*
Davide Barberis Canonico	—	110,588 ⁽¹⁾	*
Maria Eugenia Girón	—	—	*
Emilio B. Imbriglio	—	—	—
Louis-Philippe Maurice	—	—	*
Deborah Shannon Trudeau	—	—	—
Joseph F.X. Zahra	—	110,588 ⁽¹⁾	*
Katia Fontana	30,700	—	*
Maryame El Bouwab	50,000	—	*
Miranda Melfi	48,624	—	*

* Less than 1%.

(1) Includes deferred stock units to acquire an equivalent amount of Class A voting shares upon exercise following the departure of the director at a price of \$0 per share. The deferred stock units are redeemable during the period commencing on the day immediately following the departure of the director and ending on December 31 of the following year.

For arrangements involving the issuance or grant of options or shares of the Company to such named executive officers and other employees, see above under the heading “Compensation of Directors and Officers” and Item 10. “Additional Information—Material Contracts—Employment Agreements.”

DISCLOSURE OF REGISTRANT’S ACTIONS TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our Class A voting shares as of May 31, 2024 by each person or entity who beneficially owns 5% or more of outstanding voting securities, including the Class A voting shares and/or Class B multiple voting shares. The major shareholders listed with Class B multiple voting shares are entitled to ten votes for each Class B multiple voting share held, whereas holders of Class A voting shares are entitled to one vote per Class A voting share held. Unless otherwise indicated in the table, each of the individuals named below, to the Company’s knowledge, has sole voting and investment power with respect to the voting shares beneficially owned by them. The calculation of the percentage of outstanding shares is based on 11,472,999 Class A voting shares and 7,717,970 Class B multiple voting shares outstanding on May 31, 2024, adjusted where appropriate, for shares of stock beneficially owned but not yet issued.

Beneficial ownership is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any of the Class A voting shares or Class B multiple voting shares as to which the individual or entity has sole or shared voting power or investment power and includes any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days through the exercise of any warrant, stock option or

other right. The inclusion in this Annual Report of such voting shares, however, does not constitute an admission that the named individual is a direct or indirect beneficial owner of such voting shares. The voting shares that a person has the right to acquire within 60 days of May 31, 2024 are deemed outstanding for the purpose of calculating the percentage ownership of such person, but are not deemed outstanding for the purpose of calculating the percentage owned by any other person listed. For information regarding entities or persons that directly or indirectly control us, see “Item 3. Key Information – Risk Factors – Risks Related to the Company.”

<u>Name of Beneficial Owner⁽¹⁾</u>	<u>Number of Class A Voting Shares Beneficially Owned</u>	<u>Percentage of Beneficially Owned</u>
The Grande Rousse Trust ⁽²⁾	13,646,692	71.11%
Meritus Trust Company Limited ⁽³⁾	13,646,692	71.11%
Montel S.à.r.l ⁽⁴⁾	8,846,692	58.24%
Mangrove Holding S.A. ⁽⁵⁾	4,800,000	31.02%
Jason Edward Maynard ⁽⁶⁾	2,720,556	23.17%

- (1) Unless otherwise noted, each person has sole voting and investment power over the shares listed opposite its name.
- (2) Includes 13,646,692 Class A voting shares, of which 7,717,970 Class A voting shares to which Montel S.à.r.l (“Montel”) and Mangrove Holding S.A. (“Mangrove”) collectively would be entitled upon conversion of the Class B multiple voting shares held by Montel and Mangrove collectively. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share. The shares held by Montel and Mangrove collectively are beneficially owned by The Grande Rousse Trust. Montrovest B.V. (“Montrovest”) merged with its parent company, Montel, on August 3, 2018 (the “Montrovest Merger”), and as such, all of the shares held by Montrovest at the time of the Montrovest Merger are now held by Montel. Confido Limited has the power to remove the trustee of The Grande Rousse Trust. As a result, Confido Limited may be deemed to have beneficial ownership of the Class A voting shares held by Montel or Mangrove.
- (3) Trustee of The Grande Rousse Trust. Includes 13,646,692 Class A voting shares, of which 7,717,970 Class A voting shares to which Montel and Mangrove collectively would be entitled upon conversion of the Class B multiple voting shares held by Montel and Mangrove collectively. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share. The shares held by Montel and Mangrove collectively are beneficially owned by The Grande Rousse Trust.
- (4) Comprised of 8,846,692 Class A voting shares, of which 3,717,970 Class A voting shares, to which Montel would be entitled upon conversion of the Class B multiple voting shares held by Montel and Mangrove collectively. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share.
- (5) Includes 4,800,000 Class A voting shares, of which 4,000,000 Class A voting shares to which Mangrove would be entitled upon conversion of the Class B multiple voting shares held by Mangrove. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share. The Grande Rousse Trust is the sole shareholder of Mangrove.
- (6) Based on information received from Jason E. Maynard as at May 31, 2024.

As of May 31, 2024, there were a total of 205 holders of record of our Class A voting shares, of which 161 were registered with addresses in the United States. Such United States record holders were, as of such date, the holders of record of approximately 45% of our outstanding Class A voting shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders are resident since many of these Class A shares were held of record by brokers or other nominees. None of our Class B multiple voting shares are held in the United States. Each Class B multiple voting share entitles the holder to ten (10) votes at all meetings of our shareholders (except meetings at which only holders of another specified class of shares are entitled to vote pursuant to the provisions of our restated articles or the *Canada Business Corporations Act*).

RELATED PARTY TRANSACTIONS

Management Consulting Services Agreement

Effective January 1, 2016, the Company entered into a management consulting services agreement with Gestofi S.A. (“Gestofi”), all in accordance with the Company’s Code of Conduct relating to related party transactions. Under the management consulting services agreement, Gestofi provides the Company with services related to the obtaining of financing, mergers and acquisitions, international expansion projects, and such other services as the Company may request. Under the agreement, the Company paid an annual retainer of €140,000 (approximately \$202,000 in Canadian dollars). The original term of the agreement was until December 31, 2016 and the agreement was automatically extended for successive terms of one year as neither party gave a 60 days’ notice of its intention not to renew. The yearly renewal of the agreement was subject to the review and approval of the Company’s corporate governance and nominating committee (and now is subject to the review and approval of the Company’s audit and corporate governance committee) and the Board of Directors in accordance with the Company’s Code of Conduct relating to related party transactions. In November 2018, the agreement was renewed on the same terms and conditions except that the retainer was reduced to €40,000 (approximately \$61,000 in Canadian dollars). In March 2019, the agreement was amended to (i) waive the yearly retainer and reimburse only the out-of-pocket expenses related to the services, and (ii) allow for a success fee to be mutually agreed upon between the Company and Gestofi in the event that financing or a capital raise is achieved. The agreement has been renewed annually since November 2019 and was renewed in November 2023 for an additional one-year term on the same terms and conditions. In fiscal 2024, 2023, and 2022, the Company incurred expenses of €28,000 (approximately \$41,000 in Canadian dollars) nil, and nil respectively under this agreement to Gestofi.

Cash Advance Agreements

The Company has a cash advance outstanding from the Company’s controlling shareholder, Montel (formerly Montrovest), of U.S. \$1.5 million (approximately \$2.0 million in Canadian dollars) originally received in May 2009 from Montrovest. This cash advance was provided to the Company by Montrovest to finance working capital needs and for general corporate purposes. This advance and any interest thereon is subordinated to the indebtedness of the Company’s Amended Credit Facility and Amended Term Loan. This cash advance bears an annual interest rate of 11%, net of withholding taxes, representing an effective interest rate of approximately 12%, and is repayable upon demand by Montel once conditions stipulated in the Company’s Amended Credit Facility permit such a payment. At March 30, 2024 and March 25, 2023, advances payable to Montel amounted to U.S. \$1.5 million (approximately \$2.0 million and \$2.1 million in Canadian dollars, respectively).

On July 28, 2017, the Company received a U.S. \$2.5 million (approximately \$3.3 million in Canadian dollars) loan from Montel, to finance its working capital needs. The loan bears interest at an annual rate of 11%, net of withholding taxes, representing an effective interest rate of approximately 12%, and is due and payable in two equal payments of U.S. \$1.25 million (approximately \$1.55 million in Canadian dollars) in each of July 2018 and July 2019. During fiscal year 2019, U.S. \$1.25 million (approximately \$1.55 million in Canadian dollars) was repaid. In May 2019, Montel granted the Company a one-year extension of the term of the outstanding balance of U.S. \$1.25 million (\$1.8 million in Canadian dollars) which was scheduled to be fully repaid in July 2019. In December 2019, the Company obtained a new one-year moratorium on principal repayments and as such the loan will become due in December 2020. In June 2020, the Company obtained a new moratorium on principal repayments and as such the loan will become due at the earliest of August 31, 2021 or 10 days following a recapitalization. During fiscal 2022, the remaining principal balance on the loan of approximately U.S. \$1.25 million (\$1.6 million in Canadian dollars) was repaid. At March 30, 2024 and March 25, 2023, loans payable to Montel amounted to nil and nil.

Due to the Montrovest Merger, Montrovest’s separate legal existence ceased and as a result of such merger, the cash advance agreements as well as the loan agreement have been assumed by Montel.

Reimbursement Letter Agreement

In accordance with the Company's Code of Conduct related to related party transactions, in April 2011, the Company's corporate governance and nominating committee and Board of Directors approved the reimbursement to Regaluxe Srl, of certain expenses, such as rent, communication, administrative support and analytical service costs, incurred in supporting the office of Dr. Lorenzo Rossi di Montelera, the Company's then Chairman, and of Mr. Niccolò Rossi di Montelera, the Company's Chairman of the Executive Committee and the Company's current Executive Chairman of the Board, for the work performed on behalf of the Company, up to a yearly maximum of U.S. \$260,000 (approximately \$340,000 in Canadian dollars). The yearly maximum was reduced to U.S. \$130,000 (approximately \$170,000 in Canadian dollars). This agreement has been renewed annually and was renewed in March 2019 for an additional one-year term, except that the only services being reimbursed are for administrative support and analytical services costs and in March 2020, for an additional one-year, except expenses were as of then being charged in Euro (€). During fiscal 2024, 2023, and 2022, the Company incurred expenses of €17,000, €24,000, and €24,000, (approximately \$25,000, \$35,000, and \$35,000 in Canadian dollars) respectively to Regaluxe Srl under this agreement.

Distribution Agreement

In April 2011, our corporate governance and nominating committee and Board of Directors approved the Company's entering in a Wholesale and Distribution Agreement with Regaluxe Srl. Under the agreement, Regaluxe Srl is to provide services to the Company to support the distribution of the Company's products in Italy through authorized dealers. The initial one-year term of the agreement began on April 1, 2011. Under this agreement, the Company pays Regaluxe Srl a net price for the Company's products equivalent to the price, net of taxes, for the products paid by retailers to Regaluxe Srl less a discount factor of 3.5%. The agreement's initial term was until March 31, 2012, and may be renewed by mutual agreement for additional one year terms. This agreement has been renewed annually and in March 2023, the agreement was renewed for an additional one-year term. This agreement was not renewed in March 2024. During fiscal year 2024, fiscal 2023 and fiscal 2022, the Company did not make any payments to Regaluxe Srl under this agreement.

Consulting Agreement

On March 28, 2018, the Company's Board of Directors approved the Company's entry into a consulting services agreement with Carlo Coda Nunziante effective April 1, 2018. Under the agreement, Carlo Coda Nunziante, the Company's former Vice President, Strategy, and brother-in-law to the Executive Chairman of the Board, is providing advice and assistance on the Company's strategic planning and business strategies for a total annual fee, including reimbursement of out-of-pocket expenses of €146,801 (approximately \$222,000 in Canadian dollars), net of applicable taxes. During fiscal 2024, 2023 and 2022, the Company incurred charges of €149,000, €149,000 and €162,000 (approximately \$217,000, \$205,000 and \$237,000 in Canadian dollars), including applicable taxes, respectively. This agreement was extended for a six-month period until September 30, 2024.

Retail Support and Administrative Service Fee

The Company provides RMBG with retail support and administrative services, and charges RMBG for these related services. During fiscal 2024, the Company charged \$612,500 to RMBG and nil during fiscal 2023.

Shareholder Support Letter

On July 15, 2024, the Company obtained a support letter from one of its shareholders, Mangrove Holding S.A., providing financial support in an amount of up to \$3.75 million, of which \$1.0 million would be available after January 1, 2025. These amounts can be borrowed, if needed, when deemed necessary by the Company, upon approval by the Company's Board of Directors, until at least July 31, 2025, to assist the Company in satisfying its obligations and debt service requirements as they come due in the normal course of operations, or in

meeting its financial covenant requirements of maintaining minimum excess availability levels of \$8.5 million at all times as required by its Amended Credit Facility and Amended Term Loan. Amounts drawn under this support letter will bear interest at an annual rate of 15%. However, there will be no interest or principal repayments prior to July 31, 2025.

Item 8. Financial Information

Consolidated Financial Statements

See Item 18. “Financial Statements.”

Dividend Policy

For a discussion of our dividend policy, see Item 3. “Key Information—Dividends and Dividend Policy.”

Legal Proceedings

We are from time to time involved in litigation incident to the conduct of our business. Although such litigation is normally routine and incidental, it is possible that future litigation can result in large monetary awards for compensatory or punitive damages. We believe that no litigation that is currently pending or threatened will have a material adverse effect on our financial condition.

Significant Changes

No significant changes have occurred since the date of the annual financial statements included in this Annual Report.

Item 9. The Offer and Listing

TRADING MARKET

Effective November 15, 2005, our Class A voting shares were listed and began to trade on the NYSE American and are currently trading under the symbol “BGI.”

Item 10. Additional Information

ARTICLES OF INCORPORATION AND BY-LAWS

Our Restated Articles of Incorporation do not restrict the type of business that we may carry on. A copy of our Restated Articles of Incorporation were set out in the F-4 registration statement (File No. 333-126936) that was filed with the SEC on July 27, 2005 and subsequently amended on September 8, 2005, September 21, 2005 and September 29, 2005, and which we incorporate by reference. A copy of our By-law No. One is contained as an exhibit to the Form 20-F that we filed with the SEC on July 3, 2012, and which we incorporate by reference. Additionally, certain rights of our shareholders pursuant to our Restated Articles of Incorporation, our By-laws and the *Canada Business Corporations Act* were set out in the F-4 registration statement (File No. 333-126936) that was filed with the SEC on July 27, 2005, and which we incorporate by reference herein and we refer you to the headings therein entitled “Description of Birks Capital Stock” and “Comparison of Stockholder Rights.”

On April 19, 2012, our Board of Directors approved an amendment to our By-laws to, among other things, add the title and description of the Vice Chairman position, revise the declaration of dividends section of the By-laws, and add a banking and borrowing arrangements section to the By-laws. Under Canadian law, the amendment to our By-laws had to be ratified by the shareholders of the Company. At our 2012 Annual and Special Meeting of Shareholders, our shareholders ratified the amendment to our By-laws.

On September 12, 2013, at our Annual Meeting of Shareholders, our shareholders approved articles of amendment to our Restated Articles of Incorporation to change our corporate name to Birks Group Inc. A copy of the articles of amendment is filed with our Annual Report on Form 20-F filed with the SEC on July 25, 2014.

On September 24, 2014, at our Annual Meeting of Shareholders, our shareholders approved articles of amendment to our Restated Articles of Incorporation to allow our board of directors, at any time and from time to time, to issue preferred shares for an aggregate consideration to be received by the Company of up to five million Canadian dollars (\$5,000,000) which shall be subject to a 5% dividend limitation as contained in the Restated Articles of Incorporation. A copy of the articles of amendment is filed with our Annual Report on Form 20-F filed with the SEC on June 26, 2015.

MATERIAL CONTRACTS

We have not entered into any material contract other than in the ordinary course of business and other than those described below or in Items 4, 5, 7 and 19 of this Annual Report on Form 20-F.

Employment Agreements

Jean-Christophe Bédos

On January 4, 2012, we entered into an employment agreement, or the “Agreement”, with Jean-Christophe Bédos, who became the President & Chief Executive Officer effective April 1, 2012, and prior to that was our Chief Operating Officer. The Agreement provides Mr. Bédos with a base salary of \$700,000 an annual cash bonus set at a minimum of \$282,500 for fiscal year ended March 30, 2013, of which \$141,250 was paid during fiscal 2012 and \$141,250 was paid in fiscal 2014, an annual target cash bonus of 85% of base salary based on achievement of a targeted level of performance and performance criteria set by the Company, an option to purchase 150,000 shares of the Company’s Class A voting shares which vested over three years and other health and retirement benefits. Mr. Bédos’ base salary was increased to \$730,000, \$750,000 and \$770,000, effective October 1, 2015, November 1, 2016 and October 1, 2021, respectively. If Mr. Bédos is terminated without “cause” or resigns for “good reason,” as these terms are defined in the Agreement, the Agreement provides that Mr. Bédos will receive (i) any earned and accrued but unpaid base salary, (ii) up to 12 months of salary in lieu of further salary or severance payments, which may be increased by one additional month after five years of service for each additional year of service thereafter, up to a maximum of eighteen months after ten years of service, (iii) certain health benefits for the period that the severance will be payable in, and (iv) his bonus through the date of termination and up to twelve months average annual cash bonus (based on the average annual cash bonus paid to him over the previous three fiscal years). Mr. Bédos is prohibited from competing with us during his employment and for a period of twelve-months thereafter.

EXCHANGE CONTROLS

There are currently no laws, decrees, regulations or other legislation in Canada that restricts the export or import of capital or that affects the remittance of dividends, interest or other payments to non-resident holders of our securities other than withholding tax requirements. There is no limitation imposed by Canadian law or by our Restated Articles of Incorporation or our other organizational documents on the right of a non-resident of Canada to hold or vote our Class A voting shares, other than as provided in Investment Canada Act.

The Investment Canada Act requires notification and, in certain cases, advance review and approval by the federal minister of Innovation, Science and Economic Development of the acquisition by a “non-Canadian” of “control of a Canadian business”, all as defined in the Investment Canada Act. Generally, the threshold for review will be higher in monetary terms, and in certain cases an exemption will apply, for an investor ultimately controlled by persons who are WTO investors or trade agreement investors, in each case within the meaning of the Investment Canada Act. The Investment Canada Act also provides for review of investments in Canada,

including by acquisition of the whole or part of any entity with operations in Canada, if the aforementioned Minister determines that such an investment may be injurious to national security.

TAXATION

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF OWNING AND DISPOSING OF BIRKS CLASS A VOTING SHARES

The following discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), applicable Treasury regulations, administrative rulings and pronouncements and judicial decisions currently in effect, all of which could change. Any change, which may be retroactive, could result in U.S. federal income tax consequences different from those discussed below. The discussion is not binding on the Internal Revenue Service, and there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described below.

Except where specifically noted, the discussion below does not address the effects of any state, local or non-U.S. tax laws (or other tax consequences such as estate or gift tax consequences). The discussion below relates to persons who hold Birks Group Class A voting shares as capital assets within the meaning of Section 1221 of the Code. The tax treatment of those persons may vary depending upon the holder's particular situation, and some holders may be subject to special rules not discussed below. Those holders would include, for example:

- banks, insurance companies, trustees and mutual funds;
- tax-exempt organizations;
- financial institutions;
- pass-through entities and investors in pass-through entities;
- traders in securities who elect to apply a mark-to-market method of accounting;
- broker-dealers;
- holders who are not U.S. Holders (as defined below);
- persons whose "functional currency" is not the U.S. dollar;
- holders who are subject to the alternative minimum tax; and
- holders of Birks Group Class A voting shares who own 5% or more of either the total voting power or the total value of the outstanding Class A voting shares of Birks Group.

Holders should consult their own tax advisors concerning the U.S. federal income tax consequences of the ownership of Birks Group Class A voting shares in light of their particular situations, as well as any consequences arising under the laws of any other taxing jurisdiction.

As used in this document, the term "U.S. Holder" means a beneficial holder of Birks Group Class A voting shares that is (1) an individual who is a U.S. citizen or U.S. resident alien, (2) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the U.S. or any political subdivision of the U.S., (3) an estate which is subject to U.S. federal income tax on its worldwide income regardless of its source or (4) a trust (x) that is subject to primary supervision of a court within the U.S. and the control of one or more U.S. persons as described in Section 7701(a)(30) of the Code or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds Birks Group Class A voting shares, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold Birks Group Class A voting shares should consult their tax advisors regarding the U.S. federal income tax consequences to them.

Dividends and Distributions

Subject to the passive foreign investment company (PFIC) rules discussed below, the gross amount of dividends paid to U.S. Holders of our Class A voting shares, including amounts withheld to reflect Canadian withholding taxes, will be treated as dividend income to these U.S. Holders, to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. This income will be includable in the gross income of a U.S. Holder on the day actually or constructively received by the U.S. Holder. Dividends generally will not be eligible for the dividends received deduction allowed to corporations upon the receipt of dividends distributed by U.S. corporations.

Subject to certain conditions and limitations, Canadian withholding taxes on dividends may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on our Class A voting shares will be treated as income from sources outside the U.S. and generally will constitute "passive income." Special rules apply to certain individuals whose foreign source income during the taxable year consists entirely of "qualified passive income" and whose creditable foreign taxes paid or accrued during the taxable year do not exceed \$300 (\$600 in the case of a joint return). U.S. Holders should consult their tax advisors to determine their eligibility to use foreign tax credits.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution first will be treated as a tax-free return of capital, causing a reduction in the adjusted basis of our Class A voting shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the U.S. Holder on a subsequent disposition of the Class A voting shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange.

With respect to certain U.S. Holders who are not corporations, including individuals, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A "qualified foreign corporation" includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury determines to be satisfactory for these purposes and which includes an exchange of information program. U.S. Treasury guidance indicates that the current income tax treaty between Canada and the U.S. meets these requirements, and we believe we are eligible for the benefits of that treaty. In addition, a foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares that are readily tradable on an established securities market in the U.S. Our Class A voting shares, which are listed on the NYSE American, should be considered readily tradable on an established securities market in the U.S. Individuals that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of the trading status of our Class A voting shares. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. U.S. Holders should consult their own tax advisors regarding the application of these rules given their particular circumstances. The rules governing the foreign tax credit are complex. Certain U.S. Holders of our Class A voting shares may not be able to claim a foreign tax credit with respect to amounts withheld for Canadian withholding taxes. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Exchange of Class A Voting Shares

For U.S. federal income tax purposes, subject to the rules relating to PFICs described below, a U.S. Holder generally will recognize taxable gain or loss on any sale or exchange of our Class A voting shares in an amount equal to the difference between the amount realized for our Class A voting shares and the U.S. Holder's tax basis in such shares. This gain or loss will be capital gain or loss and generally will be treated as U.S. source gain or loss. Long-term capital gains recognized by certain U.S. Holders who are not corporations, including individuals,

generally will be subject to a maximum rate of U.S. federal income tax of currently 23.8%, which includes the 3.8% Medicare surtax imposed by Section 1411 of the Code. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company

We believe that our Class A voting shares should not be treated as stock of a PFIC for U.S. federal income tax purposes, and we expect to continue our operations in such a manner that we will not be a PFIC. In general, a company is considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income. The 50% of value test is based on the average of the value of our assets for each quarter during the taxable year. If we own at least 25% by value of another company's stock, we will be treated, for purposes of the PFIC rules, as owning our proportionate share of the assets and receiving our proportionate share of income of the other company. Based on the nature of our income, assets and activities, and the manner in which we plan to operate our business in future years, we do not expect that we will be classified as a PFIC for any taxable year.

If, however, we are or become a PFIC, U.S. Holders could be subject to additional U.S. federal income taxes on gain recognized with respect to our Class A voting shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred by the U.S. Holder under the PFIC rules.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to dividends in respect of our Class A voting shares or the proceeds received on the sale, exchange, or redemption of our Class A voting shares paid within the United States (and in certain cases, outside of the U.S.) to U.S. Holders other than certain exempt recipients (such as corporations), and a 24% backup withholding tax may apply to these amounts if the U.S. Holder fails to provide an accurate taxpayer identification number, to report dividends required to be shown on its U.S. federal income tax returns or, in certain circumstances, to comply with applicable certification requirements. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information or appropriate claim for refund is furnished to the Internal Revenue Service in a timely manner.

Certain Information Reporting Obligations

Certain U.S. Holders are required to report their ownership of specified foreign financial assets, including stock or securities issued by non-U.S. entities, subject to exceptions, by including a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they own such assets. U.S. Holders are urged to consult their own tax advisors regarding information reporting requirements relating to the ownership of Class A voting shares.

MATERIAL CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR CLASS A VOTING SHARES

The following discussion is a summary of the material Canadian federal income tax considerations under the Income Tax Act (Canada) and the regulations adopted thereunder (referred to in this Form 20-F as the "Canadian Tax Act") of the ownership of our Class A voting shares, generally applicable to holders of our Class A voting shares who, for purposes of the Canadian Tax Act and at all relevant times, are not (and are not deemed to be) resident in Canada, are the beneficial owners of our Class A voting shares, hold our Class A voting shares as capital property, deal at arm's length and are not affiliated with Birks Group, and who do not use or hold (and are not deemed to use or hold) Class A voting shares in connection with carrying on business or part of a business in Canada (referred to in this Form 20-F as "Non-resident Holders"). This discussion does not apply to Non-resident Holders that are insurers that carry on an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined under the Canadian Tax Act).

This summary is based upon the current provisions of the Canadian Tax Act, the current provisions of the Canada-United States Income Tax Convention (1980), as amended, if applicable (referred to in this Form 20-F as the “Convention”), all specific proposals to amend the Canadian Tax Act publicly announced by the Minister of Finance of Canada prior to the date hereof (referred to in this Form 20-F as the “Tax Proposals”) and the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted substantially as proposed and does not otherwise take into account or anticipate any change in law or administrative and assessing practices, whether by legislative, governmental or judicial action, although no assurance can be given in these respects. This summary does not take into account or consider any provincial, territorial or foreign income tax legislation or considerations. For purposes of the Canadian Tax Act, all amounts relevant in computing a Non-resident Holder’s liability under the Canadian Tax Act must be computed in Canadian dollars. Amounts denominated in a currency other than Canadian dollars (including adjusted cost base and proceeds of disposition) must be converted into Canadian dollars based on the prevailing exchange rate at the relevant time.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to Non-resident Holders of our Class A voting shares. Accordingly, Non-resident Holders of our Class A voting shares should consult their own tax advisors with respect to their particular circumstances.

DIVIDENDS

Dividends on Our Class A Voting Shares

Dividends paid or credited (or deemed to have been paid or credited) on our Class A voting shares to a Non-resident Holder will be subject to Canadian withholding tax of 25% of the gross amount of those dividends (subject to reduction in accordance with an applicable income tax convention between Canada and the Non-resident Holder’s country of residence). In the case of a Non-resident Holder who is a resident of the U.S. for purposes of the Convention, is entitled to the benefits of the Convention (referred to in this Form 20-F as a “U.S. Holder”) and is the beneficial owner of the dividend, the rate of withholding tax will generally be reduced to 15% or, if the Non-resident Holder is a corporation that owns at least 10% of our voting shares, to 5%. Non-resident Holders are advised to consult their tax advisors for advice having regard to their particular circumstances.

Disposition of Our Class A Voting Shares

A Non-resident Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized by that Non-resident Holder on a disposition (or deemed disposition) of a Class A voting share, unless the Class A voting share constitutes “taxable Canadian property” (as defined in the Canadian Tax Act) of the Non-resident Holder at the time of disposition and the Non-resident Holder is not entitled to relief under an applicable income tax convention between Canada and the Non-resident Holder’s country of residence. If at the time of such disposition the Class A voting shares are listed on a “designated stock exchange” (which includes the NYSE American), the Class A voting shares will generally not constitute taxable Canadian property of a Non-resident Holder unless (A) at any time during the 60-month period that ends at the time the Class A voting shares are disposed of, both (i) 25% or more of the issued shares of any class of the capital stock of the Corporation were owned by or belonged to one or any combination of (a) the Non-resident Holder, (b) persons with whom the Non-resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-resident Holder or a person referred to in (b) holds a membership interest, directly or indirectly, through one or more partnerships, and (ii) more than 50% of the fair market value of the Class A voting shares was derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (as such terms are defined under the Canadian Tax Act) or options in respect of, interests in, or civil law rights in, any such properties (whether or not such properties exist), or (B) the Class A voting shares are otherwise deemed to be taxable Canadian property. Generally, to the extent that the Class A voting share are no longer listed on a “designated stock exchange” at the time of their disposition, the above- listed criteria (with the exception of (i)) will apply to determine if the Class A voting shares are “taxable Canadian property”.

Non-resident Holders whose Class A voting shares are, or may be, taxable Canadian property should consult their tax advisors for advice having regard to their particular circumstances.

STATEMENTS BY EXPERTS

Not applicable.

DOCUMENTS ON DISPLAY

We file reports, including Annual Reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. Filings we make electronically with the SEC are also available to the public on the Internet at the SEC's website at <http://www.sec.gov>.

SUBSIDIARY INFORMATION

Not applicable.

ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. We have not entered into derivative or other financial instruments for trading or speculative purposes.

Interest Rate Risk

We are exposed to market risk from fluctuations in interest rates. Borrowing under the Amended Credit Facility and the Amended Term Loan bear interest at floating rates, which are based on CDOR plus a fixed additional interest rate. As of March 30, 2024, we have not hedged these interest rate risks. As of March 30, 2024, we had approximately \$75.7 million of floating-rate debt. Accordingly, our net income will be affected by changes in interest rates. Assuming a 100 basis point increase or decrease in the interest rate under our floating rate debt, our interest expense on an annualized basis would have increased or decreased, respectively, by approximately \$0.8 million. On June 26, 2024, the Company entered into an amendment to the Amended Credit Facility and an amendment to the Amended Term Loan to replace the interest rate of CDOR with CORRA. Please refer to Note 19 Subsequent Events for further information on the impact of this change for both facilities, respectively.

Currency Risk

The Company has changed its reporting currency in fiscal 2019 from U.S. dollars to Canadian dollars for the period commencing April 1, 2018 in order to better reflect the fact that subsequent to the Company's divestiture of its former wholly-owned subsidiary, Mayor's Jewelers Inc. on October 23, 2017, its business is primarily conducted in Canada, and a substantial portion of its revenues, expenses, assets, and liabilities are denominated in \$CAD. The Company's functional currency remains \$CAD.

To mitigate the impact of foreign exchange volatility on our earnings, from time to time we may enter into agreements to fix the exchange rate of U.S. dollars to Canadian dollars. For example, we may enter into agreements to fix the exchange rate to protect the principal and interest payments on our U.S. dollar denominated debt and other liabilities held in our Canadian operation. If we do so, we will not benefit from any increase in the value of the Canadian dollar compared to the U.S. dollar when these payments become due. As of March 30, 2024, we had not hedged these foreign exchange rate risks. As of March 30, 2024, we had approximately \$37.8 million of net liabilities subject to foreign exchange rate risk related to changes in the exchange rate between the U.S. dollar and Canadian dollar, which would impact the level of our earnings if there were fluctuations in U.S. and Canadian dollar exchange rate. Assuming a 100 basis point strengthening or weakening of the Canadian dollar in relationship to the U.S. dollar, as of March 30, 2024, our earnings would have increased or decreased, respectively, by approximately \$0.4 million. This analysis does not consider the impact of fluctuations in U.S. and Canadian dollar exchange rates on the translation of Canadian dollar results into U.S. dollars. Changes in the exchange rates of Canadian dollars to U.S. dollars could also impact our Canadian sales and gross margin if the Canadian dollar strengthens significantly and impacts our Canadian consumers' behavior.

Commodity Risk

The nature of our operations results in exposure to fluctuations in commodity prices, specifically diamonds, platinum, gold and silver. We do not currently use derivatives to hedge these risks. Our retail sales and gross margin could be materially impacted if prices of diamonds, platinum, gold or silver rise so significantly that our consumers' behavior changes or if price increases cannot be passed onto our customers.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e), as of the end of the period covered by this Annual Report on Form 20-F. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 30, 2024, our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e), were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act

Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the U.S. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this Annual Report based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on that assessment, our Chief Executive Officer and Chief Financial Officer concluded that as of March 30, 2024, our internal control over financial reporting was effective.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal controls over financial reporting. As a non-accelerated filer, our report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only our report on internal controls over financial reporting in this Annual Report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Board of Directors determined that Emilio B. Imbriglio, an independent director meets the requirements to be designated an “audit committee financial expert” as such term is defined by the SEC. See “Item 6. Directors, Senior Management and Employees—Board Practices.”

Item 16B. Code of Ethics

We have adopted a code of ethics, within the meaning of this Item 16B of Form 20-F under the Exchange Act. Our code of ethics applies to our Chief Executive Officer, Chief Financial Officer, Senior Director of Finance, and Controller. Our code of ethics is available on our website at www.birks.com. If we amend the provisions of our code of ethics that apply to our Chief Executive Officer, Chief Financial Officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address within five business days following the date of such amendment or waiver. We also have a similar code of ethics that applies to our financial directors. The Company has also adopted a Code of Conduct that applies to all employees of the Company.

Item 16C. Principal Accountant Fees and Services

During fiscal 2024 and fiscal 2023, we retained KPMG LLP, our independent registered public accountant, to provide services in the following categories and amounts:

Audit Fees

The aggregate fees for professional services rendered by KPMG LLP for the audit and interim review of our consolidated financial statements and auditor's involvement in a registration statement was \$760,350 in fiscal 2024 and \$696,006 in fiscal 2023.

Audit Related Fees

During fiscal 2024 and fiscal 2023, KPMG LLP provided audit related services for a total amount of nil and nil, respectively.

Tax Fees

During fiscal 2024 and fiscal 2023, KPMG LLP provided tax advisory services for a total amount of \$22,753 and \$35,373, respectively.

All Other Fees

During fiscal 2024 and fiscal 2023, KPMG LLP provided other services for a total amount of \$23,005 and \$41,730, respectively, related to assurance reports.

Pre-Approval Policies and Procedures

The audit and corporate governance committee has established a pre-approval policy as described in Rule 2-01(c)(7)(i) of Regulation S-X. The audit and corporate governance committee approves in writing, in advance, any audit or non-audit services provided to Birks Group by the independent accountants that are not specifically disallowed by the Sarbanes-Oxley Act of 2002. None of the services described in Item 16C were approved by the audit and corporate governance committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not, nor did any affiliated purchaser, purchase any of our equity securities during fiscal 2024.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Our securities are listed on the NYSE American. There are no significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of that exchange except for proxy delivery requirements. The NYSE American requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings and requires that these proxies be solicited pursuant to a proxy statement that conforms to the proxy rules of the U.S. Securities and Exchange Commission. As a foreign private issuer, the Company is exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

We have adopted an insider trading policy, which governs the purchase, sale and other dispositions of our securities by our directors, officers and other employees. This policy promotes compliance with applicable securities laws and regulations, including those that prohibit insider trading. A copy of our Insider Trading Policy is filed as an exhibit to this annual report on Form 20-F.

Item 16K. Cybersecurity Risk Management Strategy

The safety and security of our customers' and employees' personal information is of utmost importance to us. This includes working to put in place appropriate administrative, physical and technical cybersecurity safeguards to help protect the confidentiality, integrity, and availability of the data assets that keep our operation running and securely store the information in our care. We have developed and implemented a cybersecurity risk management program intended to protect the Company and its customers from data loss, unauthorized access, use or disclosure of data as well as to prevent service interruptions.

Our cybersecurity team assesses, identifies and manages risks related to cybersecurity threats and is responsible for:

- proactive detection and assessment of threats and vulnerabilities through vulnerability testing, penetration testing and attack simulation;
- development of risk-based action plans to manage identified vulnerabilities and implementation of new protocols and infrastructure improvements;
- cybersecurity incident investigations, with the assistance of third-party experts as required;
- monitoring threats to sensitive data and unauthorized access to Company systems, with assistance of third-party data loss prevention software and a third-party security operations center;
- developing and executing protocols to ensure that information regarding cybersecurity incidents is promptly shared with our executive officers, audit and corporate governance committee and Board of Directors, as appropriate, to allow for risk and materiality assessments and to consider disclosure and notice requirements;
- developing and implementing periodic training on cybersecurity, information security and threat awareness; and
- collaborating with law enforcement and other companies on cybersecurity incidents and best practices.

There were no cybersecurity incidents during the fiscal year 2024 that resulted in an interruption to our operations, known losses of any critical data or otherwise had a material impact on the Company's strategy, financial condition or results of operations. However, the scope and impact of any future incident cannot be predicted. See "Item 3D–Risk Factors" for more information on how material cybersecurity attacks may impact our business.

Governance

Our cybersecurity risk management program is overseen by our Chief Financial Officer ("CFO") and Chief Privacy Officer ("CPO"). The CFO assists the Board of Directors and our executive officers in fulfilling their

responsibilities for cybersecurity governance, approval and oversight through the periodic reporting and review of security strategy and risk management practices. Our current CFO has over 15 years of experience in information security, and her background includes technical experience, strategy and architecture focused roles, cyber and threat experience, and various leadership roles. Our current CPO has over 20 years of experience in information security, and his background includes technical experience, strategy and architecture focused roles, cyber and threat experience, and various leadership roles. Our cybersecurity risk management program is integrated into our overall risk management processes and shares common reporting channels and governance processes that apply across the enterprise to other legal, compliance, strategic, operational, and financial risk governance programs.

Our Board of Directors recognizes the importance of robust cybersecurity management programs and is actively engaged in overseeing and reviewing the Company's cybersecurity risk profile and exposures. Our Board of Directors has delegated the oversight of our process for assessing, identifying and managing material risks related to cybersecurity threats to the audit and corporate governance committee.

The responsibilities of the audit and corporate governance committee include reviewing the cybersecurity threat landscape facing the Company, as well as our strategy, policies and procedures to mitigate cybersecurity risks and any significant cybersecurity incidents. The audit and corporate governance committee also considers the impact of emerging cybersecurity developments and regulations that may affect the Company.

The audit and corporate governance committee meet periodically with relevant members of management who provide reports on cybersecurity matters including, among others: recent external cybersecurity threats and attack trends; updates to threat monitoring processes; cybersecurity awareness training and stress testing; cybersecurity plan; and cybersecurity programs. The audit and corporate governance committee has also directed management to inform the committee promptly and, when appropriate, the Board of Directors, of any investigation of a material cybersecurity incident. Where an update has not been provided directly to the Board of Directors, the audit and corporate governance committee provides the full Board of Directors with updates on cybersecurity risks and incidents and other matters as needed, and reports to the Board of Directors on an ad hoc basis with respect to material incidents and other developments that the audit and corporate governance committee believes should have the Board of Directors' consideration. The audit and corporate governance committee and the Board of Directors may engage third party advisors and experts and meet with the Company's external advisors on cybersecurity matters, as appropriate.

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The financial statements required by this item are found at the end of this Annual Report beginning on page F-1.

PART III

Item 19. Exhibits

The following exhibits are part of this Annual Report on Form 20-F.

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1	Restated Articles of Incorporation of Birks Group Inc., effective as of November 14, 2005. Incorporated by reference from the Henry Birks & Sons Inc. Registration Statement on Form F-4 originally filed with the SEC on July 27, 2005 and as subsequently amended on September 8, 2005, September 21, 2005 and September 29, 2005.
1.2	Articles of Amendment of Birks Group Inc., effective as of October 1, 2013. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on July 25, 2014.
1.3	Articles of Amendment of Birks Group Inc. effective as of October 3, 2014. Incorporated by referenced from Birks Group Inc.'s Form 20-F filed with the SEC on June 26, 2015.
1.4	By-law No. One of Birks Group Inc. adopted on December 28, 1998 and amended on April 9, 2012. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on July 3, 2012.
2.1	Form of Birks Class A voting share certificate as amended as of October 1, 2013. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on July 25, 2014.
2.2	Description of Capital Stock. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on July 8, 2020.
4.1	Agreement and Plan of Merger and Reorganization, dated as of April 18, 2005, as amended as of July 27, 2005, among Henry Birks & Sons Inc., Mayor's, Inc. and Birks Merger Corporation, a wholly-owned subsidiary of Henry Birks & Sons Inc. Incorporated by reference from the Henry Birks & Sons Inc. Registration Statement on Form F-4 originally filed with the SEC on July 27, 2005 and as subsequently amended on September 8, 2005, September 21, 2005 and September 29, 2005.
4.2	Form of Directors and Officers Indemnity Agreement. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on June 23, 2023.
4.3	Agreement of Principal Lease between 7739907 Canada Inc. and Birks Group Inc. executed on March 17, 2017. Incorporated by reference from the Birks Group Inc.'s Form 6-K filed with the SEC on May 12, 2017.
4.4	Employment Agreement between Miranda Melfi and Birks Group dated February 24, 2006. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on July 19, 2006.
4.5	Management Consulting Services Agreement between Birks Group Inc. and Gestofi S.A. entered into as of November 20, 2015. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on June 30, 2016.
4.6	Birks Group Inc. Long-Term Incentive Plan. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on July 19, 2006.
4.7	Birks Group Inc. Omnibus Long-Term Incentive Plan as amended on January 11, 2022. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on June 24, 2022
4.8	Form of Stock Appreciation Rights Agreement. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 18, 2007.

<u>Exhibit Number</u>	<u>Description of Document</u>
4.9	Loan Agreement between Birks Group Inc. and Investissement Québec entered into on July 8, 2020. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on July 8, 2020.
4.10	Amendment dated February 18, 2021, to the Loan Agreement between Birks Group Inc. and Investissement Québec entered into on July 8, 2020. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 17, 2021.
4.11	Amended and Restated Cash Advance Agreement between Birks Group Inc. and Montrovest B.V., dated June 8, 2011. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on July 8, 2011.
4.12+	Employment Agreement between Birks Group Inc. and Jean-Christophe Bédos, dated January 4, 2012. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on June 23, 2023.
4.13+	Amendment Letter to Employment Agreement between Birks Group Inc. and Jean-Christophe Bédos dated April 18, 2013. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on June 23, 2023.
4.14+	Amendment Letter to Employment Agreement between Birks Group Inc. and Jean-Christophe Bédos effective October 1, 2015. Incorporated by reference from the Birks Group Inc.'s Form 20-F filed with the SEC on June 23, 2023.
4.15	Canadian Offering Memorandum, dated as of April 27, 2012. Incorporated by reference from the Birks Group Inc. Registration Statement on Form F-1 filed with the SEC on April 27, 2012.
4.16	Form of Subscription Rights Certificate. Incorporated by reference from the Birks Group Inc. Registration Statement on Form F-1 filed with the SEC on May 24, 2012.
4.17	Consulting Services Agreement between Carlo Coda Nunziante and Birks Group Inc., dated March 31, 2018. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on July 3, 2018.
4.18	Credit Agreement by and among Crystal Financial LLC, as Agent, the lenders that are parties thereto as the Lenders, and Birks Group Inc. dated as of June 29, 2018. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on July 3, 2018.
4.19	Amendment No.1 to the Credit Agreement by and among by and among the lenders thereto as lenders, Crystal Financial LLC, as agent, and Birks Group Inc. dated as of April 18, 2019. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on July 8, 2020.
4.20	Amendment No.2 to the Credit Agreement by and among by and among the lenders thereto as lenders, Crystal Financial LLC, as agent, and Birks Group Inc. dated as of July 3, 2020. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 17, 2021.
4.21	Amendment No.3 to the Credit Agreement by and among the lenders thereto as lenders, Crystal Financial LLC, as administrative agent and Birks Group Inc. dated as of August 31, 2021. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 24, 2022.
4.22	Amendment No.4 to the Credit Agreement by and among the lenders thereto as lenders, Crystal Financial LLC, as administrative agent and Birks Group Inc. dated as of December 15, 2021. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 24, 2022.

<u>Exhibit Number</u>	<u>Description of Document</u>
4.23	Amendment No.5 to the Credit Agreement by and among the lenders thereto as lenders, Crystal Financial LLC, as administrative agent and Birks Group Inc. dated as of December 24, 2021. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 24, 2022.
4.23*	Amendment No.6 to the Credit Agreement by and among the lenders thereto as lenders, Crystal Financial LLC, as administrative agent and Birks Group Inc. dated as of June 26, 2024.
4.24	Employment Agreement dated June 29, 2018 entered into between Birks Group Inc. and Maryame El Bouwab. Incorporated by reference from the Birks Group Inc. Form 6-K filed with the SEC on July 13, 2018.
4.25	Employment Agreement dated December 18, 2019 entered into between Birks Group Inc. and Katia Fontana. Incorporated by reference from the Birks Group Inc. Annual report on Form 20-F filed with the SEC on July 8, 2020.
4.26	Loan Agreement between Birks Group Inc. and Investissement Québec entered into on August 24, 2021. Incorporated by reference from the Birks Group Inc. Form 6-K filed with the SEC on November 18, 2021.
4.27	Amended and Restated 2021 Credit Agreement by and among Wells Fargo Capital Finance Corporation Canada, as Administrative Agent, the Lenders that are parties thereto as the Lenders, and Birks Group Inc., as Borrower, dated as of December 24, 2021. Incorporated by reference from the Birks Group Inc. Annual Report on Form 20-F filed with the SEC on June 24, 2022.
4.28*	First Amendment to Amended and Restated Credit Agreement by and among Birks Group Inc., as Borrower, Cash, Gold & Silver Inc. and Birks Investments Inc. as Guarantors, Wells Fargo Capital Finance Corporation Canada, as Administrative Agent, and the Lenders that are parties thereto as the Lenders, dated as of June 26, 2024.
4.29*	Master Lease Agreement between Varilease Finance, Inc. and Birks Group Inc. made as of July 14, 2023 (“Master Lease Agreement”).
4.30*	Schedule No. 01 to the Master Lease Agreement entered into between Varilease Finance, Inc. and Birks Group Inc. dated July 14, 2023.
4.31*	Schedule No. 02 to the Master Lease Agreement entered into between Varilease Finance, Inc. and Birks Group Inc. dated February 1, 2024.
4.32*	Schedule No. 03 to the Master Lease Agreement entered into between Varilease Finance, Inc. and Birks Group Inc. dated February 1, 2024.
4.33*	Schedule No. 04 to the Master Lease Agreement entered into between Varilease Finance, Inc. and Birks Group Inc. dated June 3, 2024.
4.34*	Letter of support agreement between Mangrove Holdings S.A. and Birks Group Inc. dated July 15, 2024.
8.1*	Subsidiaries of Birks Group Inc.
11.1*++	Birks Group Inc. Policy, Procedures and Guidelines Governing Insider Trading and Disclosure.
12.1*	Certification of President and Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).

Exhibit Number	Description of Document
12.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).
13.1*	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of KPMG LLP.
97.1*	Birks Group Inc. Policy Regarding the Mandatory Recovery of Compensation.
101.INS*	Inline XBRL Instance Document*
101.SCH*	Inline XBRL Taxonomy Extension Schema Document*
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104.1*	The cover page for the Company's Annual Report on Form 20-F for the year ended March 30, 2024, has been formatted in Inline XBRL and is contained in Exhibit 101.

* Filed herewith.

+ Certain identified information has been excluded from this exhibit because the Company does not believe it is material and is the type that the Company customarily treats as private and confidential. Redacted information is indicated by [***].

++ Schedules and other similar attachments to this exhibit have been omitted pursuant to the Instructions As To Exhibits of Form 20-F. The Registrant hereby agrees to furnish a copy of any omitted schedules to the Commission upon request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

BIRKS GROUP INC.

Date: July 16, 2024

/s/ Katia Fontana

Katia Fontana,
Vice President and Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Birks Group Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Birks Group Inc. (the “Company”) as of March 30, 2024 and March 25, 2023, the related consolidated statements of operations, other comprehensive income (loss), changes in stockholders’ equity (deficiency), and cash flows for each of the years ended March 30, 2024, March 25, 2023 and March 26, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 30, 2024 and March 25, 2023, and the results of its operations and its cash flows for each of the years ended March 30, 2024, March 25, 2023 and March 26, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements; and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the Company’s ability to continue as a going concern

As discussed in Note 1 to the consolidated financial statements, the Company prepares its consolidated financial statements on a going concern basis. The Company believes that it will be able to adequately fund its operations

and meet its cash flow requirements for at least twelve months from the date of issuance of these financial statements. The Company funds its operations primarily through committed financing under its senior secured credit facility and its senior secured term loan. The Company's ability to meet its cash flow requirements in order to fund its operations is dependent upon its ability to attain profitable operations, adhere to the terms of its committed financings, obtain favorable payment terms from suppliers, as well as to maintain specified excess availability levels under its senior secured credit facility and its senior secured term loan. In addition to the covenant to adhere to a daily minimum excess availability of \$8.5 million under both its senior secured credit facility and its senior secured term loan, other loans have a covenant to adhere to a working capital ratio of 1.01 at the end of each year. The working capital ratio of 1.01 may be lower in any given year if a tolerance letter accepting a lower working capital ratio is received. Management estimated and forecasted cash flows and excess availability levels under various scenarios for at least the next twelve months from the date the financial statements were authorized for issuance.

We identified the assessment of the Company's ability to continue as a going concern and related disclosures as a critical audit matter. There was uncertainty associated with the future outcome of events and circumstances underlying significant assumptions. In addition, there was significant auditor judgment involved in assessing management's cash flow forecast under various scenarios, specifically forecasted sales and gross margins, operating costs, favorable payment terms from suppliers, excess availability levels and working capital ratio.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design of the internal control related to management's going concern assessment. We assessed management's ability to forecast by comparing prior year forecasts to actual results and excess availability achieved. We assessed management's estimated forecasted sales, gross margins and operating costs used in management's forecasted cash flows, excess availability levels and working capital ratio and adherence to the terms of its committed financings under various scenarios. We assessed waivers received by management for the breach of the working capital ratio. We assessed the tolerance letter received by management related to the working capital ratio for the upcoming year end. We assessed the shareholder support letter received by management. We evaluated the assumptions in the forecasted cash flows and the various scenarios, related to cost reductions and obtaining favorable payment terms from suppliers by understanding the nature of management's plans and whether they were probable. We examined the results of operations and excess availability levels after year-end, up to the date of our auditor's report, and compared them to management's forecasted excess availability levels. We assessed the adequacy of the disclosures related to the application of the going concern assessment.

Evaluation of the reserve for slow-moving finished goods inventories

As discussed in Note 4 to the consolidated financial statements, the inventories reserve balance as of March 30, 2024 is \$2,196 thousands, which includes the reserve for slow-moving finished goods inventories. As discussed in Note 2(e), inventories are stated at the lower of average cost and net realizable value, which is the estimated selling price in the ordinary course of business. The reserve for slow-moving finished goods inventories is equal to the difference between the cost of inventories and the estimated selling prices, resulting in the expected gross margin. There is estimation uncertainty in relation to the identification of slow-moving finished goods inventories which are based on certain criteria established by the Company's management. The criteria includes consideration of operational decisions by Management to discontinue ordering the inventory based on sales trends, market conditions, and the aging of the inventories. Estimation uncertainty also exists in determining the expected selling prices and associated gross margins through normal sales channels, which are based on assumptions about future demand and market conditions for those slow-moving inventories.

We identified the evaluation of the reserve for slow-moving finished goods inventories as a critical audit matter. A higher degree of auditor judgement and increased audit effort was required to evaluate the identification of the slow-moving finished goods inventories based on the Company's established criteria, and the expected selling prices for those slow-moving finished goods inventories.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the slow-moving inventory reserve, including the control related to the identification of the slow-moving finished goods inventories based on the Company's established criteria and the estimated reserve percentage. We evaluated the criteria used by the Company to identify slow-moving finished goods inventories by considering the aging of finished goods inventories on-hand, historic inventory turnover, historic sales trends and historic gross margin analysis. We evaluated the Company's criteria and assumptions used in the reserve for slow-moving finished goods inventories by analyzing the reserve trends, movements of the specific inventory status year-over-year and business plans, and the impact of changes on the reserve. We compared the estimated selling price and the associated gross margins utilized in the prior year to the actual gross margins in the current year to evaluate the Company's ability to accurately estimate the reserve. We developed an expectation of the slow-moving reserve using historic inventory activity and gross margin rates and compared our expectation to the amount recorded by the Company. We assessed the sufficiency of the reserves at year-end by analyzing sales and gross margins subsequent to year-end.

/s/ KPMG LLP

We have served as the Company's auditor since 2000.

Montreal, Canada
July 16, 2024

BIRKS GROUP INC.

Consolidated Balance Sheets

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,783	\$ 1,262
Accounts receivable and other receivables	8,455	11,377
Inventories	99,067	88,357
Prepays and other current assets	2,913	2,694
Total current assets	112,218	103,690
Long-term receivables	1,571	2,000
Equity investment in joint venture	4,122	1,957
Property and equipment	25,717	26,837
Operating lease right-of-use asset	51,753	55,498
Intangible assets and other assets	7,887	6,999
Total non-current assets	91,050	93,291
Total assets	<u>\$ 203,268</u>	<u>\$ 196,981</u>
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Bank indebtedness	\$ 63,372	\$ 57,890
Accounts payable	43,011	37,645
Accrued liabilities	6,112	7,631
Current portion of long-term debt	4,352	2,133
Current portion of operating lease liabilities	6,430	6,758
Total current liabilities	123,277	112,057
Long-term debt	22,587	22,180
Long-term portion of operating lease liabilities	59,881	62,989
Other long-term liabilities	2,672	358
Total long-term liabilities	85,140	85,527
Stockholders' equity (deficiency):		
Class A common stock – no par value, unlimited shares authorized, issued and outstanding 11,447,999 (11,112,999 as of March 25, 2023)	40,725	39,019
Class B common stock – no par value, unlimited shares authorized, issued and outstanding 7,717,970	57,755	57,755
Preferred stock – no par value, unlimited shares authorized, none issued	—	—
Additional paid-in capital	21,825	23,504
Accumulated deficit	(125,476)	(120,845)
Accumulated other comprehensive income (loss)	22	(36)
Total stockholders' equity (deficiency)	(5,149)	(603)
Total liabilities and stockholders' equity (deficiency)	<u>\$ 203,268</u>	<u>\$ 196,981</u>

See accompanying notes to consolidated financial statements

On behalf of the Board of Directors:

/s/ Jean-Christophe Bédos
Jean-Christophe Bédos, Director

/s/ Emilio B. Imbriglio
Emilio B. Imbriglio

BIRKS GROUP INC.

Consolidated Statements of Operations

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
Net sales	\$185,275	\$162,950	\$181,342
Cost of sales	111,720	94,990	105,122
Gross profit	73,555	67,960	76,220
Selling, general and administrative expenses	65,705	66,095	65,942
Depreciation and amortization	6,639	5,673	5,809
Total operating expenses	72,344	71,768	71,751
Operating income (loss)	1,211	(3,808)	4,469
Interest and other financial costs	8,007	5,581	3,182
(Loss) income before taxes and equity in earnings of joint venture	(6,796)	(9,389)	1,287
Income taxes (benefits)	—	—	—
Equity in earnings of joint venture, net of taxes of \$0.8 million (\$0.7 million in fiscal 2023)	2,165	1,957	—
Net (loss) income, net of tax	<u>\$ (4,631)</u>	<u>\$ (7,432)</u>	<u>\$ 1,287</u>
Weighted average common shares outstanding:			
Basic	19,058	18,692	18,346
Diluted	19,058	18,692	18,794
Net (loss) income per common share:			
Basic	\$ (0.24)	\$ (0.40)	\$ 0.07
Diluted	(0.24)	(0.40)	0.07

See accompanying notes to consolidated financial statements

BIRKS GROUP INC.

Consolidated Statements of Other Comprehensive Income (loss)

	Fiscal Year Ended		
	<u>March 30, 2024</u>	<u>March 25, 2023</u>	<u>March 26, 2022</u>
		(In thousands)	
Net (loss) income	\$ (4,631)	\$ (7,432)	\$ 1,287
Other comprehensive (loss) income:			
Foreign currency translation adjustments ⁽¹⁾	<u>58</u>	<u>(6)</u>	<u>67</u>
Total other comprehensive (loss) income	<u>\$ (4,573)</u>	<u>\$ (7,438)</u>	<u>\$ 1,354</u>

(1) Item that may be reclassified to the Statement of Operations in future periods

See accompanying notes to consolidated financial statements.

BIRKS GROUP INC.

Consolidated Statements of Changes in Stockholders' Equity (deficiency)

(In thousands of dollars except shares amounts)

	<u>Voting common stock outstanding</u>	<u>Voting common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Accumulated other comprehensive loss</u>	<u>Total</u>
Balance at March 27, 2021	18,328,943	\$95,116	\$18,259	\$(114,700)	\$(97)	\$(1,422)
Net income	—	—	—	1,287	—	1,287
Cumulative translation adjustment ⁽¹⁾	—	—	—	—	67	<u>67</u>
Total comprehensive income . . .	—	—	—	—	—	1,354
Modification of certain awards from cash settled to equity settled	—	—	5,495	—	—	5,495
Compensation expense resulting from equity settled deferred stock units granted to Management	—	—	263	—	—	263
Exercise of stock options and warrants	<u>186,970</u>	<u>522</u>	<u>(348)</u>	—	—	<u>174</u>
Balance at March 26, 2022	18,515,913	95,638	23,669	(113,413)	(30)	5,864
Net loss	—	—	—	(7,432)	—	(7,432)
Cumulative translation adjustment ⁽¹⁾	—	—	—	—	(6)	<u>(6)</u>
Total comprehensive loss	—	—	—	—	—	(7,438)
Compensation expense resulting from equity settled restricted stock units granted to Management	—	—	549	—	—	549
Exercise of stock options and warrants	<u>315,056</u>	<u>1,136</u>	<u>(714)</u>	—	—	<u>422</u>
Balance at March 25, 2023	18,830,969	96,774	23,504	(120,845)	(36)	(603)
Net loss	—	—	—	(4,631)	—	(4,631)
Cumulative translation adjustment ⁽¹⁾	—	—	—	—	58	<u>58</u>
Total comprehensive loss	—	—	—	—	—	(4,573)
Compensation expense resulting from equity settled restricted stock units granted to Management	—	—	27	—	—	27
Settlement of stock units	<u>335,000</u>	<u>1,706</u>	<u>(1,706)</u>	—	—	—
Balance at March 30, 2024	<u><u>19,165,969</u></u>	<u><u>\$98,480</u></u>	<u><u>\$21,825</u></u>	<u><u>\$(125,476)</u></u>	<u><u>\$ 22</u></u>	<u><u>\$(5,149)</u></u>

(1) The change in cumulative translation adjustments is not due to reclassifications out of accumulated other comprehensive income (loss).

See accompanying notes to consolidated financial statements.

BIRKS GROUP INC.

Consolidated Statements of Cash Flows

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
	In thousands		
Cash flows from (used in) operating activities:			
Net income (loss)	\$ (4,631)	\$ (7,432)	\$ 1,287
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	6,639	5,673	5,809
Net change of operating lease right-of-use assets and liabilities . . .	(1,372)	(1,544)	(702)
Leasehold inducements received	825	661	(464)
Early lease termination	31	—	—
Amortization of debt costs	214	190	250
Compensation expenses resulting from equity settled restricted stock units	27	549	88
Equity in earnings of joint venture	(2,165)	(1,957)	—
Other operating activities, net	26	232	359
(Increase) decrease in:			
Accounts receivable, other receivables and long-term receivables	4,176	(260)	820
Inventories	(10,710)	(9,450)	18,882
Prepays and other current assets	(219)	(872)	222
Increase (decrease) in:			
Accounts payable	5,521	9,044	(9,663)
Accrued liabilities and other long-term liabilities	1,468	(1,759)	1,760
Net cash (used in) provided by operating activities	(170)	(6,925)	18,648
Cash flows (used in) provided by investing activities:			
Additions to property and equipment	(6,282)	(8,378)	(4,612)
Additions to intangible assets and other assets	(953)	(1,036)	(1,199)
Net cash used in investing activities	(7,235)	(9,414)	(5,811)
Cash flows provided by (used in) financing activities:			
Increase (decrease) in bank indebtedness	5,372	14,642	(10,017)
Drawdown on capital lease funding	4,208	—	—
Increase in long-term debt	1,552	2,748	428
Repayment of long-term debt	(2,012)	(2,095)	(2,800)
Repayment of obligations under finance lease	(1,091)	(72)	—
Payment of loan origination fees and costs	(103)	(57)	(590)
Exercise of stock options and warrants	—	422	348
Net cash provided by (used in) financing activities	7,926	15,588	(12,631)
Net (decrease) increase in cash and cash equivalents	521	(751)	206
Cash and cash equivalents, beginning of year	1,262	2,013	1,807
Cash and cash equivalents, end of year	<u>\$ 1,783</u>	<u>\$ 1,262</u>	<u>\$ 2,013</u>
Supplemental disclosure of cash flow information:			
Interest paid	\$ 7,802	\$ 5,087	\$ 3,470
Non-cash transactions:			
Property and equipment and intangible assets additions included in accounts payable and accrued liabilities	\$ 1,455	\$ 2,283	\$ 950
Conversion of cash-settled RSUs and DSUs to equity-settled awards	\$ —	\$ —	\$ 5,495

See accompanying notes to consolidated financial statements.

BIRKS GROUP INC.

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Birks Group Inc. (“Birks Group” or “Birks” or “the Company”) is incorporated under the Canada Business Corporations Act. The principal business activities of the Company and its subsidiaries are the design of fine jewelry and the operation of retail sale of luxury jewelry, timepieces and gifts. The Company’s consolidated financial statements are prepared using a fiscal year which consists of 52 or 53 weeks and ends on the last Saturday in March of each year. The fiscal year ended March 30, 2024 consists of fifty-three week periods whereas March 25, 2023 and March 26, 2022 each consist of fifty-two week periods.

1. Basis of presentation:

Throughout these consolidated financial statements, the Company refers to the fiscal year ending March 30, 2024, as fiscal 2024, and the fiscal years ended March 25, 2023, and March 26, 2022, as fiscal 2023 and 2022, respectively. Our fiscal year ends on the last Saturday in March of each year.

These consolidated financial statements, which include the accounts of Birks Group for all periods presented for the fiscal years ended March 30, 2024, March 25, 2023, and March 26, 2022, are reported in accordance with accounting principles generally accepted in the U.S. These principles require management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes.

The most significant estimates and judgments include the assessment of the going concern assumption, the valuation of inventories and, accounts receivable, deferred tax assets, and the recoverability of long-lived assets and right of use assets. Actual results could differ from these estimates. Periodically, the Company reviews all significant estimates and assumptions affecting the financial statements relative to current conditions and records the effect of any necessary adjustments. All significant intercompany accounts and transactions have been eliminated upon consolidation.

The consolidated financial statements are presented in Canadian dollars, the Company’s functional and reporting currency.

Future operations

These financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles in the U.S. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company funds its operations primarily through committed financing under its senior secured credit facility and its senior secured term loan described in Note 6. The senior secured credit facility along with the senior secured term loan are used to finance working capital, finance capital expenditures, provide liquidity to fund the Company’s day-to-day operations and for other general corporate purposes.

The Company believes recent general economic conditions and business and retail climates, which includes rising inflation and interest rates as well as stock market volatility, could lead to a slow-down in certain segments of the global economy and affect customer behaviour and the amount of discretionary income spent by potential customers to purchase the Company’s products. If global economic and financial market conditions persist or worsen, the Company’s sales may decrease, and the Company’s financial condition and results of operations may be adversely affected.

The Company continues to and expects to continue to operate through its senior secured credit facility and senior secured term loan.

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For fiscal 2024, the Company recorded a net loss of \$4.6 million. The Company recorded a net loss of \$7.4 million in fiscal 2023, and a net income of \$1.3 million in fiscal 2022. The Company used net cash flows from operations of \$0.2 million in fiscal 2024, used net cash flows from operations of \$6.9 million in fiscal 2023 and had net cash provided by operating activities of \$18.6 million in fiscal 2022. The Company had a negative working capital (defined as current assets less current liabilities) as at March 30, 2024 and March 25, 2023.

On December 24, 2021, the Company entered into an amended and restated senior secured revolving credit facility (“Amended Credit Facility”) with Wells Fargo Capital Finance Corporation Canada and an amended and restated senior secured term loan (“Amended Term Loan”) with Crystal Financial LLC (dba SLR Credit Solutions) (“SLR”). The Amended Credit Facility and Amended Term Loan extended the maturity date of the Company’s pre-existing loans from October 2022 to December 2026.

On August 24, 2021, the Company entered into a 10-year loan agreement with Investissement Québec, the sovereign fund of the province of Québec, for an amount of up to \$4.3 million to be used specifically to finance the digital transformation of the Company through the implementation of an omni-channel e-commerce platform and enterprise resource planning system. As of March 30, 2024, the Company has \$4.2 million outstanding on the loan. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01 at the end of the Company’s fiscal year. The working capital ratio of 1.01 may be lower in any given year if a tolerance letter accepting a lower working capital ratio is received from Investissement Québec. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. As at March 30, 2024, the working capital ratio was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

On July 8, 2020, the Company secured a six-year term loan with Investissement Québec, in the amount of \$10.0 million, as amended. The secured term loan was used to fund the working capital needs of the Company, of which \$4.9 million is outstanding at March 30, 2024. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01. The working capital ratio of 1.01 may be lower in any given year if a tolerance letter accepting a lower working capital ratio is received from Investissement Québec. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024 to tolerate a working capital ratio of 0.97. As at March 30, 2024, the working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

There is no assurance the Company will meet its covenant at March 29, 2025 or for future years, or that if not met, waivers would be available. If a waiver is not obtained, cross defaults with our Amended Credit Facility and our Amended Term Loan would arise.

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On July 15, 2024, the Company obtained a support letter from one of its shareholders, Mangrove Holding S.A., providing financial support in an amount of up to \$3.75 million, of which \$1.0 million would be available after January 1, 2025. These amounts can be borrowed, if needed, when deemed necessary by the Company, upon approval by the Company's Board of Directors, until at least July 31, 2025, to assist the Company in satisfying its obligations and debt service requirements as they come due in the normal course of operations, or in meeting its financial covenant requirements of maintaining minimum excess availability levels of \$8.5 million at all times as required by its Amended Credit Facility and Amended Term Loan. Amounts drawn under this support letter will bear interest at an annual rate of 15%. However, there will be no interest or principal repayments prior to July 31, 2025.

The Company's ability to meet its cash flow requirements in order to fund its operations is dependent upon its ability to attain profitable operations, adhere to the terms of its committed financings, obtain favorable payment terms from suppliers as well as to maintain specified excess availability levels under its Amended Credit Facility and its Amended Term Loan. In addition to the covenant under both its Amended Credit Facility and its Amended Term Loan to adhere to a daily minimum excess availability of not less than \$8.5 million at all times, except that the Company will not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month, other loans have a covenant to adhere to a working capital ratio of 1.01 at the end of each fiscal year. In the event that excess availability falls below the minimum requirement, this would be considered an event of default under the Amended Credit Facility and under the Amended Term Loan, that would result in the outstanding balances borrowed under the Company's Amended Credit facility and its Amended Term Loan becoming due immediately, which would also result in cross defaults on the Company's other borrowings. Similarly, both the Company's Amended Credit Facility and its Amended Term Loan are subject to cross default provisions with all other loans pursuant to which the Company is in default of any other loan, the Company will immediately be in default of both the Amended Credit Facility and the Amended Term Loan. The Company met its excess availability requirements as of and throughout the fiscal year ended March 30, 2024 and as of the date these financial statements were authorized for issuance. In addition, the Company expects to have excess availability of at least \$8.5 million for at least the next twelve months from the date of issuance of these financial statements.

The Company's ability to make scheduled payments of principal, or to pay the interest, or to fund planned capital expenditures and store operations will also depend on its ability to maintain adequate levels of available borrowing, obtain favorable payment terms from suppliers and its future performance, which to a certain extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other events that are beyond the Company's control.

The Company continues to be actively engaged in identifying alternative sources of financing that may include raising additional funds through public or private equity, the disposal of assets, and debt financing, including funding from government sources. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that could restrict the Company's operations. Financing may be unavailable in amounts or on terms acceptable to the Company if at all, which may have a material adverse impact on its business, including its ability to continue as a going concern.

The Company's lenders under its Amended Credit Facility and its Amended Term Loan may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under the Company's credit facilities (customary for asset-based loans), at their reasonable discretion, to: (i) ensure that the

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Company maintains adequate liquidity for the operation of its business, (ii) cover any deterioration in the amount of value of the collateral, and (iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that the Company's lenders may impose at their reasonable discretion. No discretionary reserves were imposed during fiscal 2024, fiscal 2023 and fiscal 2022 by the Company's lenders.

Certain adverse conditions and events outlined above require consideration of management's plans, which management believes mitigate the effect of such conditions and events. Management plans include continuing to manage liquidity actively which allows for adherence to excess availability requirements, and cost reductions, which include reducing future purchases, reducing marketing and general operating expenses, postponement of certain capital expenditures and obtaining favorable payment terms from suppliers. Notwithstanding, the Company believes that it will be able to adequately fund its operations and meet its cash flow requirements for at least the next twelve months from the date of issuance of these financial statements.

2. Significant accounting policies:

(a) Revenue recognition:

Sales are recognized at the point of sale when merchandise is picked up by the customer or delivered to a customer. Sales to our wholesale customers are recognized when the Company has agreed to terms with its customers, the contractual rights and payment terms have been identified, the contract has commercial substance, it is probable that consideration will be collected by the Company and when control of the goods has been transferred to the customer. Shipping and handling fees billed to customers are included in net sales.

Revenues for gift certificate sales and store credits are recognized upon redemption. Prior to recognition as a sale, gift certificates are recorded as accounts payable on the balance sheet. Based on historical redemption rates, the Company estimates the portion of outstanding gift certificates (not subject to unclaimed property laws) that will ultimately not be redeemed and records this amount as breakage income. The Company recognizes such breakage income in proportion to redemption rates of the overall population of gift certificates and store credits. Gift certificates and store credits outstanding are subject to unclaimed property laws and are maintained as accounts payable until remitted in accordance with local ordinances.

Sales of consignment merchandise are recognized at such time as the merchandise is sold, and are recorded on a gross basis because the Company is the primary obligor of the transaction, has general latitude on setting the price, has discretion as to the suppliers, is involved in the selection of the product and has inventory loss risk.

Sales are reported net of returns and sales taxes. The Company generally gives its customers the right to return merchandise purchased by them within 10 to 90 days, depending on the product sold and records a provision at the time of sale for the effect of the estimated returns which is determined based on historical experience.

Revenues for repair services are recognized when the service is delivered to and accepted by the customer.

(b) Cost of sales:

Cost of sales includes direct inbound freight and duties, direct labor related to repair services, design and creative costs (labor and overhead) inventory shrink, inventory thefts, and boxes (jewelry, watch and

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giftware). Indirect freight including inter-store transfers, purchasing and receiving costs, distribution costs and warehousing costs are included in selling, general and administrative expenses. Mark down dollars received from vendors are recorded as a reduction of inventory costs to the specific items to which they apply and are recognized in cost of sales once the items are sold.

(c) Cash and cash equivalents:

The Company utilizes a cash management system under which a book cash overdraft may exist in its primary disbursement account. These overdrafts, when applicable, represent uncleared checks in excess of cash balances in the bank account at the end of a reporting period and have been reclassified to accounts payable on the consolidated balance sheets.

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Amounts receivable from credit card issuers are included in cash and cash equivalents and are typically converted to cash within 2 to 4 days of the original sales transaction. These amounts totaled \$0.9 million at March 30, 2024 and \$0.5 million at March 25, 2023.

(d) Accounts receivable:

Accounts receivable arise primarily from customers' use of our private label and proprietary credit cards and wholesale sales and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less expected credit losses. Several installment sales plans are offered to our private label credit card holders and proprietary credit card holders which vary as to repayment terms and finance charges. Finance charges on the Company's consumer credit receivables, when applicable, accrue at rates ranging from 0% to 9.99% per annum for financing plans. The Company maintains allowances for expected credit losses associated with the accounts receivable recorded on the balance sheet for estimated losses resulting from the inability of its customers to make required payments. The allowance for credit losses is an estimate of expected credit losses, measured on a collective basis over the estimated life of the Company's customer in-house receivables and wholesale receivables. In determining expected credit losses, the Company considers historical level of credit losses, current economic trends and reasonable and supportable forecasts that affect the collectability of future cash flows. The Company also incorporates qualitative adjustments for certain factors such as Company specific risks, changes in current economic conditions that may not be captured in the quantitatively derived results, or other relevant factors to ensure the allowance for credit losses reflects the Company's best estimate of current expected credit losses. Other relevant factors include, but are not limited to, the length of time that the receivables are past due, the Company's knowledge of the customer, and historical write-off experiences. Management considered and applied qualitative factors such as the unfavorable macroeconomic conditions caused by the current uncertainty resulting from rising inflation and interest rates, and its potential effects.

The Company classifies a receivable account as past due if a required payment amount has not been received within the allotted time frame (generally 30 days), after which internal collection efforts commence. Once all internal collection efforts have been exhausted and management has reviewed the account, the account is sent for external collection or legal action. Upon the suspension of the accrual of interest, interest income is recognized to the extent cash payments received exceed the balance of the principal amount owed on the account. After all collection efforts have been exhausted, including internal and external collection efforts, an account is written off.

The Company guarantees a portion of its private label credit card sales to its credit card vendor. The Company maintains a liability associated with these outstanding amounts. Similar to the allowance for

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expected credit losses, the liability related to these guaranteed sales amounts are based on a combination of factors including the length of time the receivables are past due to the Company's credit card vendor, the Company's knowledge of the customer, economic and market conditions and historical write-off experiences of similar credits. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The allowance for credit losses includes an estimate for uncollectible principal as well as unpaid interest. Accrued interest is included within the same line item as the respective principal amount of the customer in-house receivables in the condensed consolidated balance sheets. The accrual of interest is discontinued at the time the receivable is determined to be uncollectible and written-off. Accrued interest during the fiscal years-ending March 30, 2024 and March 25, 2023 were immaterial.

(e) Inventories:

Finished goods inventories and inventories of raw materials are stated at the lower of average cost (which includes material, labor and overhead costs) and net realizable value, which is the estimated selling price in the ordinary course of business. The Company records inventory reserves for lower of cost or net realizable value, which includes slow-moving finished goods inventory, damaged goods, and shrink. The cost of inbound freight and duties are included in the carrying value of the inventories.

The reserve for slow-moving finished goods inventories is equal to the difference between the cost of inventories and the estimated selling prices, resulting in the expected gross margin. There is estimation uncertainty in relation to the identification of slow-moving finished goods inventories which are based on certain criteria established by management. The criteria includes consideration of operational decisions by management to discontinue ordering the inventories based on sales trends, market conditions, and the aging of the inventories. Estimation uncertainty also exists in determining the expected selling prices and associated gross margins through normal sales channels, which are based on assumptions about future demand and market conditions for those slow-moving inventories. If actual market conditions are less favorable than those projected by management, additional inventory reserves may be required.

The reserve for inventory shrink is estimated for the period from the last physical inventory date to the end of the reporting period on a store by store basis and at our distribution centers. The shrink rate from the most recent physical inventory, in combination with historical experience, is the basis for providing a shrink reserve.

(f) Property and equipment:

Property and equipment are recorded at cost less any impairment charges. Maintenance and repair costs are charged to selling, general and administrative expenses as incurred, while expenditures for major renewals and improvements are capitalized. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the assets as follows:

<u>Asset</u>	<u>Period</u>
Leasehold improvements	Lesser of term of the lease or the economic life
Software and electronic equipment	1 - 6 years
Furniture and fixtures	5 - 8 years
Equipment	3 - 8 years

(g) Intangible assets and other assets:

Eligible costs incurred during the development stage of information systems projects are capitalized and amortized over the estimated useful life of the related project and presented as part of intangible assets and

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other assets on the Company's balance sheet. Eligible costs include those related to the purchase, development, and installation of the related software. The costs related to the implementation of the ERP system and the e-commerce platform are amortized over a period of 5 years.

Intangible assets and other assets also consist of trademarks and tradenames, which are amortized using the straight-line method over a period of 15 to 20 years. The Company had \$7.9 million and \$7.0 million of net book value related to intangible assets and other assets at March 30, 2024 and March 25, 2023, respectively. The Company had \$1.2 million and \$1.0 million of accumulated amortization of intangibles at March 30, 2024 and March 25, 2023, respectively.

(h) Leases:

The Company accounts for leases in accordance with Topic 842 and recognizes a right-of-use asset and a corresponding lease liability on the balance sheet for long-term lease agreements. We determine if an arrangement is a lease at inception. The amounts of the Company's operating lease right-of-use ("ROU") assets and current and long-term portion of operating lease liabilities are presented separately on the balance sheet. Finance leases are included in property and equipment and long-term debt on the balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments in order to measure its lease liabilities at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The Company leases office, distribution, and retail facilities. Certain retail store leases may require the payment of minimum rentals and contingent rent based on a percentage of sales exceeding a stipulated amount. The Company's lease agreements expire at various dates through 2034, are subject, in many cases, to renewal options and provide for the payment of taxes, insurance and maintenance. Certain leases contain escalation clauses resulting from the pass-through of increases in operating costs, property taxes and the effect on costs from changes in consumer price indices, which are considered as variable costs.

The Company determines its lease payments based on predetermined rent escalations, rent-free periods and other incentives. The Company recognizes lease expense on a straight-line basis over the related terms of such leases, including any rent-free period and beginning from when the Company takes possession of the leased facility. Variable operating lease expenses, including contingent rent based on a percentage of sales, CAM charges, rent related taxes, mall advertising and adjustments to consumer price indices, are recorded in the period such amounts and adjustments are determined. Lease expense is recorded within selling, general and administrative expenses in the statement of operations.

Lease arrangements occasionally include renewal options. The Company uses judgment when assessing the renewal options in the leases and assesses whether or not it is reasonably certain to exercise these renewal options if they are within the control of the Company. Any renewal options not reasonably certain to be exercised are excluded from the lease term.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. ROU assets, as part of the group of assets, are periodically reviewed for impairment. The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant and Equipment, overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

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(i) Deferred financing costs:

The Company amortizes deferred financing costs incurred in connection with its financing agreements using the effective interest method over the term of the related financing. Such deferred costs are presented as a reduction to bank indebtedness and long-term debt in the accompanying consolidated balance sheets.

(j) Warranty accrual:

The Company provides warranties on its Birks branded jewelry for periods extending up to five years. The Company accrues a liability based on its historical repair costs for such warranties.

(k) Income taxes:

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial statement reporting purposes and the bases for income tax purposes, and (b) operating losses and tax credit carryforwards. Deferred income tax assets are evaluated and, if realization is not considered to be more-likely-than-not, a valuation allowance is provided (see Note 11(a)).

(l) Foreign exchange:

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange in effect at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the respective transaction dates. Revenue and expenses denominated in foreign currencies are translated at average rates prevailing during the year. Foreign exchange gains (losses) of (\$0.2) million, (\$1.4) million, and (\$0.2) million were recorded in cost of goods sold for the years ended March 30, 2024, March 25, 2023, and March 26, 2022, respectively and \$0.2 million, (\$0.5) million, and \$0.1 million of gains (losses) on foreign exchange were recorded in interest and other financial costs related to U.S. dollar denominated debts for the years ended March 30, 2024, March 25, 2023, and March 26, 2022, respectively.

(m) Impairment of long-lived assets:

The Company periodically reviews the estimated useful lives of its depreciable assets and changes in useful lives are made on a prospective basis unless factors indicate the carrying amounts of the assets may not be recoverable and an impairment write-down is necessary. However, the Company will review its long-lived assets for impairment once events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when the estimated undiscounted future cash flows expected to result from the use of an asset and its eventual disposition is less than its carrying value. Measurement of an impairment loss for such long-lived assets would be based on the difference between the carrying value and the fair value of the asset, with fair value being determined based upon discounted cash flows or appraised values, depending on the nature of the asset. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. The Company did not record any non-cash impairment charges of long-lived assets during fiscal 2024, fiscal 2023 and fiscal 2022.

(n) Advertising and marketing costs:

Advertising and marketing costs are generally charged to expense as incurred and are included in selling, general and administrative expenses in the consolidated statements of operations. The Company and its vendors participate in cooperative advertising programs in which the vendors reimburse the Company for a portion of certain specific advertising costs which are netted against advertising expense in selling, general

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and administrative expenses, and amounted to \$0.6 million, \$1.1 million, and \$1.0 million for each of the years ended March 30, 2024, March 25, 2023, and March 26, 2022, respectively. Advertising and marketing expense, net of vendor cooperative advertising allowances, amounted to \$6.8 million, \$8.1 million, and \$8.8 million, in the years ended March 30, 2024, March 25, 2023, and March 26, 2022, respectively.

(o) Government grants:

The Company recognizes a government grant when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the expense that the grant is intended to offset.

(p) Principles of consolidation and equity method of accounting:

The consolidated financial statements include the accounts of Birks Group and its subsidiaries. All intercompany transactions and balances have been eliminated.

The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity (VIE) or voting interest model. The Company is required to first apply the VIE model to determine whether it holds a variable interest in an entity, and if so, whether the entity is a VIE. If the Company determines it does not hold a variable interest in a VIE, it then applies the voting interest model. Under the voting interest model, the Company consolidates an entity when it holds a majority voting interest in an entity.

The Company accounts for investments in which it has significant influence but not a controlling financial interest using the equity method of accounting.

On April 16, 2021, the Company entered into a joint venture with FWI LLC (“FWI”) to form RMBG Retail Vancouver ULC (“RMBG”) to operate a retail location in Vancouver, British Columbia. The Company originally contributed nominal cash amounts as well as \$1.6 million of certain assets in the form of a shareholder advance for 49% equity interest in RMBG, the legal entity comprising the joint venture. Likewise, FWI contributed certain assets in exchange for its 51% equity interest in RMBG, and controls the joint venture from the date of its inception. The Company has significant influence but not control over RMBG and therefore has applied the equity method of accounting to account for its investment in RMBG. The Company has recorded an equity method investment on the consolidated balance sheet and an equity pick-up on the consolidated statement of operations. In addition, as of March 30, 2023 and March 26, 2022, the Company had a non-interest bearing shareholder advance in the amount of \$1.8 million and \$1.5 million, respectively, which is presented in Accounts receivable and other receivables on the consolidated balance sheet. This receivable was fully reimbursed in fiscal 2024. Please refer to note 16 for additional details. The receivable is reimbursed from the actual profits of the business. Dividends are only paid to the shareholders after the repayment of the shareholder’s loans. The Company expects profits will be distributed annually or as approved by the directors at their annual meetings in accordance with their respective shareholdings.

(q) Earnings per common share:

Basic earnings per share (“EPS”) is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the dilutive effect of the assumed exercise of stock options and warrants except in years where the Company has a net loss.

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The following table sets forth the computation of basic and diluted earnings (loss) per common share for the years ended March 30, 2024, March 25, 2023, and March 26, 2022:

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
	(In thousands, except per share data)		
Basic income (loss) per common share computation:			
Numerator:			
Net income (loss)	\$ (4,631)	\$ (7,432)	\$ 1,287
Denominator:			
Weighted-average common shares			
outstanding	19,058	18,692	18,346
Income (loss) per common share	\$ (0.24)	\$ (0.40)	\$ 0.07
Diluted (loss) income per common share computation:			
Numerator:			
Net income (loss)	\$ (4,631)	\$ (7,432)	\$ 1,287
Denominator:			
Weighted-average common shares			
outstanding	<u>19,058</u>	<u>18,692</u>	<u>18,346</u>
Dilutive effect of stock options and warrants . .	<u>—</u>	<u>—</u>	<u>448</u>
Weighted-average common shares outstanding			
– diluted	19,058	18,692	18,794
Diluted income (loss) per common share	\$ (0.24)	\$ (0.40)	\$ 0.07

(r) For the year ended March 30, 2024, all Class A voting shares underlying outstanding option awards were excluded from the computation of diluted earnings per share due to the Company reporting a net loss. For the year ended March 25, 2023, all Class A voting shares underlying outstanding option awards were excluded from the computation of diluted earnings per share due to the Company reporting a net loss. For the year ended March 26, 2022, the effect from the assumed exercise of nil Class A voting shares underlying outstanding option awards and 10,932 Class A voting shares underlying outstanding warrants was excluded from the computation of diluted earnings per share due to their antidilutive effect.

(s) Recent Accounting Pronouncements adopted during the year

There were no new accounting pronouncements adopted during the fiscal year that have a material impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements not yet adopted:

On March 12, 2020, the FASB issued ASU 2020-04 Reference rate reform (Topic 848). On December 21, 2022, the FASB issued an amendment to this reform, ASU 2022-06 Reference rate reform (Topic 848): *Facilitation of the effects of reference rate reform on financial reporting and related amendments*. The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. The ASU was effective starting on March 12, 2020, and is available to be adopted on a prospective basis no

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later than December 31, 2024, following the amendments of ASU 2022-06. The Canadian Dollar Offered Rate (CDOR) is a benchmark interest rate referenced in a variety of agreements. The publication of certain CDOR rates were discontinued in May 2021, and the remaining rates are expected to be discontinued on June 30, 2024. The Amended Credit Facility bears interest at a rate of CDOR plus a spread ranging from 1.5% - 2% depending on the Company's excess availability levels. The Amended Term Loan bears interest at a rate of CDOR plus 7.75%. The Amended Term Loan also allows for periodic revisions of the annual interest rate to CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants. On June 26 2024, the Amended Credit Facility and the Amended Term Loan were amended to replace CDOR by the Canadian Overnight Repo Rate Average ("CORRA") and these amendments are not expected to materially impact the Company's results. Refer to note 19 - Subsequent events.

On November 27, 2023, the FASB issued ASU 2023-07: Segment Reporting (Topic 280): *Improvements to reportable segment disclosures*, which enhances segment disclosures and requires additional disclosures of segment expenses. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods thereafter. Early adoption is permitted. Management continues to evaluate the impact of this ASU on the consolidated financial statements.

On December 14, 2023, the FASB issued ASU 2023-09: Income Taxes (Topic 740): *Improvements to income tax disclosures*, which primarily enhances the annual income tax disclosures for the effective tax rate reconciliation and income taxes paid. The ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The ASU should be applied prospectively however, retrospective application in all prior periods is permitted. Management continues to evaluate the impact of this ASU on the consolidated financial statements.

3. Accounts receivable and other receivables:

Accounts receivable, net of allowance for credit losses, at March 30, 2024 and March 25, 2023 consist of the following:

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Customer trade receivables	\$4,992	\$ 6,237
Other receivables	3,463	5,140
	<u>\$8,455</u>	<u>\$11,377</u>

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Continuity of the allowance for doubtful accounts is as follows (in thousands):

Balance March 27, 2021	\$ 1,249
Provision for credit losses	303
Net write offs	<u>(343)</u>
Balance March 26, 2022	\$ 1,209
Provision for credit losses	538
Net write offs	<u>(493)</u>
Balance March 25, 2023	\$ 1,254
Provision for credit losses	555
Net write offs	<u>(433)</u>
Balance March 30, 2024	<u>\$ 1,376</u>

Other receivables mainly relate to receivables from wholesale revenue, tenant allowances receivable from certain landlords, and the receivable from the joint venture (see Note 16).

Certain sales plans relating to customers' use of Birks credit cards provide for revolving lines of credit and/or installment plans under which the payment terms exceed one year. The receivables repayable within a timeframe exceeding one year included under such plans amounted to approximately \$1.6 million and \$2.0 million at March 30, 2024 and March 25, 2023, respectively, which are not included in customer trade receivables outlined above, and are included in long-term receivables on the Company's balance sheet.

The following table disaggregates the Company's accounts receivables and other receivables and long-term receivables as at March 30, 2024:

	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	Greater than 90 days past due	Total
Customer in-house receivables	\$ 5,555	\$ 486	\$ 83	\$ 101	\$ 1,550	\$ 7,775
Other receivables	<u>872</u>	<u>1,369</u>	<u>363</u>	<u>226</u>	<u>797</u>	<u>3,627</u>
	<u>\$ 6,427</u>	<u>\$ 1,855</u>	<u>\$ 446</u>	<u>\$ 327</u>	<u>\$ 2,347</u>	<u>\$ 11,402</u>

The following table disaggregates the Company's accounts receivables and other receivables and long-term receivables as at March 25, 2023:

	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	Greater than 90 days past due	Total
Customer in-house receivables	\$ 7,400	\$ 545	\$ 129	\$ 161	\$ 957	\$ 9,192
Other receivables	<u>4,630</u>	<u>106</u>	<u>228</u>	<u>55</u>	<u>420</u>	<u>5,439</u>
	<u>\$ 12,030</u>	<u>\$ 651</u>	<u>\$ 357</u>	<u>\$ 216</u>	<u>\$ 1,377</u>	<u>\$ 14,631</u>

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4. Inventories:

Inventories, net of reserves, are summarized as follows:

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Raw materials and work in progress	\$ 5,151	\$ 2,650 ⁽¹⁾
Finished goods	93,916	85,707 ⁽¹⁾
	<u>\$99,067</u>	<u>\$88,357</u>

- (1) The amount presented has been corrected in these financial statements from amounts previously disclosed to increase raw materials and work in progress and decrease finished goods by an amount of \$1.8 million. The total inventory as of March 25, 2023 remains unchanged as previously disclosed.

Continuity of the inventory reserves are as follows (in thousands):

Balance March 27, 2021	\$1,938
Additional charges	85
Deductions	<u>(248)</u>
Balance March 26, 2022	1,775
Additional charges	330
Deductions	<u>(230)</u>
Balance March 25, 2023	1,875
Additional charges	688
Deductions	<u>(367)</u>
Balance March 30, 2024	<u>\$2,196</u>

5. Property and equipment:

The components of property and equipment are as follows:

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Leasehold improvements	36,285	35,973
Furniture, fixtures and equipment	14,853	13,866
Software and electronic equipment	16,201	14,864
	67,339	64,703
Accumulated depreciation and impairment charges	<u>(41,622)</u>	<u>(37,866)</u>
	<u>\$ 25,717</u>	<u>\$ 26,837</u>

The Company wrote off \$2.8 million of gross fixed assets that were fully depreciated during the year ended March 30, 2024 (March 25, 2023—\$1.7 million), mostly related to leasehold improvements. Property and equipment, having a cost of \$4.5 million and net book value of \$3.8 million at March 30, 2024, and a cost of \$0.3 million and a net book value of \$0.3 million at March 25, 2023, are under finance leasing arrangements.

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6. Bank indebtedness:

As of March 30, 2024 and March 25, 2023, bank indebtedness consisted solely of amounts owing under the Company's Amended Credit Facility (defined below), which had an outstanding balance of \$63.4 million (\$63.7 million net of \$0.3 million of deferred financing costs) and \$57.9 million (\$58.3 million net of \$0.4 million of deferred financing costs), respectively. The Company's Amended Credit Facility is collateralized by substantially all of the Company's assets. The Company's excess borrowing capacity was \$13.4 million as of March 30, 2024 and \$12.9 million as of March 25, 2023. The Company met its excess availability requirements throughout fiscal 2024, and as of the date of these financial statements.

The Company's ability to fund its operations and meet its cash flow requirements is dependent upon its ability to maintain positive excess availability under its \$85.0 million Amended Credit Facility with Wells Fargo Canada Corporation. On October 23, 2017, the Company entered into a credit facility with Wells Fargo Capital Finance Corporation Canada for a maximum amount of \$85.0 million and maturing in October 2022. On December 24, 2021, the Company entered into an amended and restated senior secured revolving credit facility ("Amended Credit Facility") with Wells Fargo Capital Finance Corporation Canada. The Amended Credit Facility extended the maturity date of the Company's pre-existing loan from October 2022 to December 2026. The Amended Credit Facility also provides the Company with an option to increase the total commitments thereunder by up to \$5.0 million. The Company will only have the ability to exercise this accordion option if it has the required borrowing capacity at such time. The Amended Credit Facility bears interest at a rate of CDOR plus a spread ranging from 1.5%—2.0% depending on the Company's excess availability levels. Under the Amended Credit Facility, the sole financial covenant that the Company is required to adhere to is to maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month throughout 2024. The Company's excess availability was above \$8.5 million throughout fiscal 2024.

On June 29, 2018, the Company secured a \$12.5 million term loan maturing in October 2022 with SLR. On December 24, 2021, the Company entered into an amended and restated senior secured term loan ("Amended Term Loan") with SLR. The Amended Term Loan extended the maturity date of the Company's pre-existing loan from October 2022 to December 2026. The Amended Term Loan is subordinated in lien priority to the Amended Credit Facility and bears interest at a rate of CDOR plus 7.75%. The Amended Term Loan also allows for periodic revisions of the annual interest rate to CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants. Under the Amended Term Loan, the Company is required to adhere to the same financial covenant as under the Amended Credit Facility (maintain minimum excess availability of not less than \$8.5 million at all times, except that the Company shall not be in breach of this covenant if excess availability falls below \$8.5 million for not more than two consecutive business days once during any fiscal month). In addition, the Amended Term Loan includes availability blocks at all times of not less than the greater of \$8.5 million and 10% of the borrowing base, including additional seasonal availability blocks imposed from December 20th to January 20th of each year of \$5.0 million and from January 21st to January 31st of each year of \$2.0 million. The Term Loan is required to be repaid upon maturity.

The Company's borrowing capacity under both its Amended Credit Facility and its Amended Term Loan is based upon the value of the Company's inventory and accounts receivable, which is periodically assessed by its lenders and based upon these reviews the Company's borrowing capacity could be significantly increased or decreased.

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The Company's Amended Credit Facility and its Amended Term Loan are subject to cross default provisions with all other loans pursuant to which if the Company is in default of any other loan, the Company will immediately be in default of both its Amended Credit Facility and its Amended Term Loan. In the event that excess availability falls below \$8.5 million for more than two consecutive business days once during any fiscal month, this would be considered an event of default under the Company's Amended Credit Facility and its Amended Term Loan, that provides the lenders the right to require the outstanding balances borrowed under the Company's Amended Credit Facility and its Amended Term Loan become due immediately, which would result in cross defaults on the Company's other borrowings. The Company expects to have excess availability of at least \$8.5 million for at least the next twelve months from the date of issuance of these financial statements.

The Company's Amended Credit Facility and its Amended Term Loan also contain limitations on the Company's ability to pay dividends, more specifically, among other limitations; the Company can pay dividends only at certain excess borrowing capacity thresholds. The Company is required to either i) maintain excess availability of at least 40% of the borrowing base in the month preceding payment or ii) maintain excess availability of at least 25% of the line cap and maintain a fixed charge coverage ratio of at least 1.10 to 1.00. Other than these financial covenants related to paying dividends, the terms of the Company's Amended Credit Facility and its Amended Term Loan provide that no financial covenants are required to be met other than already described.

The Company's lenders under its Amended Credit Facility and its Amended Term Loan may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under its credit facilities (customary for asset-based loans), at their reasonable discretion, to: i) ensure that the Company maintains adequate liquidity for the operations of its business, ii) cover any deterioration in the value of the collateral, and iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that the Company's lenders may impose at their reasonable discretion. No discretionary reserves were imposed during fiscal year 2024 by the Company's lenders.

The information concerning the Company's bank indebtedness is as follows:

	Fiscal Year Ended	
	March 30, 2024	March 25, 2023
	(In thousands)	
Maximum borrowing outstanding during the year	\$69,051	\$59,367
Average outstanding balance during the year	\$61,507	\$50,349
Weighted average interest rate for the year	7.8%	5.7%
Effective interest rate at year-end	7.7%	6.9%

As security for the bank indebtedness, the Company has provided some of its lenders the following: (i) general assignment of all accounts receivable, other receivables and trademarks; (ii) general security agreements on all of the Company's assets; (iii) insurance on physical assets in a minimum amount equivalent to the indebtedness, assigned to the lenders; (iv) a mortgage on moveable property (general) under the Civil Code (Québec) of \$200.0 million; (v) lien on machinery, equipment and molds and dies; and (vi) a pledge of trademarks and stock of the Company's subsidiaries.

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7. Accrued Liabilities

The components of accrued liabilities are as follows:

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Compensation related accruals	\$2,274	\$2,371
Interest and bank fees	702	604
Accrued property and equipment additions	902	1,575
Sales return provision	363	75
Professional and other service fees	814	1,160
Other	<u>1,057</u>	<u>1,846</u>
Total accrued liabilities	<u>\$6,112</u>	<u>\$7,631</u>

8. Long-term debt:

(a) Long-term debt consists of the following:

	As of	
	March 30, 2024	March 25, 2023
	(In thousands)	
Term loan from SLR Credit Solutions, bearing interest at an annual rate of CDOR plus 7.75%, repayable at maturity in December 2026, secured by the assets of the Company (net of deferred financing costs of \$181 and \$247, respectively). Refer to Note 6 for additional information.	\$12,319	\$12,253
\$10 million term loan from Investissement Québec, bearing interest at an annual rate of 3.14%, repayable in 60 equal payments beginning in July 2021 (net of deferred financing costs of \$2 and \$8, respectively)	4,891	6,825
\$0.4 million term loan from Business Development Bank of Canada, bearing bearing interest at an annual rate of 8.3% repayable in 72 monthly payments beginning in July 2021. . .	231	303
U.S. \$1.5 million cash advance owing to the Company's controlling shareholder, Montel, bearing interest at an annual rate of 11%, net of withholding taxes (Note 16 (c))	2,033	2,064
Obligations under finance leases, at annual interest rates between 0.9% and 16%, secured by leasehold improvements, furniture, and equipment, maturing at various dates to April 2026 (net of deferred financing costs of \$42 and nil, respectively)	3,251	176
Eligible borrowing amount of up to \$4.3 million loan from Investissement Québec, bearing interest at an annual rate of 1.41%, repayable in 60 equal payments beginning in June 2027 (net of deferred financing costs of \$86 and \$56, respectively)	<u>4,214</u>	<u>2,692</u>
	26,939	24,313
Current portion of long-term debt	<u>4,352</u>	<u>2,133</u>
	<u>\$22,587</u>	<u>\$22,180</u>

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- (b) On July 8, 2020, the Company secured a six-year term loan with Investissement Québec in the amount of \$10.0 million, as amended. The secured term loan was used to fund the working capital needs of the Company. The loan bears interest at a rate of 3.14% per annum and is repayable in 60 equal payments beginning in July 2021. On January 4, 2023, the Company received a loan forgiveness in the amount of \$0.2 million that is being recognized over the term of the loan. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024, to tolerate a working capital ratio of 0.97. As at March 30, 2024, the working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024 and therefore the debt has been presented as long-term at year end. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.
- (c) On March 26, 2020, the Company secured a 6-year term loan with Business Development Bank of Canada (BDC), as amended, for an amount of \$0.4 million to be used specifically to finance the renovations of the Company's Brinkhaus store location in Calgary, Alberta. As of March 30, 2024, the Company has \$0.2 million outstanding on the loan (\$0.3 million as of March 25, 2023). The loan bears interest at a rate of 8.3% per annum and is repayable in 72 monthly payments from June 26, 2021, the date of the drawdown.
- (d) On July 14, 2023, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for store construction and renovation. The maximum borrowing amount under this facility is U.S. \$3.6 million (Cdn \$4.7 million). The capital lease financing bears interest at 16% and is repayable over 24 months. During fiscal 2024, the Company borrowed approximately U.S. \$2.4 million (Cdn \$3.3 million) against this facility. As of March 30, 2024, the Company has U.S. \$1.8 million (Cdn \$2.4 million) outstanding under this facility.

On February 1, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the construction of a new store. The maximum borrowing amount under this facility is U.S. \$2.5 million (Cdn \$3.4 million). During fiscal 2024, the Company has drawn U.S. \$0.6 million (Cdn \$0.8 million). Payments will commence upon project completion, which is expected to occur during fiscal 2025. The amounts drawn are interest bearing at approximately 16% annually.

On February 1, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the partial renovation of a store. The maximum borrowing amount under this facility is U.S. \$0.5 million (Cdn \$0.7 million) and the balance as of March 30, 2024 is nil. The payments are interest bearing at approximately 10% annually and commence upon project completion.

- (e) On August 24, 2021, the Company entered into a 10-year loan agreement with Investissement Québec for an amount of up to \$4.3 million to be used specifically to finance the digital transformation of the Company through the implementation of an omni-channel e-commerce platform and enterprise resource planning

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system. In order to obtain the financing, the Company has agreed to maintain a certain number of employees in Quebec. As of March 30, 2024, the Company has fully drawn on the loan (\$4.3 million outstanding as of March 30, 2024 and \$2.7 million outstanding as of March 25, 2023). The loan bears interest at a rate of 1.41% per annum and is repayable in 60 equal payments beginning 60 months after the date of the first draw in July 2022. The term loan with Investissement Québec requires the Company on an annual basis to have a working capital ratio (defined as current assets divided by current liabilities excluding the current portion of operating lease liabilities) of at least 1.01 at the end of the Company's fiscal year. During fiscal 2024, the Company received a tolerance letter from Investissement Québec that allowed the Company, as at March 30, 2024, to tolerate a working capital ratio of 0.97. As at March 30, 2024, the working capital ratio was 0.96. On July 3, 2024, the Company obtained a waiver from Investissement Québec with respect to the requirement to meet the working capital ratio at March 30, 2024 and therefore the debt has been presented as long-term at year end. Furthermore, on July 12, 2024, the Company received a tolerance letter from Investissement Québec that allows the Company, as at March 29, 2025, to tolerate a working capital ratio of 0.90.

- (f) Future minimum lease payments for finance leases required in the following five years are as follows (in thousands):

Year ending March:	
2025	\$2,630
2026	912
2027	94
2028	—
2029	—
	<u>3,636</u>
Less imputed interest	<u>(385)</u>
	<u>\$3,251</u>

- (g) Principal payments on long-term debt required in the following five years and thereafter, including obligations under finance leases, are as follows (in thousands):

Year ending March:	
2025	\$ 4,243
2026	2,785
2027	13,615
2028	724
2029	850
Thereafter	<u>4,722</u>
	<u>\$26,939</u>

- (h) As of March 30, 2024 and March 25, 2023, the Company had \$0.2 million, and \$0.4 million, respectively, of outstanding letters of credit.

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9. Other long-term liabilities:

On August 31, 2023, the Company entered into an inventory supplier agreement relating to inventory purchases. The agreement requires a 20% payment within 30 days upon receipt of inventory and the balance is repayable over 34 monthly payments bearing interest at 6%. As of March 30, 2024, the Company has U.S. \$2.1 million (Cdn \$2.8 million) outstanding on the loan of which U.S. \$1.1 million (Cdn \$1.5 million) is presented in other long-term liabilities and the balance as accounts payable.

On February 14, 2024, the Company entered into an inventory supplier agreement relating to inventory purchases. The agreement requires a 25% payment within 30 days upon receipt of inventory and the balance is repayable over 26 monthly payments and is interest-free. As of March 30, 2024, the Company has U.S. \$1.3 million (Cdn \$1.7 million) outstanding on the loan of which U.S. \$0.5 million (Cdn \$0.7 million) is presented in other long-term liabilities and the balance as accounts payable.

The cash flows related to inventory supplier agreements are presented in operating cash flows.

10. Benefit plans and stock-based compensation:

(a) Stock option plans and arrangements:

- (i) The Company can issue stock options, stock appreciation rights, deferred share units and restricted stock units to executive management, key employees and directors under the stock-based compensation plans discussed below. The Company's stock trades on the NYSE American and is valued in USD, as such all prices in Note 10 are denominated in USD.

The Company has a Long-Term Incentive Plan under which awards may be made in order to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and to promote the success of the Company. Any employee or consultant selected by the administrator is eligible for any type of award provided for under the Long-Term Incentive Plan, except that incentive stock options may not be granted to consultants. The Long-Term Incentive Plan provided for the grant of units and performance units or share awards. As of March 30, 2024, there were 25,000 cash-based stock appreciation rights that were exercisable under the Long-Term Incentive Plan. The stock appreciation rights outstanding under the Long-Term Incentive Plan have a weighted average exercise price of \$1.18 as of March 30, 2024. The Company has not made any grants under this incentive plan in the past three years. As at March 30, 2024, the Company has recognized a liability of \$0.1 million in relation to these stock appreciation rights (\$0.4 million as at March 25, 2023).

As of March 30, 2024, there were stock options to purchase 20,000 Class A voting shares outstanding under the Long-Term Incentive Plan. During fiscal 2024, 2023, and 2022, no stock options were granted under the Long-Term Incentive Plan. As of March 30, 2024, 100% of the outstanding stock options were fully vested. Total compensation cost for options recognized in expenses was nil in each of fiscal 2024, 2023, and 2022. This Long-Term Incentive Plan expired in February 2016 and no further awards will be granted under this plan. However, the Long-Term Incentive Plan will remain in effect until the outstanding awards issued under the plan terminate or expire by their terms.

On August 15, 2016, the Board of Directors adopted the Company's Omnibus Long-Term Incentive Plan (the "Omnibus LTIP"), and same was approved by the Company's shareholders on September 21, 2016. Further to the Omnibus LTIP, the Company's directors, officers, senior executives and other employees of the Company or one of its subsidiaries, consultants and service

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providers providing ongoing services to the Company and its affiliates may from time-to-time be granted various types of compensation awards, as same are further described below. The Omnibus LTIP is meant to replace the Company's former equity awards plans. As of March 26, 2021, there were a total of 1,000,000 shares of the Company's Class A voting shares reserved for issuance under the Omnibus LTIP. On January 11, 2022, the Omnibus LTIP was amended to increase the number of the Company's Class A voting shares reserved for issuance under the Omnibus LTIP from 1,000,000 to 1,500,000. This increase was ratified by a majority of shareholders in September 2022. In no event shall the Company issue Class A voting shares, or awards requiring the Company to issue Class A voting shares, pursuant to the Omnibus LTIP if such issuance, when combined with the Class A voting shares issuable upon the exercise of awards granted under the Company's former plan or any other equity awards plan of the Company, would exceed 1,796,088 Class A voting shares, unless such issuance of Class A voting shares or awards is approved by the shareholders of the Company. This limit shall not restrict however, the Company's ability to issue awards under the Omnibus LTIP that are payable other than in shares. As of March 30, 2024, there were stock options to purchase 12,000 Class A voting shares outstanding under the Omnibus LTIP, all of which were granted during fiscal 2017, with a three-year vesting period, an average exercise price of \$1.43 and an expiration date of 10 years after the grant date. No additional stock options were granted under this plan since then. As of March 30, 2024, 100% of the outstanding stock options were fully vested. Total compensation cost for options recognized in expenses was nil in each of fiscal 2024, 2023, and 2022.

The following is a summary of the activity of Birks' stock option plans and arrangements.

	<u>Options</u>	<u>Weighted average exercise price</u>
Outstanding March 27, 2021	395,147	\$1.13
Exercised	(138,147)	0.94
Forfeited	—	—
Outstanding March 26, 2022	257,000	1.09
Exercised	(225,000)	1.10
Forfeited	—	—
Outstanding March 25, 2023	32,000	1.02
Exercised	—	—
Forfeited	—	—
Outstanding March 30, 2024	<u>32,000</u>	<u>\$1.02</u>

A summary of the status of Birks' stock options at March 30, 2024 is presented below:

<u>Exercise price</u>	<u>Options outstanding</u>			<u>Options exercisable</u>	
	<u>Number outstanding</u>	<u>Weighted average remaining life (years)</u>	<u>Weighted average exercise price</u>	<u>Number exercisable</u>	<u>Weighted average exercise price</u>
\$0.78	20,000	1.5	\$0.78	20,000	\$0.78
\$1.43	12,000	2.6	1.43	12,000	1.43
	<u>32,000</u>	1.9	\$1.02	<u>32,000</u>	\$1.02

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- (b) As of March 30, 2024, the Company no longer has any outstanding warrants exercisable into shares of the Company's Class A voting shares (nil as of March 25, 2023 and 202,661 as of March 26, 2022). These awards were fully vested and no additional compensation expense was recognized. In fiscal 2024, nil (90,056 and 48,823 in fiscal 2023 and 2022) warrants were exercised for a total of nil (90,056 and 48,823 in fiscal 2023 and 2022, respectively) class A common shares, for total proceeds of nil (U.S. \$149,000 and U.S. \$163,000 in fiscal 2023 and 2022, respectively) (approximately Cdn \$205,000 and Cdn\$210,000 in fiscal 2023 and 2022, respectively). These warrants expired on August 20, 2022, and all remaining warrants have been forfeited.
- (c) Restricted stock units and deferred share unit plans:

On September 17, 2020, the Company issued 375,000 cash-settled restricted stock units ("RSUs") to members of senior management under the Omnibus LTIP. These units vest after three years and expire within two months following the vesting date. Compensation expense is based on the fair value of the RSU and the liability is re-measured at each reporting period. On December 20, 2021, the Company converted 325,000 of the outstanding cash-settled RSUs to equity-settled awards and as a result, the liability outstanding at that date of \$0.9 million was reclassified to additional paid-in capital. At March 30, 2024, there were nil outstanding cash-settled RSUs as all remaining cash-settled RSUs were exercised in fiscal 2024 (50,000 outstanding at each of March 25, 2023 and March 26, 2022) and nil outstanding equity-settled RSUs as all remaining equity-settled RSUs were exercised in fiscal 2024 (325,000 outstanding at each of March 25, 2023 and March 26, 2022).

The Company issued cash-settled deferred share units ("DSUs") to members of the board of directors on October 1, 2023 (70,000 DSUs) and September 21, 2022 (35,584 units). In the prior years, the Company issued cash-settled DSU's on September 16, 2021 (61,470 units), September 17, 2020 (223,878 units), October 7, 2019 (157,890 units) and June 20, 2019 (86,954 units). On December 20, 2021, the Company converted all of the 750,482 outstanding cash-settled DSUs to equity-settled awards and as a result, the liability outstanding at that date of \$4.6 million was reclassified to additional paid-in capital. During fiscal 2024, 8,896 cash-settled and 10,000 equity-settled DSUs were exercised (nil for fiscal 2023 and fiscal 2022). At March 30, 2024, 96,688 cash-settled DSUs were outstanding (March 25, 2023 – 35,584 and March 26, 2022 – nil) and 740,482 equity-settled DSUs were outstanding (March 25, 2023 – 750,482 and March 26, 2022 – 750,482). These units are exercisable immediately upon the date the member ceases being a director and expire on December 31 of the following year.

A summary of the status of the Company's cash-settled RSUs and cash-settled DSUs at March 30, 2024 is presented below:

	<u>DSU</u>
Outstanding March 27, 2021	689,012
Grants of new units	61,470
Converted to equity-settled awards	<u>(750,482)</u>
Outstanding March 26, 2022	—
Grants of new units	<u>35,584</u>
Outstanding March 25, 2023	35,584
Grants of new units	70,000
Exercised	<u>(8,896)</u>
Outstanding March 30, 2024	<u><u>96,688</u></u>

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The fair value of cash-settled DSUs is measured based on the Company's share price at each period end. As at March 30, 2024, the liability for all cash-settled DSU's was \$0.4 million (March 25, 2023 – \$0.4 million and March 26, 2022 – nil). The closing stock price used to determine the liability for fiscal 2024 was \$3.34 (\$8.18 as at March 26, 2023). Total compensation cost (gain) for DSUs recognized in expense was (\$0.3) million, \$0.4 million, and \$1.5 million in fiscal 2024, 2023, and 2022, respectively.

	<u>RSU</u>
Outstanding March 27, 2021	375,000
Converted to equity-settled awards	<u>(325,000)</u>
Outstanding March 26, 2022	50,000
Exercised	<u>—</u>
Outstanding March 25, 2023	50,000
Exercised	<u>(50,000)</u>
Outstanding March 30, 2024	<u><u>—</u></u>

The fair value of cash-settled RSUs is measured based on the Company's share price at each period end. As at March 30, 2024, the liability for all vested cash-settled RSUs was nil (March 25, 2023—\$0.5 million and March 26, 2022—\$0.2 million). The closing stock price used to determine the liability was \$8.18 for fiscal 2023 and \$5.12 for fiscal 2022. Total compensation cost (gain) for cash-settled RSU's recognized in expense was \$(0.2) million, \$0.3 million, and \$0.8 million in fiscal 2024, 2023, and 2022, respectively. Total compensation cost for equity-settled RSU's recognized in expense was \$0.03 million, \$0.5 million, and \$0.2 million in fiscal 2024, 2023, and 2022, respectively.

A summary of the status of the Company's equity-settled DSUs at March 30, 2024 is presented below:

	<u>DSU</u>
Outstanding March 25, 2023 and March 26, 2022	750,482
Exercised	<u>(10,000)</u>
Outstanding March 30, 2024	740,482

A summary of the status of the Company's equity-settled RSUs at March 30, 2024 is presented below:

	<u>RSU</u>
Outstanding March 26, 2022 and March 25, 2023	325,000
Exercised	<u>(325,000)</u>
Outstanding March 30, 2024	<u>—</u>

The equity-settled RSUs and DSUs are recorded at fair value at grant or modification date and not subsequently re-measured.

11. Income taxes:

- (a) The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of March 30, 2024, the Company did not have any accrued interest or penalties related to uncertain tax

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positions due to available tax loss carry forwards. The tax years 2017 through 2024 remain open to examination by the major taxing jurisdictions to which the Company is subject.

The Company evaluates its deferred tax assets to determine if any adjustments to its valuation allowances are required. As part of this analysis, the Company could not reach the required conclusion that it would be able to more likely than not realize the value of net deferred tax assets in the future. As a result, the Company has a non-cash valuation allowance of \$26.1 million (March 25, 2023 - \$24.8 million) against the majority of the Company's net deferred tax assets.

The significant items comprising the Company's net deferred tax assets at March 30, 2024 and March 25, 2023 are as follows:

	Fiscal Year Ended	
	March 30, 2024	March 25, 2023
	(In thousands)	
Deferred tax assets:		
Loss and tax credit carry forwards	\$ 14,481	\$ 13,282
Difference between book and tax basis of property and equipment and intangible assets	7,228	7,396
Operating lease right-of-use asset	3,536	3,690
Other reserves not currently deductible	1,196	1,195
Other	(292)	(743)
Net deferred tax asset before valuation allowance	26,149	24,820
Valuation allowance	(26,149)	(24,820)
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

The Company's income tax expense (benefit) consists of the following components:

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
	(In thousands)		
Income tax expense (benefit):			
Current	\$ —	\$ —	\$ —
Deferred	(1,329)	(1,860)	1,781
Valuation allowance	1,329	1,860	(1,781)
Income tax expense	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Company's current tax payable was nil at March 30, 2024, March 25, 2023 and March 26, 2022.

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The Company's provision for income taxes varies from the amount computed by applying the statutory income tax rates for the reasons summarized below:

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
Canadian statutory rate	25.7%	25.9%	26.1%
Utilization of unrecognized losses and other tax attributes	(28.6%)	(25.0%)	(130.8%)
Permanent differences and other	2.9%	(0.9%)	104.7%
Total	0.0%	0.0%	0.0%

- (b) At March 30, 2024, the Company had federal non-capital losses of \$51.2 million available to reduce future Canadian federal taxable income and investment tax credits ("ITC's") in Canada of \$0.2 million available to reduce future Canadian federal income taxes payable which will expire in accordance with their respective terms between 2024 and 2032. The Company also has capital losses of \$1.5 million available to reduce future Canadian capital gains. These capital losses do not have an expiration date.

The following table outlines the maturity of the federal non-capital losses by fiscal year-ends.

Year ending March:	Non Capital losses as of March 30, 2024
	(in thousands) Operating
Expiring in 2025	—
Expiring in 2026	—
Expiring in 2027	—
Expiring in 2028	—
Expiring in 2029	—
Expiring in 2030	3,390
Expiring in 2031	—
Expiring in 2032	—
Expiring after 2032	47,773
Total non-capital losses as of March 30, 2024	<u>51,163</u>

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12. Capital stock:

Authorized capital stock of the Company consists of an unlimited number of no par value preferred shares and two classes of common stock outstanding: Class A and Class B. Class A voting shares receive one vote per share. The Class B multiple voting shares have substantially the same rights as the Class A voting shares except that each share of Class B multiple voting shares receives 10 votes per share. The issued and outstanding shares are as follows:

	Class A common stock		Class B common stock		Total common stock	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Balance as of March 26, 2022	10,797,943	\$37,883	7,717,970	\$57,755	18,515,913	\$95,638
Exercise of stock options and warrants	315,056	1,136	—	—	315,056	1,136
Balance as of March 25, 2023	11,112,999	39,019	7,717,970	\$57,755	18,830,969	\$96,774
Settlement of stock units	335,000	1,706	—	—	335,000	1,706
Balance as of March 30, 2024	11,447,999	\$40,725	7,717,970	\$57,755	19,165,969	\$98,480

13. Leases:

Amounts recognized in the consolidated statement of operations were as follows:

	March 30, 2024	March 25, 2023	March 26, 2022
		(In thousands)	
Fixed operating lease expense	\$11,874	\$12,053	\$12,155
Variable operating lease expense ⁽¹⁾	5,569	5,007	3,482
Total lease expense	\$17,443	\$17,060	\$15,637

(1) In May 2020, the FASB issued guidance to Topic 842, Leases, exempting lessees from determining whether COVID-19 related rent concessions are lease modifications when certain conditions are met. In accordance with the guidance issued, the Company adopted the amendment effective March 29, 2020 and elected not to treat COVID-19 related rent concessions as lease modifications. As such, for the period ended March 30, 2024, no rent concessions (March 25, 2023 of \$0.2 million and March 26, 2022 of \$1.5 million) were recognized in the consolidated statement of operations as a negative variable rent expense.

Variable operating lease expense includes percentage rent, taxes, mall advertising and common area maintenance charges.

The weighted average remaining operating lease term was 5.7 years and the weighted average discount rate was 10.0% for all of the Company's operating leases as of March 30, 2024.

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The following table provides supplemental cash flow information related to the Company's operating leases:

	<u>March 30, 2024</u>	<u>March 25, 2023</u> (In thousands)	<u>March 26, 2022</u>
Cash outflows from operating activities attributable to operating leases (1)	\$13,422	\$14,235	\$11,954
Right-of-use assets obtained in exchange for Operating lease liabilities (2)	\$ 1,503	\$ 2,579	\$ 5,612

- (1) There were no rent concessions associated to base rent for the period ended March 30, 2024. Net of \$0.2 million and \$1.5 million rent concessions associated to base rent for the periods ended March 25, 2023 and March 26, 2022, respectively.
- (2) Right-of-use assets obtained are recognized net of leasehold inducements. For the period ending March 30, 2024, leasehold inducements totaled \$1.7 million of which \$0.8 million is included in Accounts Receivable and other receivables. For the period ending March 25, 2023, leasehold inducements totaled \$0.1 million of which \$0.1 million is included in Accounts Receivable and other receivables.

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five fiscal years and thereafter to the operating lease liability recorded on the Consolidated Balance Sheet for operating leases and finance leases which is included in long-term debt as of March 30, 2024.

	<u>Minimum Lease Payments as of March 30, 2024</u> <i>(in thousands)</i>
Year ending March:	Operating
2025	13,189
2026	13,499
2027	13,144
2028	12,388
2029	10,799
Thereafter	<u>46,072</u>
Total minimum lease payments	109,091
Less: amount of total minimum lease payments representing interest	<u>(42,780)</u>
Present value of future total minimum lease payments	66,311
Less: current portion of lease liabilities	<u>(6,430)</u>
Long-term lease liabilities	<u>\$ 59,881</u>

14. Contingencies:

The Company and its subsidiaries, in the normal course of business, become involved from time to time in litigation and are subject to claims. While the final outcome with respect to claims and legal proceedings pending at March 30, 2024 cannot be predicted with certainty, management believes that adequate provisions have been recorded in the accounts where required and that the financial impact, if any, from claims related to normal business activities will not be material.

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15. Segmented information:

The Company has two reportable segments, Retail and Other. As of March 30, 2024, Retail operated 18 stores across Canada under the Maison Birks brand, one retail location in Calgary under the Brinkhaus brand, two retail locations in Vancouver under the Graff and Patek Philippe brands, and one retail location in Laval under the Breitling brand. During fiscal 2024, the Company closed three stores (two stores in fiscal 2023 and three stores in fiscal 2022) operating under the Maison Birks banner and did not open any new stores. Other consists primarily of our e-commerce business, wholesale business and gold exchange program. The two reportable segments are managed and evaluated separately based on unadjusted gross profit. The accounting policies used for each of the segments are the same as those used for the consolidated financial statements. Inter-segment sales are made at amounts of consideration agreed upon between the two segments and intercompany profit is eliminated if not yet earned on a consolidated basis. The Company does not evaluate the performance of the Company's assets on a segment basis for internal management reporting and, therefore, such information is not presented.

Certain information relating to the Company's segments for the years ended March 30, 2024, March 25, 2023, and March 26, 2022, respectively, is set forth below:

	Retail			Other			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
	(In thousands)								
Sales to external customers . . .	\$173,872	\$153,428	\$167,819	\$11,403	\$9,522	\$13,523	\$185,275	\$162,950	\$181,342
Inter-segment sales	—	—	—	605	493	574	605	493	574
Unadjusted Gross profit	\$ 71,665	\$ 67,184	\$ 72,061	\$ 5,352	\$4,740 ⁽¹⁾	\$ 6,961	\$ 77,017	\$ 71,924	\$ 79,022

- (1) The amount presented has been corrected by \$2.2 million in these financial statements from the amount previously disclosed to reflect the accurate unadjusted gross profit. The total unadjusted gross profit for the year ended March 25, 2023 remains unchanged as previously disclosed.

The following sets forth reconciliations of the segment's gross profits and certain unallocated costs to the Company's consolidated gross profits for the years ended March 30, 2024, March 25, 2023, and March 26, 2022:

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
	(In thousands)		
Unadjusted gross profit	\$77,017	\$71,924	\$79,022
Inventory provisions	(1,207)	(849)	(383)
Other unallocated costs	(2,278)	(3,153)	(2,445)
Adjustment of intercompany profit	23	38	26
Gross profit	<u>\$73,555</u>	<u>\$67,960</u>	<u>\$76,220</u>

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Sales by classes of similar products and by channel were as follows:

	Retail			Other			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
	(In thousands)								
Jewelry and other	\$ 75,401	\$ 77,611	\$ 78,586	\$ 9,825	\$ 8,187	\$ 11,936	\$ 85,226	\$ 85,798	\$ 90,522
Timepieces	98,471	75,817	89,233	1,578	1,335	1,587	100,049	77,152	90,820
	\$173,872	\$153,428	\$167,819	\$11,403	\$9,522	\$13,523	\$185,275	\$162,950	\$181,342

16. Related party transactions:

- (a) The Company is party to certain related party transactions. Balances related to these related parties are disclosed in the consolidated financial statements except the following:

	Fiscal Year Ended		
	March 30, 2024	March 25, 2023	March 26, 2022
	(In thousands)		
Expenses incurred:			
Management fees to related parties (b)	41	—	—
Consultant fees to a related party (f)	217	205	237
Expense reimbursement to a related party (d)	25	35	36
Interest expense on cash advance received from controlling shareholder (c)	226	218	297
Compensation paid to a related party (e)	366	344	364
Fees charged to RMBG in exchange for retail support and administrative services (g)	(613)	—	—
Balances:			
Accounts payable to related parties	117	117	75
Interest payable on cash advance received from controlling shareholder (c)	18	16	15
Receivable from joint venture (g)	214	1,815	1,543

- (b) Effective January 1, 2016, the Company entered into a management consulting services agreement with Gestofi S.A. (“Gestofi”) all in accordance with the Company’s Code of Conduct relating to related party transactions. Under the management consulting services agreement, Gestofi provides the Company with services related to the obtaining of financing, mergers and acquisitions, international expansion projects, and such other services as the Company may request. Under the agreement, the Company paid an annual retainer of €140,000 (approximately \$202,000 in Canadian dollars). The original term of the agreement was until December 31, 2016 and the agreement was automatically extended for successive terms of one year as neither party gave a 60 days’ notice of its intention not to renew. The yearly renewal of the agreement was subject to the review and approval of the Company’s corporate governance and nominating committee and the Board of Directors in accordance with the Company’s Code of Conduct relating to related party transactions. In November 2018, the agreement was renewed on the same terms and conditions except that the retainer was reduced to €40,000 (approximately \$61,000 in Canadian dollars). In March 2019, the agreement was amended to (i) waive the yearly retainer and reimburse only the out-of-pocket expenses related to the services, and (ii) allow for a success fee to be mutually agreed upon between the Company and Gestofi in the event that financing or a capital raise is achieved. This agreement was renewed in

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November 2023 until December 31, 2024. In fiscal 2024, 2023, and 2022, the Company incurred expenses of €28,000 (approximately \$41,000 in Canadian dollars), nil, and nil respectively, under this agreement to Gestofi.

- (c) The Company has a cash advance outstanding from its controlling shareholder, Montel S.à.r.l. (“Montel”, formerly Montrovest), of U.S. \$1.5 million (approximately \$2.0 million in Canadian dollars) originally received in May 2009 from Montrovest. This cash advance was provided to the Company by Montrovest to finance working capital needs and for general corporate purposes. This advance and any interest thereon is subordinated to the indebtedness of the Company’s Amended Credit Facility and Amended Term Loan. This cash advance bears an annual interest rate of 11%, net of withholding taxes, representing an effective interest rate of approximately 12%, and is repayable upon demand by Montel once conditions stipulated in the Company’s Amended Credit Facility permit such a payment. At March 30, 2024 and March 25, 2023 advances payable to the Company’s controlling shareholder amounted to U.S. \$1.5 million (approximately \$2.0 million and \$2.1 million in Canadian dollars), respectively.

On July 28, 2017, the Company received a U.S. \$2.5 million (approximately \$3.3 million in Canadian dollars) loan from Montel, to finance its working capital needs. The loan bears interest at an annual rate of 11%, net of withholding taxes, representing an effective interest rate of approximately 12%. During fiscal year 2019, U.S. \$1.25 million (approximately \$1.55 million in Canadian dollars) was repaid. During fiscal 2022, the remaining principal balance on the loan of approximately U.S. \$1.25 million (\$1.6 million in Canadian dollars) was fully repaid.

- (d) In accordance with the Company’s Code of Conduct related to related party transactions, in April 2011, the Company’s corporate governance and nominating committee and Board of Directors approved the reimbursement to Regaluxe Srl of certain expenses, such as rent, communication, administrative support and analytical service costs, incurred in supporting the office of Dr. Lorenzo Rossi di Montelera, the Company’s then Chairman, and of Mr. Niccolò Rossi di Montelera, the Company’s Chairman of the Executive Committee and the Company’s current Executive Chairman of the Board, for the work performed on behalf of the Company, up to a yearly maximum of U.S. \$260,000 (approximately \$340,000 in Canadian dollars). The yearly maximum was reduced to U.S. \$130,000 (approximately \$170,000 in Canadian dollars), and in fiscal 2019 the terms were amended so that only administrative support and analytical service costs can be reimbursed. This agreement was further renewed in March 2020 on the same terms and conditions except that the expenses would be invoiced in Euros. In March 2024, the agreement was renewed for an additional one-year term on the same terms and conditions. During fiscal 2024, 2023, and 2022, the Company incurred expenses of €17,000, €24,000, and €24,000 (approximately \$25,000, \$35,000, and \$35,000 in Canadian dollars), respectively to Regaluxe Srl under this agreement.
- (e) Effective January 1, 2017, the Company agreed to total annual compensation of €250,000 (approximately \$388,000 in Canadian dollars), with Mr. Niccolò Rossi di Montelera in connection with his appointment as Executive Chairman of the Board and Chairman of the Executive Committee. In fiscal 2024, 2023, and 2022, the Company incurred costs of €250,000, €250,000 and €250,000 (approximately \$366,000, \$344,000, and \$364,000 in Canadian dollars), respectively in connection with this agreement.
- (f) On March 28, 2018, the Company’s Board of Directors approved the Company’s entry into a consulting services agreement with Carlo Coda Nunziante effective April 1, 2018. Under the agreement, Carlo Coda Nunziante, the Company’s former Vice President, Strategy, and brother-law to the Executive Chairman of the Board, is providing advice and assistance on the Company’s strategic planning and business strategies for a total annual fee, including reimbursement of out-of-pocket expenses of €146,801 (approximately

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\$222,000 in Canadian dollars), net of applicable taxes. In fiscal 2024, 2023 and 2022, the Company incurred charges of €149,000, €149,000 and €162,000 (approximately \$217,000, \$205,000 and \$237,000 in Canadian dollars), including applicable taxes, respectively. This agreement was extended for an additional 6-month period ending on September 30th, 2024 upon the same terms and conditions.

- (g) On April 16, 2021, the Company entered into a joint venture with FWI LLC (FWI) to form RMBG Retail Vancouver ULC (RMBG). The Company originally contributed nominal cash amounts as well as \$1.6 million of certain assets in the form of a shareholder advance for 49% of the legal entity comprising the joint venture. The advance is reimbursed from the actual profits of the business and was non-interest bearing. As at March 25, 2023 and March 26, 2022, the Company had an outstanding shareholder advance of \$1.8 million and \$1.5 million, respectively, which was presented in accounts receivable and other receivables on the consolidated balance sheet. This shareholder advance was fully reimbursed in fiscal 2024.

The Company provides RMBG with retail support and administrative services, and charges RMBG for these related services. During fiscal 2024, the Company charged \$612,500 to RMBG (nil in both fiscal years 2023 and 2022). These fees are reflected as a reduction of selling, general and administrative expenses in the consolidated statement of operations. As of March 30, 2024, the Company has \$0.2 million (nil as at March 25, 2023 and March 26, 2022 respectively) as a receivable related to these related services, and is presented in accounts receivable and other receivables on the consolidated balance sheet.

- (h) In April 2011, the Company entered into a Wholesale and Distribution Agreement with Regaluxe Srl. Under the agreement, Regaluxe Srl is to provide services to the Company to support the distribution of the Company's products in Italy through authorized dealers. The initial one-year term of the agreement began on April 1, 2011. Under this agreement, the Company pays Regaluxe Srl a net price for the Company's products equivalent to the price, net of taxes, for the products paid by retailers to Regaluxe Srl less a discount factor of 3.5%. The agreement's initial term was until March 31, 2012, and may be renewed by mutual agreement for additional one year terms. This agreement has been renewed annually and in March 2023, the agreement was renewed for an additional one-year term. This agreement was not renewed in March 2024. During fiscal year 2024, fiscal 2023 and fiscal 2022, the Company did not make any payments to Regaluxe Srl under this agreement.
- (i) On July 15, 2024, the Company obtained a support letter from one of its shareholders, Mangrove Holding S.A., providing financial support in an amount of up to \$3.75 million, of which \$1.0 million would be available after January 1, 2025. These amounts can be borrowed, if needed, when deemed necessary by the Company, upon approval by the Company's Board of Directors, until at least July 31, 2025, to assist the Company in satisfying its obligations and debt service requirements as they come due in the normal course of operations, or in meeting its financial covenant requirements of maintaining minimum excess availability levels of \$8.5 million at all times as required by its Amended Credit Facility and Amended Term Loan. Amounts drawn under this support letter will bear interest at an annual rate of 15%. However, there will be no interest or principal repayments prior to July 31, 2025.

17. Financial instruments:

Fair value of financial instruments:

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP establishes a fair value hierarchy which

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requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP prescribes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 inputs are considered to carry the most weight within the fair value hierarchy due to the low levels of judgment required in determining fair values.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs reflecting the reporting entity's own assumptions. Level 3 inputs are considered to carry the least weight within the fair value hierarchy due to substantial levels of judgment required in determining fair values.

The Company has determined that the carrying value of its cash and cash equivalents, accounts receivable, long-term receivables, accounts payable and accrued liabilities approximates fair values as at the balance sheet date. As of March 30, 2024 and March 25, 2023, for the \$63.4 million and \$57.9 million, respectively, of bank indebtedness and the \$12.3 million and \$12.3 million, respectively of long-term debt bearing interest at variable rates, the fair value is considered to approximate the carrying value.

As of March 30, 2024 and March 25, 2023, the fair value of the remaining \$14.6 million and \$12.1 million, respectively of fixed-rate long-term debt is estimated to be approximately \$14.6 million and \$12.0 million, respectively. The fair value was determined by discounting the future cash flows of each instrument at the current market interest rates for the same or similar debt instruments with the same remaining maturities adjusted for all necessary risks, including its own credit risk. In determining an appropriate spread to reflect its credit standing, the Company considered interest rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's lenders. As a result, the Company has determined that the inputs used to value these long-term debts fall within Level 3 of the fair value hierarchy.

18. Government grants

In response to the COVID-19 pandemic, various government programs were announced to provide financial relief for affected businesses such as the Canada Emergency Wage Subsidy ("CEWS") program in April 2020 and the Canada Emergency Rent Subsidy ("CERS") program in October 2020.

CEWS provided a wage subsidy on eligible paid compensation, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of certain revenue declines as a result of COVID-19. During fiscal 2024 and 2023, the Company did not recognize any CEWS funding. In fiscal 2022, \$0.5 million was recorded as a reduction to the eligible employee compensation expense incurred by the Company during such period (within selling, general, and administrative expenses). As at March 30, 2024 and March 25, 2023, nil is included within Account Receivable and other receivables on the consolidated balance sheet.

CERS provided a rent subsidy for eligible property expenses, such as occupancy costs, based on certain criteria and is proportional to revenue declines as a result of COVID-19. For the fiscal year ended March 30, 2024, the Company did not recognize any CERS funding. In fiscal 2023 and fiscal 2022, nil and \$0.5 million, respectively was recorded as a reduction to the eligible occupancy expense incurred by the Company during such period (within selling, general and administrative expenses). As at March 30, 2024 and March 25, 2023, nil is included within Account Receivable and other receivables on the consolidated balance sheet.

BIRKS GROUP INC.

Notes to Consolidated Financial Statements

Years ended March 30, 2024, March 25, 2023 and March 26, 2022

19. Subsequent events

On June 26, 2024, the Company entered into an amendment to the Amended Credit Facility with Wells Fargo Capital Finance Corporation Canada. The amendment replaces the interest rate of CDOR plus a spread ranging from 1.5% - 2% depending on the Company's excess availability levels for the interest rate of CORRA plus a CORRA adjustment ranging from 0.30% to 0.32% and a spread ranging from 1.5% - 2% depending on the Company's excess availability levels. The adjustment is effective on June 26, 2024.

On June 26, 2024, the Company entered into an amendment to the Amended Term Loan with SLR. The amendment replaces the interest rate of CDOR plus 7.75% (or CDOR plus 7.00% or CDOR plus 6.75% depending on the Company complying with certain financial covenants) for the interest rate of CORRA plus a CORRA adjustment of 0.32% and 7.75% (or CORRA plus a CORRA adjustment of 0.32% plus 7.00% or CORRA plus a CORRA adjustment of 0.32% plus 6.75% depending on the Company complying with certain financial covenants). The adjustment is effective on June 26, 2024.

On June 3, 2024, the Company entered into a financing agreement for a capital lease facility financing with Varilease Finance. Inc. relating to certain equipment consisting of leasehold improvements, furniture, security equipment and related equipment for the partial renovation of a store. The maximum borrowing amount under this facility is U.S. \$0.6 million (Cdn \$0.8 million) and the balance as of March 30, 2024 is nil. The payments are interest bearing at approximately 10% annually and commence upon project completion.

On June 20, 2024, the Company entered into an early termination lease agreement for one of its retail stores, that modifies the lease term to January 31, 2025. The lease termination results in a termination payment that is to be repaid over a period of time up to April 2026.

On July 15, 2024, the Company obtained a support letter from one of its shareholders, Mangrove Holding S.A., providing financial support in an amount of up to \$3.75 million, of which \$1.0 million would be available after January 1, 2025. These amounts can be borrowed, if needed, when deemed necessary by the Company, upon approval by the Company's Board of Directors, until at least July 31, 2025, to assist the Company in satisfying its obligations and debt service requirements as they come due in the normal course of operations, or in meeting its financial covenant requirements of maintaining minimum excess availability levels of \$8.5 million at all times as required by its Amended Credit Facility and Amended Term Loan. Amounts drawn under this support letter will bear interest at an annual rate of 15%. However, there will be no interest or principal repayments prior to July 31, 2025.

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STOCKHOLDER INFORMATION

BOARD OF DIRECTORS

Niccolò Rossi di Montelera ^{3*}
Executive Chairman of the Board

Jean-Christophe Bédos ³
President & Chief Executive Officer

Davide Barberis Canonico ^{1, 2, 3}
Corporate Director

Maria Eugenia Girón ^{1, 3}
Corporate Director

Emilio B. Imbriglio ^{1*}
Corporate Director

Louis-Philippe Maurice ²
President and Founder
Busbud Inc.

Deborah Shannon Trudeau ^{2*}
Corporate Director

Joseph F. X. Zahra ²
Corporate Director

¹ Audit and Corporate Governance
Committee Member

² Compensation and Nominating
Committee Member

³ Executive Committee Member

* Indicates Committee Chair

EXECUTIVE OFFICERS

Jean-Christophe Bédos
President and Chief Executive Officer

Katia Fontana
*Vice President and Chief Financial
Officer*

Maryame El Bouwab
*Vice President, Merchandising,
Planning & Supply Chain*

Miranda Melfi
*Vice President, Human Resources,
Chief Legal Officer and Corporate
Secretary*

CORPORATE INFORMATION

Birks Group Inc.
2020 Robert-Bourassa Blvd.
Suite 200
Montréal, Québec H3A 2A5
Canada

INVESTOR RELATIONS

Investor inquiries should be made to:
Katia Fontana
Vice President and Chief Financial
Officer
2020 Robert-Bourassa Blvd.
Suite 200
Montréal, Québec H3A 2A5
Canada
Telephone: 514-397-2592

STOCK EXCHANGE LISTING

The Class A Voting Shares of
Birks Group Inc. are listed
on the NYSE American LLC, as BGI

STOCK TRANSFER AGENT AND REGISTRAR

Computershare Trust Company N.A.
250 Royal St.
Canton, MA 02021
U.S.A.

INDEPENDENT AUDITORS

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500
Montréal, Québec H3A 0A3
Canada

LEGAL COUNSEL

Holland & Knight LLP
515 East Las Olas Boulevard
Suite 1200
Fort Lauderdale, Florida 33301
U.S.A.

STORE LOCATIONS

CANADA

ALBERTA

The Core, TD Square

317 – 7th Avenue S.W., Unit 270
Calgary, AB T2P 2Y9

Southgate Centre

5015 – 111 Street N.W., Suite 24A
Edmonton, AB T6H 4M6

Chinook Centre

6455 MacLeod Trail S.W., Unit 1127
Calgary, AB T2H 0K8

West Edmonton Mall

8882 – 170th Street, Unit 2095
Edmonton, AB T5T 3J7

Brinkhaus – Calgary

823, 6th Avenue S.W.
Calgary, AB T2P 0V3

BRITISH COLUMBIA

Vancouver

698 West Hastings Street
Vancouver, BC V6B 1P1

Park Royal Centre

1015 Park Royal South
West Vancouver, BC V7T 1A1

Graff and Patek Philippe Boutiques

1014 W Georgia Street
Vancouver, BC V6E 2Y3

ONTARIO

Fairview Mall

1800 Sheppard Ave. East
P.O. Box 2089
North York, ON M2J 5A7

Manulife Centre

55 Bloor Street West, Unit 152
Toronto, ON M4W 1A5

Breitling Boutique

Rideau Centre
50 Rideau Street, Suite 358A
Ottawa, ON K1N 9J7

Bayshore Centre

100 Bayshore Drive, Suite E18
Ottawa, ON K2B 8C1

First Canadian Place

100 King Street West, Unit 0118
Toronto, ON M5X 1K7

Yorkdale Centre

3401 Dufferin Street East, Unit 535
Toronto, ON M6A 2T9

Sherway Gardens

25 The West Mall
P.O. Box 25, Suite 3125
Etobicoke, ON M9C 1B8

Rideau Centre

50 Rideau Street, Suite 358A
Ottawa, ON K1N 9J7

QUÉBEC

Montréal

620 Sainte-Catherine Street West
Montréal, QC H3B 1B7

Quartier DIX30

9120 Leduc Blvd., Unit 105
Brossard, QC J4Y 0L3

Carrefour Laval

3035 Le Carrefour Blvd.
Unit R038A
Laval, QC H7T 1C8

Fairview Pointe-Claire

6815 Trans-Canada Highway
Unit G-015B
Pointe-Claire, QC H9R 5J1

Place Ste-Foy

2450 Laurier Blvd., Unit G14A
Québec, QC G1V 2L1

Breitling Boutique

3035 Le Carrefour Blvd.
Unit R038A
Laval, QC H7T 1C8

CORPORATE HEAD OFFICE

2020 Robert-Bourassa Blvd.
Suite 200
Montréal, Québec
H3A 2A5
CANADA

For additional information on Birks Group Inc., please visit www.birks.com

