SIGNET JEWELERS

We believe
love inspires love.

FY2021
ANNUAL REPORT

Dear Fellow Shareholders

H. TODD STITZER
Chairman of the Board
Signet Jewelers

Despite the daunting pandemic-driven challenges of Fiscal 2021, Signet Jewelers over-delivered on its Year Three and total Path to Brilliance commitments, completing the first phase of the Company's transformation into the OmniChannel leader of the jewelry industry.

Three years ago, when Virginia C. "Gina" Drosos, Chief Executive Officer, envisioned Signet's transformation and created the Path to Brilliance strategy, we began building a stronger foundation for growth. During Fiscal 2021, Gina's determination led to acceleration in the face of the pandemic. Signet leaned in and moved even faster to invest in critical initiatives – and did so in ways that were fully consistent with our People First, values-driven culture. As a result, your Company emerged stronger and more unified with a solid foundation for growth and competitive advantages that the Signet banners can now leverage and extend.

In addition to building a clear strategy, Gina has also built an exceptional leadership team. This team worked seamlessly with one another and with the Board to deliver the Path to Brilliance strategy and to create the next phase of transformation, *Inspiring Brilliance*, which is focused on delivering growth across the Signet portfolio and is powered by Signet's Purpose: Inspiring Love.

You will find more detail about this next phase of growth in the CEO letter that follows, but I want to take a moment here to acknowledge what this team has delivered over the past three years which enables a pivot to growth in the next phase of our transformation.

The Foundation for Long-Term Growth is Strong

Three years ago, the Company was losing share, struggling in many ways to keep up with rapid changes in the jewelry industry, and constrained by a cost and debt structure that inhibited investments in infrastructure and innovation necessary for growth. We faced these challenges head-on when we launched the Path to Brilliance strategy and laid out three strategic priorities: Customer First, OmniChannel, and Culture of Agility and Efficiency. The Signet Leadership Team made specific commitments for each pillar and they have delivered on those commitments.

Customer First focused Signet on the relevance and value of each banner with customers. The banners overlapped one another and lacked differentiation, limiting growth potential. The team committed to bring greater differentiation to everything from customer experience to product assortment to marketing.

In the years since, each banner's brand equity and portfolio roles have been much more sharply defined and differentiated. We are already seeing results. Product mix has been improved with stronger core assortment, optimized levels of freshness, and significantly better lifecycle and inventory management. Signet is now growing top-line sales and increasing market share, due in no small part to these improvements. Putting Customers First was the first step to getting Signet positioned for growth.

For **OmniChannel**, Gina and her team committed to increase eCommerce sales penetration to 15%, from roughly 5% in 2017. The team exceeded expectations and drove consumer behavior change, delivering a *four-fold* increase with eCommerce representing more than 20% of sales in the back half of the fiscal year.

In addition, Signet has made significant investments in data analytics and digital capability. By March 24, 2020, the Company had closed all of its North American and U.K. stores as COVID-19 lockdowns were implemented. Within days, because of the capability and infrastructure developed over the prior two years, nearly all Signet store managers were equipped with tablets and engaging both customers and team members virtually. Within weeks and months, banner websites and new virtual tools were serving customers in ways that responded to dramatic changes in the jewelry retail marketplace. This enabled a remarkable recovery, leading to a strong back half that did not seem achievable when the pandemic began. This simply would not have happened without the visionary and courageous leadership of this team.

Another important aspect of Signet's OmniChannel transformation is the optimization of the store network, which has been almost entirely data driven. Using highly granular greenfield analysis that revealed sales, demographic and economic patterns, the Company has closed more than 20% of its brick-and-mortar fleet over the past three years, significantly reducing exposure to lower-traffic malls while opening and repositioning stores in preferred locations. In short, Signet is now growing total revenue with fewer stores and a more-holistic OmniChannel presence.

Strengthening culture has also been an important enabler of the Company's transformation. **Building a Culture of Agility and Efficiency** allowed the organization to move with incredible speed and thrive this past year. Because of the focus on efficiency, Signet came into the pandemic in significantly better financial health, with a leaner cost structure, less debt, and more cash than it had when the Path to Brilliance journey began. Gina and her team set a three-year goal to cut costs by $200 million to $225 million and exceeded that goal with approximately $300 million in cost savings. They also reduced and restructured debt significantly while increasing the Company's cash flow. These achievements funded investments and provided crucial flexibility in the midst of the pandemic.

At the same time, the culture is much more agile. We on the Board see this not only in the organization's performance, but also in the engagements we have with senior leaders and team members. We see an organization that identifies opportunities, takes decisive action, and embraces creativity and innovation, especially in the face of challenges. This strengthened culture is one of the factors that have driven team member engagement to an all-time high, earning Signet recognition as a Great Place to Work-Certified™ Company for the first time.

The foundation for growth that the Signet management team has built is strong and inspires the Board's confidence in the next phase of transformation and leadership. One of the things that we on the Board admire about this team is that they operate with a highly accountable "say/do" mindset. They say what they're going to deliver and then challenge themselves to do it with excellence.

They said they would build an organization that puts the customer first and unlocks growth across the banners. They said they would grow Signet into an OmniChannel leader of the jewelry industry. They said they would strengthen the Company's culture with far greater focus on agility and efficiency. In every case, they did what they said they would do. And they continue to deliver.

Signet's Leadership Capability is a Significant Competitive Advantage

Building this kind of high-performing, highly accountable culture doesn't happen by accident. The Signet Leadership Team that Gina has built over the past three-and-a-half years – and the highly productive relationship that exists between that team and your Board – has been as critical a part of the Path to Brilliance strategy as the three priorities I just reviewed.

Jared Team Members in 2019

Our Core Values

PEOPLE FIRST	LEAD BRAVELY	OWN IT	CUSTOMERS!	STRAIGHT TALK
Appreciation Inclusion Joy	Team Innovative Agile	Accountability Integrity Continuous Improvement	Exceed Expectations Earn Trust Build Relationships	Honest Respectful Collaborative

Signet now has one of the strongest and most experienced senior leadership teams in its history. Approximately 40 percent of the team are jewelry industry professionals who bring great depth and expertise, representing more than 80 years of combined jewelry experience. At the same time, nearly 60 percent have joined Signet within the last three years. They bring the outside in, with fresh perspective from other great companies and industries. And, they all have transformational success stories.

They are change leaders who are committed to growing talent. They are capable of blending visionary thinking, innovative ideas and hands-on execution to deliver results. They are passionate about the role that Signet can play in the jewelry industry and in the world – and are deeply inspired by the Company's Purpose, which motivates the performance of their teams in every part of Signet's business.

We're also pleased with the strength of the Signet Board that we've built to provide stewardship for shareholders and experienced counsel to the management team. We set out to recruit a relevant, diverse and dynamic group of Directors. Two-thirds of the Board have joined since the beginning of Fiscal 2018 and nearly 60 percent of our Directors are women or persons of color. This experience, diversity, independence, and freshness are critical drivers of transformation.

We've curated a Board that aligns with Signet's strategies and complements the management team's expertise. Nearly half of our Directors have retail experience. A fourth of the Board has cutting-edge digital experience. We have Directors with deep expertise in credit, financial services, real estate, supply chain, brand development, marketing, talent and organization development, private equity, and sustainability. Transforming companies is the core of this Board's experience and passion.

Signet is Well-Positioned for Sustainable Long-Term Growth

The goal of Path to Brilliance was to restore Signet's near-term growth and position it for sustainable long-term growth. That goal has been achieved with clear strategies, excellent execution, and industry-leading capability at all levels of the organization. The Company is now aiming even higher with its *Inspiring Brilliance* strategy, which Gina will detail in the letter that follows.

I'm proud to be part of Signet. My fellow Directors and I are inspired by the Company's Purpose. And we are all committed, on behalf of Signet shareholders, to help ensure this Company achieves its full potential.

H. Todd Stitzer
Chairman of the Board

Signet FY2021 Snapshot

Signet Jewelers Limited is the world's largest retailer of diamond jewelry. Signet operates approximately 2,800 stores primarily under the name brands of Kay Jewelers, Zales, Jared, H.Samuel, Ernest Jones, Peoples, Piercing Pagoda, Rocksbox, and JamesAllen.com. The Company's annual sales of $5.2 billion derive from the retailing of jewelry, watches, and associated services.

STRONG 2H SALES GROWTH

+4.4%
2H Total sales growth

+9.9%
2H Same store sales growth

+70.8%
2H eCommerce sales growth

21.5%
2H eCommerce penetration

BALANCE SHEET STRENGTH AT YEAR-END

~$300 M
Inventory down ~13% year-to-year

$1.2 B
Cash position at year-end

FY19 - FY21 CUMULATIVE THREE-YEAR PATH TO BRILLIANCE RESULTS

~$300 M
Cost savings

>20%
Footprint reduction

ERNEST JONES
LOVE & LIFE

H.SAMUEL
THE JEWELLER

JAMES ALLEN®

JARED®

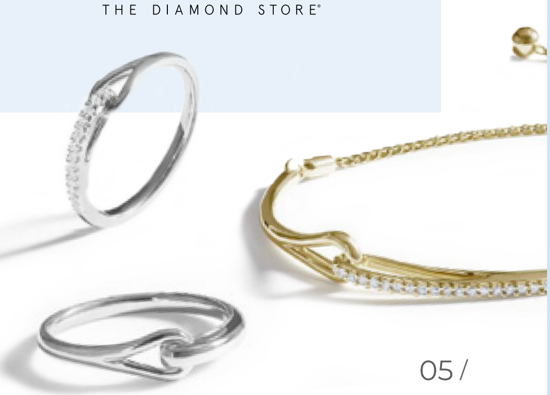
KAY®
JEWELERS

PIERCING
Pagoda®

PEOPLES
LOVE IS WORTH IT

rocksbox
JEWELRY

ZALES
THE DIAMOND STORE®



Dear Shareholders

VIRGINIA C. DROSOS
Chief Executive Officer
Signet Jewelers

When we began Signet's Path to Brilliance three years ago, we knew one thing was certain: the future potential of our business would be driven by the untapped potential of our organization. Our team members have proven this point time and again — and did so more this past year than in any year of Signet's history.

After pivoting as the pandemic emerged and our stores shut down, the Signet team strengthened customer relationships, stepped up the pace of innovation, accelerated our progress toward OmniChannel leadership in the jewelry industry, and delivered a strong second-half and holiday season.

As a result, we closed Fiscal 2021 with momentum. We delivered second-half total sales growth of 4.4% with same-store sales growth of 9.9%. eCommerce sales grew more than 70% in the back half of Fiscal 2021, and eCommerce penetration grew to more than 20% of sales. We also ended Fiscal 2021 with a strengthened balance sheet. We reduced inventory by approximately 13% compared to the prior year and had approximately $1.2 billion in cash at year-end after paying down the full outstanding balances on our ABL Revolving Facility and FILO loan. We delivered on our Path to Brilliance initiatives, driving cumulative three-year cost savings of approximately $300 million and reducing our store count by more than 20% over the period. We are pleased with these results, particularly given the challenges of the past year. We are energized and confident about our future as we focus on sustaining growth in the years ahead.

We are a stronger and more agile team, with the ability to build momentum and capitalize on opportunities to innovate and grow. When I look back over the last three years, and compare it to where we are today, I see three significant differences. First, *our culture is stronger*: we're more agile, more innovative, more efficient, and truly unified behind an inspiring purpose. Second, *we're much more data-driven today than we were then,* with deeper insight that enables us to create highly personalized customer experiences and move with greater speed and precision. And third, *we have a broader and stronger set of core strength*s that create sustainable – and growable – competitive advantages.

Now, we're moving from our Path to Brilliance, which laid a strong foundation for growth, to *Inspiring Brilliance*, which is accelerating growth inspired by our Purpose.

Inspiring Brilliance: Clear Choices for Growth and Leadership

Our over-arching objective for the years ahead is to lead innovation that grows the jewelry category while also increasing our share of the market — in other words, to make the pie bigger and get a bigger slice of the pie. To do this, we're making clear choices about where to play and how to win.

First, **we expect to win in our biggest businesses**. We have the leading retail jewelry brands in their respective markets: Kay Jewelers in the U.S., H.Samuel in the U.K., and Peoples in Canada. Our bridal, gifting and self-purchase categories are also strong and growing. We believe we can win in these big, core businesses with even sharper focus on data-driven marketing, proven levels of newness, and strengthened core assortment while also continuing the work we have done to align our banners with the customers they serve best.

Second, **we will accelerate Services**, making it the "glue" that builds lifetime bonds with our customers. We will expand and improve existing services such as care, repair, and extended service agreements, deepen relationships with new piercing and financial services, and build on our growing marketplaces in ways that create even more opportunities to serve customers, such as access to new jewelry designers, and jewelry rental subscription offerings.

Third, **we will expand Accessible Luxury and Value**. Our scaled position in the mid-tier jewelry market gives us the opportunity to stretch the traditional definition of the top of the market with greater focus on Accessible Luxury through our Jared/James Allen banners and the bottom of the market with greater focus on Value through the fast-growing Piercing Pagoda banner.

And fourth, we're committed to **lead digital commerce in jewelry**. We will serve customers whenever, wherever and however they want to engage us. This means increasing the percentage of our business coming through eCommerce, increasing our share of jewelry category eCommerce purchases, and increasing our presence in social commerce with proprietary experiences and trusted influencers.

With these clear strategic choices, we're striving to reach $9 billion in revenue in the coming years. We believe the build to $9 billion will come from growing momentum in areas where we currently lead and new opportunities in areas where we're not yet present or are underdeveloped. More specifically, we expect two-thirds of our revenue goal to come from winning with our biggest brands and leading digital commerce in jewelry. And we believe the remaining third will come from accelerating Services and expanding further into Accessible Luxury and Value.

We're confident in these strategic where-to-play choices. They leverage our scale, play to our strengths, and are difficult for competitors to match.

How to Win: Capabilities that Create Advantage

We're also confident that we can execute our growth strategies with three clear how-to-win capabilities that build on strengths we have been growing over the past three years: **Consumer Inspired** insights, **Connected Commerce** presence, and a **Culture of Innovation and Agility**.

We believe our **Consumer Inspired** focus and insights will help us attract new, loyal customers while inspiring even more purchases from our existing ones. This evolution from Customer First to Consumer Inspired touches every part of our business. We're drawing inspiration from inside and outside our industry to innovate and to delight customers.

Our **Connected Commerce** presence is transcending OmniChannel. We're creating shopping experiences across the full spectrum of touch points and are winning with customers wherever and however they want to engage. Capabilities like virtual showrooms, try before you buy, virtual try on, and curated recommendations will set the bar for the level of service that customers expect outside of the store.

With our **Culture of Innovation & Agility**, we're aiming to unlock the full potential of our diverse organization. We're investing in our team – from ongoing learning and development to enhanced benefits to our commitment to establish a $15 minimum wage for every U.S. team member by spring of 2022. We're making these ongoing investments because we know that when we help team members grow as professionals and empower them to deliver on our Purpose in everything they do, we all win.

What I hope you can see is the tight interdependence of these strengths: when we discover insights inspired by consumers across multiple industries and categories, turn those insights into seamless experiences through connected commerce, and win with customers through a culture of innovation and agility, we develop competitive advantages that enable sustainable, long-term growth.

Inspiring Love: The Power of an Inspiring Purpose

I want to conclude with one final observation about the power of our Purpose – Inspiring Love. Our Purpose is central to our strategy because it motivates the performance of our organization, attracts top talent to our Company, and earns the respect, admiration and lifetime loyalty of our customers.

The power of our Purpose shows up in different ways. Most fundamentally, it inspires the way we serve customers by helping them celebrate life and express love with our products and services, which are treasured symbols of love. It also guides what we say and do as a Company. This past year, we worked with a globally renowned health care institution to create the Love Takes Care™ team member safety program that we launched in response to the pandemic. We made donations to Heart to Heart International, the NAACP Legal Defense and Educational Fund, and the Gay and Lesbian Alliance Against Defamation (GLAAD). We also provided appreciation awards to front-line team members who helped us serve customers safely and creatively in the midst of the pandemic. We created the Signet Speaks Out town hall series, which I host, to have honest team member conversations about difficult issues such as racism and social justice. And we ensured that U.S. team members had paid time off to vote, and to get vaccinated safely and effectively.

In all these ways, our Purpose is more than an aspiration. It infuses our work with meaning and creates competitive advantages that drive growth. Every time we help someone express their love, we make the world a little better. Every time we stand up for love, we make ourselves and those we love a little stronger. And every time the love we inspire inspires love in others, we fulfill our Purpose as a Company.

This is what *Inspiring Brilliance* means to us. We want to be – and to lead – the change we want to see in our industry and in the world. Our Path to Brilliance journey has been an invigorating experience for all of us – and we're not letting up. We know our transformation work is not yet complete. Now is our moment to lean in and to keep accelerating the work we've begun. It is a threshold moment as we take Signet from stable, to growing, to great.

Virginia C. Drosos
Chief Executive Officer

Signet cautions that this letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Please see the section titled "Forward-Looking Statements" on page 4 of our Annual Report on Form 10-K for the fiscal year ended January 30, 2021, which is part of this Annual Report, for important cautionary language regarding these statements.

SUSTAINABILITY HIGHLIGHTS

86%

Of team members said, **"When I look at what we accomplish, I feel a sense of pride"** on the Great Place to Work® Trust Index© Survey.

75%

of store assistant managers and above are women

91%*

of all Signet jewelry sourced from Responsible Jewellery Council (RJC) members

* by value

CHARITABLE GIVING

$81M Raised for St. Jude Children's Research Hospital® since the start of our partnership over 22 years ago

ENVIRONMENTAL STEWARDSHIP

11% Year-on-year reduction in enterprise-wide greenhouse gas emissions†

† Environmental data analysis reflects change from FY19 to FY20. Does not include R2Net facilities.

Our Sustainability Program and Launch of our Corporate Sustainability Goals

We are committed not only to sustainable growth for our balance sheets, but to sustainability-focused business practices that benefit our stakeholders in our supply chain and the planet as a whole. As we build on a Corporate Social Responsibility program that spans more than two decades, our commitment to sustainability has never been as multi-faceted and clear.

This year we launched our new sustainability framework based on our three loves: Love for All People; Love for Our Team; and Love for Our Planet and Products. Our 2030 Corporate Sustainability Goals set our course as a purpose-driven and sustainability-focused Company for the next decade. In alignment with a commitment to progress, we joined the UN Global Compact to align our business practices with the UN Sustainable Development Goals (SDGs).

Signet is one of a small number of publicly-traded companies with a committee dedicated to sustainability on its Board of Directors. The Corporate Citizenship and Sustainability Committee plays a crucial role in overseeing our corporate Purpose and corporate sustainability framework, which includes our corporate sustainability goals and environmental, social and governance (ESG) reporting.

We have committed to living our corporate Purpose, to developing solutions that center on the employee, often called the Employee Experience. In November 2020, we earned the coveted Great Place to Work® certification. Additionally, in January 2021, for the third consecutive year, Signet was among a limited number of retailers — and the only specialty jewelry retailer — named to the Bloomberg Gender-Equality Index for efforts to advance women in the workplace.

We are especially proud of our Corporate Social Responsibility journey and its evolution towards meeting market expectations with ESG data and reporting. This year, we joined the Sustainability Accounting Standards Board (SASB) Member Alliance. In the years ahead, we will continue our efforts to provide transparency on our corporate sustainability goals and ESG data disclosures to shareholders.

The Company engages in ongoing efforts to manage ESG factors for our business and supply chain, and to understand and be responsive to the ESG policies and priority needs of our shareholders.

Signet Board of Directors and Leadership Team

Board of Directors

H. Todd Stitzer
H. Todd Stitzer has been Chairman of Signet's Board of Directors since January 2012. Mr. Stitzer is a Director of privately held Massachusetts Mutual Life Insurance Company and a member of the advisory board of Hamlin Capital Management.

Virginia C. Drosos
Virginia C. Drosos has been Signet's Chief Executive Officer since August 2017 and a member of the Board since July 2012. Ms. Drosos previously served as President and Chief Executive Officer of Assurex Health. She currently serves on the board of American Financial Group Inc.

André V. Branch
André V. Branch was appointed an Independent Director in February 2021. Mr. Branch currently serves as Senior Vice President and General Manager of MAC Cosmetics North America.

R. Mark Graf
R. Mark Graf was appointed an Independent Director in July 2017. Mr. Graf served as Chief Financial Officer of Discover Financial Services from 2011 to September 2019. He currently serves on the Board of Harmony Biosciences Holdings.

Zackery A. Hicks
Zackery A. Hicks was appointed an Independent Director in October 2018. Mr. Hicks currently serves as Executive Vice President and Chief Digital Officer of Toyota Motors North America, Inc., and President and Chief Executive Officer of Toyota Connected, Inc.

Helen McCluskey
Helen McCluskey was appointed an Independent Director in August 2013. Ms. McCluskey previously served as President and CEO of The Warnaco Group, Inc. She currently serves on the board of Abercrombie & Fitch Co.

Sharon L. McCollam
Sharon L. McCollam was appointed an Independent Director in March 2018. Ms. McCollam previously served as the Chief Financial Officer and Chief Administrative Officer of Best Buy Co., Inc. She currently serves on the boards of StitchFix, Inc., Advanced Auto Parts, Inc., and Chewy, Inc.

Nancy A. Reardon
Nancy A. Reardon was appointed an Independent Director in March 2018. Ms. Reardon previously served as Chief Human Resources and Communications Officer of Campbell Soup Company. She currently serves on the board of Big Lots Inc.

Jonathan Seiffer
Jonathan Seiffer was appointed to the Board in June 2019. Mr. Seiffer currently serves as a Senior Partner with Leonard Green and Partners, L.P. He currently serves on the board of AerSale Corporation.

Brian Tilzer
Brian Tilzer was appointed an Independent Director in February 2017. Mr. Tilzer currently serves as the Chief Digital and Technology Officer for Best Buy Co., Inc.

Eugenia Ulasewicz
Eugenia Ulasewiz was appointed an Independent Director in September 2013. Ms. Ulasewicz currently serves on the boards of Vince Holding Corp. and ASOS plc.

Dontá H. Wilson
Dontá H. Wilson was appointed an Independent Director in February 2021. Mr. Wilson currently serves as the Chief Digital and Client Experience Officer of Truist Financial Corporation.

Leadership Team

Virginia C. Drosos
Chief Executive Officer

Joan Hilson
Chief Financial and Strategy Officer

Bill Brace
President Jared and Jewelry Services

Kecia Caffie
President Piercing Pagoda

Oded Edelman
President James Allen and Chief Digital Innovation Advisor

Mary Liz Finn
Chief People Officer

Steve Lovejoy
Chief Supply Chain Officer

Bill Luth
EVP Global Store Operations

Howard Melnick
Chief Information Officer

Neil Old
UK Managing Director

Stash Ptak
General Counsel and SVP Legal, Compliance and Risk

Colleen Rooney
Chief Communications and ESG Officer

Meaghan Rose
Founder and President Rocksbox

Jamie Singleton
President Kay, Zales, and Peoples and Chief Marketing Officer

Rebecca Wooters
Chief Digital Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended January 30, 2021

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __ to __

Commission file number 1-32349

SIGNET JEWELERS LIMITED

(Exact name of Registrant as specified in its charter)

Bermuda	**Not Applicable**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

Clarendon House
2 Church Street
Hamilton HM11
Bermuda
(Address of principal executive offices)

Registrant's telephone number, including area code: (441) 296 5872

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Shares of $0.18 each	**SIG**	**The New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

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

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 ☒

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 during the preceding 12 months (or for 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, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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

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. ☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of voting common shares held by non-affiliates of the Registrant (based upon the closing sales price quoted on the New York Stock Exchange) as of August 1, 2020 was $554,810,368.

Number of common shares outstanding on March 12, 2021: 52,344,941

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant will incorporate by reference information required in response to Part III, Items 10-14, from its definitive proxy statement for its annual meeting of shareholders which will be filed with the Securities and Exchange Commission within 120 days after January 30, 2021.

SIGNET JEWELERS LIMITED

FISCAL 2021 ANNUAL REPORT ON FORM 10-K

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REFERENCES

Unless the context otherwise requires, references to "Signet" or the "Company," refer to Signet Jewelers Limited (and before September 11, 2008 to Signet Group plc) and its consolidated subsidiaries. References to the "Parent Company" are to Signet Jewelers Limited.

PRESENTATION OF FINANCIAL INFORMATION

All references to "dollars," "US dollars" and "$" are to the lawful currency of the United States of America ("US"). Signet prepares its financial statements in US dollars. All references to "British pound(s)," "pounds," and "£" are to the lawful currency of the United Kingdom ("UK"). All references to "Canadian dollar" or "C$" are to the lawful currency of Canada.

Percentages in tables have been rounded and accordingly may not add up to 100%. Certain financial data may have been rounded. As a result of such rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

Throughout this Annual Report on Form 10-K, financial data has been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). However, Signet provides certain additional non-GAAP measures in order to provide increased insight into the underlying or relative performance of the business. An explanation of each non-GAAP measure used can be found in Item 7.

Fiscal year, fourth quarter and Holiday Season

Signet's fiscal year ends on the Saturday nearest to January 31. As used herein, "Fiscal 2022," "Fiscal 2021," "Fiscal 2020," and "Fiscal 2019," refer to the 52 week periods ending January 29, 2022, January 30, 2021, February 1, 2020, and February 2, 2019. Fourth quarter references relate to the 13 weeks ended January 30, 2021 ("fourth quarter") and February 1, 2020 ("prior year fourth quarter").

As used herein, the "Holiday Season" consists of results for the months of November and December.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management's beliefs and expectations as well as on assumptions made by and data currently available to management, appear in a number of places throughout this document and include statements regarding, among other things, Signet's results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which Signet operates. The use of the words "expects," "intends," "anticipates," "estimates," "predicts," "believes," "should," "potential," "may," "preliminary," "forecast," "objective," "plan," or "target," and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties which could cause the actual results to not be realized, including, but not limited to: the negative impacts that the COVID-19 pandemic has had, and will continue to have, on Signet's business, financial condition, profitability and cash flows; the effect of steps we take in response to the pandemic; the severity and duration of the pandemic, including whether it is necessary to temporarily reclose our stores, distribution centers and corporate facilities or for our suppliers and vendors to temporarily reclose their facilities; the pace of recovery when the pandemic subsides and the heightened impact it has on many of the risks described herein, including without limitation risks relating to disruptions in our supply chain, consumer behaviors such as spending and willingness to congregate in shopping centers and the impact on demand of our products, our level of indebtedness and covenant compliance, availability of adequate capital, our ability to execute our business plans, our lease obligations and relationships with our landlords, and asset impairments; general economic or market conditions; financial market risks; our ability to optimize Signet's transformation initiative; a decline in consumer spending or deterioration in consumer financial position; changes to regulations relating to customer credit; disruption in the availability of credit for customers and customer inability to meet credit payment obligations; our ability to achieve the benefits related to the outsourcing of the credit portfolio, including due to technology disruptions, future financial results and operating results and/or disruptions arising from changes to or termination of the relevant non-prime outsourcing agreement requiring transition to alternative arrangements through other providers or alternative payment options and our ability to successfully establish future arrangements for the forward-flow receivables; deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of long-lived assets or intangible assets or other adverse financial consequences; the volatility of our stock price; the impact of financial covenants, credit ratings or interest volatility on our ability to borrow; our ability to maintain adequate levels of liquidity for our cash needs, including debt obligations, payment of dividends, and capital expenditures as well as the ability of our customers, suppliers and lenders to access sources of liquidity to provide for their own cash needs; changes in our credit rating; potential regulatory changes, global economic conditions or other developments related to the United Kingdom's exit from the European Union; exchange rate fluctuations; the cost, availability of and demand for diamonds, gold and other precious metals; stakeholder reactions to disclosure regarding the source and use of certain minerals; seasonality of Signet's business; the merchandising, pricing and inventory policies followed by Signet and failure to manage inventory levels; Signet's relationships with suppliers including the ability to continue to utilize extended payment terms and the ability to obtain merchandise that customers wish to purchase; the failure to adequately address the impact of existing tariffs and/or the imposition of additional duties, tariffs, taxes and other charges or other barriers to trade or impacts from trade relations; the level of competition and promotional activity in the jewelry sector; our ability to optimize Signet's multi-year strategy to gain market share, expand and improve existing services, innovate and achieve sustainable, long-term growth; the maintenance and continued innovation of Signet's OmniChannel retailing and ability to increase digital sales; changes in consumer attitudes regarding jewelry and failure to anticipate and keep pace with changing fashion trends; changes in the supply and consumer acceptance of and demand for gem quality lab created diamonds and adequate identification of the use of substitute products in our jewelry; ability to execute successful marketing programs and manage social media; the ability to optimize Signet's real estate footprint; the ability to satisfy the accounting requirements for "hedge accounting," or the default or insolvency of a counterparty to a hedging contract; the performance of and ability to recruit, train, motivate and retain qualified sales associates; management of social, ethical and environmental risks; the reputation of Signet and its banners; inadequacy in and disruptions to internal controls and systems, including related to the migration to a new financial reporting information technology system; security breaches and other disruptions to Signet's information technology infrastructure and databases; an adverse development in legal or regulatory proceedings or tax matters, including any new claims or litigation brought by employees, suppliers, consumers or shareholders, regulatory initiatives or investigations, and ongoing compliance with regulations and any consent orders or other legal or regulatory decisions; failure to comply with labor regulations; collective bargaining activity; changes in taxation laws, rules or practices in the US and jurisdictions in which Signet's subsidiaries are incorporated, including developments related to the tax treatment of companies engaged in Internet commerce; risks related to international laws and Signet being a Bermuda corporation; difficulty or delay in executing or integrating an acquisition, business combination, major business or strategic initiative; risks relating to the outcome of pending litigation; our ability to protect our intellectual property or physical assets; changes in assumptions used in making accounting estimates relating to items such as extended service plans and pensions; the success of recent changes in Signet's executive management team; or the impact of weather-related incidents, natural disasters, strikes, protests, riots or terrorism, acts of war or another public health crisis or disease outbreak, epidemic or pandemic on Signet's business.

For a discussion of these and other risks and uncertainties which could cause actual results to differ materially from those expressed in any forward-looking statement, see Item 1A, Risk Factors, and elsewhere in this Annual Report on Form 10-K. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

PART I

ITEM 1. BUSINESS

PURPOSE & STRATEGY

Signet Jewelers Limited's ("Signet" or the "Company") core belief is that "Love Inspires Love" and its mission is to enable all people to "Celebrate Life and Express Love." The Company's vision is to be the world's premier jeweler by providing customers with superior shopping and ownership experiences, connecting with them seamlessly across channels, earning their trust, and providing superior expertise, value, products, and services to meet their lifetime jewelry needs and desires.

Signet continues to be the market share leader in North America in the large, growing and fragmented jewelry category, with the opportunity for additional growth as the Company leverages its strengths and competitive advantages.

Impact of COVID-19 on Signet's strategy

The Company's strategy discussed herein does not take into account continuing or new material impacts of the novel coronavirus ("COVID-19") pandemic. Beginning in late February 2020, this outbreak has had multiple impacts to the Company's business, including, but not limited to, the temporary closure of all stores and other physical locations in North America and in the UK, and temporary disruption of the Company's global supply chain. While the Company responded to this crisis with agility and innovation in order to deliver strong second half results in Fiscal 2021, despite incredible challenges, the full impact of the pandemic remains uncertain. Full economic and market recovery from the pandemic could take up to two or more years. As the Company continues to assess the full impact of COVID-19 on its business, it may ultimately decide to modify, delay or otherwise defer certain elements of its strategy. Refer to Item 1A, Risk Factors, for further potential impacts and risks associated with COVID-19.

From Path to Brilliance to Inspiring Brilliance

In Fiscal 2019, Signet launched a three-year comprehensive transformation plan, **"Path to Brilliance,"** to establish the Company as the OmniChannel jewelry category leader and to position its businesses for sustainable long-term growth. In the three years since Path to Brilliance was launched, the Company has delivered substantially against its three strategic priorities: Customer First, OmniChannel, and Culture of Agility and Efficiency. Customer First focused the Company's energy; OmniChannel directed its investments; and Culture of Agility and Efficiency increased speed and drove out costs that customers don't see or care about. The investments and new capabilities built during the past three years laid the foundation for strong results and momentum in the second half of Fiscal 2021.

While there is still significant value to be realized from the original Path to Brilliance strategic priorities, the fundamental objectives of this program have been achieved: Signet believes it is a much stronger Company today than it was three years ago – strategically, financially, and organizationally. After losing share to smaller specialty jewelry stores, online, and non-specialty retailers since Fiscal 2016, Signet returned to share growth in the back half of Fiscal 2021 as its Path to Brilliance strategies took hold. The Company outperformed competitors during the post-COVID-19 rebound, with growth consistently ahead of the total jewelry market, the mid-tier segment, and independent jewelers.

Now, the Company is transitioning into the next phase of its Path to Brilliance strategy, driven by its corporate purpose of Inspiring Love and focused on sustainable, industry-leading growth. This next phase of the strategy is a continuing journey that the Company defines as **"Inspiring Brilliance"** – the brilliance of delighting customers with products, services, and relationships inspired by the enduring power of love. The core objectives are to create a broader mid-market and to increase Signet's share of that larger market as the industry leader.

Creating a Broader Mid-market: During its Path to Brilliance transformation, Signet went from share erosion in its core segments to share growth. Now, we believe the Company is well-positioned to lead growth of the mid-market by focusing on four "Where to Play" growth strategies:

- Win in Big Businesses: Invest in and keep the Company's largest businesses healthy and growing by continuing to align Signet banners with the customers they serve best and leading innovation that will help ensure they win. Signet's biggest banners – Kay Jewelers in the U.S., H. Samuel in the U.K., and People's Jewellers in Canada – are all the #1 brands in their respective markets. Further, Signet is the market leader in the bridal category in each of these markets. Keeping these big businesses strong is an unrelenting priority for the Company.

- Accelerate Services: Signet will leverage an ongoing stream of services and experiences to connect and build bonds with Signet customers for a lifetime. The Company expects to expand and improve existing services (care/repair, extended service plans), deepen relationships with new piercing and financial services, and innovate with marketplace opportunities not yet available in the jewelry industry.

- Expand Accessible Luxury and Value: The Company intends to expand the mid-market segment by stretching up the top of the mid-tier with greater focus on accessible luxury and the bottom tier with greater focus on value. This includes our goal of growing Piercing Pagoda and Outlets over time into billion-dollar businesses.

- Lead Digital Commerce: As more consumers make more purchases online, the Company will aim to be present whenever, wherever and however customers want to engage. This means increasing the percentage of Signet's business coming through eCommerce, its share of eCommerce purchases, and its participation in social commerce with bespoke content and influencers.

Evolving our Key Strengths: To win in these spaces, the Company will draw inspiration from its **Purpose** - Inspiring Love - and plans to leverage core strengths that it has grown substantially over the past three years: **Consumer Inspired**, **Connected Commerce**, and a **Culture of Innovation and Agility**.

- **Consumer Inspired**: When Signet began its Path to Brilliance journey, it focused on strengthening relationships with existing customers. Now, the Company is focused on further growing its customer base by drawing inspiration from inside and outside the jewelry industry to drive innovation. Signet's ability to leverage data and access unique customer insights is emerging as a clear and sustainable competitive advantage.

- **Connected Commerce**: Signet moved from a bricks-and-mortar-centric business model to an OmniChannel strategy. Now, it is positioning itself to win with connected-commerce capabilities. By intentionally shifting the organization's mindset from store-centric to consumer centric, Signet will innovate to bring the best of its people, stories and products to customers wherever, whenever and however they choose to browse, engage or shop in integrated and delightful ways.

- **Culture of Innovation and Agility**: Signet is committed to be the innovation leader of every business in which it competes and to operate with the agility required to learn, grow and lead. The Company will continue to encourage leadership and fast-paced iterative learning at every level, to empower agile work teams, to inspire Design Thinking approaches to problem solving, and to nurture an environment in which innovation, diversity and transformational productivity are signature characteristics of the Signet culture.

OVERVIEW

Signet is the world's largest retailer of diamond jewelry. Signet is incorporated in Bermuda and its address and telephone number are shown on the cover of this document. The Company operated 2,833 stores and kiosks as of January 30, 2021, and manages its business by geography, a description of which follows:

- The North America segment operated 2,381 locations in the US and 100 locations in Canada as of January 30, 2021.
    - In the US, the segment primarily operated in malls and off-mall locations under the following banners: Kay (Kay Jewelers and Kay Outlet); Zales (Zales Jewelers and Zales Outlet); Jared (Jared The Galleria Of Jewelry and Jared Vault); and JamesAllen.com. Additionally, in the US, the segment operated mall-based kiosks under the Piercing Pagoda banner.
    - In Canada, the segment primarily operated under the Peoples banner (Peoples Jewellers).
- The International segment operated 352 stores in the UK, Republic of Ireland and Channel Islands as of January 30, 2021.

Certain Company activities are managed in the "Other" segment for financial reporting purposes, including the Company's diamond sourcing function and its diamond polishing factory in Botswana. See Note 5 of Item 8 for additional information regarding the Company's reportable segments.

Competition and Signet Competitive Strengths

Jewelry retailing is highly fragmented and competitive. Signet competes against other specialty jewelers, as well as other retailers that sell jewelry, including department stores, mass merchandisers, discount stores, apparel and accessory fashion stores, brand retailers, online retail and auction sites, shopping clubs, home shopping television channels and direct home sellers. The jewelry category competes for customers' share-of-wallet with other consumer sectors such as electronics, clothing and furniture, as well as travel and restaurants. This competition for consumers' discretionary spending is particularly relevant to gift giving.

In addition to the core strengths noted above, Signet believes its competitive advantages include strong store banner recognition, outstanding customer experience, branded differentiated and exclusive merchandise, data-driven marketing and advertising, diversified real estate portfolio, an efficient and flexible supply chain, and services including financing and lease purchase options, extended service plans, repair and customer design, and piercing, among others.

OmniChannel

As a specialty jeweler, Signet's business differs from many other retailers such that a purchase of merchandise from any of Signet's stores is not only viewed as an important experience but is also personal and intimate. Due to this dynamic, customers often invest time on Signet websites, through conversational commerce and on social media to experience the merchandise assortments prior to visiting brick-and-mortar stores to execute a purchase transaction. Particularly related to high value transactions, customers will supplement their online experience with an in-store visit prior to finalizing a purchase.

Through Signet's websites, the Company educates customers about the jewelry category, and provides them with a source of information on products, brands, and available merchandise, as well as the ability to buy online. Signet's websites are integrated with a customer's local store, so that merchandise ordered online may be delivered to their store or at home. Banner websites continue to make an important and growing contribution to the customer experience, as well as to each Segment's marketing programs. Signet's OmniChannel strategy will continue to focus on:

- Investments in technology to enhance the customer journey. These include developing AI driven conversational commerce, the ability to virtually try on products, visual search tools, configuration capability, jewelry related services enhanced personalization / behavioral targeting, creative execution and brand differentiation. In addition, Signet will continue to focus on customer first delivery options (such as buy online, pick up in store, "BOPIS", same day delivery, curbside pickup), creating a seamless customer experience between the websites, virtual selling and in stores, making it easier for customers whenever and however they choose to shop with Signet.

- The expansion of asynchronous messaging with intent recognition and the ability to route to the appropriate expert based on that intent recognition whether that be a sales expert for engagement rings, watches or other gifts, or service to an existing order or purchase.

- Increased use of powerful customer-based data analytics to achieve a more comprehensive view of the customer, which is expected to allow the Company to follow up on previous purchases as well as anticipate their needs.

- Adding new capability to Signet's digital customer clientele program, which enables the Company's jewelry consultants to build a direct relationship with their customers to create a more personalized customer experience.

Signet's supplier relationships allows the Company to display suppliers' inventories on the banner websites for sale to customers without holding the items in its inventory until the products are ordered by customers, which are referred to as "virtual inventory." Virtual inventory expands the choice of merchandise available to customers both online and in-store (see further in the Products and merchandising section below).

Customer experience

Signet is committed to delivering an inspiring, innovative, full service, seamlessly connected customer experience for our clients regardless of their channel of choice. The Company considers this an essential element in the success of its business. The ability to recruit, develop and retain qualified jewelry consultants is an important capability to deliver customer satisfaction. Signet has a comprehensive recruitment, training and incentive programs in place, including an annual flagship training conference in advance of the Holiday Season.

Signet continues to invest in capabilities to enhance the customer experience to make it more personalized and journey focused. In Fiscal 2019, Signet implemented a multi-phase Voice of the Customer program utilizing the Net Promoter System as a component of its Path to Brilliance transformation plan and customer first initiatives. The first phase focused on setting up the technology, establishing stable measurements throughout the shopping ecosystem for key customer journeys, and discovering how to effectively operationalize customer feedback. In Fiscal 2020, Signet expanded into phase two by providing all stores and digital properties localized access to Voice of the Customer data to manage the customer experience real-time as performance feedback is received. To further strengthen its engagement with customers, Signet also implemented a closed-loop program whereby field and customer care teams rapidly respond to customers directly about their feedback to ensure the Company is delivering the best possible experience. In Fiscal 2021, Signet continued to optimize the program through expanded measurements and listening posts, integrating Voice of the Customer with additional operational data-sources to drive greater sophistication in its customer and employee experience management, and develop additional tools to infuse the stories its customers share into the culture and their daily activities.

Banner operations

As noted above, the Company operates six banners in North America and two banners in the UK all of which operate through both online and brick and mortar retail operations. Signet has specific operating and financial criteria that must be satisfied before investing in new stores or renewing leases on existing stores, including evaluation of the mall/trade area and market potential. Substantially all of the stores operated by Signet are leased. Signet continues to reposition its store portfolio in a manner that it believes will drive greater store productivity. These efforts include development and implementation of innovative store concepts to improve the in-store shopping experience, execution of opportunistic store relocations and store closures aimed at exiting under-performing stores, reducing the Company's mall-based exposure and exiting regional brands.

The store activity was as follows for Fiscal 2021 and Fiscal 2020:

	January 30, 2021	Openings[1]	Closures[1]	February 1, 2020	Openings[1]	Closures[1]	February 2, 2019
North America segment:							
Mall[3]	1,602	20	(266)	1,848	31	(115)	1,932
Off-mall and outlet	879	33	(63)	909	7	(23)	925
Total North America segment store activity	**2,481**	**53**	**(329)**	**2,757**	**38**	**(138)**	**2,857**
International segment store activity	**352**	**—**	**(99)**	**451**	**—**	**(26)**	**477**
Signet total	**2,833**	**53**	**(428)**	**3,208**	**38**	**(164)**	**3,334**
North America Total net selling square feet (thousands)[2]	**3,764**			4,121			4,231
Decrease in net store selling space	**(8.7)%**			(2.6)%			(5.8)%
International Total net selling square feet (thousands)	**408**			478			499
Decrease in net store selling space	**(14.6)%**			(4.2)%			(4.8)%

(1) Includes 33 store repositions in Fiscal 2021 and 18 repositions in Fiscal 2020.

(2) Includes 133 thousand, 159 thousand, and 171 thousand square feet of net selling space in Canada as of January 30, 2021, February 1, 2020, and February 2, 2019, respectively.

(3) Includes mall-based kiosks for the Piercing Pagoda banner.

Refer to Item 2 for additional information on the Company's real estate portfolio.

North America Banners

The North America segment operates jewelry stores in malls, mall-based kiosks and off-mall locations throughout the US and Canada and online under national banners including Kay, Zales, Jared, Peoples and Piercing Pagoda. Additionally, the Company operates online through JamesAllen.com, as well as each of the individual banner websites.

Kay Jewelers ("Kay")

Kay is the largest specialty retail jewelry brand in the US based on sales. Kay operates in shopping malls, off-mall centers, outlet malls and online. Kay is positioned as the champion of modern love and gratitude, the #1 jeweler for bridal and all occasion-based gifting offering a broad assortment of fine jewelry including bridal, diamond solitaire, fashion jewelry and watches.

Kay accounted for 38% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 39%).

Zales Jewelers ("Zales")

Zales Jewelers is the third largest specialty retail jewelry brand in the US, based on sales. Zales operates primarily in shopping malls, outlet malls, neighborhood power centers and online. Zales "The Diamond Store" is positioned as the style and self-expression fine jewelry authority, an emphasis on fashion oriented bridal, gifting and self-purchase consumers offering a broad range of bridal, diamond solitaire, fashion jewelry and watches.

Zales accounted for 22% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 21%).

Jared The Galleria Of Jewelry ("Jared")

Jared, which offers the broadest selection of merchandise, is the fourth largest US specialty retail jewelry brand by sales and is a leading off-mall destination specialty retail jewelry store chain. Jared is positioned with an "accessible luxury" assortment and additional services to appeal to a higher income customer and deliver higher average price points than Kay and Zales. Every Jared store has an on-site design and service center where most repairs are completed within the same day.

Jared locations are normally free-standing sites with high visibility and traffic flow, positioned close to major roads within shopping developments. Jared stores usually operate in retail centers that contain strong retail co-tenants, including big box, destination stores and some smaller specialty units.

Jared also operates an outlet-mall concept known as Jared Vault. These stores are smaller than off-mall Jared stores and offer a mix of identical products as Jared, as well as different, outlet-specific products at lower prices.

Jared accounted for 18% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 18%).

Piercing Pagoda

Piercing Pagoda, the curated jewelry and piercing services brand, empowers its customers to express themselves with affordably priced selections of basic and fashion gold, silver and diamond jewelry, as well its newly launched premium VIP Collection. The brand operates online and through mall-based kiosks in high-traffic areas across the US that are easily accessible and visible in regional shopping malls. During Fiscal 2021, Piercing Pagoda implemented robust COVID-19-related hygiene protocols. The brand offers virtual styling sessions, giving customers a new digital shopping experience. Pagoda also began expanding its facial piercing offerings with the introduction of hollow needle piercing in initial, select markets, seeing opportunity to leverage this growing trend.

Piercing Pagoda accounted for 6% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 5%).

JamesAllen.com ("James Allen")

Unlike the rest of Signet store banners, James Allen does not principally operate in physical retail stores. During Fiscal 2019, the first James Allen concept store and showroom was launched in Washington D.C. featuring advances in digital technology and a millennial-inspired shopping experience. This store enables the Company to test new concepts and incorporate innovation in new store design plans for all of the Company's banners.

James Allen accounted for 6% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 4%).

Peoples Jewellers ("Peoples")

Peoples is Canada's largest jewelry retailer and is positioned as "Canada's #1 Diamond Store" emphasizing its diamond business while also offering a wide selection of gold jewelry, gemstone jewelry and watches. Peoples operates primarily in shopping malls and online.

Peoples accounted for 3% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 3%).

International Banners

The International segment operates primarily in the United Kingdom and Republic of Ireland. The International segment transacts mainly in British pounds, as sales and the majority of operating expenses are incurred in that currency.

H.Samuel

H.Samuel has 150 years of jewelry heritage, with a target customer focused on inexpensive fashion-trend oriented, everyday jewelry. H.Samuel continues to focus on larger store formats in regional shopping centers.

H.Samuel accounted for 3% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 4%).

Ernest Jones

Ernest Jones serves the upper middle market, with a target customer focused on high-quality, timeless jewelry.

Ernest Jones accounted for 4% of Signet's consolidated sales in Fiscal 2021 (Fiscal 2020: 4%).

Products and merchandising

Signet believes that a competitive strength is its industry-leading merchandising. Merchandise selection, innovation, availability and value are all critical success factors. The range of merchandise offered and the high level of inventory availability are supported centrally by extensive and continuous research and testing. Signet's jewelry merchant teams are constantly evaluating global design trends, innovating, and developing new jewelry collections, including through strategic partnerships, that resonate with customers.

Suppliers

In Fiscal 2021, the five largest suppliers collectively accounted for 18.7% of total purchases, with the largest supplier comprising 4.7%. Signet transacts business with suppliers on a worldwide basis at various stages of the supply chain with third party diamond cutting and jewelry manufacturing being predominantly carried out in Asia.

Merchandise

Details of merchandise mix by major product category (excluding repairs, extended service plans and other miscellaneous sales) are shown below:

	North America	International	Consolidated
Fiscal 2021			
Bridal	**49 %**	**48 %**	**49 %**
Fashion	**46 %**	**20 %**	**44 %**
Watches	**3 %**	**31 %**	**5 %**
Other	**2 %**	**— %**	**2 %**
	100 %	**100 %**	**100 %**
Fiscal 2020			
Bridal	51 %	34 %	49 %
Fashion	43 %	26 %	42 %
Watches	4 %	37 %	7 %
Other	2 %	3 %	2 %
	100 %	100 %	100 %

The bridal category, which includes engagement, wedding and anniversary purchases, is predominantly diamond jewelry. Like fashion jewelry and watches, bridal is to an extent dependent on the economic environment as customers can trade up or down price points depending on their available budget. Bridal represented 49% of Signet's total merchandise sales.

The fashion category is significantly impacted by gift giving in the Holiday Season, Valentine's Day and Mother's Day time periods and represented 44% of Signet's total merchandise sales during Fiscal 2021.

Merchandise is categorized as non-branded, third party branded, and branded differentiated and exclusive. Non-branded merchandise includes items and styles such as bracelets, gold necklaces, solitaire diamond rings, and diamond stud earrings. Third party branded merchandise includes mostly watches. Branded differentiated and exclusive merchandise are items that are branded and exclusive to Signet within its marketplaces, or that are not widely available from other jewelry retailers (e.g Vera Wang Love®, Neil Lane®, Disney Enchanted®).

Signet believes that the development of branded differentiated and exclusive merchandise raises the profile of its banners, helps to drive sales and provides its well-trained sales associates with a powerful selling proposition. Digital marketing and national television advertisements include elements that drive brand awareness and purchase intent of these ranges. Signet's scale and proven record of success in developing branded differentiated and exclusive merchandise attracts offers of such programs from jewelry manufacturers, designers and others ahead of competing retailers, and enables it to leverage its supply chain strengths.

Merchandise held on consignment is used to enhance product selection and test new designs. This minimizes exposure to changes in fashion trends and provides the flexibility to return non-performing merchandise. Virtually all of Signet's consignment inventory is held in the US.

Raw materials

The Company's costs, as with the jewelry industry as a whole, are generally affected by fluctuations in the price and supply of diamonds, gold and, to a much lesser extent, other precious and semi-precious metals and stones. The cost of raw materials is only part of the costs involved in determining the retail selling price of jewelry, with labor costs and assembly costs from third party vendors also being significant factors.

Diamond sourcing

Signet procures its diamonds mostly as finished jewelry and, to a smaller extent, as loose polished diamonds and rough diamonds which are in turn polished, primarily in Signet's Botswana factory.

Signet purchases finished product where management has identified compelling value based on product design, cost and availability, among other factors. Under certain types of arrangements, this method of purchasing also provides the Company with the opportunity to reserve inventory held by vendors and to make returns or exchanges with suppliers, which reduces the risk of over- or under-purchasing. Signet's scale, balance sheet and robust procurement systems enable it to purchase merchandise at advantageous prices and on favorable terms.

Signet purchases loose polished diamonds in global markets (e.g. India, Israel) from a variety of sources (e.g. polishers, traders). Signet mounts stones in settings purchased from manufacturers using third parties and in-house resources. By using these approaches, the cost of merchandise is reduced and the consistency of quality is maintained enabling Signet to provide better value to customers. Buying loose diamonds helps allow Signet's buyers to gain a detailed understanding of the manufacturing cost structures and, in turn, leverage that knowledge with regard to negotiating better prices for the supply of finished products.

Signet continues to take steps to advance its vertical integration, which includes rough diamond sourcing and processing. Signet's objective with this initiative is to secure additional, reliable and consistent supplies of diamonds for customers worldwide while achieving further efficiencies in the supply chain. Signet owns a diamond polishing factory in Gaborone, Botswana. The Company is a DeBeers sightholder, and receives contracted allocations of rough diamonds from DeBeers and Alrosa. Signet has also established a diamond liaison office in India and a diamond trading office in New York to further support its sourcing initiative.

Rough diamonds are purchased directly from the miners and then the stones are marked, cut and polished in Signet's own polishing facility. Any stones deemed unsuitable for Signet's needs are sold to third parties on the open market.

Marketing and advertising

Marketing is one of Signet's most critical investments. It generates customer awareness and purchase considerations, and over time strengthens its banners and drives share growth. Effective and efficient marketing investment is a competitive advantage in the jewelry industry, which involves a discretionary purchase where the majority of the merchandise is not branded and the purchase cycle can stretch to years.

Signet's marketing allocations between the various investment options (broadcast television and radio, direct mail, digital marketing, social media, and in store materials) have evolved over time as consumer habits and business needs change. Spend decisions are driven by the best available facts, which now use some of the most sophisticated tools on the market. In particular, marketing spend is evaluated on return-on-investment ("ROI") wherever possible. Signet has developed sophisticated Market Mix Modeling, which separates out the ROI of individual marketing elements using multi-variant regression analysis. As marketing is at the heart of Signet's customer first mindset, this capability has resulted in significant increases in the ROI of the Company's marketing investments over the past two years.

As marketing activities are undertaken throughout the year, digital capabilities provide close to real-time insight into customer journeys enabling personalized journey-based communications at the most appropriate moment through social media and digital marketing. In Fiscal 2021, Signet continued to transform its marketing model by re-balancing the timing and mix of its media investments, leveraging a more personalized journey-based approach, and modernizing its content and messaging. In Fiscal 2021, Signet continued to invest more on digital and social marketing than on television advertising, and significant media efficiencies enabled it to drive more total customer impressions with less spend per impression. While the Company will maintain its strong presence in the traditional time-based holidays (Valentine's Day, Mother's Day, and the Holiday Season), Fiscal 2021 also paved the way for it to use complex customer data to grow its share of personal gifting occasions such as birthdays and anniversaries, as well as continue its emphasis in "always on" bridal messaging.

Signet aims to optimize the effectiveness of its creative campaigns, building on the banner differentiation strategies. The banners work with a portfolio of creative agencies and a data-savvy media agency. The banners have rigorously tested advertising to qualify content across platforms, which has improved the effectiveness of Signet's campaigns. Through collaboration with these agencies, Signet continues to evolve its campaigns with more sophisticated, journey specific content based on in-depth customer insight.

Details of gross advertising (i.e. advertising before vendor contributions) by segment is shown below:

	Fiscal 2021		Fiscal 2020		Fiscal 2019	
(in millions)	Gross advertising spending	as a % of segment sales	Gross advertising spending	as a % of segment sales	Gross advertising spending	as a % of segment sales
North America	**$ 329.5**	**6.8 %**	$ 370.0	6.6 %	$ 368.5	6.6 %
International	**13.5**	**3.8 %**	18.9	3.6 %	19.3	3.3 %
Signet	**$ 343.0**	**6.6 %**	$ 388.9	6.3 %	$ 387.8	5.8 %

Other sales and services

Custom design services represent less than 5% of sales. Signet's custom jewelry sales uses a proprietary computer selling system and in-store design capabilities. Design & Service Centers, located in Jared stores, are staffed with skilled artisans who support the custom business generated by other North American stores. The custom design and repair business has its own field management and training structure.

Repair services represent less than 5% of sales but are an important opportunity to build customer loyalty. The Jared Design & Service Centers, open the same hours as the store, also support other North American stores' repair business.

The North America segment sells extended service plans covering lifetime repair service for jewelry and jewelry replacement plans. The Design & Service Centers also services the lifetime repair service plans for Kay, Zales and Jared in addition to supporting the chargeable repairs and custom businesses. The lifetime repair service plans cover services such as ring sizing, refinishing and polishing, rhodium plating of white gold, earring repair, chain soldering and the resetting of diamonds and gemstones that arise due to the normal usage of the merchandise or a replacement option if the merchandise cannot be repaired. The extended service plans are a valuable part of the customer experience and product offerings. These plans provide the Company a higher rate of profitability than merchandise sales and are a significant component of Signet's operating income. Jewelry replacement plans require the issuance of new replacement merchandise if the original merchandise is determined to be defective or damaged within a defined period in accordance with the plan agreement. The North America segment also offers customers a two-year fine watch warranty. Additionally, Zales and Piercing Pagoda offer a one-year jewelry replacement program, which requires the issuance of new replacement merchandise if the original merchandise is determined to be defective or damaged in accordance with the plan agreement. Refer to Note 3 in Item 8 for further information on these plans.

Customer finance

Several factors inherent in the US jewelry business support the circumstances through which Signet is positioned to generate profitable incremental business through its partner supported consumer payment programs. These factors include a high average transaction value and a significant population of customers seeking to finance merchandise, primarily in the bridal category. Signet's consumer credit and lease programs are an integral part of its business and a major driver of customer loyalty. In North American markets, customers are offered revolving and promotional credit plans under Signet's private label credit card programs, online payment options, a lease purchase option provided by Progressive Lease, and installment loan and split-payment options provided by Affirm, allowing Signet to offer payment options that meet each customer's individual needs. In addition, the Company has partnerships with third-party providers who directly extend credit to its customers, and who also manage and service the customers' accounts.

Below is a summary of the payment participation rate in North America which reflects activity for in-house and outsourced credit program customers in North America, including Kay, Jared, Zales and Piercing Pagoda customers, as well as lease purchase customers:

(dollars in millions)	Fiscal 2021	Fiscal 2020
Total North America sales (excluding James Allen)	**$ 4,539.4**	$ 5,315.2
Credit, lease and Affirm purchase sales	**$ 1,888.9**	$ 2,652.4
Credit, lease and Affirm purchase sales as % of total North America sales	**41.6 %**	49.9 %

Through Signet's partnerships, the Company is able to offer a range of financing, leasing, and payment opportunities across its banners. The Company continues to find and develop new options to meet its customer's needs across the various merchandise price points. These offerings and partnerships allow the Company to focus on its core business of being the premier jewelry partner for its customers.

Comenity Bank provides credit and services to the Zales and Piercing Pagoda banners and to prime-only credit quality customers for Kay and Jared banners. Genesis Financial Solutions ("Genesis") provides a second look program for applicants declined by Comenity Bank. For Kay and Jared banners, Signet originates non-prime receivables and sells them subject to a contractually agreed upon discount rate to funds managed by CarVal Investors ("CarVal"), Genesis, and Castlelake, L.P. ("Castlelake"). CarVal and Castlelake first began purchasing non-prime receivables in June 2018, and Genesis began purchasing non-prime receivables in January 2021 (CarVal, Castlelake, and Genesis are herein referred to, collectively, as the "Investors"). Servicing of the non-prime receivables, including operational interfaces and customer servicing, is provided by Genesis.

As a result of various agreements with the Investors during Fiscal 2021, Signet maintained all non-prime receivables for newly originated accounts from April 23, 2020 to January 11, 2021, and will continue to maintain add-on purchases for those accounts. Beginning January 11, 2021, CarVal and Genesis began purchasing the non-prime receivables on all newly originated accounts, while all Investors will continue to purchase add-on receivables on existing accounts previously purchased. These agreements are effective until June 30, 2021. Refer to Note 4 in Item 8 for additional information related to these transactions.

HUMAN CAPITAL MANAGEMENT

Signet's People First approach

At Signet, our approach to Human Capital management starts with our core value of "People First" and creating a truly attractive, inclusive and productive company culture. We believe that thriving employees are integral to Signet's success. Our Path to Brilliance transformation strategy was inspired by our confidence in the brilliance of the Signet team and our commitment to their success and personal growth. As a retail company, sales and customer relationships are at the core of our business model. Our success depends on our ability to attract, develop, and retain highly engaged and motivated employees. Our emphasis on rewarding our hourly employees with fair wages and competitive benefits provides a compelling package. In Fiscal 2021, Signet was named a Great Place to Work-Certified™ Company which reflects the pride, belonging and confidence of employees throughout our organization. This is a recognition that we are proud and honored to hold and we attribute this accolade to our human capital management efforts. In addition, Signet was named to the Bloomberg® Gender Equality Index for the third year in a row – the only specialty retail jeweler to do so.

Employees and demographics

As of January 30, 2021, the approximate number of full-time equivalent persons employed at Signet was 21,700 compared to 26,100 for Fiscal 2020. Approximately 90% of the Company's workforce was employed in North America. As of January 30, 2021, our North America employees consisted of 75% female and 37% Black, Indigenous, and People of Color ("BIPOC"). Breaking down our BIPOC representation further, our employees are 13% Black, 14% Hispanic or Latinx, 5% Asian, 3% Multiracial, < 1% American Indian or Alaskan Native, and < 1% Native Hawaiian or other Pacific Islander. Additionally, 41% of our employees are over the age of 40.

Diversity, equity and inclusion

We value building a diverse workforce, embracing different perspectives, and fostering an inclusive, empowering work environment for our employees and customers. Our diversity, equity and inclusion efforts transcend all levels of our Company, from our base-level employees through our leadership team and Board of Directors ("Board"). Currently, 58 percent of our Board are gender or ethnically diverse, including five female Board members, and 60 percent of our senior vice presidents and above are gender and/or ethnically diverse. In addition, we have a long-standing commitment to equal employment opportunity, as evidenced by the Company's Equal Employment Opportunity Policy. In response to the Great Place to Work®Trust Index© Employee Survey, 89 percent of Signet employees responded, "People here are treated fairly regardless of race." Furthermore, we recognize our customer base's diversity and strive to have a workforce that is representative of such customers.

We are committed to advancing diversity, equity and inclusion in the workplace. We have implemented measures to ensure accountability through initiatives such as empowering Business Resource Groups, which are employee-led volunteer groups to improve attraction, retention, inclusion, and engagement of a diverse workforce by developing programming and initiatives. Currently, we have six Business Resource Groups: Veterans, Pride (LGBTQ+), Women, Black Employee Network, Young Professionals, and Transforming Diversity Equity and Equality ("TIDE"). In addition, during Fiscal 2021 we launched a series of town halls entitled "Signet Speaks Out" to provide a safe, open forum for employees to have honest and candid discussions about important topics such as racism. In addition, as part of our commitment to continued enhancements in our diversity, equity and inclusion efforts, we require employees to undergo annual training on unconscious bias and microaggressions.

Board oversight

Our Board plays an active role in overseeing our human capital management efforts. The full Board has worked closely with the executive management team, particularly the Chief People Officer, in helping shape the newly defined culture and focus. The Board oversight activities in this area include review of CEO and executive officer succession planning, review of diversity and other employee metrics, employee experience, and review of the Company's annual employee engagement survey results. In February 2021, the Board of Directors expanded the scope of our Compensation Committee by re-chartering it as the Human Capital Management and Compensation Committee ("Committee"). The Board had oversight responsibility for a wide range of human capital management efforts, but it was dispersed across multiple committees. We have now taken a much more integrated, holistic and focused approach to this critical responsibility. In addition to its compensation governance responsibilities, the Committee provides oversight on behalf of the Board to overall management of human capital including culture, diversity and inclusion, executive compensation programs, benefits and well-being strategy, talent management (attraction, development, and retention), performance management, and succession planning. The expanded scope of this Committee underscores our focus on the quality, performance, retention and development of our team.

Compensation and benefits

Critical to our success is identifying, recruiting, retaining, and incentivizing our existing and prospective employees. We provide our employees with access to flexible and convenient medical benefits programs intended to meet their needs and the needs of their families. In addition to standard medical coverage, we offer eligible employees dental and vision coverage, health savings, flexible spending accounts, paid time off, employee assistance programs, voluntary short-term and long-term disability insurance, term life insurance and a 401(k) Savings Plan in the US. We design our benefit packages to meet or exceed local laws and to be competitive in the marketplace.

Full-time hourly employees are eligible for health insurance, parental leave, paid time off, and tuition assistance. Also, we launched our "Your Voice is Gold" campaign, and employees received paid time off to vote in the 2020 election. In 2020, we enhanced and expanded health plan benefits for same-sex domestic partners/spouses and LGBTQ employees. Health insurance and parental leave benefits include same-sex partners, and health insurance benefits include adoption benefits for LGBTQ families. All parents, regardless of gender, are eligible for parental leave benefits.

Our emphasis on rewarding our hourly employees with fair wages, including our commitment under our Love Takes Care™ Program to move to a $15/hour minimum wage, and competitive benefits is one of the integral ways we show our appreciation and support our employees. This fundamental approach to human capital management is intended to attract and retain a talented and diverse workforce, who provide significant value to our customers, Company and stakeholders. For more information on the Love Takes Care™ Program, see below under "COVID-19 Response."

COVID-19 response

In response to the COVID-19 pandemic, including state and federal guidelines, we prioritized the health and safety of our employees and implemented changes that we determined were in their best interests, as well as the communities in which we operate. Effective March 23, 2020, we temporarily closed all of our stores in North America, our diamond operations in New York, and our support centers in the United States. Effective March 24, 2020, we also temporarily closed all of its stores in the UK. While a significant number of our employees were furloughed as a result of the store closures, we continued their health benefits during the furloughs.

We believe the human capital management efforts we leveraged during the COVID-19 pandemic significantly contributed to our financial success in Fiscal 2021 and will continue to provide ongoing benefits to our employees and the Company. In an effort to educate and protect our workforce from COVID-19, we enhanced our health and safety measures for our retail store, distribution center and support center employees, including COVID-19 self-care and safety training, return to work procedures and protocols, and COVID-19 symptom screenings. To protect our customers and employees, all customers and employees were required to wear masks while in the workplace regardless of state mandates. We also implemented curbside pickup to protect employees and customers and trained 750 virtual jewelry consultants to work from home and service customers via our digital platforms. Virtual jewelry consultants will remain as part of Signet's digital strategy as we advance.

During the COVID-19 pandemic, Signet implemented its Love Takes Care™ Program to protect employees' health and safety and later expanded the program to include expanded pay as compensation for outstanding performance. The Company's commitment to supporting employees under its Love Takes Care™ initiative includes several recent highlights. Signet awarded a $500 bonus to full-time employees and $250 to part-time employees in appreciation for their significant efforts and agility throughout the pandemic; and granted all employees four hours of paid time off to obtain COVID-19 vaccines.

Most of our support center employees have been able to work from home since March 2020, and many will be given the choice to work from home on an ongoing basis, or split time between working from home and the office, which protects their safety and provides continued flexibility. In addition, our remote work opportunities have allowed us to acquire top talent from around the country to fill open roles. This fundamental shift will continue to enable us to hire and retain top talent far into the future.

Communications and employee sentiment

Communication efforts are one of our key strategies to engage, educate and unite our employees, particularly during the ongoing COVID-19 pandemic. During the pandemic, we elevated our communication activities in order to engage our employees, increasing the number of communication events through virtual means at all levels. Results from these communication events revealed greatly enhanced employee sentiment ratings. For example, post communication event surveys revealed surveyed employees gave scores above 90% for questions related to transparency of the communication, understanding of the business strategy and leadership.

Collective bargaining

We respect our employees' rights to organize and engage in bargaining in good faith to reach a collective agreement that meets employees' needs. Our diamond polishing factory employees in Gaborone, Botswana, are covered by a collective bargaining agreement (represents less than 1% of Signet's total employees). None of our employees in the U.K. and North America are covered by collective bargaining agreements.

MARKETS

Signet operates in the US, Canada and UK markets.

US

According to the US Bureau of Economic Analysis, the total jewelry and watch market was approximately $76 billion at the end of 2020, an increase of 0.4% from the prior year. This implies a Signet jewelry and watch market share of approximately 6.2%. Since 2010, the industry average annual growth rate is 2.3%. Around 82% of the market is represented by jewelry, with the balance being attributable to watches. According to the latest data from the US Labor Department, as of September 2020 there were approximately 19,300 jewelry stores in the country, down 1.6% from the prior year.

Canada

Prior to 2020, the jewelry and watch market in Canada, according to the latest data available to Signet from Euromonitor, grew steadily since 2014, rising to an estimated $6.8 billion USD in 2019. However, COVID-19 impacted growth in 2020, and Euromonitor estimated a market size of $5.6 billion USD, representing a decrease of 18% from the previous year. From 2021 through 2025, Euromonitor predicts jewelry will record a 4% current value CAGR (a 2% value CAGR at constant 2020 prices).

UK

In the UK, the jewelry and watch market was estimated at about £7.3 billion in 2020, down approximately 19% from the prior year, according to Euromonitor. This decline was driven largely by COVID-19, which impacted fine jewelry particularly hard. Beginning in 2021, Euromonitor estimates jewelry is expected to record a 5% current value CAGR (3% CAGR at 2020 constant prices) to reach £4.6 billion in 2025.

TRADEMARKS AND TRADE NAMES

Signet is not dependent on any material patents or licenses in any of its segments. Signet has several well-established trademarks and trade names which are significant in maintaining its reputation and competitive position in the jewelry retailing industry. Some of these registered trademarks and trade names include the following:

- Kay Jewelers®; Kay Jewelers Outlet®; Jared The Galleria Of Jewelry®; Jared Vault®; Jared Jewelry Boutique®; Every Kiss Begins with Kay®; Jared Eternity®; Celebrate Life Express Love®; the Leo Diamond® ; Hearts Desire®; Chosen by Jared®; Now and Forever®; Ever Us®; James Allen®; Long Live Love™; Dare to be Devoted®; Love + Be Loved®; Brilliant Moments®; and Closer Together™
- Zales®; Zales Jewelers™; Zales the Diamond Store®; Zales Outlet®; Gordon's Jewelers®; Peoples Jewellers®; Peoples the Diamond Store®; Peoples Outlet the Diamond Store®; Mappins®; Piercing Pagoda®; Arctic Brilliance Canadian Diamonds®; Brilliant Buy®; Brilliant Value®; Celebration Diamond®; Expressionist®; From This Moment®; Let Love Shine®; The Celebration Diamond Collection®; Unstoppable Love®; Endless Brilliance®; and Everything You Are™
- H.Samuel®; Ernest Jones®; Ernest Jones Outlet Collection™; Commitment®; Forever Diamonds®; Kiss Collection®; Princessa Collection®; Radiance®; Secrets of the Sea®; Viva Colour®; It Feels Good To Gift™; and With You Forever™.

SEASONALITY

Signet's business is seasonal, with the fourth quarter accounting for approximately 35-40% of annual sales as well as accounts for a substantial portion of the annual operating profit. The "Holiday Season" consists of results for the months of November and December, with December being the highest volume month of the year.

REGULATION

Signet is required to comply with numerous laws and regulations covering areas such as consumer protection, consumer privacy, data protection, consumer credit, consumer credit insurance, health and safety, waste disposal, supply chain integrity, truth in advertising and employment. Signet monitors changes in these laws to maintain compliance with applicable requirements.

IMPACT OF CLIMATE CHANGE

Signet recognizes that climate change is a serious risk to society and therefore continues to take steps to reduce Signet'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 consumers ability to access our stores, cause our consumers to limit discretionary spending, or disrupt our supply chains or distribution channels.

AVAILABLE INFORMATION

Signet files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the US Securities and Exchange Commission ("SEC"). Such information, and amendments to reports previously filed or furnished, is available free of charge from the Company's corporate website, www.signetjewelers.com, as soon as reasonably practicable after such materials are filed with or furnished to the SEC. The SEC also maintains an internet site at www.sec.gov that contains the Company's filings.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations, cash flows, and the trading price of our common shares are subject to various risks and uncertainties, including those described below. Many of the risks listed below are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the economic environment. The following risk factors, among others, could cause our actual results to differ materially from historical results and from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements.

Risks Related to Global and Economic Conditions

The outbreak of COVID-19 has had a significant adverse impact on the Company's business, and this outbreak, as well as other public health crises or disease outbreaks, epidemics or pandemics, has and could continue to adversely impact Signet's business, financial condition, results of operations and cash flows and has or could exacerbate other risk factors.

A public health crisis or disease outbreak, epidemic or pandemic, such as COVID-19, or the threat or fear of such an event, has been and could continue to adversely impact the Company's business. COVID-19 has significantly impacted consumer traffic and the Company's retail sales, due to the public health risk and government-imposed quarantines and restrictions of public gatherings and commercial activity to contain spread of the virus. Effective March 23, 2020, the Company temporarily closed all of its stores in North America, its diamond operations in New York and its support centers in the United States, and effective March 24, 2020, temporarily closed all of its stores in the UK. During the fourth quarter of Fiscal 2021, both the UK and certain provinces of Canada re-established mandatory store closures. The shutdown of the New York diamond operations disrupted, to some extent, the growth in our eCommerce business. There is no guarantee that our business will not be further impacted if the economy deteriorates due to the ongoing COVID-19 pandemic, or if additional federal or state mandates order the shutdown of additional non-essential businesses. Further, due to COVID-19, we have and may continue to record non-cash asset impairment charges, which may affect our operating results under US GAAP.

While the Company re-opened its stores consistent with government guidelines, in connection with the widespread protests across the country and out of concern for the well-being of its customers and employees, the Company made the decision to temporarily close a small percentage of its stores throughout the year. A resumption of widespread protesting could result in similar impacts to the Company's operations. Additionally, there is significant uncertainty around our customers' willingness to visit retail stores as they reopen. Social distancing protocols, government mandated occupancy limitations and general consumer behaviors due to COVID-19 may continue to negatively impact store traffic, which may negatively impact Company sales. Such negative impacts may be exacerbated during peak traffic times such as the Holiday shopping season. Further, while we have implemented strict safety protocols in stores that we have re-opened, there is no guarantee that such protocols will be effective or be perceived as effective, and any virus-related illnesses linked or alleged to be linked to our stores, whether accurate or not, may negatively affect our reputation, operating results and/or financial condition. The COVID-19 pandemic also has disrupted the Company's global supply chain, and may cause additional disruptions to operations, including increased costs of production and distribution. In addition, there could be further adverse impacts if employees of the Company become sick, continue to be quarantined, or are otherwise limited in their ability to work at Company locations or travel. The Company may experience increased operational challenges due to the implementation of work from home policies for both office employees and store employees whose stores are temporarily closed. Remote working arrangements may increase risks associated with the Company's information systems such as the risk of cybersecurity incidents or system failures, which could have an adverse effect on the Company's business.

The uncertainty around the duration of business disruptions, the possibility of additional periods of increases or spikes in the number of COVID-19 cases; the impact of vaccines across the globe; and the extent of the spread of the virus in the United States and other areas of the world, could continue to adversely impact the national or global economy and negatively impact consumer spending, particularly discretionary spending, and our stock price. Any of these factors could have a material adverse impact on our business, financial condition and operating results; our level of indebtedness and covenant compliance; our ability to raise additional capital; our ability to execute our business plans; our access to and cost of financing; our lease obligations and relationships with our landlords; asset impairments; and our ability to execute and capitalize on our strategies. The full extent of the impact of COVID-19 on the Company's operations, financial performance, and liquidity, depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Further, as the COVID-19 pandemic subsides, the pace of the economic recovery and shifts in consumer discretionary spending and gifting to other categories such as travel and restaurants may negatively impact the Company's results of operations or cash flows.

To the extent that COVID-19 has affected and continues to adversely affect the US and global economy, our business, results of operations, cash flows, or financial condition, it has heightened, and may continue to heighten, other risks described within this "Risk Factors" section.

Global economic conditions and regulatory changes following the UK's exit from the European Union could adversely impact Signet's business and results of operations located in, or closely associated with, the UK.

The UK formally exited the European Union on January 31, 2020 (often referred to as Brexit). The ongoing uncertainty within the UK's government and parliament on the future relationship between the UK and the European Union has had an adverse impact on the UK's economy and likely will continue to do so until the UK and European Union reach a definitive resolution on the outstanding trade and legal matters. This includes uncertainty with respect to the laws and regulations, including regulations applicable to Signet's business, that will apply in the UK going forward. Brexit has also given rise to calls for the governments of other European Union member states to consider a referendum on withdrawal from the European Union for their territory. These developments, or the perception that any of them could occur, could adversely impact global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity, which could adversely impact the Company's business, financial condition and results of operations especially those located in, or closely associated with, the UK. Brexit could lead to long-term volatility in the currency markets and there could be long-term adverse effects on the value of the British pound. Brexit could also impact other currencies. Signet uses foreign currency derivative instruments to hedge certain exposures to currency exchange rate risks. Brexit could result in significant volatility in currency exchange rate fluctuations and increase Signet's exposure to foreign currency rate exchange risks and reduce its ability to effectively use certain derivative instruments as a way to hedge risks.

A decline in consumer spending may unfavorably impact Signet's future sales and earnings, particularly if such decline occurs during the Holiday Season.

The success of Signet's operations depends to a significant extent upon a number of factors relating to discretionary consumer spending. These include economic conditions, and perceptions of such conditions by consumers, consumer confidence, level of customer traffic in shopping malls and other retail centers, employment, the level of consumers' disposable income, business conditions, interest rates, consumer debt and asset values, availability of credit and levels of taxation for the economy as a whole and in international, regional and local markets where we operate. As Signet's sales are highly seasonal, a change in any one of these economic conditions during the Holiday Season could have an increased adverse impact on Signet's sales.

Jewelry purchases are discretionary and are dependent on the above factors relating to discretionary consumer spending, particularly as jewelry is often perceived to be a luxury purchase. Adverse changes in the economy and periods when discretionary spending by consumers may be under pressure could unfavorably impact sales and earnings. We may respond by increasing discounts or initiating marketing promotions to reduce excess inventory, which could also have a material adverse effect on the Company's margins and operating results.

The economic conditions in the US, the UK and Europe could impact Signet's future sales and earnings. Conditions in the eurozone have a significant impact on the UK economy even though the UK is not a member of the eurozone, which together with uncertainty regarding the final terms of the withdrawal of the UK from the European Union, could adversely impact trading in the International segment, as well as adversely impact the US economy.

Any deterioration in consumers' financial position, changes to the regulatory requirements regarding the granting of credit to customers or disruption in the availability of credit to customers could adversely impact the Company's sales, earnings and the collectability of accounts receivable.

Approximately half of Signet's sales in the US and Canada utilize third-party customer financing programs, with the additional purchases being made in cash or using third-party bank cards. Any significant deterioration in general economic conditions or increase in consumer debt levels may inhibit consumers' use of credit and decrease consumers' ability to satisfy Signet's requirements for access to customer finance, which could in turn have an adverse effect on the Company's sales. There is also a risk that if credit is extended to consumers during times when economic conditions are strong, and then economic conditions subsequently deteriorate, consumers may not meet their current payment obligations. Furthermore, any downturn in general or local economic conditions, including in particular an increase in unemployment in the markets in which Signet operates, may adversely affect the merchant discount rate paid by Signet related to the sale of the non-prime receivables, as well as the value of any assets contingent on the performance of the non-prime receivables.

Additionally, Signet's ability to extend credit to customers and the terms of such credit depends on many factors, including continued arrangements with the parties providing the credit financing and compliance with applicable laws and regulations in the US and Canada, any of which may change from time to time. Moreover, the Company has entered into outsourced credit programs for the sale of its non-prime credit portfolio. In June 2018, CarVal and Castlelake (each an "Investor") began purchasing the majority of forward flow receivables of Signet's non-prime credit from Signet for a five-year term. During Fiscal 2021, the agreements entered into in 2018 pertaining to the purchase of forward flow receivables were terminated and new agreements were executed with CarVal and Castlelake which will remain effective until June 2021. Genesis Financial Solutions ("Genesis") became an Investor in the non-prime portfolio in January 2021 (CarVal, Castlelake and Genesis are collectively the "Investors"). The Company is actively considering alternatives with regard to the forward-flow receivables post-June 2021. If an Investor were to terminate and a non-terminating Investor does not purchase the forward-flow receivables, or if all Investors were to terminate and Signet is unable to find other potential providers to supply a similar third-party credit program and alternative payment options, Signet's ability to extend credit to customers could be impaired and Signet could be required to revert back to an in-house credit program, which could have an adverse effect on Signet's business.

Any new regulatory initiatives or investigations by the Bureau of Consumer Financial Protection ("CFPB") or other state authority, or ongoing compliance with the Consent Order entered into on January 16, 2019 with the CFPB and the Attorney General for the State of New York relating to the Company's in-store credit practices, promotions, and payment protection products could impose additional costs and/or restrictions on credit practices of the North America segment, which could have an adverse effect on the conduct of its business.

Because of the highly seasonal nature of Signet's sales, any one of these factors that occurs during the Holiday Season would have an increased adverse impact.

Fluctuations in foreign exchange rates could adversely impact the Company's results of operations and financial condition.

Signet publishes its consolidated annual financial statements in US dollars. At January 30 2021, Signet held approximately 89% of its total assets in entities whose functional currency is the US dollar and generated approximately 90% of its sales in US dollars for the fiscal year then ended. All the remaining assets and sales are primarily in British pounds and Canadian dollars. Therefore, the Company's results of operations and balance sheet are subject to fluctuations in the exchange rates between the US dollar and both the British pound and Canadian dollar. Accordingly, any decrease in the weighted average value of the British pound or Canadian dollar against the US dollar, including due to Brexit as discussed above, would decrease reported sales and operating income.

The monthly average exchange rates are used to prepare the income statement and are calculated based on the daily exchange rates experienced by the International segment and the Canadian subsidiaries of the North America segment in the fiscal month.

If British pounds or Canadian dollars are held or used to fund the cash flow requirements of the business, any decrease in the weighted average value of the British pound or Canadian dollar against the US dollar would reduce the amount of cash and cash equivalents.

In addition, the prices of certain materials and products bought on the international markets by Signet are denominated in foreign currencies. As a result, Signet and its subsidiaries have exposures to exchange rate fluctuations on its cost of goods sold, as well as volatility of input prices if foreign manufacturers and suppliers are impacted by exchange rate fluctuations.

Signet's business could be adversely affected by extreme weather conditions, natural disasters, or terrorism and acts of war.

Extreme weather conditions in the areas in which the Company's stores are located could negatively affect the Company's business and results of operations. For example, frequent or unusually heavy snowfall, ice storms, or other extreme weather conditions, whether as a result of climate change or otherwise, over a prolonged period could make it difficult for the Company's salesforce or customers to travel to its stores and thereby reduce the Company's sales and profitability, particularly if such events occur during the Company's Holiday Season.

In addition, natural disasters such as hurricanes, tornadoes, earthquakes, or wildfires, or a combination of these or other factors, could damage or destroy the Company's facilities or make it difficult for the salesforce or customers to travel to its stores, thereby negatively affecting the Company's business and results of operations.

Terrorism, armed conflict, and acts of war (or the expectation of such events), both in the US and abroad, could also have a significant impact on Signet's business. These actions have a significant effect on macroeconomic conditions, and on an individual level, may impact the Company's ability to manufacture and ship its merchandise for sale to customers. Given that Signet's control over such issues, including both weather disasters and large-scale violence, is extremely limited, the Company in such situations would not have a great ability to mitigate the impacts on its business and operations.

Risks Related to Our Operations and Seasonality

Fluctuations in the pricing and availability of commodities, particularly polished diamonds and gold, which account for the majority of Signet's merchandise costs, could adversely impact its earnings and cash availability.

The jewelry industry generally is affected by fluctuations in the price and supply of natural diamonds, gold and, to a lesser extent, other precious and semi-precious metals and stones.

In Fiscal 2021, prices for the assortment of polished diamonds utilized by Signet decreased slightly compared to prior years. The mining, production and inventory policies followed by major producers of rough diamonds can have a significant impact on natural diamond prices and demand, as can the inventory and buying patterns of jewelry retailers and other parties in the supply chain. The demand for natural diamonds is uncertain and could decrease, which would have an adverse impact on the Company.

The availability of diamonds is significantly influenced by the political situation in diamond producing countries and by the Kimberley Process, an inter-governmental agreement for the international trading of rough diamonds. Until acceptable alternative sources of diamonds can be developed, any sustained interruption in the supply of diamonds from significant producing countries, or to the trading in rough and polished diamonds which could occur as a result of disruption to the Kimberley Process, could adversely affect Signet, as well as the retail jewelry market as a whole. In addition, the current Kimberley Process decision-making procedure is dependent on reaching a consensus among member governments, which can result in the protracted resolution of issues, and there is little expectation of significant reform over the long-term. The impact of this review process on the supply of diamonds, and consumers' perception of the diamond supply chain, is unknown. In addition to the Kimberley Process, the supply of diamonds to the US is also impacted by certain governmental trade sanctions imposed on Zimbabwe.

The possibility of constraints in the supply of diamonds of a size and quality Signet requires to meet its merchandising requirements may result in changes in Signet's supply chain practices, including for example its rough sourcing initiative. In addition, Signet may from time to time choose to hold more inventory, purchase raw materials at an earlier stage in the supply chain or enter into commercial agreements of a nature that it currently does not use. Such actions could require the investment of cash and/or additional management skills. Such actions may not resolve supply constraints or result in the expected returns and other projected benefits anticipated by management.

Additionally, a material increase in the supply of gem quality lab-created diamonds, combined with increased consumer acceptance thereof, could impact the supply and pricing in the natural diamond supply chain, as well as retail pricing.

While jewelry manufacturing is the major final demand for gold, management believes that the cost of gold is predominantly impacted by investment transactions, which have resulted in significant volatility in the gold price in recent years. Signet's cost of merchandise and potentially its earnings may be adversely impacted by investment market considerations that cause the price of gold to significantly escalate.

An inability to increase retail prices to reflect higher commodity costs would result in lower profitability. Particularly sharp increases in commodity costs may result in a time lag before increased commodity costs are fully reflected in retail prices. As Signet uses an average cost inventory methodology, volatility in its commodity costs may also result in a time lag before cost increases are reflected in retail prices. Further, even if price increases are implemented, there is no certainty that such increases will be sustainable. These factors may cause decreases in gross margins and earnings. In addition, any sustained increases in the cost of commodities could result in the need to fund a higher level of inventory or changes in the merchandise available to the customer, which could increase costs and disrupt Signet's sales levels.

Pursuant to the Dodd-Frank Act and SEC rules, Signet must file public disclosures regarding the country of origin of certain supplies, which could damage Signet's reputation or impact the Company's ability to obtain merchandise if customers or other stakeholders react negatively to Signet's disclosures.

In August 2012, the SEC, pursuant to the Dodd-Frank Act, issued final rules, which require annual disclosure and reporting on the source and use of certain minerals, including gold, from the Democratic Republic of Congo and adjoining countries. The gold supply chain is complex and, while management believes that the rules currently cover less than 1% of annual worldwide gold production (based upon recent estimates), the final rules require Signet and other affected companies that file with the SEC to make specified country of origin inquiries of Signet's suppliers, and otherwise to exercise reasonable due diligence in determining the country of origin and certain other information relating to any of the statutorily designated minerals (gold, tin, tantalum and tungsten), that are used in products sold by Signet in the US and elsewhere. On May 20, 2020, Signet filed with the SEC its Form Specialized Disclosure ("SD") and accompanying Conflict Minerals Report in accordance with the SEC's rules, which together describe the Company's country of origin inquiries and due diligence measures relating to the source and chain of custody of those designated minerals Signet deemed necessary to the functionality or production of its products, the results of those activities and the Company's related determinations with respect to the calendar year ended December 31, 2019.

There may be reputational risks associated with the potential negative response of Signet's customers and other stakeholders to future disclosures by Signet in the event that, due to the complexity of the global supply chain, Signet is unable to sufficiently verify the origin of the relevant metals. Also, if future responses to verification requests by suppliers of any of the covered minerals used in Signet's products are inadequate or adverse, Signet's ability to obtain merchandise may be impaired and its compliance costs may increase. The final rules also cover tungsten and tin, which are contained in a small proportion of items that are sold by Signet. It is possible that other minerals, such as diamonds, could be subject to similar rules.

Signet's sales, operating income, cash and inventory levels fluctuate on a seasonal basis.

Signet's business is highly seasonal, with a significant proportion of its sales and operating profit generated during its fourth quarter, which includes the Holiday Season. Management expects Signet to continue to experience a seasonal fluctuation in its sales and earnings. Therefore, there is limited ability for Signet to compensate for shortfalls in fourth quarter sales or earnings by changes in its operations and strategies in other quarters, or to recover from any extensive disruption, for example, due to sudden adverse changes in consumer confidence, consumer spending ability, economic conditions, unexpected trends in merchandise demand, significant competitive and promotional activity by other retailers, inclement weather conditions having an impact on a significant number of stores in the last few days immediately before Christmas Day or disruption to warehousing and store replenishment systems. Additionally, in anticipation of increased sales activity in the Holiday Season, Signet incurs certain significant incremental expenses prior to and during peak selling seasons, including advertising and costs associated with hiring a substantial number of temporary employees to supplement the Company's existing workforce. A significant shortfall in results for the fourth quarter of any fiscal year would therefore be expected to have a material adverse effect on the annual results of operations as well as cash and inventory levels. Disruption at lesser peaks in sales at Valentine's Day and Mother's Day would also be expected to adversely impact the results.

Failure to manage inventory levels or to obtain merchandise that customers wish to purchase on a timely basis could have a materially adverse impact on sales and earnings.

In order to operate its business successfully, Signet must maintain sufficient inventory levels. This requires forecasting, especially in the case of the Holiday Season, and a balance between meeting customer demand and avoiding accumulating excess inventory. If management misjudges expected customer demand, fails to identify changes in customer demand, or its supply chain does not respond in a timely manner, a shortage of merchandise or an accumulation of excess inventory could occur, which could adversely impact Signet's results.

Other factors that could affect the Company's inventory management and planning team's ability to accurately forecast customer demand for its products include:

- a substantial increase or decrease in demand for products of Signet's competitors;
- failure to accurately forecast trends and customer acceptance for new products;
- new product introductions, promotions or pricing strategies by competitors, particularly during holiday periods;
- changes in the Company's product offerings including seasonal items and the Company's ability to replenish these items in a timely manner;
- changes to the Company's overall seasonal promotional cadence and the number and timing of promotional events and clearance sales;
- more limited historical store sales information for stores in newer markets;
- weakening of economic conditions or consumer confidence in the future, which could reduce demand for discretionary items, such as jewelry; and
- acts or threats of war or terrorism or epidemics, which could adversely affect consumer confidence and spending or interrupt production and distribution of Signet's products and raw materials.

If the Company is unable to forecast demand accurately, it may encounter difficulties in filling customer orders or in liquidating excess inventory at discount prices and may experience significant write-offs and customers could opt to purchase jewelry from a competitor. These outcomes could have a material adverse effect on the Company's brand image, sales, gross margins, cash flow, competitive advantage and profitability.

Any difficulty or delay in executing or integrating an acquisition, a business combination or a major business or strategic initiative may result in expected returns and other projected benefits from such an exercise not being realized.

Any difficulty or delay in executing or integrating an acquisition, a business combination, a major business or strategic initiative including Signet's direct diamond sourcing capabilities, or a strategic plan, such as Signet's Inspiring Brilliance plan, may prevent Signet from realizing expected returns and other projected benefits from such exercises during the anticipated timeframe or at all. The long-term growth of Signet's business depends on the successful execution of its evolving business and strategic initiatives. Any number of factors could impact the success of these initiatives, many of which are out of the Company's control, and there can be no assurance that they will be successful or deliver their anticipated benefits. Some initiatives may require the Company to devote significant management, financial and other resources and may expose the Company to new and unforeseen risks and challenges. The Company may also incur significant asset impairment and other charges in connection with any such initiative.

The acquisition of companies with operating margins lower than that of Signet may cause an overall lower operating margin for Signet. Signet's current borrowing agreements place certain limited constraints on its ability to make an acquisition or enter into a business combination, and future borrowing agreements could place tighter constraints on such actions. A significant transaction could also disrupt the operation of the Company's current activities and divert significant management time and resources. For example, Signet experienced disruptions in its information technology systems and processes during its credit outsourcing transition in 2017, including server interruptions and downtime, which resulted in calls to customer service centers leading to long wait times.

If Signet is unable to execute or integrate an acquisition, business combination, a major business or strategic initiative or a transformation plan, this could have a significant adverse effect on Signet's results of operations.

Long-term changes in consumer attitudes toward jewelry could be unfavorable and harm jewelry sales.

Consumer attitudes toward diamonds, gold and other precious metals and gemstones influence Signet's sales. Attitudes could be affected by a variety of issues including concern over the source of raw materials; the impact of mining and refining of minerals on the environment, the local community and the political stability of the producing country; labor conditions in the supply chain; and the availability of and consumer attitudes about substitute products such as cubic zirconia, moissanite and lab-created diamonds. An inability to effectively address a rapid and significant increase in consumer acceptance of lab-created diamonds, as well as a negative change in consumer attitudes toward jewelry, could adversely impact Signet's sales and earnings. In addition, transparency regarding substitute products such as lab-created diamonds is important to maintaining consumer confidence. If the Company does not appropriately and adequately identify the use of the substitute products in its jewelry, its reputation and results could be adversely impacted.

New tariffs, if imposed on goods that the Company imports, could have an adverse effect on the Company's results of operations.

In March 2018, the United States Government announced tariffs on certain steel and aluminum products imported into the United States, which resulted in reciprocal tariffs from the European Union on goods imported from the United States. In September 2018, the United States Government placed additional tariffs of approximately $200 billion on goods imported from China. These tariffs, which took effect on September 25, 2018, were initially set at a level of 10% until the end of 2018, at which point the tariffs rose to 25%. On September 1, 2019, the United States Government placed additional tariffs of approximately $300 billion on goods imported from China. Depending on the type of import, a new 15% tariff became effective on September 1, 2019, but upon the Phase One Economic and Trade Agreement signed in January 2020, which became effective in February 2020, between the United States and China was reduced to 7.5%. The 7.5% tariff applies to jewelry that the Company imports from China. China has already imposed tariffs on a wide range of American products in retaliation, and additional tariffs could be imposed by China in further retaliation. There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of additional tariffs by other countries as well. The escalation of trade tensions could have a significant, adverse effect on world trade and the world economy. While the Company does not believe that the recently enacted tariffs will materially impact its business, the imposition of additional or increased tariffs on jewelry or other items imported by it from China or other countries, or the Company's inability to successfully manage inventory from China, could require the Company to increase prices to its customers or, if unable to do so, result in lowering its gross margin on products sold.

Signet depends on manufacturers and suppliers to provide it with sufficient quantities of quality products timely.

Ultimate delivery of Signet's merchandise is substantially dependent upon third-party manufacturers and suppliers. In Fiscal 2021, the five largest suppliers collectively accounted for 18.7% of total purchases, with the largest supplier comprising 4.7%. A manufacturer's or supplier's inability to manufacture or deliver a product on time and of appropriate quality would impair Signet's ability to respond to consumer demand, which would put the Company at a competitive disadvantage and result in lost sales. Costs would also be increased if Signet were to attempt to engage replacement manufacturers to rush orders on items that the Company needed immediately. See the risk factor below titled "A public health crisis or disease outbreak, epidemic or pandemic, such as COVID-19, could adversely impact Signet's business" regarding the potential adverse impact the recent outbreak of the new coronavirus could have on the Company's supply chain.

Signet has close commercial relationships with a number of suppliers and management holds regular reviews with major suppliers to sustain continuity of these relationships. However, government requirements regarding sources of commodities, such as those required by the Dodd-Frank Act, could result in Signet choosing to terminate relationships with suppliers in the future due to a change in a supplier's sourcing practices or Signet's compliance with laws and internal policies. Damage to, or loss of, any of these relationships could have an adverse effect on results.

In addition, luxury and prestige watch manufacturers and distributors normally grant agencies the right to sell their ranges on a store-by-store basis. An inability to obtain or retain watch agencies for a location could harm the performance of that particular store. The watch brands sold by Ernest Jones, and to a lesser extent Jared, help attract customers and build sales in all categories. In the case of Ernest Jones, the inability to gain additional prestige watch agencies is an important factor in, and may reduce the likelihood of, opening new stores, which could adversely impact sales growth.

The growth in importance of other branded merchandise within the jewelry market may adversely impact Signet's sales and earnings if it is unable to obtain supplies of or further develop branded merchandise that the customer wishes to purchase. In addition, if Signet loses the distribution rights to an important branded jewelry range or is committed to continue to carry a brand that is no longer viewed as on trend, it could adversely impact sales and earnings.

Risks Related to Competition and Innovation

Signet's pricing compared to competitors, the increased price transparency in the market and the highly fragmented competitive nature of the retail jewelry industry, may have an adverse impact on Signet's performance.

Critical to maintaining an optimal customer experience is a multi-faceted value proposition focused on attractive brand and category assortments, availability of financing, deep customer service and relationship building with the Company's guest service professionals, as well as competitive pricing. Although not a singular differentiator to the Company's value proposition, if significant price increases are implemented by any segment or across a wide range of merchandise, the impact on earnings will depend on, among other factors, the pricing by competitors of similar products and the response by customers to higher prices. Such price increases may result in lower sales and adversely impact earnings.

The retail jewelry industry is competitive. Signet's competitors are specialty jewelry retailers, as well as other jewelry retailers, including department stores, mass merchandisers, discount stores, apparel and accessory fashion stores, brand retailers, shopping clubs, home shopping television channels, direct home sellers, online retailers and auction sites.

Aggressive discounting by competitors may adversely impact Signet's performance in the short term. This is particularly the case for easily comparable pieces of jewelry, of similar quality, sold through stores that are situated near those that Signet operates.

Signet faces significant competition from independent and regional specialty jewelry retailers that are able to adjust their competitive stance, for example on pricing, to local market conditions. This can put individual Signet stores at a competitive disadvantage as Signet segments have a national pricing strategy.

Consumers are increasingly shopping or starting their jewelry buying experience online, which makes it easier for them to compare prices and quality with other jewelry retailers. If Signet's brands do not offer the same or similar item at the lowest price, or if competitors offer a better and more user-friendly website experience than Signet, or financing that is easier to access or provides better terms, consumers may purchase their jewelry from competitors, which would adversely impact the Company's sales and results of operations.

In addition, other retail categories and other forms of expenditure, such as electronics and travel, also compete for consumers' discretionary expenditure, particularly during the holiday gift giving season. Therefore, the price of jewelry relative to other products influences the proportion of consumers' expenditure that is spent on jewelry. If the relative price of jewelry increases, or if Signet's competitive position deteriorates, Signet's sales and earnings would be adversely impacted.

An inability to successfully develop and maintain a relevant OmniChannel experience for customers, failure to anticipate changing fashion trends in the jewelry industry, and poor execution of marketing programs and management of social media could result in a loss of confidence by consumers in Signet's brand names and have an adverse impact on sales.

Signet's business has evolved from primarily an in-store experience to interaction with customers across numerous channels, including in-store, online, mobile and social media, among others. OmniChannel retailing is rapidly evolving and Signet must keep pace with changing customer expectations and new developments by its competitors. Signet's customers are increasingly using computers, tablets, mobile phones and other devices to comparison shop, determine product availability and complete purchases online. Signet must compete and remain relevant by offering a consistent and convenient shopping experience for its customers regardless of the ultimate sales channel and by investing in, providing and maintaining digital tools for customers that have the right features and are reliable and easy to use.

The ability to differentiate Signet's stores, services, online experience and merchandise from competitors by better designs, branding and category assortments and the level and quality of customer service and marketing and advertising programs, is an important factor in attracting consumers. In today's market, this differentiation requires, among other factors, keeping pace with trends in design, as well as setting new jewelry trends, effectively implementing an OmniChannel experience, and targeting effective media campaigns, including an expansion of social media use and new social media platforms, in order to build and maintain customer confidence in the Company and in the brands it sells. As a result, the Company needs to continuously innovate and develop its OmniChannel experience and social media strategies in order to maintain broad appeal with customers and brand relevance. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues, increased employee engagement or brand recognition. In a distressed economic and retail environment, in which many of the Company's competitors continue to engage in aggressive promotional activities, any failure on Signet's part to react appropriately to changing consumer preferences and fashion trends, including the failure to plan in advance and invest in marketing and advertising campaigns, could have an adverse impact on sales.

In addition, adverse or inaccurate information concerning the Company or its brands may be posted on social media platforms at any time, and such information can quickly reach a wide audience. The harm may be immediate without affording the Company an opportunity for redress or correction, and it is challenging to monitor and anticipate developments on social media in order to respond in an effective and timely manner. The Company could also be exposed to these risks if it fails to use social media responsibly in its marketing efforts, including the improper disclosure of proprietary information, exposure of personally identifiable information, fraud, or out-of-date information. Regardless of its basis or validity, any unfavorable publicity could adversely affect public perception of Signet's brands. These factors could have a material adverse effect on its business.

If Signet fails to make, improve, develop or acquire relevant customer-facing technology in a timely manner, fails to keep pace with trendsetting, or if the Company's marketing and social media advertising and efforts are not to scale or miss the mark, the customer could lose confidence in any of Signet's brands, which could materially and adversely impact sales and earnings.

Risks Related to Technology and Security

Inadequacies in and disruption to systems could result in lower sales and increased costs or adversely impact the reporting and control procedures.

Signet is dependent on the suitability, reliability and durability of its systems and procedures, including its accounting, information technology, data protection, warehousing and distribution systems, and those of its service providers. If support ceased for a critical externally supplied software package or system, management would have to implement an alternative software package or system or begin supporting the software internally. Disruption to parts of the business could result in lower sales and increased costs.

Signet is in the process of substantially modifying its enterprise resource planning systems and certain web platforms, including a migration of the Company's key financial reporting, planning and consolidation system, which involves updating or replacing legacy systems with successor systems. These system changes and upgrades can require significant capital investments and dedication of resources. When evaluating and making such changes, there can be no assurances that the Company will successfully implement such changes, that significant additional investments will not be required beyond the project budget, that such changes will occur without disruptions to its operations or maintenance of its internal control compliance programs or that the new or upgraded systems will achieve the desired business objectives. Any damage, disruption or shutdown of the Company's information systems, or the failure to successfully implement new or upgraded systems, could have a material adverse effect on Signet's results of operations.

Security breaches and other disruptions to Signet's information technology infrastructure and databases and failure of Signet's customer-facing technology to function as intended or in accordance with applicable law could interfere with Signet's operations, and could compromise Signet's and its customers' and suppliers' information or cause other harm, exposing Signet to possible business interruptions and liability, which would have a material adverse effect on Signet's business and reputation.

Signet is increasingly using mobile devices, social media and other online activities to connect with customers, staff and other stakeholders. Therefore, in the ordinary course of business, Signet relies 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 eCommerce sales, supply chain, merchandise distribution, customer invoicing and collection of payments.

Signet also uses 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. Signet collects and stores this financial and other sensitive data, including intellectual property, proprietary business information, the propriety business information of its customers and suppliers, as well as personally identifiable information of Signet's customers and employees, in data centers and on information technology networks.

The secure operation of these networks, and the processing and maintenance of this information is critical to Signet's business operations and strategy. Despite security measures and business continuity plans, Signet may not timely anticipate evolving techniques used to effect security breaches that may result in damage, disruptions or shutdowns of Signet's and its third-party vendors' networks and infrastructure due to attacks by hackers, including phishing or other cyber-attacks, or breaches due to employee error or malfeasance, or other non-hostile disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise Signet's or the third party's networks and the information stored there, including personal, proprietary or confidential information about Signet, its customers or its third-party vendors, and personally identifiable information of Signet's customers and employees could be accessed, manipulated, publicly disclosed, lost or stolen, exposing its customers to the risk of identity theft and exposing Signet or its third-party vendors to a risk of loss or misuse of this information.

Signet and its third party vendors have experienced successful attacks and breaches from time to time, however to date, these attacks or breaches have not had a material impact on Signet's business or operations. Any such malfunction, access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, significant breach-notification costs, lost sales and a disruption to operations (including the Company's ability to process consumer transactions and manage inventories), media attention, and damage to Signet's reputation, which could adversely affect Signet's business. In addition, it could harm Signet's reputation and ability to execute its business through service and business interruptions, management distraction and/or damage to physical infrastructure, which could adversely impact sales, costs and earnings. If Signet is the target of a material cybersecurity attack resulting in unauthorized disclosure of its customer data, the Company may be required to undertake costly notification and credit monitoring procedures. Compliance with these laws will likely increase the costs of doing business.

In addition, if Signet's online activities or other customer-facing technology systems do not function as designed or are deemed to not comply with applicable state and federal regulations concerning automated outbound contacts such as text messages and the sale, advertisement and promotion of the jewelry it sells, the Company may experience a loss of customer confidence, data security breaches, regulatory fines, lawsuits, lost sales or be exposed to fraudulent purchases.

The regulatory environment related to information security, data collection and privacy is becoming increasingly demanding, with new and changing requirements applicable to Signet's business, including the General Data Protection Regulation and the California Consumer Privacy Act, and compliance with those requirements could result in additional costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants. In addition, the Company could be subject to claims, fines, penalties or other liabilities for a failure to comply.

Failure to manage these risks could have a material adverse effect on Signet's results of operations, financial condition and cash flow.

Risks Related to Asset Management

The Company's inability to optimize its real estate footprint could adversely impact sales and earnings.

The success of Signet's stores, as part of its OmniChannel strategy, is dependent upon a number of factors. These include the availability of desirable property, placement of stores in easily accessible locations with high visibility, the demographic characteristics of the area around the store, the design and maintenance of the stores, the availability of attractive locations within the markets/trade areas that also meet the operational and financial criteria of management, the terms of leases and Signet's relationship with major landlords. If Signet is unable to maintain a real estate portfolio that satisfies its strategic, operational and financial criteria, through cost-effective strategic store closings and targeted, limited store openings, or if there is a disruption in its relationship with its major landlords, sales could be adversely affected.

Substantially all of Signet's retail locations are leased, requiring significant cash flow to satisfy the lease obligations. Given the typical length of retail leases, Signet is dependent upon the continued popularity of particular retail locations. Following the initial terms of each lease, it is possible that Signet will not be able to negotiate contract terms favorable to the Company for future leases. This would cause occupancy costs to rise, which would either decrease profit margins at each specific store or force Signet to close certain retail locations.

Many Signet stores are located within shopping malls or shopping centers and benefit from heavy consumer traffic in such locations. Due to the increase in online shopping, there has been a substantial decline in shopping mall and shopping center traffic. If the Company does not focus its locations in attractive areas and/or increase its online sales, this trend away from shopping mall and shopping center purchases could adversely impact Signet's operations and financial condition. As Signet tests and develops new types of store locations and designs, there is no certainty as to their success.

The rate of store footprint optimization is dependent on a number of factors including obtaining suitable real estate, the capital resources of Signet, the availability of appropriate staff and management, estimated sales transference rate and the level of the financial return on investment required by management.

The Company's ability to protect intellectual property or its physical assets could have a material adverse impact on its brands, reputation and operating results.

Signet's trade names, trademarks, copyrights, patents and other intellectual property are important assets and an essential element of the Company's strategy. The unauthorized reproduction, theft or misappropriation of Signet's intellectual property could diminish the value of its brands or reputation and cause a decline in sales. Protection of Signet's intellectual property and maintenance of distinct branding are particularly important as they distinguish the Company's products and services from those of its competitors. The costs of defending intellectual property may adversely affect the Company's operating results. In addition, any infringement or other intellectual property claim made against Signet, whether or not it has merit, could be time-consuming, result in costly litigation, cause product delays, or require the Company to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on Signet's operating results.

Signet's products are subject to loss by illegal theft by the Company's customers or third parties. In addition, products held by Signet for repair or service are also subject to risk of loss or theft. Signet has experienced theft in the past and cannot assure that loss by theft will decrease in the future or that the security measures the Company takes will be effective in reducing losses. Higher rates of theft and increased security costs to prevent such activity could adversely impact the Company's reputation, operations and ultimately, its overall financial condition.

If the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings.

The Company has a substantial amount of goodwill, intangible assets and long-lived assets on its balance sheet. The Company reviews goodwill, indefinite-lived intangible assets and long-lived assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. The impairment evaluation requires significant judgment and estimates by management, and unfavorable changes in these assumptions or other factors could result in future impairment charges and have a significant adverse impact on the Company's reported earnings. Such factors include the operating performance and cash flows of the Company's stores (including slower than anticipated re-opening of closed stores or re-closure of stores as a result of COVID-19 or civil unrest), lower than anticipated consumer traffic, changes in customer behavior post-pandemic, changes in discount rates, changes in the Company's real estate strategy or other key business initiatives. Additionally, a general decline in the market valuation of the Company's common shares, whether related to Signet's business or overall market conditions, could adversely impact the assumptions used to perform the evaluation of its goodwill, indefinite-lived intangible assets and long-lived assets.

For further information on Signet's testing for impairment of goodwill, indefinite-lived intangible assets and long-lived assets, see "Critical Accounting Estimates" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Risks Related to Our Common Stock and Indebtedness

Signet's share price may be volatile due to Signet's results and financial condition or factors impacting the market overall, which could have a short or long-term adverse impact on an investment in Signet stock.

Signet's share price has fluctuated and may fluctuate substantially as a result of variations in the actual or anticipated results and financial conditions of Signet and other companies in the retail industry. In addition, the stock market has experienced, and may continue to experience, price and volume fluctuations that have affected the market price of many retail and other stocks, including Signet's, in a manner unrelated, or disproportionate, to the operating performance of these companies.

Signet provides public guidance on its expected operating and financial results for future periods. Such guidance is comprised of forward-looking statements subject to the risks and uncertainties described in this report and in Signet's other public filings and public statements. Signet's actual results may be below the provided guidance or the expectations of Signet's investors and analysts, especially in times of economic uncertainty. In the past, when the Company has reduced its outlook related to certain measures in its previously provided guidance, the market price of its common stock has declined. If, in the future, Signet's operating or financial results for a particular period do not meet guidance or the expectations of investors and analysts or if Signet reduces its outlook related to certain measures in its guidance for future periods, the market price of its common stock may decline. In addition, if the analysts that regularly follow the Company's stock lower their rating or lower their projections for future growth and financial performance, the Company's stock price could decline.

The Company's ability to borrow is important to its operations and financial covenants, credit ratings and interest rate volatility could all impact the availability of such debt and could adversely impact the Company's financial results.

The Company has a significant amount of debt and redeemable preferred securities, and its ability to borrow is necessary to sustain its operations, particularly given the seasonal fluctuations in inventory and staffing requirements and the concentration of sales in the fourth quarter. This debt requires maintaining sufficient cash flow to make continuing payment obligations. Because a large portion of its financing is asset-based and secured, the Company's ability to draw funds is dependent on maintaining a sufficient borrowing base and it is subject to the risk of loss of such assets to foreclosure or sale to satisfy its debt obligations.

Signet's borrowing agreements include various financial and other covenants. A material deterioration in its financial performance could result in a breach of these covenants. In the event of a breach, the Company would have to renegotiate terms with its current lenders or find alternative sources of financing if current lenders required cancellation of facilities or early repayment. In addition, these covenants, in some cases, limit the Company's flexibility to adapt its operations to changing conditions.

The Company's credit agreement terms also include exposure to variable interest rate debt and volatility in benchmark interest rates could adversely impact the Company's financial results.

Additionally, credit ratings agencies periodically review Signet's capital structure and the quality and stability of the Company's earnings, and should Signet need to obtain more financing, a credit rating downgrade would make it more difficult, expensive and restrictive to do so. Changes in general credit market conditions could also affect Signet's ability to access capital at rates and on terms determined to be attractive.

If Signet's ability to access capital becomes constrained, it may not be able to adequately fund its ongoing operations, dividends and share repurchases or planned initiatives and the Company's interest costs will likely increase, which could have a material adverse effect on its results of operations, financial condition and cash flows.

Risks Related to Human Capital

The Company's ability to recruit, train, motivate and retain suitably qualified sales associates could adversely impact sales and earnings.

Management regards the customer experience as an essential element in the success of its business. Competition for suitable sales associates or changes in labor and healthcare laws could require Signet to incur higher labor costs. A shortage of qualified individuals, higher labor costs and the execution of transformational initiatives, including those designed to improve the customer experience, 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.

Signet's success is dependent on the strength and effectiveness of its relationships with its various stakeholders whose behavior may be affected by its management of social, ethical and environmental risks.

Social, ethical and environmental matters influence Signet's reputation, demand for merchandise by consumers, the ability to recruit staff, relations with suppliers and standing in the financial markets. Signet'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 Signet's success and reputation will depend on its ability to meet these higher expectations. Signet'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 Signet's merchandise.

Collective bargaining activity could disrupt the Company's operations, increase labor costs or interfere with the ability of management to focus on executing business strategies.

The employees of Signet's diamond polishing factory in Garborone, Botswana are covered by a collective bargaining agreement. If relationships with these employees become adverse, operations at the factory could experience labor disruptions such as strikes, lockouts, boycotts and public demonstrations, which could negatively impact the Company's diamond supply, increase costs and cause negative publicity. Labor regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses, legal costs and limitations on the Company's ability to take cost-saving measures during economic downturns. Any of these cost increases and constraints on Signet's operations could adversely impact its results of operations.

Risks Related to Compliance

The Company's exposure to legal proceedings, tax matters, and/or regulatory or other investigations could reduce earnings and cash, as well as negatively impact debt covenants, leverage ratios and its reputation and divert management attention.

Signet is involved in legal proceedings incidental to its business. Litigation is inherently unpredictable. Any actual or potential claims against us, whether meritorious or not, or regulatory or other investigations, could be time consuming, result in costly litigation or litigation settlements, require significant amounts of management time, negatively impact Signet's reputation and result in the diversion of significant operational resources. In addition, while Signet maintains insurance to cover various types of liabilities and loss, such coverage may not be sufficient to cover the full extent of any damages and expenses and the timing of any reimbursement may not correspond to the liabilities accrued or incurred.

At any point in time, various tax years are subject to, or are in the process of, audit by various taxing authorities. To the extent that management's estimates of settlements change, or the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax in the period in which such determinations are made.

Additionally, new tax treatment of companies engaged in eCommerce has and may continue to adversely affect the commercial use of JamesAllen.com, the online retailer Signet acquired during the fiscal year ended February 3, 2018. Specifically, in June 2018, the US Supreme Court decided the South Dakota v. Wayfair, Inc. sales tax nexus case. As a result of the Supreme Court ruling, some states have adopted laws and other states now have the ability to adopt laws requiring taxpayers to collect and remit sales tax on a basis of economic nexus, even in states in which the taxpayer has no presence. New taxes required to be collected by JamesAllen.com have created significant increases in internal costs necessary to capture data and collect and remit taxes. These events have had and will continue to have an adverse effect on JamesAllen.com.

The Company's ability to satisfy the accounting requirements for "hedge accounting," or the default or insolvency of a counterparty to a hedging contract, as well as changes in estimates, assumptions or applications in other or new accounting policies, could adversely impact results.

Signet hedges a portion of its purchases of gold for both its North America and International segments and hedges the US dollar requirements of its International segment. The failure to satisfy the appropriate accounting requirements, or a default or insolvency of a counterparty to a contract, could increase the volatility of results and may impact the timing of recognition of gains and losses in the statement of operations, which could have a negative impact on Signet's results.

Other accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company's business, including but not limited to, revenue recognition for extended service plans and lifetime warranty agreements and pension accounting, are highly complex and involve many subjective assumptions, estimates and judgments by the Company. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance.

Failure to comply with labor regulations could adversely affect the Company's business.

Various state, federal and global laws and regulations govern Signet's relationship with its employees. Some examples of these laws include requirements related to minimum wage, sick pay, overtime pay, paid time off, workers' compensation rates, and healthcare reform. These laws and regulations change frequently, and the ultimate cost of compliance cannot be precisely estimated. Failure by Signet to comply with labor regulations could result in fines and legal actions. In addition, the ability to recruit and retain staff could be harmed. These consequences could adversely affect the Company's business.

The Company's ability to comply with laws and regulations and adapt to changes thereto could adversely affect its business.

Signet's policies and procedures are designed to comply with applicable laws and regulations. Changing legal and regulatory requirements in the US and other jurisdictions in which Signet operates have increased the complexity of the regulatory environment in which the business operates and the cost of compliance. Failure to comply with the various regulatory requirements may result in damage to Signet's reputation, civil and criminal proceedings and liability, fines and penalties, and further increase the cost of regulatory compliance.

Changes in existing taxation laws, rules or practices may adversely affect the Company's financial results.

The Company operates through various subsidiaries in numerous countries throughout the world. Consequently, Signet is subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the United States or jurisdictions where any subsidiaries operate or are incorporated. Tax laws, treaties and regulations are highly complex and subject to interpretation. The Company's income tax expense is based upon interpretation of the tax laws in effect in various countries at the time such expense was incurred. If these tax laws, treaties or regulations were to change or any tax authority were to successfully challenge Signet's assessment of the effects of such laws, treaties and regulations in any country, this could result in a higher effective tax rate on the Company's taxable earnings, which could have a material adverse effect on the Company's results of operations.

In addition, the Organization for Economic Co-Operation and Development ("OECD") has published an action plan seeking multilateral cooperation to reform the taxation of multinational companies. Countries already have begun to implement some of these action items, and likely will continue to adopt more of them over the next several years. This may result in unilateral or uncoordinated local country application of the action items. Any such inconsistencies in the tax laws of countries where the Company operates or is incorporated may lead to increased uncertainty with respect to tax positions or otherwise increase the potential for double taxation. Proposals for US tax reform also potentially could have a significant adverse effect on us. In addition, the European Commission has conducted investigations in multiple countries focusing on whether local country tax legislation or rulings provide preferential tax treatment in violation of European Union state aid rules. Any impacts of these actions could increase the Company's tax liabilities, which in turn could have a material adverse effect on the Company's results of operations and financial condition.

The Parent Company (as defined in Item 5) is incorporated in Bermuda. The directors intend to conduct the Parent Company's affairs such that, based on current law and practice of the relevant tax authorities, the Parent Company will not become resident for tax purposes in any other territory. At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Parent Company or by its shareholders in respect of its common shares. The Parent Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to it or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by it in respect of real property owned or leased by it in Bermuda. Given the limited duration of the Minister of Finance's assurance, the Parent Company cannot be certain that it will not be subject to Bermuda tax after March 31, 2035. In the event the Parent Company were to become subject to any Bermuda tax after such date, it could have a material adverse effect on the Parent Company's results of operations and financial condition.

International laws and regulations and foreign taxes could impact Signet's ability to continue sourcing and manufacturing materials for its products on a global scale.

Signet is engaged in sourcing and manufacturing on a global scale, and as such, could be impacted by foreign governmental laws and regulations, foreign duties, taxes, and other charges on importing products, and international shipping delays or disruptions. Signet's global operations are also subject to the Foreign Corrupt Practices Act and other such anti-corruption laws. Additionally, labor relations and general political conditions in the countries where Signet sources and manufactures its materials could impact the ultimate shipment and receipt of such supplies and products.

Stakeholders may face difficulties in enforcing proceedings against Signet Jewelers Limited as it is domiciled in Bermuda.

It is doubtful whether courts in Bermuda would enforce judgments obtained by investors in other jurisdictions, including the US, Canada and the UK, against the Parent Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against the Parent Company or its directors or officers under the securities laws of other jurisdictions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table provides the location, use and size of Signet's corporate, distribution, and other non-retail facilities required to support the Company's global operations as of January 30, 2021:

Location	Function	Approximate square footage	Lease or Own	Lease expiration
Akron, Ohio	Corporate and distribution	460,000	Lease	2048
Akron, Ohio	Credit [1]	86,000	Lease	2048
Akron, Ohio	Customer care	11,000	Lease	2048
Akron, Ohio	Repair facility	38,000	Own	N/A
Akron, Ohio	Administrative	32,000	Lease	2022
Barberton, Ohio	Non-merchandise fulfillment	135,000	Lease	2032
New York City, New York	Administrative	17,000	Lease	2023
New York City, New York	Administrative	8,000	Lease	2027
Dallas, Texas	Repair facility [2]	31,000	Lease	2029
Dallas, Texas	Administrative	190,000	Lease	2029
Frederick, Maryland	Customer service	7,716	Lease	2022
Toronto, Ontario (Canada)	Distribution and fulfillment	26,000	Lease	2021
Birmingham, UK	Corporate, distribution and eCommerce fulfillment	235,000	Own	N/A
Borehamwood, Hertfordshire (UK)	Administrative	36,200	Lease	2021
Gaborone, Botswana	Diamond polishing	34,200	Own	N/A
Mumbai, India	Diamond liaison	3,000	Lease	2021
Mumbai, India	Diamond liaison	2,936	Lease	2021
Ramat-Gan, Israel	Technology center	1,000	Lease	2021
Herzelia, Israel	Technology center	12,700	Lease	2023

(1) The indicated property has been partially subleased to a third party service provider in conjunction with the Company's outsourced credit program. See Note 4 of Item 8 for further details.

(2) The indicated property has a sublease option.

Sufficient distribution exists in all geographies to meet the respective needs of the Company's operations.

Global retail property

Signet attributes great importance to the location and appearance of its stores. Accordingly, in each of Signet's divisions, investment decisions on selecting sites and refurbishing stores are made centrally, and strict real estate and investment criteria are applied. Below is a summary of property details by geography for Signet's retail operations as of January 30, 2021:

	North America segment	International segment	Signet
US	2,381	—	2,381
Canada	100	—	100
United Kingdom	—	339	339
Republic of Ireland	—	10	10
Channel Islands	—	3	3
Total	**2,481**	**352**	**2,833**

North America retail property

Signet's North America segment operates stores and kiosks in the US and Canada, with substantially all of the locations being leased. In addition to a minimum annual rent cost, the majority of mall stores are also liable to pay rent based on sales above a specified base level. In Fiscal 2021, most of the mall stores and kiosks only made base rental payments. Under the terms of a typical lease, the Company is required to conform and maintain its usage to agreed standards, and is responsible for its proportionate share of expenses associated with common area maintenance, utilities and taxes of the mall.

The initial term of a mall store lease is generally ten years for North America. Off-mall locations, excluding Jared, typically have an initial term of ten years with a five-year termination right. Piercing Pagoda kiosks generally have leases with terms ranging from one to five years. Towards the end of a lease, Signet evaluates whether to renew a lease and refit the store, using similar operational and investment criteria as for a new store. Where the Company is uncertain whether the location will meet its required return on investment, but the store is profitable, the leases may be renewed for one to two years, during which time the store's performance is further evaluated. The Company not only monitors the stores' performance but also monitors other factors such as trade area and mall grade. Jared stores are normally opened with lease terms ranging from fifteen to twenty years with options to extend the lease, and rents are not sales related.

At January 30, 2021, the average unexpired lease term of leased premises for the North America segment was approximately three years for Kay and Zales mall locations and four years for off-mall Kay and Zales locations. Jared locations on average have six years remaining. Approximately 79% of these leases had terms expiring within five years. Piercing Pagoda average lease term remaining is two years and all but one of these leases had terms expiring within five years.

The cost of a new Kay or Zales mall store is typically between $0.1 million and $0.7 million. The cost of a new Jared store is typically between $2.1 million and $3.3 million. The cost of a new Piercing Pagoda kiosk is approximately $0.1 million. The cost of remodels and refurbishments can vary greatly by location and age of store.

In the US, the North America segment collectively leases approximately 15% of store and kiosk locations from a single lessor. In Canada, it leases approximately 50% of its store locations from four lessors, with no individual lessor relationship exceeding 15% of its store locations. The segment had no other relationship with any lessor relating to 10% or more of its locations.

During the past five fiscal years, the Company generally has been successful in renewing its store leases as they expire and has not experienced difficulty in securing suitable locations for its stores. No store lease is individually material to Signet's operations.

International retail property

The International segment's stores are generally leased under full repairing and insuring leases (equivalent to triple net leases in the US). Wherever possible, Signet is shortening the length of new leases that it enters into or including break clauses in order to improve the flexibility of its lease commitments. At January 30, 2021, the average unexpired lease term of International premises was six years, and a majority of leases had either break clauses or terms expiring within five years. Rents are usually subject to upward review every five years if market conditions so warrant. An increasing proportion of rents also have an element related to the sales of a store, subject to a minimum annual value.

At the end of the lease period, subject to certain limited exceptions, leaseholders in the UK generally have statutory rights to enter into a new lease of the premises on negotiated terms. As current leases expire, Signet believes that it will be able to renew leases, if desired, for present store locations or to obtain leases in equivalent or improved locations in the same general area. Signet has not experienced difficulty in securing leases for suitable locations for its International stores. No store lease is individually material to Signet's operations.

A typical International segment store undergoes a major remodel every ten years and a less costly refurbishment every five years. It is intended that these investments will be financed by cash from operating activities. The cost of remodeling a regular store is typically between $0.2 million and $0.8 million for both H.Samuel and Ernest Jones, while remodels in prestigious locations could exceed these amounts.

The International segment has no relationship with any lessor relating to 10% or more of its store locations.

ITEM 3. LEGAL PROCEEDINGS

See discussion of legal proceedings in Note 27 of Item 8.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market and dividend information

The Company's common shares (symbol: SIG) are traded on the New York Stock Exchange ("NYSE").

Future payments of quarterly dividends will be based on Signet's ability to satisfy all applicable statutory and regulatory requirements and its continued financial strength. Any future payment of cash dividends will depend upon such factors as Signet's earnings, capital requirements, financial condition, restrictions under Signet's credit facility, legal restrictions and other risk factors deemed relevant by the Board of Directors. See Item 1A Risk Factors.

Number of common shareholders

As of March 12, 2021, there were approximately 6,892 shareholders of record of the Company's common shares.

Repurchases of equity securities

The following table contains the Company's repurchases of common shares in the fourth quarter of Fiscal 2021:

Period	Total number of shares purchased[(1)]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs[(2)]	Approximate dollar value of shares that may yet be purchased under the plans or programs
November 1, 2020 to November 28, 2020	—	$ —	—	$165,586,651
November 29, 2020 to December 26, 2020	197	$ 31.01	—	$165,586,651
December 27, 2020 to January 30, 2021	110	$ 36.68	—	$165,586,651
Total	**307**	$ 33.04	**—**	**$165,586,651**

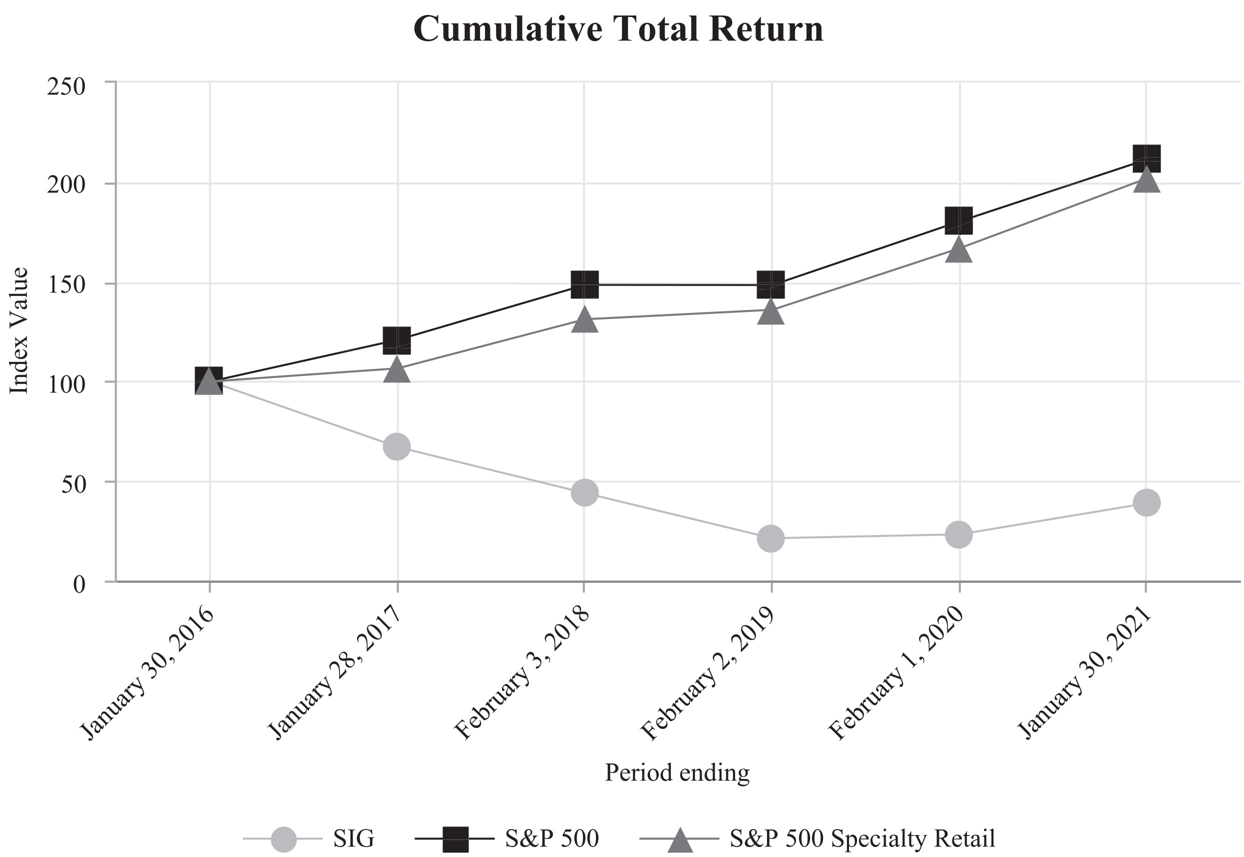
(1) Includes 307 shares delivered to Signet by employees to satisfy minimum tax withholding obligations due upon the vesting or payment of stock awards under share-based compensation programs. These are not repurchased in connection with any publicly announced share repurchase programs.

(2) In June 2017, the Board of Directors authorized the repurchase of up to $600.0 million of Signet's common shares (the "2017 Program"). The 2017 Program may be suspended or discontinued at any time without notice. See Note 8 of Item 8 for additional information.

Performance graph

The following performance graph and related information shall not be deemed "soliciting material" or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that Signet specifically incorporates it by reference into such filing.

Historical share price performance should not be relied upon as an indication of future share price performance. The following graph compares the cumulative total return to holders of Signet's common shares against the cumulative total return of the S&P 500 Index and the S&P 500 Specialty Retail Index for the five year period ended January 30, 2021. The comparison of the cumulative total returns for each investment assumes that $100 was invested in Signet's common shares and the respective indices on January 30, 2016 through January 30, 2021.



Related Shareholder Matters

Signet Jewelers Limited (the "Parent Company") is classified by the Bermuda Monetary Authority as a non-resident of Bermuda for exchange control purposes. Issues and transfers of the Parent Company's common shares involving persons regarded as non-residents of Bermuda for exchange control purposes may be effected without specific consent under the Exchange Control Act 1972 of Bermuda and regulations thereunder for so long as the Parent Company's common shares are listed on an appointed stock exchange (which includes the NYSE). Issues and transfers of common shares involving persons regarded as residents in Bermuda for exchange control purposes may require specific prior approval under the Exchange Control Act 1972 of Bermuda and regulations thereunder.

The owners of common shares who are non-residents of Bermuda are not subject to any restrictions on their rights to hold or vote their shares. Because the Parent Company is classified as a non-resident of Bermuda for exchange control purposes, there are no restrictions on its ability to transfer funds into and out of Bermuda or to pay dividends, other than in respect of local Bermuda currency.

There is no reciprocal tax treaty between Bermuda and the United States regarding withholding taxes. Under existing Bermuda law, there is no Bermuda income or withholding tax on dividends paid by the Parent Company to its shareholders. Furthermore, under existing Bermuda law, no Bermuda tax is levied on the sale or transfer of Signet common shares.

ITEM 6. SELECTED FINANCIAL DATA

Pursuant to Release No. 33-10890 (including the transition guidance therein), which was adopted by the SEC on November 19, 2020, the Company has elected to exclude the disclosures formerly required by this Item 6.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis in this Item 7 is intended to provide the reader with information that will assist in understanding the significant factors affecting the Company's consolidated operating results, financial condition, liquidity and capital resources. This discussion should be read in conjunction with our consolidated financial statements and notes to the consolidated financial statements included in Item 8. This discussion contains forward-looking statements and information. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report, particularly in "Risk Factors" and "Forward-Looking Statements."

This management's discussion and analysis provides comparisons of material changes in the consolidated financial statements for Fiscal 2021 and Fiscal 2020. For a comparison of Fiscal 2020 and Fiscal 2019, refer to Item 7 included in our Annual Report on Form 10-K for the year ended February 1, 2020 filed with the SEC on March 26, 2020.

OVERVIEW

Impact of COVID-19 on Signet's business

In December 2019, a novel coronavirus ("COVID-19") was identified in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic as a result of the further spread of the virus into all regions of the world, including those regions where the Company's primary operations occur in North America and the UK. COVID-19 has significantly impacted consumer traffic and the Company's retail sales, based on the perceived public health risk and government-imposed quarantines and restrictions of public gatherings and commercial activity to contain spread of the virus.

Effective March 23, 2020, the Company temporarily closed all of its stores in North America, its diamond operations in New York and its support centers in the United States. Additionally, effective March 24, 2020, the Company temporarily closed all of its stores in the UK. The COVID-19 pandemic has also disrupted the Company's global supply chain, including the temporary closure of the Company's diamond polishing operations in Botswana, and may cause additional disruptions to operations if employees of the Company become sick, are quarantined, or are otherwise limited in their ability to work at Company locations or travel for business. While the Company experienced a temporary disruption in its James Allen New York distribution center, the Company has continued to fill substantially all of its eCommerce orders during Fiscal 2021.

The Company continues to actively monitor and manage the situation related to its store and support center operations at the local level focusing on the best interests of its employees, customers, suppliers and shareholders. Beginning in May 2020, Signet initiated a measured approach to store re-openings based on health and safety standards, as well as regional customer demand. As of the end of the third quarter of Fiscal 2021, the Company had re-opened substantially all of its stores in North America and the UK. During the fourth quarter of Fiscal 2021, both the UK and certain Canadian provinces re-established mandated temporary closure of non-essential businesses. Canadian stores began re-opening periodically in February 2021 as provincial restrictions were lifted, and the UK stores are expected to open in April 2021. Management will continue to monitor the re-opening of these locations, with a priority and focus on safety.

The COVID-19 pandemic has significantly altered the retail climate and the Company is navigating that change by accelerating its application of the key strategic initiatives developed over the past three years including the Company's focus on becoming an OmniChannel leader, focusing on the needs of its customers, removing non-customer facing costs, and optimizing its real estate footprint. The Company continues to maintain its cost diligence efforts and net structural cost savings of $115 million exceeded expectations in Fiscal 2021. Total three-year net cost savings through the end of Fiscal 2021 related to the Company's Path to Brilliance transformation plan are approximately $300 million compared to the original target of $225 million. During Fiscal 2021, the Company has permanently closed 395 store locations (excluding repositions) under the acceleration of its previously announced real estate initiatives.

During Fiscal 2021, the Company has also taken numerous actions to maximize its financial flexibility, bolster its cash position and reduce operating expenditures, both strategically and as temporary measures as a result of COVID-19. Refer to the Liquidity and Capital Resources section below.

Outlook

Signet’s sales grew 1.5% during the fourth quarter of Fiscal 2021 compared to the prior comparable quarter, reflecting a combination of factors including the shift in consumer spend related to the Stimulus received and travel restrictions implemented in Fiscal 2021 and the continued traction of Signet's Path to Brilliance strategies. Higher conversion rates and transaction values, both online and in-store, also helped to drive overall sales performance during the fourth quarter of Fiscal 2021. In Fiscal 2022, the Company will transition into the next phase of its Path to Brilliance strategy, called **Inspiring Brilliance**, which will be focused on sustainable, industry-leading growth. As described in the Purpose and Strategy section within Item 1 of this Annual Report on Form 10-K, the Company will focus on leveraging its core strengths that it has grown substantially over the past three years with the goal of creating a broader mid-market and increasing Signet’s share of that larger market as the industry leader.

It is not clear what the full extent of the COVID-19 impacts will be on the Company’s business during Fiscal 2022 or longer term, and whether the strong results in the second half of Fiscal 2021 will continue, especially toward the latter part of Fiscal 2022. Continued uncertainty surrounding multiple factors, including the magnitude and potential resurgence of COVID-19 in key trade areas, extended duration of heightened unemployment, supply chain disruptions and macro or governmental influences on consumers’ ability to spend, particularly in discretionary categories like jewelry. Further, as the COVID-19 pandemic subsides, the pace of the economic recovery and shifts in consumer discretionary spending away from the jewelry category toward experience-oriented categories, particularly in the second half of the year, may impact the Company’s results of operations or cash flows in Fiscal 2022.

Market and operating conditions

The Company faces a highly competitive and dynamic retail landscape throughout the geographies where it does business, as well as a challenging macro-economic and political environment in the UK market. Refer to Item 1 for further information on the Company’s business, markets and strategy.

Exchange translation impact

Monthly average exchange rates are used to prepare the Company’s consolidated statements of operations. In Fiscal 2022, it is anticipated a five percent movement in the British pound to US dollar exchange rate would impact the Company’s income before income taxes by approximately $2.2 million, while a five percent movement in the Canadian dollar to US dollar exchange rate would impact the Company’s income before income taxes by approximately $1.1million.

NON-GAAP MEASURES

The discussion and analysis of Signet’s results of operations, financial condition and liquidity contained in this Annual Report on Form 10-K are based upon the consolidated financial statements of Signet which are prepared in accordance with GAAP and should be read in conjunction with Signet’s consolidated financial statements and the related notes included in Item 8. A number of non-GAAP measures are used by management to analyze and manage the performance of the business, and the required disclosures for these non-GAAP measures are shown below.

Signet provides such non-GAAP information in reporting its financial results to give investors additional data to evaluate its operations. Management does not, nor does it suggest investors should, consider such non-GAAP measures in isolation from, or in substitution for, financial information prepared in accordance with GAAP.

1. Net cash (debt)

Net cash (debt) is a non-GAAP measure defined as the total of cash and cash equivalents less loans, overdrafts and long-term debt. Management considers this metric to be helpful in understanding the total indebtedness of the Company after consideration of liquidity available from cash and cash equivalents held by the Company.

(in millions)	**January 30, 2021**	**February 1, 2020**	**February 2, 2019**
Cash and cash equivalents	**$ 1,172.5**	$ 374.5	$ 195.4
Less: Loans and overdrafts	**—**	(95.6)	(78.8)
Less: Long-term debt	**(146.7)**	(515.9)	(649.6)
Net cash (debt)	**$ 1,025.8**	$ (237.0)	$ (533.0)

2. Free Cash Flow

Free cash flow is a non-GAAP measure defined as the net cash provided by operating activities less purchases of property, plant and equipment. Management considers this to be helpful in understanding how the business is generating cash from its operating and investing activities that can be used to meet the financing needs of the business. Free cash flow is an indicator used by management frequently in evaluating its overall liquidity and determining appropriate capital allocation strategies. Free cash flow does not represent the residual cash flow available for discretionary purposes. In Fiscal 2019, net cash provided by operating activities included $445.5 million in proceeds received in connection with the sale of the Company's non-prime credit card receivable portfolio. See Note 4 of Item 8 for additional information regarding the sale of the in-house credit card receivable portfolio.

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net cash provided by operating activities	**$ 1,372.3**	$ 555.7	$ 697.7
Purchase of property, plant and equipment	**(83.0)**	(136.3)	(133.5)
Free cash flow	**$ 1,289.3**	$ 419.4	$ 564.2

3. Non-GAAP operating income (loss)

Non-GAAP operating income (loss) is a non-GAAP measure defined as operating income (loss) excluding the impact of significant and unusual items which management believes are not necessarily reflective of operational performance during a period. Management finds the information useful when analyzing financial results in order to appropriately evaluate the performance of the business without the impact of significant and unusual items. In particular, management believes the consideration of measures that exclude such expenses can assist in the comparison of operational performance in different periods which may or may not include such expenses.

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Operating income (loss)	**$ (57.7)**	$ 158.3	$ (764.6)
Charges related to transformation plan	**47.6**	79.1	125.9
Asset impairments	**159.0**	47.7	735.4
Charges related to shareholder settlements	**7.5**	33.2	—
Charge related to regulatory resolution	**—**	—	11.0
Loss related to sale of non-prime receivables	**—**	—	167.4
Non-GAAP operating income (loss)	**$ 156.4**	$ 318.3	$ 275.1

4. Leverage ratio (as revised)

The leverage ratio is a non-GAAP measure calculated by dividing Signet's adjusted debt by adjusted EBITDAR. Adjusted debt is a non-GAAP measure defined as debt recorded in the consolidated balance sheet, plus Series A redeemable convertible preferred shares, plus an adjustment for operating leases (5x annual rent expense). Adjusted EBITDAR is a non-GAAP measure, defined as earnings before interest and income taxes, depreciation and amortization, share-based compensation expense, and certain non-GAAP accounting adjustments ("Adjusted EBITDA") and further excludes minimum fixed rent expense for properties occupied under operating leases. Adjusted EBITDA and Adjusted EBITDAR are considered important indicators of operating performance as they exclude the effects of financing and investing activities by eliminating the effects of interest, depreciation and amortization costs and certain accounting adjustments. Management believes these financial measures are helpful to enhancing investors' ability to analyze trends in Signet's business and evaluate Signet's performance.

In Fiscal 2021, the Company revised its calculation of EBITDAR to exclude share-based compensation expense and include all non-GAAP accounting adjustments. The Company previously added back only non-cash, non-GAAP accounting adjustments. Management noted there is diversity in practice related to the calculation of inputs within the leverage ratio, primarily among the major credit ratings agencies. Management believes these changes made in Fiscal 2021, as well as its overall methodology described above, provide the most appropriate financial measures for users of the consolidated financial statements to evaluate Signet's business and performance based on its current operations. All periods below have been presented consistently with the revised calculation defined above.

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Adjusted debt:			
Long-term debt	**$ 146.7**	$ 515.9	$ 649.6
Loans and overdrafts	**—**	95.6	78.8
Series A redeemable convertible preferred shares	**642.3**	617.0	615.3
Adjustments:			
5x Rent expense	**2,263.0**	2,398.5	2,551.5
Adjusted debt	**$ 3,052.0**	$ 3,627.0	$ 3,895.2
Adjusted EBITDAR:			
Net income (loss)	**$ (15.2)**	$ 105.5	$ (657.4)
Income taxes	**(74.5)**	24.2	(145.2)
Interest expense, net	**32.0**	35.6	39.7
Depreciation and amortization on property, plant and equipment (1)	**175.1**	177.1	179.6
Amortization of definite-lived intangibles (1)	**0.9**	0.9	4.0
Amortization of unfavorable contracts	**(5.4)**	(5.5)	(7.9)
Share-based compensation	**14.5**	16.9	16.5
Other accounting adjustments (2)	**214.5**	153.8	1,039.7
Adjusted EBITDA	**$ 341.9**	$ 508.5	$ 469.0
Rent expense	**452.6**	479.7	510.3
Adjusted EBITDAR	**$ 794.5**	$ 988.2	$ 979.3
Adjusted Leverage ratio (3)	**3.8x**	3.7x	4.0x

(1) Total amount of depreciation and amortization reflected on the consolidated statement of cash flows for Fiscal 2021, Fiscal 2020 and Fiscal 2019 equals $176.0 million, $178 million and $183.6 million, respectively, which includes $0.9 million, $0.9 million and $4.0 million, respectively, related to the amortization of definite-lived intangibles, primarily favorable leases and trade names.

(2) Fiscal 2021 includes: 1) $159.0 million in asset impairments related to goodwill, intangible assets, and long-lived assets; 2) $47.6 million related to charges in connection with the Company's transformation plan; 3) $7.5 million related to charges related to settlement of shareholder litigation, net of insurance proceeds; and $0.4 million related to cost of extinguishment of debt.

Fiscal 2020 includes: 1) $47.7 million related to an immaterial out of period goodwill impairment adjustment; 2) $79.1 million related to charges in connection with the Company's transformation plan; 3) charges of $33.2 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 4) a $6.2 million gain on extinguishment of debt.

Fiscal 2019 includes: 1) $735.4 million related to the goodwill and intangible impairments; 2) $167.4 million from the valuation losses and costs related to the sale of eligible non-prime in-house accounts receivable; 3) $125.9 million related to charges recorded in conjunction with the Company's transformation plan; and 4) an $11.0 million charge related to resolution of a regulatory matter.

(3) As described above, the Company changed its methodology for calculating EBITDAR in Fiscal 2021. Had the Company used the previously disclosed methodology, the leverage ratio would have been 4.1x, 4.1x and 4.3x, in Fiscal 2021, 2020 and 2019, respectively.

RESULTS OF OPERATIONS

Fiscal 2021 Overview

Similar to many other retailers, Signet follows the retail 4-4-5 reporting calendar. Both Fiscal 2021 and Fiscal 2020 were 52 week reporting periods.

Same Store Sales

Management considers same store sales useful as it is a major benchmark used by investors to judge performance within the retail industry. Same store sales growth is calculated by comparison of sales in stores that were open in both the current and the prior fiscal year. Sales from stores that have been open for less than 12 months are excluded from the comparison until their 12-month anniversary. Sales after the 12-month anniversary are compared against the equivalent prior period sales within the comparable store sales comparison. Stores closed in the current financial period are included up to the date of closure and the comparative period is correspondingly adjusted. Stores that have been relocated or expanded, but remain within the same local geographic area, are included within the comparison with no adjustment to either the current or comparative period. Stores that have been refurbished are also included within the comparison except for the period when the refurbishment was taking place, when those stores are excluded from the comparison both for the current year and for the comparative period. Same store sales are also impacted by certain accounting adjustments to sales, primarily related to the deferral of revenue from the Company's extended service plans.

As discussed in the Overview section above, because of COVID-19, the Company temporarily closed all of its stores in the first quarter of Fiscal 2021, as well as certain stores in the UK and Canada during the fourth quarter. Same store sales as presented in the results of operations below for Fiscal 2021 have not been adjusted to remove the impact of these temporary store closures.

eCommerce sales include all sales with customers that originate online, including direct to customer, ship to store, and buy online, pick-up in store ("BOPIS"). eCommerce sales are included in the calculation of same store sales for the period and the comparative figures from the anniversary of the launch of the relevant website. Brick and mortar same store sales are calculated by removing the eCommerce sales from the same store sales calculation described above. Comparisons at the divisional level are made in local currency and consolidated comparisons are made at constant exchange rates and exclude the effect of exchange rate movements by recalculating the prior period results as if they had been generated at the weighted average exchange rate for the current period. Same store sales exclude the 53rd week in the fiscal year in which it occurs.

Cost of sales and gross margin

Cost of sales is mostly composed of merchandise costs (net of discounts and allowances). Cost of sales also contains:

- Occupancy costs such as rent, common area maintenance, depreciation and real estate taxes.
- Store operating expenses such as utilities, displays and third party merchant credit costs.
- Distribution and warehousing costs including freight, processing, inventory shrinkage and related payroll.

As the classification of cost of sales or selling, general and administrative expenses varies from retailer to retailer, Signet's gross margin percentage may not be directly comparable to other retailers.

Factors that influence gross margin include pricing, promotional environment, changes in merchandise costs, changes in non-merchandise components of cost of sales (as described above), changes in sales mix, foreign exchange, gold and currency hedges and the economics of services such as repairs and extended service plans. The price of diamonds varies depending on their size, cut, color and clarity. Signet uses gold and currency hedges to reduce its exposure to market volatility in the cost of gold and the British pound to the US dollar exchange rate, but it is not able to do so for diamonds. For gold and currencies, the hedging period can extend up to 24 months, although the majority of hedge contracts will normally be for a maximum of 12 months.

Signet uses an average cost inventory methodology and, as jewelry inventory turns slowly, the impact of movements in the cost of diamonds and gold takes time to be fully reflected in the gross margin. Signet's inventory turns faster in the fourth quarter than in the other three quarters, therefore, changes in the cost of merchandise is more impactful on the gross margin in that quarter. Furthermore, Signet's hedging activities result in movements in the purchase cost of merchandise taking some time before being reflected in the gross margin. An increase in inventory turn would accelerate the rate at which commodity costs impact gross margin.

Selling, general and administrative expense ("SGA")

SGA expense primarily includes store staff and store administrative costs as well as advertising and promotional costs. It also includes field support center expenses such as information technology, finance, eCommerce and other operating expenses (including credit losses) not specifically categorized elsewhere in the consolidated statements of operations.

The primary drivers of staffing costs are the number of full time equivalent employees and the level of compensation, taxes and other benefits paid. Management varies, on a store by store basis, the hours worked based on the expected level of selling activity, subject to minimum staffing levels required to operate the store. Non-store staffing levels are less variable. A significant element of compensation is performance based and is primarily dependent on sales and operating profit.

The level of advertising expenditure can vary. The largest element of advertising expenditures has historically been national television advertising; however, Signet has continued to invest more on digital and social marketing in recent years as part of its transformational initiatives, in order to evolve its marketing allocations based on consumer habits, business needs, and maximize ROI on its advertising investments.

Other operating income (loss)

Other operating income (loss) is primarily comprised of miscellaneous operating income and expense items such as interest income from customer in-house finance receivables, litigation settlements, foreign currency gains and losses, and gains and losses from de-designated or undesignated derivative contracts. See Note 12 in Item 8 for further detail on the Company's other operating income.

COMPARISON OF FISCAL 2021 TO FISCAL 2020

- Same store sales: down 10.8%.
- Diluted earnings (loss) per share: $(0.94) compared to $1.40 in Fiscal 2020.

	Fiscal 2021		Fiscal 2020	
(in millions)	*$*	*% of sales*	*$*	*% of sales*
Sales	**$ 5,226.9**	**100.0 %**	$ 6,137.1	100.0 %
Cost of sales	**(3,493.0)**	**(66.8)**	(3,904.2)	(63.6)
Restructuring charges - cost of sales	**(1.4)**	**—**	(9.2)	(0.2)
Gross margin	**1,732.5**	**33.1**	2,223.7	36.2
Selling, general and administrative expenses	**(1,587.4)**	**(30.4)**	(1,918.2)	(31.3)
Credit transaction, net	**—**	**—**	—	—
Restructuring charges	**(46.2)**	**(0.9)**	(69.9)	(1.1)
Goodwill and intangible impairments	**(159.0)**	**(3.0)**	(47.7)	(0.8)
Other operating income (loss)	**2.4**	**—**	(29.6)	(0.5)
Operating income (loss)	**(57.7)**	**(1.1)**	158.3	2.6
Interest expense, net	**(32.0)**	**(0.6)**	(35.6)	(0.6)
Other non-operating income, net	**—**	**—**	7.0	0.1
Income (loss) before income taxes	**(89.7)**	**(1.7)**	129.7	2.1
Income tax benefit (expense)	**74.5**	**1.4**	(24.2)	(0.4)
Net income (loss)	**$ (15.2)**	**(0.3)%**	$ 105.5	1.7 %

Sales

In Fiscal 2021, Signet's same store sales decreased by 10.8%, compared to an increase of 0.6% in Fiscal 2020. Total sales were $5.23 billion, down $910.2 million or 14.8%, compared to $6.14 billion in Fiscal 2020. The decrease was positively offset by growth in eCommerce sales, which were $1.19 billion and 22.7% of total sales compared to $750.4 million and 12.2% of total sales in Fiscal 2020. The declines noted reflect the impact of the temporary store closures in March 2020, as a result of COVID-19, which began reopening in May 2020. In addition, the decline in sales was driven by the impact of permanent store closures of approximately $273 million, as well as a reduction in service revenue recognition stemming from the COVID-19 business disruption experienced during the year. Refer to Note 3 of Item 8 for further information.

The breakdown of Signet's sales performance during Fiscal 2021 is set out in the table below:

	Change from previous year					
Fiscal 2021	Same store sales	Non-same store sales, net	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
North America segment	(9.5) %	(3.5) %	(13.0) %	— %	(13.0) %	$ 4,840.9
International segment	(25.0) %	(7.0) %	(32.0) %	0.7 %	(31.3) %	$ 355.9
Other segment [(1)]	na	(43.5) %	(43.5) %	— %	(43.5) %	$ 30.1
Signet	**(10.8)%**	**(4.1)%**	**(14.9)%**	**0.1 %**	**(14.8)%**	**$ 5,226.9**

(1) Includes sales from Signet's diamond sourcing initiative.

na Not applicable.

Average merchandise transaction value ("ATV") is defined as net merchandise sales on a same store basis divided by the total number of customer transactions. As such, changes from the prior year do not recompute within the table below.

	Average Merchandise Transaction Value [(1)(2)]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Fiscal Year	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020
North America segment	$ 392	$ 388	— %	0.5 %	(7.6)%	1.1 %
International segment [(3)]	£ 153	£ 141	8.5 %	0.0 %	(30.4)%	(5.1)%

(1) Net merchandise sales within the North America segment include all merchandise product sales, net of discounts and returns. In addition, excluded from net merchandise sales are sales tax in the US, repair, extended service plan, insurance, employee and other miscellaneous sales. As a result, the sum of the changes will not agree to change in same store sales.

(2) Net merchandise sales within the International segment include all merchandise product sales, including value added tax ("VAT"), net of discounts and returns. In addition, excluded from net merchandise sales are repairs, warranty, insurance, employee and other miscellaneous sales. As a result, the sum of the changes will not agree to change in same store sales.

(3) Amounts for the International segment are denominated in British pounds.

North America sales

The North America segment's total sales were $4.84 billion compared to $5.57 billion in the prior year, down 13.0%. Same store sales decreased 9.5% compared to an increase of 1.1% in the prior year. North America's ATV stayed flat, and the number of transactions decreased 7.6%. eCommerce sales increased 55.8% and brick and mortar sales declined 19.4% on a same store sales basis. The declines noted reflect the impact of the temporary closures of all North America stores beginning on March 23, 2020, as a result of COVID-19, which began reopening in May 2020 with store capacity restrictions. The decline in sales also reflects the impact of permanent store closures of approximately $223 million.

International sales

In Fiscal 2021, the International segment's total sales were $355.9 million, down 31.3%, compared to $518.0 million in Fiscal 2020. Same store sales decreased by 25.0% compared to a decrease of 4.9% in Fiscal 2020. ATV increased 8.5% while the number of transactions decreased 30.4%. eCommerce sales increased 80.6% and brick and mortar sales declined 41.7% on a same store sales basis. The declines noted reflect the impact of various periods of temporary closures of all UK stores, as a result of COVID-19, beginning on March 24, 2020, reopening in June 2020, and then reclosing in November 2020 for a four week shutdown period and an additional shutdown period started in January through the remainder of Fiscal 2021. The decline in sales also reflects the impact of permanent store closures of approximately $50 million.

Fourth quarter sales

In the fourth quarter, Signet's total sales were $2.19 billion, up $33.2 million or 1.5%, compared to a decrease of 0.1% in the prior year fourth quarter. Same store sales were up 7.0% compared to an increase of 2.3% in the prior year fourth quarter. The total sales increase was driven by eCommerce sales which were $511.4 million or 23.4% of total sales, compared to $299.9 million or 13.9% of total sales in the prior year fourth quarter. The breakdown of the sales performance is set out in the table below.

	Change from previous year					
Fourth Quarter of Fiscal 2021	Same store sales [(1)]	Non-same store sales, net	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
North America segment	10.4 %	(5.4) %	5.0 %	0.1 %	5.1 %	$ 2,054.1
International segment	(28.3) %	(7.5) %	(35.8) %	1.9 %	(33.9) %	$ 123.1
Other segment [(1)]	na	(30.1) %	(30.1) %	— %	(30.1) %	$ 9.3
Signet	**7.0 %**	**(5.8)%**	**1.2 %**	**0.3 %**	**1.5 %**	**$ 2,186.5**

(1) Includes sales from Signet's diamond sourcing initiative.

na Not applicable.

	Average Merchandise Transaction Value [(1)(2)]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Fourth Quarter	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020
North America segment	$ 380	$ 374	1.1 %	(0.5)%	9.9 %	3.4 %
International segment [(3)]	£ 136	£ 125	6.3 %	1.6 %	(29.7)%	(4.6)%

(1) Net merchandise sales within the North America segment include all merchandise product sales, net of discounts and returns. In addition, excluded from net merchandise sales are sales tax in the US, repair, extended service plan, insurance, employee and other miscellaneous sales. As a result, the sum of the changes will not agree to change in same store sales.

(2) Net merchandise sales within the International segment include all merchandise product sales, including value added tax ("VAT"), net of discounts and returns. In addition, excluded from net merchandise sales are repairs, warranty, insurance, employee and other miscellaneous sales. As a result, the sum of the changes will not agree to change in same store sales.

(3) Amounts for the International segment are denominated in British pounds.

North America sales

The North America segment's total sales were $2.05 billion compared to $1.95 billion in the prior year, up 5.1%. Same store sales increased 10.4% compared to an increase of 2.9% in the prior year. The North America segment's ATV increased 1.1%, and the number of transactions increased 9.9%. eCommerce sales increased 66.0%, while brick and mortar same store sales increased 0.6%. The change reflects a combination of factors including the shift in consumer spend related to the stimulus received and travel restrictions implemented in Fiscal 2021 and the continued traction of Signet's Path to Brilliance strategies and its enhanced OmniChannel capabilities. Despite suppressed retail traffic, Signet experienced much higher conversion rates and increase in transactions value, both online and in-store, which also helped to drive overall sales performance during the fourth quarter.

International sales

The International segment's total sales decreased 33.9% to $123.1 million compared to $186.2 million in the prior year and decreased 35.8% at constant exchange rates. Same store sales decreased 28.3% compared to a decrease of 3.1% in the prior year. In the International segment's ATV increased 6.3%, while the number of transactions decreased 29.7%. eCommerce sales increased 115.1% and brick and mortar sales declined 56.2% on a same store sales basis. The declines noted reflect the impact of the temporary closures of all UK stores beginning on November 2020 for a four week shutdown period and an additional shutdown period started in January through the remainder of Fiscal 2021.

Cost of sales and Gross margin

In Fiscal 2021, gross margin was $1.73 billion or 33.1% of sales compared to $2.22 billion or 36.2% of sales in Fiscal 2020. Factors impacting the decline in gross margin rate for the year to date period included: a higher mix of eCommerce sales, strategic promotions and merchandise liquidations, and lower repair sales due to reduced store traffic as a result of the COVID-19 disruption and restrictions. The rate decline was partially offset through permanent transformation cost savings.

In the fourth quarter, gross margin was $869.5 million or 39.8% of sales compared to $897.9 million or 41.7% of sales in the prior year fourth quarter. The decline in gross margin rate reflected strategic promotions to further inventory optimization efforts, lower repair sales related to the decline in store traffic offset by permanent transformation cost savings, driven primarily by lower occupancy costs.

Selling, general and administrative expenses ("SG&A")

Selling, general and administrative expenses for Fiscal 2021 were $1.59 billion or 30.4% of sales compared to $1.92 billion or 31.3% of sales in Fiscal 2020. SG&A decreased primarily due to lower staff costs, inclusive of closed stores and the benefits of permanent transformation cost savings, lower adverting expense, driven primarily by the Company's effort to maximize cash on hand during COVID-19 disruption, offset by higher incentive compensation and the provision for credit losses. See Note 13 of Item 8 for further information. SG&A also was favorable due to the impact of furloughed store and support center employees as a result of the COVID-19 disruption to the business.

In the fourth quarter, SG&A expense was $573.8 million or 26.2% of sales compared to $633.2 million or 29.4% of sales in the prior year fourth quarter. SG&A decreased primarily due to lower staff costs, inclusive of closed stores and the benefits of permanent transformation cost savings, lower advertising due to a shift in spend from fourth quarter into third quarter to pull forward Holiday Season sales, offset by higher incentive compensation and the provision for credit losses.

Restructuring charges

During the first quarter of Fiscal 2019, Signet launched a three-year comprehensive transformation plan, "Signet's Path to Brilliance" (the "Plan"), to among other objectives, reposition the Company to be a share gaining, OmniChannel jewelry category leader. The restructuring activities under the Plan are substantially completed as of the end of Fiscal 2021. During Fiscal 2021, restructuring charges of $46.2 million were recognized, $14.7 million of which were non-cash charges, primarily related to store closures, severance costs, and professional fees for legal and consulting services related to the Plan.

In the fourth quarter of Fiscal 2021, restructuring charges of $1.0 million were recognized primarily related to store closures and severance costs related to the Plan.

During Fiscal 2020, restructuring charges of $69.9 million were recognized, $16.7 million of which were non-cash charges, primarily related to store closures, severance costs, and professional fees for legal and consulting services related to the Plan. In the fourth quarter of Fiscal 2020, restructuring charges of $10.5 million, of which $4.6 million were non-cash charges, were recognized primarily related to store closure costs and professional fees for legal and consulting services related to the Plan.

See Note 6 of Item 8 for additional information regarding the Company's restructuring activities.

Asset impairments

During Fiscal 2021, the Company recorded non-cash, pre-tax asset impairments related to the impairment of goodwill, intangible assets and long-lived assets of $10.7 million, $83.3 million and $65.0 million respectively. During the fourth quarter of Fiscal 2021, the Company recorded non-cash, pre-tax asset impairment charges of $0.9 million, all of which related to long-lived assets.

During Fiscal 2020, an immaterial out-of-period adjustment of $47.7 million was recognized within goodwill and intangible impairments on the consolidated statements of operations.

See Note 16 and Note 18 of Item 8 for additional information on the asset impairments.

Other operating income (loss)

In Fiscal 2021, other operating income was $2.4 million compared to other operating loss $29.6 million in Fiscal 2020. Fiscal 2021 included a gain of $9.9 million recognized as a result of the Company de-designating and liquidating derivative financial instruments primarily related to forecasted commodity purchases that were deemed no longer effective in light of the economic circumstances altered by COVID-19. These gains were offset by a charge of $7.5 million, net of insurance recoveries, related to the settlement of previously disclosed shareholder litigation matters. Fiscal 2020 was primarily driven by a $33.2 million charge, net of insurance recoveries, related to the settlement of a shareholder litigation matter.

In the fourth quarter, other operating loss was $1.9 million compared to $31.0 million in the prior year fourth quarter. The fourth quarter of Fiscal 2021 was primarily driven by miscellaneous asset write-offs offset by interest income from the in-house credit program. Fourth quarter of Fiscal 2020 included the $33.2 million net charge related to shareholder litigation noted above.

See Note 12**,** Note 20 and Note 27 of Item 8 for additional information on these matters.

Operating income (loss)

In Fiscal 2021, operating loss was $57.7 million or 1.1% of sales compared to an operating income of $158.3 million or 2.6% of sales in Fiscal 2020. The decrease year over year reflects the unfavorable impact of the temporary closures of all stores as a result of COVID-19, including the impacts of lower sales and higher asset impairment charges, offset by the permanent transformation cost savings, driven by lower staff costs, lower fixed occupancy costs and the impact from furloughed store and support center employees as a result of the COVID-19 disruption to the business.

	Fiscal 2021		Fiscal 2020	
(in millions)	*$*	*% of sales*	*$*	*% of sales*
North America segment [1]	**$ 57.9**	**1.2 %**	$ 284.9	5.1 %
International segment [2]	**(43.3)**	**(12.2)%**	9.0	1.7 %
Other segment [3]	**(0.3)**	**nm**	(15.9)	nm
Corporate and unallocated expenses [4]	**(72.0)**	**nm**	(119.7)	nm
Operating income (loss)	**$ (57.7)**	**(1.1)%**	$ 158.3	2.6 %

(1) Fiscal 2021 includes: 1) $1.6 million related to inventory charges recorded in conjunction with the Company's restructuring activities; 2) $36.0 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities; and 3) asset impairment charges of $136.7 million.

Fiscal 2020 includes: 1) $6.0 million related to inventory charges recorded in conjunction with the Company's restructuring activities; 2) $42.1 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities; and 3) asset impairment charges of $47.7 million.

See Note 6, Note 18 and Note 16 for additional information.

(2) Fiscal 2021 includes: 1) $9.7 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities; and 2) asset impairment charges of $22.3 million.

Fiscal 2020 includes $7.0 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities.

See Note 6 and Note 16 for additional information.

(3) Fiscal 2021 includes $0.2 million benefit recognized due to a change in inventory reserves previously recognized as part of the Company's restructuring activities.

Fiscal 2020 includes $3.2 million related to inventory charges recorded in conjunction with the Company's restructuring activities.

See Note 6 and Note 18 for additional information.

(4) Fiscal 2021 includes: 1) charges of $7.5 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 2) $0.5 million related to charges recorded in conjunction with the Company's restructuring activities.

Fiscal 2020 includes: 1) charges of $33.2 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 2) $20.8 million related to charges recorded in conjunction with the Company's restructuring activities.

See Note 4, Note 27 and Note 6 for additional information.

nm Not meaningful.

In the fourth quarter, operating income was $291.9 million or 13.4% of sales compared to $223.2 million or 10.4% of sales in prior year fourth quarter. The operating income increase reflected a combination of factors including the increase in sales, both online and in-store during the fourth quarter of Fiscal 2021 when compared to fourth quarter of Fiscal 2020, the permanent transformation cost savings, the favorable impacts of store closures on store staffing and store occupancy cost, and payroll cost reduction from restricted store hours.

	Fourth Quarter Fiscal 2021		Fourth Quarter Fiscal 2020	
(in millions)	*$*	*% of sales*	*$*	*% of sales*
North America segment [1]	**$ 296.2**	**14.4 %**	255.5	13.1 %
International segment [2]	**9.3**	**7.6 %**	25.5	13.7 %
Other segment	**(1.1)**	**nm**	(1.5)	nm
Corporate and unallocated expenses [3]	**(12.5)**	**nm**	(56.3)	nm
Operating income (loss)	**$ 291.9**	**13.4 %**	$ 223.2	10.4 %

(1) Fiscal 2021 includes: 1) $1.3 million benefit recognized due to changes in severance and store closure liabilities recorded in conjunction with the Company's restructuring activities; and 2) $0.2 million net gains on terminations or modifications of leases resulting from previously recorded impairments of the right of use assets in Fiscal 2021.

Fiscal 2020 includes: 1) $3.4 million related to inventory charges recorded in conjunction with the Company's restructuring activities; and 2) $4.4 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities.

See Note 6, Note 18 and Note 16 for additional information.

(2) Fiscal 2021 includes: 1) $2.1 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities; and 2) asset impairment charges of $1.1 million.

Fiscal 2020 includes $4.6 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities.

See Note 6 and Note 16 for additional information.

(3) Fiscal 2021 includes: 1) charges of $7.5 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 2) $0.5 million related to charges recorded in conjunction with the Company's restructuring activities.

Fiscal 2020 includes: 1) charges of $33.2 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 2) $1.5 million related to charges recorded in conjunction with the Company's restructuring activities.

See Note 4, Note 27 and Note 6 for additional information.

nm Not meaningful.

Interest expense, net

In Fiscal 2021, net interest expense was $32.0 million compared to $35.6 million in Fiscal 2020. In the fourth quarter, net interest expense was $6.4 million compared to $7.7 million in the prior year fourth quarter. The reduction was primarily due to the favorable impact of lower average interest rates due to the debt refinancing during the third quarter of Fiscal 2020 partially offset by higher average borrowings compared to prior year comparable periods. The weighted average interest rate for the Company's debt outstanding, including the impact of debt issuance amortization, discounts, and other financing fees, for the full year was 3.3% compared to 6.0% in the prior year. The weighted average interest rate for the Company's debt outstanding for the fourth quarter was 3.9% compared to 4.7% in the prior year fourth quarter.

See Note 23 of Item 8 for additional information on the Company's debt.

Other non-operating income, net

In Fiscal 2021, other non-operating income, net was $0.0 million compared to $7.0 million in Fiscal 2020. Fiscal 2020 reflects a $6.2 million net gain related to the completion of the Company's debt refinancing, which consists of an $8.2 million net gain on the early extinguishment of the 4.70% Senior Notes due 2024 (the "Senior Notes") of Signet UK Finance plc, Signet's wholly-owned subsidiary, partially offset by a $2.0 million write-off of unamortized debt issuance costs related to the termination of the Company's prior credit facility.

See Note 23 of Item 8 for additional information on the net gain on extinguishment and the Company's refinancing activities.

Income taxes

Income tax benefit for Fiscal 2021 was $74.5 million compared to expense of $24.2 million in Fiscal 2020, with an effective tax rate of 83.1% for Fiscal 2021 compared to 18.7% in Fiscal 2020. The higher effective tax rate in the current year was primarily driven by the benefit of the CARES Act for the rate benefit on net operating losses carried back to tax years with higher enacted tax rates and the impact of Signet's global reinsurance arrangement, partially offset by the increase in valuation allowance recorded against certain state deferred tax assets. The Company's effective tax rate for the prior year was lower than the US federal income tax rate due to the impact of Signet's global reinsurance arrangement partially offset by the nondeductible goodwill impairment charges and other nondeductible expenses.

In the fourth quarter, income tax expense was $30.9 million compared to expense of $27.9 million in the prior year fourth quarter. The fourth quarter tax expense and effective rate was favorably impacted by the benefit of the CARES Act, as well as by the mix of pre-tax earnings by jurisdiction.

LIQUIDITY AND CAPITAL RESOURCES

Overview and capital strategy

The Company's primary sources of liquidity are cash on hand, cash provided by operations and availability under its ABL Revolving Facility (defined below). As of January 30, 2021, the Company had $1.2 billion of cash and cash equivalents and $147.6 million of outstanding debt.

The tenets of Signet's capital strategy are: 1) investing in its business to drive growth in line with the Company's overall business strategy; 2) ensuring adequate liquidity through a strong cash position and financial flexibility under its debt arrangements; and 3) returning excess cash to shareholders. Over time, Signet's strategy is to reduce its adjusted leverage ratio to below 3.0x. Refer to discussion of the adjusted leverage ratio in the the Non-GAAP measures section above.

During Fiscal 2021, the third year of its Path-to-Brilliance transformation plan, the Company accelerated its transformation efforts and focused on prioritizing digital investments in both technology and talent, to enhance its new and modernized eCommerce platform and to optimize the OmniChannel shopping journey for its customers. This includes flexible fulfillment capabilities which unlock store level inventory and enable buy online pick up in-store, as well as a continued strategic focus on inventory management to align with customer preferences. The Company's cash discipline has also led to more efficient working capital, through both the extension of payment days with the Company's vendor base, as well through continued inventory reduction efforts. In addition, structural cost reductions during Fiscal 2021 under the Company's transformation strategy exceeded the expected $100 million of annual cost savings. In addition to the structural cost savings already embedded in the business, the Company will continue to focus on working capital efficiency, optimizing its real estate footprint, and prioritizing transformational productivity to drive future costs savings opportunities, all of which are expected to be used to fuel strategic investments, grow the business, and enhance liquidity.

In addition to its strategic initiatives, as a result of COVID-19 in Fiscal 2021, the Company took temporary actions to preserve liquidity, which included reduced overall capital expenditures, significant reductions to discretionary spend, the implementation of temporary reduced work hours and furloughs across store and support center teams, as well as reduced cash compensation for executives and the Company's Board of Directors. The Company also deferred certain cash payments to Fiscal 2022, primarily related to certain lease obligations (as discussed in Note 17 of Item 8). The Company temporarily suspended its common dividend program and paid its preferred dividends during each quarter of Fiscal 2021 "in-kind". The Company expects to resume paying the preferred dividends in cash beginning in the first quarter of Fiscal 2022.

As a prudent measure to increase the Company's financial flexibility and bolster its cash position, during the first quarter of Fiscal 2021, the Company elected to borrow an additional $900 million from its the ABL Revolving Facility. The Company fully paid down amounts borrowed under the ABL Revolving Facility during the third and fourth quarters of Fiscal 2021. The Company also fully repaid the FILO Term Loan Facility during the fourth quarter of Fiscal 2021.

The Company believes that cash on hand, cash flows from operations and available borrowings under the ABL Revolving Facility will be sufficient to meet its ongoing business requirements for at least the 12 months following the date of this report, including funding working capital needs, projected investments in the business (including capital expenditures), debt service, returns to shareholders through either dividends or the Company's share repurchase program (as discussed in Note 8 of Item 8), and deferred cash payments from Fiscal 2021 as noted above.

Primary sources and uses of operating cash flows

Operating activities provide the primary source of cash for the Company and are influenced by a number of factors, the most significant of which are operating income and changes in working capital items, such as:

- changes in the level of inventory as a result of sales and other strategic initiatives (i.e. store count);

- changes and timing of accounts payable and accrued expenses, including variable compensation; and
- changes in deferred revenue, reflective of the revenue from performance of extended service plans.

Signet derives most of its operating cash flows through the sale of merchandise and extended service plans. As a retail business, Signet receives cash when it makes a sale to a customer or when the payment has been processed by Signet or the relevant bank if the payment is made by third-party credit or debit card. As discussed further in Note 4 of Item 8, the Company has outsourced its prime credit portfolio and a substantial portion of its non-prime credit portfolio, and it receives cash from its outsourced financing partners (net of applicable fees) within two days of the customer sale. Offsetting these receipts, the Company's largest operating expenses are the purchase of inventory, store occupancy costs (including rent), and payroll and payroll-related benefits.

Summary cash flows

The following table provides a summary of Signet's cash flow activity for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(in millions)	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Net cash provided by operating activities	**$ 1,372.3**	$ 555.7	$ 697.7
Net cash used in investing activities	**(77.8)**	(140.8)	(119.0)
Net cash used in financing activities	**(498.6)**	(237.0)	(602.7)
Increase (decrease) in cash and cash equivalents	**795.9**	177.9	(24.0)
Cash and cash equivalents at beginning of period	**374.5**	195.4	225.1
Increase (decrease) in cash and cash equivalents	**795.9**	177.9	(24.0)
Effect of exchange rate changes on cash and cash equivalents	**2.1**	1.2	(5.7)
Cash and cash equivalents at end of period	**$ 1,172.5**	$ 374.5	$ 195.4

Operating activities

Net cash provided by operating activities was $1.4 billion compared to net cash provided by operating activities of $555.7 million in the prior year comparable period, primarily due to the Company's ongoing cost control and working capital management initiatives, as well as temporary measures in place to manage liquidity as a result of the impacts of COVID-19, offset by the impacts of the pandemic on the Company's operating results.

- Net loss was $15.2 million compared to net income of $105.5 million in the prior year period, a decrease of $120.7 million.
- Net loss for the period was significantly impacted by changes in deferred tax liabilities, which increased $141.8 million compared to an increase of $21.5 million in the prior year period offset by changes in current income taxes of $(45.5) million compared to $0.6 million in the prior year. This was primarily the result of the net operating loss carryback filed in the first quarter in accordance with the provisions of the CARES Act, offset by an increase in the valuation allowance related to certain deferred tax assets in the US. During Fiscal 2021, the Company collected $183.4 million related to the loss carryback and other credits filed in Fiscal 2021 under the provisions of the CARES Act. Refer to Note 11 of Item 8 for additional information.
- Non-cash asset impairment charges were $159.0 million compared to $47.7 million in the prior year period, an increase of $111.3 million. See Note 16 of Item 8 for additional information regarding the impairments recognized in each period.
- Depreciation and amortization decreased $2.0 million to $176.0 million from $178.0 million in the prior year comparable period.
- Cash used by accounts receivable totaled $50.1 million compared to a use of $15.2 million in the prior year comparable period. This cash usage was driven by the portion of the non-prime in-house credit card portfolio that was retained by the Company beginning in the second quarter of Fiscal 2021. See Note 13 of Item 8 for additional information.
- Cash provided by inventory was $308.0 million compared to a source of $48.8 million in Fiscal 2020. This increase was driven by the Company's continued inventory reduction initiatives and the lower store count, net of openings, of 375 stores compared to prior year-end.
- Cash provided by accounts payable was $577.8 million compared to a source of $77.2 million in Fiscal 2020. This increase was driven by the Company's aggressive working capital management initiatives throughout Fiscal 2021, which included the extension of time to pay with numerous vendors during the year.

- Cash provided by changes in operating leases was $31.2 million, compared to cash used of $9.4 million in the prior year period, driven by the Company's deferral of rent payments due in the months of April through July 2020, which are now expected to be paid primarily in early Fiscal 2022. See Note 17 of Item 8 for further information.

Non-prime forward-flow receivables outsourcing agreement

During the first half of Fiscal 2021, the 2018 agreements pertaining to the purchase of forward flow receivables were terminated and new agreements were executed with CarVal and Castlelake which are effective until June 2021. Historically, non-prime receivables represented approximately 7% of Signet's consolidated revenue on an annual basis. The new agreements provide that CarVal and Castlelake will continue to purchase add-on receivables created on existing customer accounts at a discount rate determined in accordance with the new agreements. In the second quarter of Fiscal 2021, Signet began retaining forward flow non-prime receivables created for new customers. These new accounts represented approximately 2% of Signet's Fiscal 2021 revenue. The termination of the previous agreements has no effect on the receivables that were previously sold to CarVal and Castlelake prior to the termination, except that Signet agreed to extend the parties' payment obligation for the remaining 5% of the receivables previously purchased in June 2018 until the new agreements terminate. The Company's agreement with the credit servicer Genesis remains in place.

During the fourth quarter of Fiscal 2021, the Company reached additional agreements with the Investors to further amend the receivables purchase agreements noted above. CarVal will continue to purchase add-ons for existing accounts and will purchase 50% of new forward flow non-prime receivables through June 30, 2021. Genesis will purchase the remaining 50% of new forward flow receivables through June 30, 2021. Castlelake will not purchase any new forward flow non-prime receivables but will continue to purchase add-ons for existing accounts through June 30, 2021. Signet will continue to retain add-on purchases for existing accounts. The Company is actively considering alternatives with regard to the non-prime forward-flow receivables post-June 2021.

Investing Activities

Net cash used in investing activities was $77.8 million compared to $140.8 million in the prior period. Cash used in each period was primarily for capital additions associated with new stores and remodels of existing stores, as well as capital investments in IT.

Stores opened and closed in Fiscal 2021:

Store count by segment	February 1, 2020	Openings [2]	Closures [2]	January 30, 2021
North America segment [1]	2,757	53	(329)	2,481
International segment [1]	451	—	(99)	352
Signet	3,208	53	(428)	2,833

[1] The net change in selling square footage for Fiscal 2021 for the North America and International segments was (8.7)% and (14.6)%, respectively.

[2] Includes 33 store repositions in Fiscal 2021.

Net Cash Used in Financing Activities

Net cash used in financing activities in Fiscal 2021 was $498.6 million, comprised primarily of $27.2 million for dividend payments on common and preferred shares, net debt repayments of $370.0 million, and a decrease in bank overdrafts of $87.4 million. See further information on debt movements below.

Net cash used in financing activities in Fiscal 2020 was $237.0 million, comprised primarily of $108.6 million for dividend payments on common and preferred shares, $166.4 million for net debt repayments, and an increase in bank overdrafts of $47.5 million.

Movement in Cash and Indebtedness

Cash and cash equivalents at January 30, 2021 were $1.2 billion compared to $374.5 million as of February 1, 2020. Signet has significant amounts of cash and cash equivalents invested in various 'AAA' rated liquidity funds and at a number of financial institutions. The amount invested in each liquidity fund or at each financial institution takes into account the credit rating and size of the liquidity fund or financial institution and is invested for short-term durations.

During Fiscal 2020, the Company completed a debt refinancing which included the termination and the repayment of $249.9 million of the Company's previous credit facility and a payment of $241.5 million (including third party fees) to settle of a portion of its Senior Notes, as well as entering into a new five-year asset based lending facility, which consisted of (i) a revolving credit facility in an aggregate committed amount of $1.5 billion ("ABL Revolving Facility") and (ii) a first-in last-out term loan facility in an aggregate principal amount of $100.0 million (the "FILO Term Loan Facility" and, together with the ABL Revolving Facility, the "ABL Facility"). Refer to Note 23 of Item 8 for further information regarding the debt refinancing activities.

At February 1, 2020, Signet had $613.1 million of outstanding debt, comprised of $147.5 million of Senior Notes, $270.0 million on the ABL Revolving Facility, $100.0 million on the FILO Term Facility, and other loans and bank overdrafts totaling $95.6 million.

During Fiscal 2021, the Company borrowed $900 million and paid down $1.17 billion, on the ABL Revolving Facility. Borrowings were made to fund short-term cash needs and as a prudent measure in response to COVID-19 to increase the Company's financial flexibility and bolster its cash position. In January 2021, the Company fully repaid the $100 million FILO Term Loan Facility. At January 30, 2021, Signet had $147.6 million of outstanding debt related to the Senior Notes.

The Company had stand-by letters of credit on the ABL Revolving Facility of $19.0 million as of January 30, 2021 that reduced remaining borrowing availability. Available borrowings under the ABL Revolving Facility were $1.3 billion as of January 30, 2021.

Net cash was $1.0 billion as of January 30, 2021 compared to net debt of $237.0 million as of February 1, 2020.

As of January 30, 2021 and February 1, 2020, the Company was in compliance with all debt covenants.

Capital availability

Signet's level of borrowings and cash balances fluctuates during the year reflecting the seasonality of its cash flow requirements and business performance. Management believes that cash balances and the committed borrowing facilities (including the ABL Facility described more fully in Note 23 of Item 8) currently available to the business are sufficient for both its present and near-term requirements. The following table provides a summary of these items as of January 30, 2021, February 1, 2020 and February 2, 2019:

(in millions)	January 30, 2021	February 1, 2020	February 2, 2019
Working capital [(1)]	**$ 1,583.3**	$ 1,502.2	$ 1,822.8
Capitalization:			
Long-term debt	**146.7**	515.9	649.6
Series A redeemable convertible preferred shares	**642.3**	617.0	615.3
Shareholder's equity	**1,190.3**	1,222.6	1,201.6
Total capitalization	**$ 1,979.3**	$ 2,355.5	$ 2,466.5
Additional amounts available under credit agreements	**$ 1,320.8**	$ 1,158.1	$ 685.4

[(1)] Includes cash and cash equivalents

If the excess availability under the ABL Revolving Facility falls below the threshold specified in the ABL Facility agreement, the Company will be required to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00. As of January 30, 2021, the threshold related to the fixed coverage ratio was approximately $136 million. The ABL Facility places certain restrictions upon the Company's ability to, among other things, incur additional indebtedness, pay dividends, grant liens and make certain loans, investments and divestitures. The ABL Facility contains customary events of default (including payment defaults, cross-defaults to certain of the Company's other indebtedness, breach of representations and covenants and change of control). The occurrence of an event of default under the ABL Facility would permit the lenders to accelerate the indebtedness and terminate the ABL Facility.

Credit ratings

The following table provides Signet's credit ratings as of January 30, 2021:

Rating Agency	Corporate	Senior Unsecured Notes
Standard & Poor's	B+	B+
Moody's	Ba3	B2
Fitch	B	BB-

OFF-BALANCE SHEET ARRANGEMENTS

Merchandise held on consignment

Signet held $387.4 million of consignment inventory which is not recorded on the balance sheet at January 30, 2021, as compared to $625.7 million at February 1, 2020. The principal terms of the consignment agreements, which can generally be terminated by either party, are such that Signet can return any, or all of, the inventory to the relevant supplier without financial or commercial penalty.

Contingent property liabilities

At January 30, 2021, approximately 17 property leases had been assigned by Signet to third parties (and remained unexpired and occupied by assignees at that date) and approximately five additional properties were sub-let at that date. Should the assignees or sub-tenants fail to fulfill any obligations in respect of those leases or any other leases which have at any time been assigned or sub-let, Signet or one of its UK subsidiaries may be liable for those defaults. The number of such claims arising to date has been small, and the liability, which is charged to the consolidated statements of operations as it arises, has not been material.

IMPACT OF INFLATION

The impact of inflation on Signet's results for the past three years has not been significant apart from the impact of the commodity costs changes, and in the UK, the impact on merchandise costs due to the currency translation of the British pound against the US dollar.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting policies covering areas of greater complexity that are subject to the exercise of judgment due to the reliance on key estimates are listed below. A comprehensive listing of Signet's significant accounting policies is set forth in Note 1 of the consolidated financial statements in Item 8.

Revenue recognition for extended service plans and lifetime warranty agreements ("ESP")

The Company recognizes revenue related to ESP sales in proportion to when the expected costs will be incurred. The deferral period for ESP sales is determined from patterns of claims costs, including estimates of future claims costs expected to be incurred. Management reviews the trends in claims to assess whether changes are required to the revenue and cost recognition rates utilized. A significant change in estimates related to the time period or pattern in which warranty-related costs are expected to be incurred could materially impact revenues. All direct costs associated with the sale of these plans are deferred and amortized in proportion to the revenue recognized and disclosed as either other current assets or other assets in the consolidated balance sheets. These direct costs primarily include sales commissions and credit card fees. Amortization of deferred ESP selling costs is included within selling, general and administrative expenses in the consolidated statements of operations.

The North America segment sells ESP, subject to certain conditions, to perform repair work over the life of the product. Customers generally pay for ESP at the store at the time of merchandise sale. Revenue from the sale of the lifetime ESP is recognized consistent with the estimated pattern of claim costs expected to be incurred by the Company in connection with performing under the ESP obligations. Lifetime ESP revenue is deferred and recognized over a maximum of 17 years after the sale of the warranty contract. Although claims experience varies between the Company's national banners, thereby resulting in different recognition rates, approximately 55% of revenue is recognized within the first two years on a weighted average basis.

Goodwill and intangibles

In a business combination, the Company estimates and records the fair value of all assets acquired and liabilities assumed, including identifiable intangible assets and liabilities. The fair value of these intangible assets and liabilities is estimated based on management's assessment, including selection of appropriate valuation techniques, inputs and assumptions in the determination of fair value. Significant estimates in valuing intangible assets and liabilities acquired include, but are not limited to, future expected cash flows associated with the acquired asset or liability, expected life and discount rates. The excess purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. Goodwill is recorded by the Company's reporting units based on the acquisitions made by each.

Goodwill and other indefinite-lived intangible assets, such as indefinite-lived trade names, are evaluated for impairment annually. Additionally, if events or conditions were to indicate the carrying value of a reporting unit or an indefinite-lived intangible asset may be greater than its fair value, the Company would evaluate the asset for impairment at that time. Impairment testing compares the carrying amount of the reporting unit or other intangible assets with its fair value. When the carrying amount of the reporting unit or other intangible assets exceeds its fair value, an impairment charge is recorded.

The impairment test for goodwill involves estimating the fair value of the reporting unit through either estimated discounted future cash flows or market-based methodologies. The impairment test for other indefinite-lived intangible assets involves estimating the fair value of the asset, which is typically performed using the relief from royalty method for indefinite-lived trade names.

The fair value methodologies used by the Company in testing goodwill and indefinite-lived intangible assets include assumptions related to sales trends, discount rates, royalty rates and other assumptions that are judgmental in nature. If future economic conditions are different than those projected by management in its most recent impairment tests for goodwill and indefinite-lived intangible assets, future impairment charges may be required. See Note 18 for further details.

Long-lived assets

Long-lived assets of the Company consist primarily of property and equipment, definite-lived intangible assets and operating lease right-of-use ("ROU") assets. Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Potentially impaired assets or asset groups are identified by reviewing the undiscounted cash flows of individual stores. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the store asset group, based on the

Company's internal business plans. If the undiscounted cash flow for the store asset group is less than its carrying amount, the long-lived assets are measured for potential impairment by estimating the fair value of the asset group, and recording an impairment loss for the amount that the carrying value exceeds the estimated fair value. The Company utilizes primarily the replacement cost method to estimate the fair value of its property and equipment, and the income capitalization method to estimate the fair value of its ROU assets, which incorporates historical store level sales, internal business plans, real estate market capitalization and rental rates, and discount rates.

The valuation of the Company's long-lived assets could be negatively impacted by unfavorable operating performance and cash flows of the Company's stores, including a slower than anticipated re-opening of the stores as a result of COVID-19, lower than anticipated consumer traffic, changes in the Company's real estate strategy or other key business initiatives. Key assumptions used to estimate fair value, such as sales trends, market capitalization and rental rates, and discount rates could impact the fair value estimates of the store assets in future periods.

Income taxes

Income taxes are accounted for using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are recognized by applying statutory tax rates in effect in the years in which the differences between the financial reporting and tax filing bases of existing assets and liabilities are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is established against deferred tax assets when it is more likely than not that all or a portion of the deferred tax assets will not be realized, based on management's evaluation of all available evidence, both positive and negative, including reversals of deferred tax liabilities, projected future taxable income and results of recent operations. The Company recorded a valuation allowance of $83.9 million and $38.4 million, as of January 30, 2021 and February 1, 2020, respectively, due to uncertainties related to the Company's ability to utilize certain of its deferred tax assets, primarily consisting of net operating losses, foreign tax credits and capital losses carried forward.

The annual effective tax rate is based on annual income, statutory tax rates and tax planning strategies available in the various jurisdictions in which the Company operates. The Company does not recognize tax benefits related to positions taken on certain tax matters unless the position is more likely than not to be sustained upon examination by tax authorities. At any point in time, various tax years are subject to or are in the process of being audited by various taxing authorities. The Company records a reserve for uncertain tax positions, including interest and penalties. To the extent that management's estimates of settlements change, or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. See Note 11 in Item 8 for additional information regarding deferred tax assets and unrecognized tax benefits.

Leases

On February 3, 2019, the Company adopted ASU No. 2016-02 Leases (Topic 842) and related updates ("ASC 842") using the optional transition method to recognize a cumulative-effect adjustment to the opening balance of retained earnings. The impact of the optional transition method was deemed immaterial upon adoption of ASC 842. As part of the adoption of ASC 842, the Company utilized the practical expedient relief package, as well as the short-term leases and portfolio approach practical expedients. ASC 842 allows a lessee, as an accounting policy election by class of underlying asset, to choose not to separate non-lease components from lease components and instead to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. We have elected this practical expedient as presented in ASC 842, and do not separate non-lease components for all underlying asset classes. Financial results included in the Company's consolidated financial statements for Fiscal 2021 and Fiscal 2020 are presented under ASC 842, while Fiscal 2019 is presented under the previous accounting standard, ASC 840.

Signet occupies certain properties and holds machinery and vehicles under operating leases. Signet determines if an arrangement is a lease at the agreement's inception. Certain operating leases include predetermined rent increases, which are charged to store occupancy costs within cost of sales on a straight-line basis over the lease term, including any construction period or other rental holiday. Other variable amounts paid under operating leases, such as taxes and common area maintenance, are charged to selling, general and administrative expenses as incurred. Premiums paid to acquire short-term leasehold properties and inducements to enter into a lease are recognized on a straight-line basis over the lease term. In addition, certain leases provide for contingent rent based on a percentage of sales in excess of a predetermined level. Further, certain leases provide for variable rent increases based on indexes specified within the lease agreement. The variable increases based on an index are initially measured as part of the operating lease liability using the index at the commencement date. Contingent rent and subsequent changes to variable increases based on indexes will be recognized in the variable lease cost and included in the determination of total lease cost when it is probable that the expense has been incurred and the amount is reasonably estimable. Operating leases are included in operating lease ROU assets and current and non-current operating lease liabilities in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate at the lease commencement date, based primarily on the underlying lease term, in measuring the present value of lease payments. Lease terms, which include the period of the lease that cannot be canceled, may also include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The operating lease ROU asset may also include initial direct costs, prepaid and/or accrued lease payments and the unamortized balance of lease incentives received. ROU assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable in accordance with the Company's long-lived asset impairment assessment policy.

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 flows.

SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

The Company and certain of its subsidiaries, which are listed on Exhibit 22.1 to this Annual Report on Form 10-K, have guaranteed obligations under the 4.70% senior unsecured notes due in 2024 (the "Senior Notes").

The Senior Notes were issued by Signet UK Finance plc (the "Issuer"). The Senior Notes rank senior to the Preferred Shares (as defined in Note 7 of Item 8) and Common Shares. The Senior Notes are effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The Senior Notes are fully and unconditionally guaranteed on a joint and several basis by the Company, as the parent entity (the "Parent") of the Issuer, and certain of its subsidiary guarantors (each, a "Guarantor" and collectively, the "Guarantors").

The Senior Notes are structurally subordinated to all existing and future debt and other liabilities, including trade payables, of our subsidiaries that do not guarantee the Senior Notes (the "Non-Guarantors"). The Non-Guarantors will have no obligation, contingent or otherwise, to pay amounts due under the Senior Notes or to make funds available to pay those amounts. Certain Non-Guarantors may be limited in their ability to remit funds to us by means of dividends, advances or loans due to required foreign government and/or currency exchange board approvals or limitations in credit agreements or other debt instruments of those subsidiaries.

The Guarantors jointly and severally irrevocably and unconditionally guarantee on a senior unsecured basis the performance and full and punctual payment when due of all obligations of Issuer, as defined in the Indenture, in accordance with the Senior Notes and the related Indentures, as supplemented, whether for payment of principal of or interest on the Senior Notes when due and any and all costs and expenses incurred by the trustee or any holder of the Senior Notes in enforcing any rights under the guarantees (collectively, the "Guarantees"). The Guarantees and Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

Although the Guarantees provide the holders of Senior Notes with a direct unsecured claim against the assets of the Guarantors, under U.S. federal bankruptcy law and comparable provisions of U.S. state fraudulent transfer laws, in certain circumstances a court could cancel a Guarantee and order the return of any payments made thereunder to the Guarantor or to a fund for the benefit of its creditors.

A court might take these actions if it found, among other things, that when the Guarantors incurred the debt evidenced by their Guarantee (i) they received less than reasonably equivalent value or fair consideration for the incurrence of the debt and (ii) any one of the following conditions was satisfied:

- the Guarantor entity was insolvent or rendered insolvent by reason of the incurrence;
- the Guarantor entity was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- the Guarantor entity intended to incur or believed (or reasonably should have believed) that it would incur, debts beyond its ability to pay as those debts matured.

In applying the above factors, a court would likely find that a Guarantor did not receive fair consideration or reasonably equivalent value for its Guarantee, except to the extent that it benefited directly or indirectly from the issuance of the Senior Notes. The determination of whether a Guarantor was or was not rendered insolvent when it entered into its Guarantee will vary depending on the law of the jurisdiction being applied. Generally, an entity would be considered insolvent if the sum of its debts (including contingent or unliquidated debts) is greater than all of its assets at a fair valuation or if the present fair salable value of its assets is less than the amount that will be required to pay its probable liability on its existing debts, including contingent or unliquidated debts, as they mature.

If a court canceled a Guarantee, the holders of the Senior Notes would no longer have a claim against that Guarantor or its assets.

Each Guarantee is limited, by its terms, to an amount not to exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Guarantee, as it relates to that Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Each Guarantor is a consolidated subsidiary of Parent at the date of each balance sheet presented. The following tables present summarized financial information for Parent, Issuer, and the Guarantors on a combined basis after elimination of (i) intercompany transactions and balances among Parent, Issuer, and the Guarantors and (ii) equity in earnings from and investments in any Non-Guarantor.

	Summarized Balance Sheets	
(in millions)	January 30, 2021	February 1, 2020
Total current assets	$ 3,799.6	$ 3,421.6
Total non-current assets	2,475.9	3,009.7
Total current liabilities	2,357.1	2,119.2
Total non-current liabilities	3,578.7	4,054.9
Redeemable preferred shares	642.3	617.0
Total due from Non-Guarantors [(1)]	395.9	573.2
Total due to Non-Guarantors [(1)]	1,695.0	1,825.8

(1) Amounts included in asset and liability subtotals above.

	Summarized Statements of Operations	
(in millions)	Fiscal 2021	Fiscal 2020
Sales	$ 4,894.8	$ 5,656.3
Gross margin	1,681.7	2,061.2
Income (loss) before income taxes [(2)]	161.1	1,437.8
Net income (loss) [(2)]	240.1	1,416.2

(2) Includes income from intercompany transactions with Non-Guarantors of $231.2 million for Fiscal 2021, and income of $1.4 billion for Fiscal 2020. Intercompany transactions primarily include intercompany dividends and interest.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Signet is exposed to market risk arising from fluctuations in foreign currency exchange rates, interest rates and precious metal prices, which could affect its consolidated financial position, earnings and cash flows. Signet monitors and manages these market exposures as a fundamental part of its overall risk management program, which recognizes the volatility of financial markets and seeks to reduce the potentially adverse effects of this volatility on Signet's operating results. Signet manages its exposure to market risk through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Signet uses derivative financial instruments as risk management tools and not for trading purposes.

As certain of the International segment's purchases are denominated in US dollars and its net cash flows are in British pounds, Signet's policy is to enter into forward foreign currency exchange contracts and foreign currency swaps to manage the exposure to the US dollar. Signet also hedges a significant portion of forecasted merchandise purchases using commodity forward purchase contracts, options and net zero premium collar arrangements. Additionally, the North America segment occasionally enters into forward foreign currency exchange contracts to manage the currency fluctuations associated with purchases for the Company's Canadian operations. These contracts are entered into with large, reputable financial institutions, thereby minimizing the credit exposure from the Company's counterparties.

Signet has significant amounts of cash and cash equivalents invested at several financial institutions. The amount invested at each financial institution takes into account the long-term credit rating and size of the financial institution. The interest rates earned on cash and cash equivalents will fluctuate in line with short-term interest rates.

MARKET RISK MANAGEMENT POLICY

A committee of the Board is responsible for the implementation of market risk management policies within the treasury policies and guidelines framework, which are deemed to be appropriate by the Board for the management of market risk.

Signet's exposure to market risk is managed by Signet's Treasury Committee. Where deemed necessary to achieve the objective of reducing market risk volatility on Signet's operating results, certain derivative instruments are entered into after review and approval by the Treasury Committee. Signet uses derivative financial instruments for risk management purposes only.

A description of Signet's accounting policies for derivative instruments is included in Note 1 of Item 8. Signet's current portfolio of derivative financial instruments consists of forward foreign currency exchange contracts and commodity forward purchase contracts, options and net zero premium collar arrangements. An analysis quantifying the fair value change in derivative financial instruments held by Signet to manage its exposure to foreign exchange rates and commodity prices is detailed in Note 20 of Item 8.

Foreign Currency Exchange Rate Risk

Approximately 89% of Signet's total assets were held in entities whose functional currency is the US dollar at January 30, 2021 and generated approximately 90% of its sales in US dollars in Fiscal 2021. All remaining assets and sales are in British pounds and Canadian dollars.

In translating the results of the International segment and the Canadian subsidiary of the North America segment, Signet's results are subject to fluctuations in the exchange rates between the US dollar and both the British pound and Canadian dollar. Any depreciation in the weighted average value of the US dollar against the British pound or Canadian dollar could increase reported revenues and operating profit and any appreciation in the weighted average value of the US dollar against the British pound or Canadian dollar could decrease reported revenues and operating profit.

The International segment buys certain products and materials on international markets that are priced in US dollars, and therefore has an exposure to exchange rates on the cost of goods sold. Signet uses certain derivative financial instruments to hedge a portion of this exposure within treasury guidelines approved by the Board. In Fiscal 2021, approximately 35% of the International segment's goods purchased were transacted in US dollars (Fiscal 2020: 27%).

Signet holds a fluctuating amount of British pounds reflecting the cash generating characteristics of the International segment. Signet's objective is to minimize net foreign exchange exposure to the consolidated statements of operations on British pound denominated items through managing this level of cash, British pound denominated intercompany balances and US dollar to British pound swaps. In order to manage the foreign exchange exposure and minimize the level of British pound cash held by Signet, the British pound denominated subsidiaries periodically pay dividends as needed to their immediate holding companies and excess British pounds are sold in exchange for US dollars.

Commodity Price Risk

Signet's results are subject to fluctuations in the cost of diamonds, gold and certain other precious metals which are key raw material components of the products sold by Signet.

It is Signet's policy to minimize the impact of precious metal commodity price volatility on operating results through the use of commodity forward purchase contracts, or by entering into either purchase options or net zero premium collar arrangements, within treasury guidelines approved by the Board. It is not possible to hedge against fluctuations in the cost of diamonds.

Interest Rate Risk

Signet's interest income and expense is exposed to volatility in interest rates. This exposure is driven by both the currency denomination of the cash or debt, the mix of fixed and floating rate debt used, the type of cash investments and the total amount of cash and debt outstanding. As of January 30, 2021, a hypothetical 100 basis point increase in interest rates would result in no additional annual interest expense since all of the Company's variable rate debt has been repaid.

Sensitivity Analysis

Management has used a sensitivity analysis technique that measures the change in the fair value of Signet's financial instruments from hypothetical changes in market rates as shown in the table below.

Fair value gains (losses) arising from:

(in millions)	Fair Value January 30, 2021	10% depreciation of \$ against £	10% depreciation of \$ against C\$	10% depreciation of gold prices	Fair Value February 1, 2020
Foreign exchange contracts	\$ (0.2)	\$ 8.6	\$ 0.9	\$ —	\$ (0.3)
Commodity contracts	(0.1)	—	—	(0.1)	11.8

The amounts generated from the sensitivity analysis quantify the impact of market risk assuming that certain adverse market conditions, specified in the table above, occur. They are not forward-looking estimates of market risk. Actual results in the future are likely to differ materially from those projected due to changes in the portfolio of financial instruments held and actual developments in the global financial markets.

Any changes in the portfolio of financial instruments held and developments in the global financial markets may cause fluctuations in interest rates, exchange rates and precious metal prices to exceed the hypothetical amounts disclosed in the table above. The sensitivity scenarios are intended to allow an expected risk measure to be applied to the scenarios, as opposed to the scenarios themselves being an indicator of the maximum expected risk.

The fair value of derivative financial instruments is determined based on market value equivalents at period end, taking into account the current foreign currency forward rates or current commodity forward rates.

The estimated changes in the fair value for foreign exchange rates are based on a 10% depreciation of the US dollar against British pound and Canadian dollar from the levels applicable at January 30, 2021 with all other variables remaining constant.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Signet Jewelers Limited:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Signet Jewelers Limited and subsidiaries (the Company) as of January 30, 2021 and February 1, 2020, the consolidated statements of operations, comprehensive income, cash flows, and shareholders' equity for the 52 week periods ended January 30, 2021, February 1, 2020, and February 2, 2019, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of January 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 30, 2021 and February 1, 2020, and the results of its operations and its cash flows for the 52 week periods ended January 30, 2021, February 1, 2020, and February 2, 2019, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 30, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As described in Note 17 to the consolidated financial statements, the Company has changed its method of accounting for leases effective February 3, 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's annual report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's 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 generally accepted accounting principles. A company'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 the assets of the company; (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 receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's 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. 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.

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.

Impairment of store level right-of-use assets

As discussed in Note 16 to the consolidated financial statements, the Company performs an impairment review whenever events or circumstances indicate that the carrying amount of the asset group may not be recoverable using the estimated undiscounted cash flows expected to be generated by the asset group, which is at the individual store level. If the undiscounted cash flows are less than the asset's carrying amount, the long-lived assets are measured for potential impairment by estimating the fair value of the assets in the group and recording an impairment loss for the amount that the carrying value exceeds the estimated fair value. Operating right-of-use assets were $1,362.2 million as of January 30, 2021. Due to the various impacts of COVID-19, including the temporary closure of all the Company's stores and real estate assessments that included store closure decisions, the Company recognized pre-tax impairment charges for right-of-use assets of $36.9 million in fiscal 2021.

We identified the evaluation of the impairment of store level right-of-use assets as a critical audit matter. Subjective auditor judgment was required to evaluate forecasted cash flows expected to be generated by the asset groups. Specifically, evaluating forecasted revenue growth rates used in determining the undiscounted cash flows of the asset groups involved a high degree of subjective auditor judgment due the effects of COVID-19. The evaluation of the estimated fair value of the asset group, when required, also involved a high degree of subjective auditor judgment. Specifically, the determination of the fair value of right-of-use assets includes use of estimated market rent that required involvement of valuation professionals with specialized skills and knowledge to evaluate.

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 Company's impairment analyses, including controls related to the development of forecasted revenue growth rates and estimated market rent. We compared the Company's historical revenue projections to actual results to assess the Company's ability to accurately forecast revenues based on the internal business plan for the asset group. We assessed the Company's assumptions related to forecasted revenue growth rates by comparing them to historical results. We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the methodology and market rent assumption used to determine the fair value of certain right-of-use assets by comparing management's estimate to independently developed market rental ranges from market data for comparable properties.

Indefinite-lived asset impairment

As discussed in Note 18 to the consolidated financial statements, the Company had intangible assets of $179.0 million as of January 30, 2021, which included the Zales Jewelers tradename. Indefinite-lived intangible assets are evaluated for impairment annually and if events or conditions indicate the carrying value of the asset may be greater than its fair value. Due to the impacts of COVID-19 to the Company's business during the quarter ended May 2, 2020, the Company determined a triggering event had occurred that required an interim impairment assessment of its indefinite-lived intangible assets. The Company used the relief-from-royalty method to estimate the fair value of indefinite-lived intangible assets. As a result of the impairment assessment, the Company recorded an impairment charge of $83.3 million within its North America segment, which includes the Zales Jewelers tradename.

We identified the evaluation of the impairment of the Zales Jewelers tradename during the quarter ended May 2, 2020 as a critical audit matter. Subjective auditor judgment was required to evaluate forecasted revenues, royalty rate, and company specific risk premium assumptions used to develop the discount rate and estimate the fair value of the Zales Jewelers tradename. Changes to these assumptions could substantially impact the amount of the impairment charge. This increased the need for subjective auditor judgment in evaluating these assumptions underlying the estimate.

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 Company's impairment process, including controls related to the development of forecasted revenues, royalty rate, and company specific risk premium assumptions used to develop the discount rate and estimate the fair value of the Zales Jewelers tradename. We compared the Company's historical revenue projections to actual results to assess the Company's ability to accurately forecast revenues. We assessed the Company's assumptions related to forecasted revenues by comparing them to historical results. We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the royalty rate by comparing it to a range that was independently developed using publicly available data. The valuation professionals also tested the company specific risk premium used to develop the discount rate by performing benchmarking analyses using publicly available data from peer companies.

Evaluation of revenue recognition related to extended service plans

As discussed in Note 3 to the consolidated financial statements, revenue related to the extended service plans ("ESP") is recognized in proportion to when the expected costs will be incurred. To determine the amount of revenue to recognize, the Company estimates the deferral period and pattern of future claims costs. As a result of the COVID-19 pandemic, the recognition of ESP revenue was impacted by the temporary closing and subsequent reopening of stores in fiscal 2021.

We identified the evaluation of revenue recognition related to ESP as a critical audit matter. Subjective auditor judgment was required to evaluate the estimated deferral period and patterns of future claims costs used to recognize ESP revenue because a change in these estimates could substantially impact revenues, which included assessing the aging of claims by year of contract sale and estimates of future claims.

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 Company's revenue recognition process, including controls related to the development of assumptions used to estimate the deferral period and patterns of future claims costs. We evaluated the historical claim trends used by the Company in estimating the future claims costs on a sample basis by selecting claims and tracing them back to the original proof of sale. We tested the Company's assumption related to the deferral period in which the claims are expected to be incurred by comparing it to the current aging of claim costs incurred by year of contract sale, including estimated future claims. We tested the Company's assumption that historical claim trends are representative of future claims costs by comparing the pattern and volume of claims incurred from recent claims history to the current pattern in use and volume of claims incurred. We assessed the calculations used by the Company to determine ESP revenue recognized for consistency with the estimated deferral period and patterns of future claim costs.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

Cleveland, Ohio
March 18, 2021

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Fiscal 2021	Fiscal 2020	Fiscal 2019	Notes
Sales	**$ 5,226.9**	$ 6,137.1	$ 6,247.1	3
Cost of sales	**(3,493.0)**	(3,904.2)	(4,024.1)	
Restructuring charges - cost of sales	**(1.4)**	(9.2)	(62.2)	6
Gross margin	**1,732.5**	2,223.7	2,160.8	
Selling, general and administrative expenses	**(1,587.4)**	(1,918.2)	(1,985.1)	
Credit transaction, net	**—**	—	(167.4)	4
Restructuring charges	**(46.2)**	(69.9)	(63.7)	6
Asset impairments	**(159.0)**	(47.7)	(735.4)	16
Other operating income (loss)	**2.4**	(29.6)	26.2	12
Operating income (loss)	**(57.7)**	158.3	(764.6)	5
Interest expense, net	**(32.0)**	(35.6)	(39.7)	
Other non-operating income, net	**—**	7.0	1.7	
Income (loss) before income taxes	**(89.7)**	129.7	(802.6)	
Income taxes	**74.5**	(24.2)	145.2	11
Net income (loss)	**(15.2)**	105.5	(657.4)	
Dividends on redeemable convertible preferred shares	**(33.5)**	(32.9)	(32.9)	8
Net income (loss) attributable to common shareholders	**$ (48.7)**	$ 72.6	$ (690.3)	
Earnings (loss) per common share:				
Basic	**$ (0.94)**	$ 1.40	$ (12.62)	9
Diluted	**$ (0.94)**	$ 1.40	$ (12.62)	9
Weighted average common shares outstanding:				
Basic	**52.0**	51.7	54.7	9
Diluted	**52.0**	51.8	54.7	9

The accompanying notes are an integral part of these consolidated financial statements.

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal 2021			Fiscal 2020			Fiscal 2019		
(in millions)	**Pre-tax amount**	**Tax (expense) benefit**	**After-tax amount**	**Pre-tax amount**	**Tax (expense) benefit**	**After-tax amount**	**Pre-tax amount**	**Tax (expense) benefit**	**After-tax amount**
Net income (loss)			**$ (15.2)**			$ 105.5			$(657.4)
Other comprehensive income (loss):									
Foreign currency translation adjustments	**$ 11.2**	**$ —**	**$ 11.2**	$ (1.7)	$ —	$ (1.7)	$ (35.9)	$ —	$ (35.9)
Available-for-sale securities:									
Unrealized gain (loss)	**0.2**	**—**	**0.2**	(0.2)	—	(0.2)	0.6	(0.2)	0.4
Reclassification adjustment for (gains) losses to net income	**—**	**—**	**—**	1.0	—	1.0	—	—	—
Impact from adoption of new accounting pronouncements [(1)]	**—**	**—**	**—**	—	—	—	(1.1)	0.3	(0.8)
Cash flow hedges:									
Unrealized gain (loss)	**(1.0)**	**0.2**	**(0.8)**	14.8	(3.6)	11.2	6.2	(1.4)	4.8
Reclassification adjustment for (gains) losses to net income	**(16.8)**	**4.2**	**(12.6)**	(3.4)	0.7	(2.7)	(2.1)	0.6	(1.5)
Pension plan:									
Actuarial gain (loss)	**5.4**	**(1.0)**	**4.4**	0.5	(0.1)	0.4	(4.1)	0.7	(3.4)
Reclassification adjustment to net income for amortization of actuarial (gains) losses	**1.0**	**(0.2)**	**0.8**	1.2	(0.2)	1.0	0.9	(0.2)	0.7
Prior service costs	**—**	**—**	**—**	—	—	—	(8.1)	1.6	(6.5)
Reclassification adjustment to net income for amortization of net prior service credits	**0.1**	**—**	**0.1**	—	—	—	—	—	—
Total other comprehensive income (loss)	**$ 0.1**	**$ 3.2**	**$ 3.3**	$ 12.2	$ (3.2)	$ 9.0	$ (43.6)	$ 1.4	$ (42.2)
Total comprehensive income (loss)			**$ (11.9)**			$ 114.5			$(699.6)

(1) Adjustment reflects the reclassification of unrealized gains related to the Company's available-for-sale equity securities as of February 3, 2018 from AOCI into retained earnings associated with the adoption of ASU 2016-01.

The accompanying notes are an integral part of these consolidated financial statements.

SIGNET JEWELERS LIMITED

CONSOLIDATED BALANCE SHEETS

(in millions, except par value per share amount)	January 30, 2021	February 1, 2020	Notes
Assets			
Current assets:			
Cash and cash equivalents	**$ 1,172.5**	$ 374.5	1
Accounts receivable, net	**88.7**	38.8	13
Other current assets	**236.6**	403.5	
Income taxes	**51.7**	6.3	
Inventories, net	**2,032.5**	2,331.7	14
Total current assets	**3,582.0**	3,154.8	
Non-current assets:			
Property, plant and equipment, net	**605.5**	741.9	15
Operating lease right-of-use assets	**1,362.2**	1,683.3	17
Goodwill	**238.0**	248.8	18
Intangible assets, net	**179.0**	263.8	18
Other assets	**195.8**	201.8	
Deferred tax assets	**16.4**	4.7	11
Total assets	**$ 6,178.9**	$ 6,299.1	
Liabilities, Redeemable convertible preferred shares, and Shareholders' equity			
Current liabilities:			
Loans and overdrafts	**$ —**	$ 95.6	23
Accounts payable	**812.6**	227.9	
Accrued expenses and other current liabilities	**494.1**	697.0	24
Deferred revenue	**288.7**	266.2	3
Operating lease liabilities	**377.3**	338.2	17
Income taxes	**26.0**	27.7	
Total current liabilities	**1,998.7**	1,652.6	
Non-current liabilities:			
Long-term debt	**146.7**	515.9	23
Operating lease liabilities	**1,147.3**	1,437.7	17
Other liabilities	**111.1**	116.6	25
Deferred revenue	**783.3**	731.5	3
Deferred tax liabilities	**159.2**	5.2	11
Total liabilities	**4,346.3**	4,459.5	
Commitments and contingencies			27
Series A redeemable convertible preferred shares of $0.01 par value: 500 shares authorized, 0.625 shares outstanding	**642.3**	617.0	7
Shareholders' equity:			
Common shares of $0.18 par value: authorized 500 shares, 52.3 shares outstanding (2020: 52.3 shares outstanding)	**12.6**	12.6	8
Additional paid-in capital	**258.8**	245.4	
Other reserves	**0.4**	0.4	
Treasury shares at cost: 17.7 shares (2020: 17.7 shares)	**(980.2)**	(984.9)	8
Retained earnings	**2,189.2**	2,242.9	
Accumulated other comprehensive loss	**(290.5)**	(293.8)	10
Total shareholders' equity	**1,190.3**	1,222.6	
Total liabilities, redeemable convertible preferred shares and shareholders' equity	**$ 6,178.9**	$ 6,299.1	

The accompanying notes are an integral part of these consolidated financial statements.

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Cash flows from operating activities:			
Net income (loss)	**$ (15.2)**	$ 105.5	$ (657.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	**176.0**	178.0	183.6
Amortization of unfavorable contracts	**(5.4)**	(5.5)	(7.9)
Share-based compensation	**14.5**	16.9	16.5
Deferred taxation	**141.8**	21.5	(105.6)
Credit transaction, net	**—**	—	160.4
Asset impairments	**159.0**	47.7	735.4
Restructuring charges	**14.7**	25.9	84.9
Net loss (gain) on extinguishment of debt	**0.4**	(6.2)	—
Other non-cash movements	**0.3**	(4.3)	(3.4)
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	**(50.1)**	(15.2)	45.7
Proceeds from sale of in-house finance receivables	**—**	—	445.5
Decrease (increase) in other assets and other receivables	**181.9**	(184.2)	0.7
Decrease (increase) in inventories	**308.0**	48.8	(194.3)
Increase (decrease) in accounts payable	**577.8**	77.2	(78.5)
Increase (decrease) in accrued expenses and other liabilities	**(185.8)**	232.9	55.9
Change in operating lease assets and liabilities	**31.2**	(9.4)	—
Increase in deferred revenue	**73.1**	30.8	9.7
Changes in income tax receivable and payable	**(45.5)**	0.6	10.9
Pension plan contributions	**(4.4)**	(5.3)	(4.4)
Net cash provided by operating activities	**1,372.3**	555.7	697.7
Investing activities			
Purchase of property, plant and equipment	**(83.0)**	(136.3)	(133.5)
Proceeds from sale of assets	**—**	0.5	5.5
Purchase of available-for-sale securities	**—**	(13.3)	(0.6)
Proceeds from sale of available-for-sale securities	**5.2**	8.3	9.6
Net cash used in investing activities	**(77.8)**	(140.8)	(119.0)
Financing activities			
Dividends paid on common shares	**(19.4)**	(77.4)	(79.0)
Dividends paid on redeemable convertible preferred shares	**(7.8)**	(31.2)	(31.2)
Repurchase of common shares	**—**	—	(485.0)
Proceeds from term loans	**—**	100.0	—
Repayments of term loans	**(100.0)**	(294.9)	(31.3)
Settlement of Senior Notes, including third party fees	**—**	(241.5)	—
Proceeds from revolving credit facilities	**900.0**	858.3	787.0
Repayments of revolving credit facilities	**(1,170.0)**	(588.3)	(787.0)
Payment of debt issuance costs	**—**	(9.3)	—
Increase (decrease) of bank overdrafts	**(87.4)**	47.5	25.9
Other financing activities	**(14.0)**	(0.2)	(2.1)
Net cash used in financing activities	**(498.6)**	(237.0)	(602.7)
Cash and cash equivalents at beginning of period	**374.5**	195.4	225.1
Increase (decrease) in cash and cash equivalents	**795.9**	177.9	(24.0)
Effect of exchange rate changes on cash and cash equivalents	**2.1**	1.2	(5.7)
Cash and cash equivalents at end of period	**$ 1,172.5**	$ 374.5	$ 195.4

The accompanying notes are an integral part of these consolidated financial statements.

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Common shares at par value	Additional paid-in capital	Other reserves	Treasury shares	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at February 3, 2018	**$ 15.7**	**$ 290.2**	**$ 0.4**	**$ (1,942.1)**	**$ 4,396.2**	**$ (260.6)**	**$ 2,499.8**
Impact from adoption of new accounting pronouncements [(1)]	—	—	—	—	(15.7)	(0.8)	(16.5)
Net income (loss)	—	—	—	—	(657.4)	—	(657.4)
Other comprehensive income (loss)	—	—	—	—	—	(41.4)	(41.4)
Dividends on common shares	—	—	—	—	(79.4)	—	(79.4)
Dividends on redeemable convertible preferred shares	—	—	—	—	(32.9)	—	(32.9)
Repurchase of common shares	—	—	—	(485.0)	—	—	(485.0)
Treasury share retirements	(3.1)	(58.4)	—	1,391.0	(1,329.5)	—	—
Net settlement of equity based awards	—	(11.8)	—	8.8	0.9	—	(2.1)
Share-based compensation expense	—	16.5	—	—	—	—	16.5
Balance at February 2, 2019	**$ 12.6**	**$ 236.5**	**$ 0.4**	**$ (1,027.3)**	**$ 2,282.2**	**$ (302.8)**	**$ 1,201.6**
Net income (loss)	—	—	—	—	105.5	—	105.5
Other comprehensive income (loss)	—	—	—	—	—	9.0	9.0
Dividends on common shares	—	—	—	—	(77.4)	—	(77.4)
Dividends on redeemable convertible preferred shares	—	—	—	—	(32.9)	—	(32.9)
Net settlement of equity based awards	—	(8.0)	—	42.4	(34.5)	—	(0.1)
Share-based compensation expense	—	16.9	—	—	—	—	16.9
Balance at February 1, 2020	**$ 12.6**	**$ 245.4**	**$ 0.4**	**$ (984.9)**	**$ 2,242.9**	**$ (293.8)**	**$ 1,222.6**
Net income (loss)	—	—	—	—	(15.2)	—	(15.2)
Other comprehensive income (loss)	—	—	—	—	—	3.3	3.3
Dividends on redeemable convertible preferred shares	—	—	—	—	(33.5)	—	(33.5)
Net settlement of equity based awards	—	(1.1)	—	4.7	(5.0)	—	(1.4)
Share-based compensation expense	—	14.5	—	—	—	—	14.5
Balance at January 30, 2021	**$ 12.6**	**$ 258.8**	**$ 0.4**	**$ (980.2)**	**$ 2,189.2**	**$ (290.5)**	**$ 1,190.3**

(1) Reflects reclassifications to retained earnings related to 1) unrealized gains related to the Company's equity security investments as of February 3, 2018 from AOCI associated with the adoption of ASU 2016-01 and 2) deferred costs associated with the sale of extended service plans due to the adoption of ASU 2014-09.

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and summary of significant accounting policies

Signet Jewelers Limited ("Signet" or the "Company"), a holding company incorporated in Bermuda, is the world's largest retailer of diamond jewelry. The Company operates through its 100% owned subsidiaries with sales primarily in the United States ("US"), United Kingdom ("UK") and Canada. Signet manages its business as three reportable segments: North America, International, and Other. The "Other" reportable segment consists of subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones. See Note 5 for additional discussion of the Company's segments.

Signet's business is seasonal, with the fourth quarter accounting for approximately 35-40% of annual sales as well as accounts for a substantial portion of the annual operating profit. The "Holiday Season" consists of results for the months of November and December, with December being the highest volume month of the year.

The Company has evaluated and determined that there were no additional events or transactions subsequent to January 30, 2021 for potential recognition or disclosure through the date the consolidated financial statements were issued. There are no material related party transactions. The following accounting policies have been applied consistently in the preparation of the Company's consolidated financial statements.

(a) Basis of preparation

The consolidated financial statements of Signet are prepared in accordance with US generally accepted accounting principles ("US GAAP" or "GAAP") and include the results for the 52 week period ended January 30, 2021 ("Fiscal 2021"), as Signet's fiscal year ends on the Saturday nearest to January 31. The comparative periods are for the 52 week period ended February 1, 2020 ("Fiscal 2020") and the 52 week period ended February 2, 2019 ("Fiscal 2019"). Intercompany transactions and balances have been eliminated in consolidation. Signet has reclassified certain prior year amounts to conform to the current year presentation.

(b) Risks and Uncertainties - COVID-19

In December 2019, a novel coronavirus ("COVID-19") was identified in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic as a result of the further spread of the virus into all regions of the world, including those regions where the Company's primary operations occur in North America and the UK. COVID-19 has significantly impacted consumer traffic and the Company's retail sales, based on the perceived public health risk and government-imposed quarantines and restrictions of public gatherings and commercial activity to contain spread of the virus.

Effective March 23, 2020, the Company temporarily closed all of its stores in North America, its diamond operations in New York and its support centers in the US. Additionally, effective March 24, 2020, the Company temporarily closed all of its stores in the UK. The COVID-19 pandemic has also disrupted the Company's global supply chain, including the temporary closure of the Company's diamond polishing operations in Botswana, and may cause additional disruptions to operations if employees of the Company become sick, are quarantined, or are otherwise limited in their ability to work at Company locations or travel for business. The Company continued to fill eCommerce orders during the temporary closure period of all stores. Beginning in the second quarter of Fiscal 2021, the Company began a measured approach to re-opening its stores, and by the end of the third quarter of Fiscal 2021 had re-opened substantially all of its stores. During the fourth quarter of Fiscal 2021, both the UK and certain Canadian provinces re-established mandated temporary closure of non-essential businesses. Canadian stores began re-opening periodically in February 2021 as provincial restrictions began to be lifted, and the UK stores are expected to open in April 2021.

In addition, as a result of the uncertainty surrounding the impacts of COVID-19, beginning in March 2020, there was a significant decline in all major domestic and global financial market indicators. The Company's share price and market capitalization significantly declined during the first half of Fiscal 2021 and while there has been substantial recovery, the sustainability of this recovery is still unpredictable in light of the current economic conditions and risks to the retail markets from COVID-19.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown and depends on future developments that are uncertain and unpredictable, including the duration and possible resurgence of the pandemic, the success of the vaccine rollout globally, its impact on capital and financial markets on a macro-scale and the actions to contain the virus or mitigate its impact, among others. While the full extent of the impact of COVID-19 is currently unknown, it had a significant impact on Signet's results of operations and cash flows during the first half of Fiscal 2021. However, management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the 12 months following the date of this report.

As a result of the potential risks identified related to COVID-19 on its consolidated financial statements, the Company considered and performed the following assessments during Fiscal 2021: impairment assessments for goodwill, indefinite-lived intangible assets and store level long-lived assets (including property and equipment and operating lease right-of-use assets); assessment of rent concessions, including deferrals or other lease modifications; assessment of the effectiveness of certain foreign currency and commodity derivative financial instruments; assessment of the realizability of the Company's deferred tax assets; and assessment of the impacts of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") enacted on March 27, 2020.

(c) Use of estimates

The preparation of these consolidated financial statements, in conformity with US GAAP and US Securities and Exchange Commission ("SEC") regulations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and as a result of the above noted risks associated with COVID-19, it is reasonably possible that those estimates will change in the near term and the effect could be material. Estimates and assumptions are primarily made in relation to the valuation of accounts receivables, inventories, deferred revenue, derivatives, employee benefits, income taxes, contingencies, leases, asset impairments for goodwill, indefinite-lived intangible and long-lived assets and the depreciation and amortization of long-lived assets.

The reported results of operations are not indicative of results expected in future periods.

(d) Foreign currency translation

The financial position and operating results of certain foreign operations, including the International segment and the Canadian operations of the North America segment, are consolidated using the local currency as the functional currency. Assets and liabilities are translated at the rates of exchange on the balance sheet date, and revenues and expenses are translated at the monthly average rates of exchange during the period. Resulting translation gains or losses are included in the accompanying consolidated statements of shareholders' equity as a component of accumulated other comprehensive income (loss) ("AOCI"). Gains or losses resulting from foreign currency transactions are included within other operating income (loss) in the consolidated statements of operations, whereas translation adjustments and gains or losses related to intercompany loans of a long-term investment nature are recognized as a component of AOCI.

(e) Revenue recognition

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied.

See Note 3 for additional discussion of the Company's revenue recognition.

(f) Cost of sales and selling, general and administrative expenses

Cost of sales includes merchandise costs net of discounts and allowances; freight, processing and distribution costs; inventory shrinkage; and store operating and occupancy costs. Store operating and occupancy costs include utilities, rent, real estate taxes, common area maintenance charges and depreciation.

Selling, general and administrative expenses include store staff and store administrative costs; centralized administrative expenses, including information technology; third-party credit costs and credit loss expense; advertising and promotional costs and other operating expenses not specifically categorized elsewhere in the consolidated statements of operations.

Compensation and benefits costs included within cost of sales and selling, general and administrative expenses totaled $996.1 million in Fiscal 2021 (Fiscal 2020: $1,196.6 million; Fiscal 2019: $1,251.2 million).

(g) Store opening costs

The opening costs of new locations are expensed as incurred and included within selling, general and administrative expenses.

(h) Advertising and promotional costs

Advertising and promotional costs are expensed within selling, general and administrative expenses. Production costs are expensed at the first communication of the advertisements, while communication expenses are recognized each time the advertisement is communicated. For catalogs and circulars, costs are all expensed at the first date they can be viewed by the customer. Point of sale promotional material is expensed when first displayed in the stores. Gross advertising costs totaled $343.0 million in Fiscal 2021 (Fiscal 2020: $388.9 million; Fiscal 2019: $387.8 million).

(i) Income taxes

Income taxes are accounted for using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are recognized by applying statutory tax rates in effect in the years in which the differences between the financial reporting and tax filing bases of existing assets and liabilities are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is established against deferred tax assets when it is more likely than not that all or a portion of the deferred tax assets will not be realized, based on management's evaluation of all available evidence, both positive and negative, including reversals of deferred tax liabilities, projected future taxable income and results of recent operations.

The Company does not recognize tax benefits related to positions taken on certain tax matters unless the position is more likely than not to be sustained upon examination by tax authorities. At any point in time, various tax years are subject to or are in the process of being audited by various taxing authorities. The Company records a reserve for uncertain tax positions, including interest and penalties. To the extent that management's estimates of settlements change, or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made.

See Note 11 for additional discussion of the Company's income taxes.

(j) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, money market deposits and amounts placed with external fund managers with an original maturity of three months or less. Cash and cash equivalents are carried at cost which approximates fair value. In addition, receivables from third-party credit card issuers typically converted to cash within five days of the original sales transaction are considered cash equivalents.

The following table summarizes the details of the Company's cash and cash equivalents:

(in millions)	**January 30, 2021**	**February 1, 2020**
Cash and cash equivalents held in money markets and other accounts	**$ 1,122.2**	$ 326.2
Cash equivalents from third-party credit card issuers	**48.8**	46.3
Cash on hand	**1.5**	2.0
Total cash and cash equivalents	**$ 1,172.5**	$ 374.5

The Company's supplemental cash flow information was as follows:

(in millions)	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Non-cash investing activities:			
Capital expenditures in accounts payable	**$ 1.2**	$ 0.1	$ 5.6
Supplemental cash flow information:			
Interest paid	**$ 30.5**	$ 34.7	$ 39.1
Income tax paid (refunded), net (1)	**$ (176.0)**	$ 5.7	$ (44.8)

(1) Includes $183.4 million refunded under the CARES Act in Fiscal 2021. See Note 11 for further details.

(k) Accounts receivable

Prior to the adoption of Accounting Standards Codification ("ASC") 326 (as further described in Note 13), accounts receivable under the customer finance programs were presented net of an allowance for uncollectible amounts. This allowance represented management's estimate of the expected losses in the accounts receivable portfolio as of the balance sheet date, and was calculated using a model that analyzed factors such as delinquency rates and recovery rates. In June 2018, the Company completed the sale of the remaining North America customer in-house finance receivables (see Note 4). Subsequent to the completion of this transaction, receivables issued by the Company but pending transfer are classified as "held for sale" and recorded at fair value in the consolidated balance sheet. See Note 21 for additional information regarding the assumptions utilized in the calculation of fair value of the finance receivables held for sale.

See Note 13 for discussion of the Company's accounts receivable and current expected credit losses subsequent to the adoption of ASC 326.

(l) Inventories

Inventories are primarily held for resale and are valued at the lower of cost or net realizable value. Cost is determined using weighted-average cost, on a first-in first-out basis, for all inventories except for inventories held in the Company's diamond sourcing operations, where cost is determined using specific identification. Cost includes charges directly related to bringing inventory to its present location and condition. Such charges would include warehousing, security, distribution and certain buying costs. Net realizable value is defined as estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Inventory reserves are recorded for obsolete, slow moving or defective items and shrinkage. Inventory reserves for obsolete, slow moving or defective items are calculated as the difference between the cost of inventory and its estimated market value based on targeted inventory turn rates, future demand, management strategy and market conditions. Due to the inventory being primarily comprised of precious stones and metals including gold, the age of the inventory has a limited impact on the estimated market value. Inventory reserves for shrinkage are estimated and recorded based on historical physical inventory results, expectations of future inventory losses and current inventory levels. Physical inventories are taken at least once annually for all store locations and distribution centers.

See Note 14 for additional discussion of the Company's inventories.

(m) Vendor contributions

Contributions are received from vendors through various programs and arrangements including cooperative advertising. Where vendor contributions related to identifiable promotional events are received, contributions are matched against the costs of promotions. Vendor contributions received as general contributions and not related to specific promotional events are recognized as a reduction of inventory costs.

(n) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortization and impairment charges. Maintenance and repair costs are expensed as incurred. Depreciation and amortization are recognized on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	Ranging from 30 – 40 years
Leasehold improvements	Remaining term of lease, not to exceed 10 years
Furniture and fixtures	Ranging from 3 – 10 years
Equipment and software	Ranging from 3 – 7 years

Computer software purchased or developed for internal use is stated at cost less accumulated amortization. Signet's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, Signet also capitalizes certain payroll and payroll-related costs for employees directly associated with internal use computer projects. Amortization is charged on a straight-line basis over periods from three to seven years.

See Note 15 for additional discussion of the Company's property, plant and equipment, and Note 16 for the Company's policy for long-lived asset impairment.

(o) Goodwill and intangibles

In a business combination, the Company estimates and records the fair value of all assets acquired and liabilities assumed, including identifiable intangible assets and liabilities. The fair value of these intangible assets and liabilities is estimated based on management's assessment, including selection of appropriate valuation techniques, inputs and assumptions in the determination of fair value. Significant estimates in valuing intangible assets and liabilities acquired include, but are not limited to, future expected cash flows associated with the acquired asset or liability, expected life and discount rates. The excess purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. Goodwill is recorded by the Company's reporting units based on the acquisitions made by each.

Goodwill and other indefinite-lived intangible assets, such as indefinite-lived trade names, are evaluated for impairment annually. Additionally, if events or conditions were to indicate the carrying value of a reporting unit or an indefinite-lived intangible asset may be greater than its fair value, the Company would evaluate the asset for impairment at that time. Impairment testing compares the carrying amount of the reporting unit or other intangible assets with its fair value. When the carrying amount of the reporting unit or other intangible assets exceeds its fair value, an impairment charge is recorded.

Intangible assets with definite lives are amortized and reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying amount, the Company recognizes an impairment charge equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

See Note 18 for additional discussion of the Company's goodwill and intangibles.

(p) Derivatives and hedge accounting

The Company enters into various types of derivative instruments to mitigate certain risk exposures related to changes in commodity costs and foreign exchange rates. Derivative instruments are recorded in the consolidated balance sheets at fair value, as either assets or liabilities, with an offset to net income or other comprehensive income ("OCI"), depending on whether the derivative qualifies as an effective hedge.

If a derivative instrument meets certain criteria, the Company designates it as a cash flow hedge within the fiscal quarter it is entered into. For effective cash flow hedge transactions, the changes in fair value of the derivative instrument is recognized directly in equity as a component of AOCI and is recognized in the consolidated statements of operations in the same period(s) and on the same financial statement line in which the hedged item affects net income. Gains and losses on derivatives that do not qualify for hedge accounting are recognized immediately in other operating income (loss).

In the normal course of business, the Company may terminate cash flow hedges prior to the occurrence of the underlying forecasted transaction. For cash flow hedges terminated prior to the occurrence of the underlying forecasted transaction, management monitors the probability of the associated forecasted cash flow transactions to assess whether any gain or loss recorded in AOCI should be immediately recognized in net income. Cash flows from derivative contracts are included in net cash provided by operating activities.

See Note 20 for additional discussion of the Company's derivatives and hedge activities.

(q) Employee Benefits

The funded status of the defined benefit pension plan in the UK (the "UK Plan") is recognized on the consolidated balance sheets, and is the difference between the fair value of plan assets and the projected benefit obligation measured at the balance sheet date. Gains or losses and prior service costs or credits that arise and are not included as components of net periodic pension cost are recognized, net of tax, in OCI.

Signet also operates a defined contribution plan in the UK, a defined contribution retirement savings plan in the US, and an executive deferred compensation plan in the US. Contributions made by Signet to these benefit arrangements are charged primarily to selling, general and administrative expenses in the consolidated statements of operations as incurred.

See Note 22 for additional discussion of the Company's employee benefits.

(r) Debt issuance costs

Borrowings include primarily interest-bearing bank loans and bank overdrafts. Direct debt issuance costs on borrowings are capitalized and amortized into interest expense over the contractual term of the related loan.

See Note 23 for additional discussion of the Company's debt issuance costs.

(s) Share-based compensation

Signet measures share-based compensation cost for awards classified as equity at the grant date based on the estimated fair value of the award and recognizes the cost as an expense on a straight-line basis (net of estimated forfeitures) over the requisite service period of employees. Certain share awards under the Company's plans include a condition whereby vesting is contingent on Company performance exceeding a given target, and therefore awards granted with this condition are considered to be performance-based awards.

Signet estimates fair value using a Black-Scholes model for awards granted under the Omnibus Plan and the binomial valuation model for awards granted under the Share Saving Plans. Deferred tax assets for awards that result in deductions on the income tax returns of subsidiaries are recorded by Signet based on the amount of compensation cost recognized and the subsidiaries' statutory tax rate in the jurisdiction in which it will receive a deduction.

Share-based compensation is primarily recorded in selling, general and administrative expenses in the consolidated statements of operations, consistent with the relevant salary cost.

See Note 26 for additional discussion of the Company's share-based compensation plans.

(t) Contingent liabilities

Provisions for contingent liabilities are recorded for probable losses when management is able to reasonably estimate the loss or range of loss. When it is reasonably possible that a contingent liability may result in a loss or additional loss, the range of the potential loss is disclosed.

See Note 27 for additional discussion of the Company's contingencies.

(u) Dividends

Dividends on common shares are reflected as a reduction of retained earnings in the period in which they are formally declared by the Board of Directors (the "Board"). In addition, the cumulative dividends on preferred shares are reflected as a reduction of retained earnings in the period in which they are declared by the Board, as are the deemed dividends resulting from the accretion of issuance costs related to the preferred shares.

See Note 7 and Note 8 for additional information related to the Company's equity, including the preferred shares.

2. New accounting pronouncements

The following section provides a description of new accounting pronouncements ("Accounting Standard Update" or "ASU") issued by the Financial Accounting Standards Board ("FASB") that are applicable to the Company.

New accounting pronouncements recently adopted

The following ASU's were adopted as of February 2, 2020. The impact on the Company's consolidated financial statements is described within the table below:

Standard	Description
ASU No. 2018-15, Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, issued July 2018.	Aligns the requirements for capitalizing implementation costs in cloud computing arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The adoption of this ASU did not have a material impact on the Company's financial position or results of operations.
ASU No. 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans, issued August 2018.	Modifies the disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans and clarifies the disclosure requirements regarding projected benefit obligations and accumulated benefit obligations. The ASU is effective for fiscal years ending after December 15, 2020, with early adoption permitted. The new guidance does not affect the existing recognition or measurement guidance, and therefore had no impact on the Company's financial condition or results of operations.
ASU No. 2018-13, Fair Value Measurements (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, issued August 2018.	Modifies the disclosure requirements on fair value measurements in Topic 820 and eliminates 'at a minimum' from the phrase 'an entity shall disclose at a minimum' to promote the appropriate exercise of discretion by entities when considering fair value disclosures and to clarify that materiality is an appropriate consideration. The adoption of this ASU did not have a material impact on the Company's financial position or results of operations.
ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, issued June 2016.	Requires entities to measure and recognize expected credit losses for financial assets measured at amortized cost basis. The estimate of expected credit losses should consider historical information, current information, and reasonable and supportable forecasts of expected losses over the remaining contractual life that affect collectability. The adoption of this ASU did not have a material impact on the Company's financial position or results of operations upon adoption; however, this ASU impacts the accounting for expected credit losses on the Company's non-prime customer in-house finance receivables (as discussed in Note 13).

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU is intended to reduce complexity in the accounting for income taxes while maintaining or improving the usefulness of information provided to financial statement users. The guidance amends certain existing provisions under ASC 740 to address a number of distinct items. This standard is effective for public companies in fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period for which financial statements have not yet been issued. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. The Company has elected to early adopt this ASU effective August 2, 2020 on a prospective basis. The adoption of this ASU did not have a material impact on the Company's financial position or results of operations upon adoption.

New accounting pronouncements issued but not yet adopted

There are no new accounting pronouncements issued that are expected to be applicable to the Company in future periods.

3. Revenue recognition

The following tables provide the Company's total sales, disaggregated by banner, for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

	Fiscal 2021			
(in millions)	**North America**	**International**	**Other**	**Consolidated**
Sales by banner:				
Kay	**$ 2,008.6**	**$ —**	**$ —**	**$ 2,008.6**
Zales	**1,121.6**	**—**	**—**	**1,121.6**
Jared	**920.9**	**—**	**—**	**920.9**
Piercing Pagoda	**337.5**	**—**	**—**	**337.5**
James Allen	**301.4**	**—**	**—**	**301.4**
Peoples	**150.9**	**—**	**—**	**150.9**
International segment banners	**—**	**355.9**	**—**	**355.9**
Other[(1)]	**—**	**—**	**30.1**	**30.1**
Total sales	**$ 4,840.9**	**$ 355.9**	**$ 30.1**	**$ 5,226.9**

	Fiscal 2020			
(in millions)	**North America**	**International**	**Other**	**Consolidated**
Sales by banner:				
Kay	$ 2,414.0	$ —	$ —	$ 2,414.0
Zales	1,276.8	—	—	1,276.8
Jared	1,088.1	—	—	1,088.1
Piercing Pagoda	331.7	—	—	331.7
James Allen	250.6	—	—	250.6
Peoples	204.6	—	—	204.6
International segment banners	—	518.0	—	518.0
Other[(1)]	—	—	53.3	53.3
Total sales	$ 5,565.8	$ 518.0	$ 53.3	$ 6,137.1

	Fiscal 2019			
(in millions)	**North America**	**International**	**Other**	**Consolidated**
Sales by banner:				
Kay	$ 2,475.2	$ —	$ —	$ 2,475.2
Zales	1,280.5	—	—	1,280.5
Jared	1,141.4	—	—	1,141.4
Piercing Pagoda	302.5	—	—	302.5
James Allen	223.7	—	—	223.7
Peoples	218.4	—	—	218.4
International segment banners	—	576.5	—	576.5
Other[(1)]	—	—	28.9	28.9
Total sales	$ 5,641.7	$ 576.5	$ 28.9	$ 6,247.1

(1) Includes sales from Signet's diamond sourcing initiative.

The following tables provide the Company's total sales, disaggregated by major product, for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(in millions)	Fiscal 2021			
	North America	International	Other	Consolidated
Sales by product:				
Bridal	**$ 2,140.5**	**$ 166.4**	**$ —**	**$ 2,306.9**
Fashion	**1,987.9**	**69.2**	**—**	**2,057.1**
Watches	**145.6**	**108.5**	**—**	**254.1**
Other (1)	**566.9**	**11.8**	**30.1**	**608.8**
Total sales	**$ 4,840.9**	**$ 355.9**	**$ 30.1**	**$ 5,226.9**

(in millions)	Fiscal 2020			
	North America	International	Other	Consolidated
Sales by product:				
Bridal	$ 2,403.4	$ 214.3	$ —	$ 2,617.7
Fashion	2,131.0	110.5	—	2,241.5
Watches	214.9	169.1	—	384.0
Other (1)	816.5	24.1	53.3	893.9
Total sales	$ 5,565.8	$ 518.0	$ 53.3	$ 6,137.1

(in millions)	Fiscal 2019			
	North America	International	Other	Consolidated
Sales by product:				
Bridal	$ 2,478.6	$ 234.0	$ —	$ 2,712.6
Fashion	2,128.1	126.3	—	2,254.4
Watches	238.2	190.9	—	429.1
Other (1)	796.8	25.3	28.9	851.0
Total sales	$ 5,641.7	$ 576.5	$ 28.9	$ 6,247.1

(1) Other revenue primarily includes gift and other miscellaneous jewelry sales, extended service plans, repairs and other miscellaneous non-jewelry sales.

The following tables provide the Company's total sales, disaggregated by channel, for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

	Fiscal 2021			
(in millions)	North America	International	Other	Consolidated
Sales by channel:				
Store	**$ 3,772.9**	**$ 238.9**	**$ —**	**$ 4,011.8**
eCommerce	**1,068.0**	**117.0**	**—**	**1,185.0**
Other [(1)]	**—**	**—**	**30.1**	**30.1**
Total sales	**$ 4,840.9**	**$ 355.9**	**$ 30.1**	**$ 5,226.9**

	Fiscal 2020			
(in millions)	North America	International	Other	Consolidated
Sales by channel:				
Store	$ 4,880.2	$ 453.2	$ —	$ 5,333.4
eCommerce	685.6	64.8	—	750.4
Other [(1)]	—	—	53.3	53.3
Total sales	$ 5,565.8	$ 518.0	$ 53.3	$ 6,137.1

	Fiscal 2019			
(in millions)	North America	International	Other	Consolidated
Sales by channel:				
Store	$ 5,022.4	$ 513.4	$ —	$ 5,535.8
eCommerce	619.3	63.1	—	682.4
Other [(1)]	—	—	28.9	28.9
Total sales	$ 5,641.7	$ 576.5	$ 28.9	$ 6,247.1

(1) Includes sales from Signet's diamond sourcing initiative.

The Company recognizes revenues when control of the promised goods and services are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those goods. Transfer of control generally occurs at the time merchandise is taken from a store, or upon receipt of the merchandise by a customer for an eCommerce shipment. The Company excludes all taxes assessed by government authorities and collected from a customer from its reported sales. The Company's revenue streams and their respective accounting treatments are further discussed below.

On February 4, 2018, the Company adopted ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606) and related updates ("ASC 606") using the modified retrospective approach applied only to contracts not completed as of the date of adoption with no restatement of prior periods and by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity. During Fiscal 2019, an additional $111.2 million of revenue was recognized primarily for non-cash consideration from customer trade-ins and $16.5 million of previously capitalized contract acquisitions costs were reclassified to beginning retained earnings.

Merchandise sales and repairs

Store sales are recognized when the customer receives and pays for the merchandise at the store with cash, in-house customer finance, private label credit card programs, a third-party credit card or a lease purchase option. For online sales shipped to customers, sales are recognized at the estimated time the customer has received the merchandise. Amounts related to shipping and handling that are billed to customers are reflected in sales and the related costs are reflected in cost of sales. Revenues on the sale of merchandise are reported net of anticipated returns and sales tax collected. Returns are estimated based on previous return rates experienced. Any deposits received from a customer for merchandise are deferred and recognized as revenue when the customer receives the merchandise. Revenues derived from providing replacement merchandise on behalf of insurance organizations are recognized upon receipt of the merchandise by the customer. Revenues on repair of merchandise are recognized when the service is complete and the customer collects the merchandise at the store.

Extended service plans and lifetime warranty agreements ("ESP")

The Company recognizes revenue related to ESP sales in proportion to when the expected costs will be incurred. The deferral period for ESP sales is determined from patterns of claims costs, including estimates of future claims costs expected to be incurred. Management reviews the trends in claims to assess whether changes are required to the revenue and cost recognition rates utilized. A significant change in estimates related to the time period or pattern in which warranty-related costs are expected to be incurred could materially impact revenues. All direct costs associated with the sale of these plans are deferred and amortized in proportion to the revenue recognized and disclosed as either other current assets or other assets in the consolidated balance sheets. These direct costs primarily include sales commissions and credit card fees. Amortization of deferred ESP selling costs is included within selling, general and administrative expenses in the consolidated statements of operations. Amortization of deferred ESP selling costs was $26.3 million, $29.5 million and $52.4 million in Fiscal 2021, and Fiscal 2020 and Fiscal 2019, respectively.

Unamortized deferred selling costs as of Fiscal 2021 and Fiscal 2020 were as follows:

(in millions)	January 30, 2021	February 1, 2020
Deferred ESP selling costs		
Other current assets	**$ 26.2**	$ 23.6
Other assets	**85.1**	80.0
Total deferred ESP selling costs	**$ 111.3**	$ 103.6

The North America segment sells ESP, subject to certain conditions, to perform repair work over the life of the product. Customers generally pay for ESP at the store at the time of merchandise sale. Revenue from the sale of the lifetime ESP is recognized consistent with the estimated pattern of claim costs expected to be incurred by the Company in connection with performing under the ESP obligations. Lifetime ESP revenue is deferred and recognized over a maximum of 17 years after the sale of the warranty contract. Although claims experience varies between the Company's national banners, thereby resulting in different recognition rates, approximately 55% of revenue is recognized within the first two years on a weighted average basis.

The North America segment also sells a Jewelry Replacement Plan ("JRP"). The JRP is designed to protect customers from damage or defects of purchased merchandise for a period of three years. If the purchased merchandise is defective or becomes damaged under normal use in that time period, the item will be replaced. JRP revenue is deferred and recognized on a straight-line basis, generally over the three year protection period.

Signet also sells warranty agreements in the capacity of an agent on behalf of a third-party. The commission that Signet receives from the third-party is recognized at the time of sale less an estimate of cancellations based on historical experience.

Sale vouchers

Certain promotional offers award sale vouchers to customers who make purchases above a certain value, which grant a fixed discount on a future purchase within a stated time frame. The Company accounts for such vouchers by allocating the fair value of the voucher between the initial purchase and the future purchase using the relative-selling-price method. Sale vouchers are not sold on a stand-alone basis. The fair value of the voucher is determined based on the average sales transactions in which the vouchers were issued, when the vouchers are expected to be redeemed and the estimated voucher redemption rate. The fair value allocated to the future purchase is recorded as deferred revenue.

Consignment inventory sales

Sales of consignment inventory are accounted for on a gross sales basis as the Company maintains control of the merchandise through the point of sale as well as provides independent advice, guidance and after-sales service to customers. Supplier products are selected at the discretion of the Company, and the Company is responsible for determining the selling price and for physical security of the products. The products sold from consignment inventory are similar in nature to other products that are sold to customers and are sold on the same terms.

Deferred revenue

Deferred revenue is comprised primarily of ESP and voucher promotions as follows:

(in millions)	January 30, 2021	February 1, 2020
ESP deferred revenue	**$ 1,028.9**	$ 960.0
Voucher promotions and other	**43.1**	37.7
Total deferred revenue	**$ 1,072.0**	$ 997.7
Disclosed as:		
Current liabilities	**$ 288.7**	$ 266.2
Non-current liabilities	**783.3**	731.5
Total deferred revenue	**$ 1,072.0**	$ 997.7

(in millions)	Fiscal 2021	Fiscal 2020
ESP deferred revenue, beginning of period	**$ 960.0**	$ 927.6
Plans sold [1]	**337.4**	405.1
Revenue recognized [2]	**(268.5)**	(372.7)
ESP deferred revenue, end of period	**$ 1,028.9**	$ 960.0

(1) Includes impact of foreign exchange translation.

(2) During Fiscal 2021 and Fiscal 2020, the Company recognized sales of approximately $163.5 million and $193.6 million, respectively, related to deferred revenue that existed at the beginning of the year in respect to ESP and voucher promotions. Additionally, no ESP revenue was recognized beginning on March 23, 2020 due to the temporary closure of the Company's stores and service centers as a result of COVID-19. As the Company began reopening stores and service centers during the second quarter of Fiscal 2021, the Company resumed recognizing service revenue as it fulfilled its performance obligations under the ESP.

4. Credit transaction, net

During the fiscal year ended February 3, 2018, Signet announced a strategic initiative to outsource its North America private label credit card programs and sell the existing in-house finance receivables. In October 2017, Signet, through its subsidiary Sterling Jewelers Inc ("Sterling"), completed the sale of the prime-only credit quality portion of Sterling's in-house finance receivable portfolio to Comenity Bank ("Comenity"). The Company had previously entered into an agreement with Comenity to provide credit services to its Zales banners for all credit card customers (prime and non-prime), and this pre-existing Zales arrangement with Comenity was unaffected by the execution of the Sterling agreement. The Zales agreement expires in January 2023, and the Sterling agreement expires in October 2024.

Under the program agreements, Comenity established a program to issue credit cards to be serviced, marketed and promoted in accordance with the terms of the respective agreement. Subject to limited exceptions, Comenity is the exclusive issuer of private label credit cards or an installment or other closed end loan product in the United States bearing specified Company trademarks during the term of the agreements. Upon expiration or termination by either party of the agreements, the Company retains the option to purchase, or arrange the purchase by a third party of, the program assets from Comenity on terms that are no more onerous to the Company than those applicable to Comenity under the agreements, or in the case of a purchase by a third party, on customary terms. The program agreements contain customary representations, warranties and covenants.

In addition to the prime-only credit card portfolio, the Company also entered into various agreements to outsource the non-prime portion of its private label credit card program for Sterling and sell the existing in-house financing receivables. Below is a summary of these transactions related to the non-prime portfolio:

Fiscal 2019 non-prime transaction

During March 2018, the Company, through its subsidiary Sterling, entered into a definitive agreement with CarVal Investors ("CarVal") to sell all eligible non-prime in-house accounts receivable. In May 2018, the Company exercised its option to appoint a minority party, Castlelake, L.P. ("Castlelake"), to purchase 30% of the eligible receivables sold to CarVal under the Receivables Purchase Agreement. In June 2018, the Company completed the sale of the non-prime in-house accounts receivable at a price expressed as 72% of the par value of the accounts receivable. The purchase price was settled with 95% received as cash upon closing. The remaining 5% of the purchase price was deferred until the second anniversary of the closing date. Final payment of the deferred purchase price was contingent upon the non-prime in-house finance receivable portfolio achieving a pre-defined yield, which was finalized in Fiscal 2021 (see below). The agreement contains customary representations, warranties and covenants.

Receivables reclassification: In March 2018, the eligible non-prime in-house accounts receivables that met the criteria for sale were reclassified from "held for investment" to "held for sale" on the consolidated balance sheet. Accordingly, the receivables were recorded at the lower of cost (par) or fair value as of the date of the reclassification with subsequent adjustments to the asset fair value as required through the closing date of the transaction. During Fiscal 2019, total valuation losses of $160.4 million were recorded within credit transaction, net in the consolidated statement of operations.

Proceeds received: In June 2018, the Company received $445.5 million in cash consideration for the receivables sold based on the terms of the agreements with CarVal and Castlelake described above. The Company also recorded a receivable related to the deferred purchase price payment within other assets and will adjust the asset to fair value in each period of the performance period. See Note 21 for additional information regarding the fair value of deferred purchase price.

Expenses: During Fiscal 2019, the Company incurred $7.0 million of transaction-related costs, which were recorded within credit transaction, net in the consolidated statement of operations.

In addition, for a five-year term, Signet will remain the issuer of non-prime credit with investment funds managed by CarVal and Castlelake purchasing forward receivables at a discount rate determined in accordance with their respective agreements. Signet will hold the newly issued non-prime credit receivables on its balance sheet for two business days prior to selling the receivables to the respective counterparty in accordance with the agreements. Servicing of the non-prime receivables, including operational interfaces and customer servicing, will continue to be provided by Genesis Financial Solutions ("Genesis") under the five-year agreement entered into with the Company in October 2017.

Fiscal 2021 non-prime agreements

During Fiscal 2021, the 2018 agreements pertaining to the purchase of forward flow receivables were terminated and new agreements were executed with CarVal and Castlelake which are effective until June 2021. Historically, non-prime receivables represent approximately 7% of Signet's consolidated revenue on an annual basis. The new agreements provide that CarVal and Castlelake will continue to purchase add-on non-prime receivables created on existing customer accounts at a discount rate determined in accordance with the new agreements. As a result of the above agreements, Signet began retaining forward flow non-prime receivables created for new customers, which ultimately represented approximately 2% of Signet's Fiscal 2021 revenue. The termination of the previous agreements has no effect on the receivables that were previously sold to CarVal and Castlelake prior to the termination, except that Signet agreed to extend the parties' payment obligation for the remaining 5% of the receivables previously purchased in June 2018 until the new agreements terminate. The Company's agreement with the credit servicer Genesis remains in place.

During the fourth quarter of Fiscal 2021, the Company reached additional agreements with the Investors (as described in Note 13) to further amend the purchase agreements described above. CarVal will continue to purchase add-on receivables for existing accounts and will purchase 50% of new forward flow non-prime receivables through June 30, 2021. Genesis will purchase the remaining 50% of new forward flow non-prime receivables through June 30, 2021. Castlelake will not purchase any new forward flow non-prime receivables but will continue to purchase add-on receivables for existing accounts through June 30, 2021. Signet will continue to retain add-ons receivables for existing accounts.

5. Segment information

Financial information for each of Signet's reportable segments is presented in the tables below. Signet's chief operating decision maker utilizes segment sales and operating income, after the elimination of any inter-segment transactions, to determine resource allocations and performance assessment measures. Signet manages its business as three reportable segments: North America, International, and Other. Signet's sales are derived from the retailing of jewelry, watches, other products and services as generated through the management of its reportable segments. The Company allocates certain support center costs between operating segments, and the remainder of the unallocated costs are included with the corporate and unallocated expenses presented. In addition, beginning in Fiscal 2021, the Company allocates restructuring costs (further described in Note 6) to the operating segment where these charges were incurred, and the presentation of such costs has been reflected consistently in all periods presented.

The North America reportable segment operates across the US and Canada. Its US stores operate nationally in malls and off-mall locations principally as Kay (Kay Jewelers and Kay Jewelers Outlet), Zales (Zales Jewelers and Zales Outlet), Jared (Jared The Galleria Of Jewelry and Jared Vault), James Allen and Piercing Pagoda, which operates through mall-based kiosks. Its Canadian stores operate as the Peoples Jewellers store banner.

The International reportable segment operates stores in the UK, Republic of Ireland and Channel Islands. Its stores operate in shopping malls and off-mall locations (i.e. high street) principally as H.Samuel and Ernest Jones.

The Other reportable segment consists of subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones.

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Sales:			
North America segment [1]	**$ 4,840.9**	$ 5,565.8	$ 5,641.7
International segment	**355.9**	518.0	576.5
Other segment	**30.1**	53.3	28.9
Total sales	**$ 5,226.9**	$ 6,137.1	$ 6,247.1
Operating income (loss):			
North America segment [2]	**$ 57.9**	$ 284.9	$ (666.0)
International segment [3]	**(43.3)**	9.0	4.4
Other segment [4]	**(0.3)**	(15.9)	(11.7)
Corporate and unallocated expenses [5]	**(72.0)**	(119.7)	(91.3)
Total operating income (loss)	**(57.7)**	158.3	(764.6)
Interest expense	**(32.0)**	(35.6)	(39.7)
Other non-operating income, net	**—**	7.0	1.7
Income (loss) before income taxes	**$ (89.7)**	$ 129.7	$ (802.6)
Depreciation and amortization:			
North America segment	**$ 163.7**	$ 159.9	$ 165.8
International segment	**12.0**	17.8	17.5
Other segment	**0.3**	0.3	0.3
Total depreciation and amortization	**$ 176.0**	$ 178.0	$ 183.6
Capital additions:			
North America segment	**$ 79.0**	$ 128.3	$ 123.9
International segment	**4.0**	8.0	9.6
Other segment	**—**	—	—
Total capital additions	**$ 83.0**	$ 136.3	$ 133.5

(1) Sales include sales of $150.9 million, $204.6 million and $218.3 million generated by Canadian operations in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively.

(2) Fiscal 2021 includes: 1) $1.6 million related to inventory charges recorded in conjunction with the Company's restructuring activities; 2) $36.0 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities; and 3) asset impairment charges of $136.7 million.

Fiscal 2020 includes: 1) $6.0 million related to inventory charges recorded in conjunction with the Company's restructuring activities; 2) $42.1 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities; and 3) asset impairment charges of $47.7 million.

Fiscal 2019 includes: 1) $52.7 million related to inventory charges recorded in conjunction with the Company's restructuring activities; 2) $44.9 million primarily related to severance, professional fees and store closure costs recorded in conjunction with the Company's restructuring activities; 3) asset impairment charges of $731.8 million; and 4) $160.4 million from the valuation losses related to the sale of eligible non-prime in-house accounts receivable.

See Note 6, Note 18 and Note 16 for additional information.

(3) Fiscal 2021 includes: 1) $9.7 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities; and 2) asset impairment charges of $22.3 million.

Fiscal 2020 includes $7.0 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities.

Fiscal 2019 includes: 1) $8.5 million primarily related to severance and store closure costs recorded in conjunction with the Company's restructuring activities; and 2) $3.8 million related to inventory charges recorded in conjunction with the Company's restructuring activities.

See Note 6 and Note 16 for additional information.

(4) Fiscal 2021 includes $0.2 million benefit recognized due to a change in inventory reserves previously recognized as part of the Company's restructuring activities.

Fiscal 2020 includes $3.2 million related to inventory charges recorded in conjunction with the Company's restructuring activities.

Fiscal 2019 includes: 1) $5.7 million related to inventory charges recorded in conjunction with the Company's restructuring activities; and 2) asset impairment charges of $3.6 million.

See Note 6 and Note 18 for additional information.

(5) Fiscal 2021 includes: 1) charges of $7.5 million related to the settlement of previously disclosed shareholder litigation matters, net of expected insurance proceeds; and 2) $0.5 million related to charges recorded in conjunction with the Company's restructuring activities.

Fiscal 2020 includes: 1) charges of $33.2 million related to the settlement of previously disclosed shareholder litigation matters, inclusive of expected insurance proceeds; and 2) $20.8 million related to charges recorded in conjunction with the Company's restructuring activities.

Fiscal 2019 includes: 1) $10.3 million related to charges recorded in conjunction with the Company's restructuring activities; 2) $11.0 million related to the resolution of a previously disclosed regulatory matter; and 3) $7.0 million representing transaction costs associated with the sale of the non-prime in-house accounts receivable.

See Note 4, Note 27 and Note 6 for additional information.

(in millions)	**January 30, 2021**	**February 1, 2020**
Total assets:		
North America segment	**$ 5,101.9**	$ 5,240.2
International segment	**514.2**	546.4
Other segment	**44.9**	91.3
Corporate and unallocated	**517.9**	421.2
Total assets	**$ 6,178.9**	$ 6,299.1
Total long-lived assets:		
North America segment	**$ 978.1**	$ 1,196.7
International segment	**41.6**	54.6
Other segment	**2.8**	3.2
Total long-lived assets	**$ 1,022.5**	$ 1,254.5

6. Restructuring Plans

Signet Path to Brilliance Plan

During the first quarter of Fiscal 2019, Signet launched a three-year comprehensive transformation plan, the "Signet Path to Brilliance" plan (the "Plan") to reposition the Company to be the OmniChannel jewelry category leader. The Plan was originally expected to result in pre-tax charges in the range of $200 million - $220 million over the duration of the plan of which $105 million - $115 million are expected to be cash charges. To date the Company has incurred charges of $252.6 million under the Plan, including $126.9 million in non-cash charges, which have exceeded the original estimates of the Plan based primarily on certain accelerated actions during Fiscal 2021, specifically as it relates to the optimization of its real estate footprint and the right-sizing of staffing at its stores and support centers.

During Fiscal 2021, restructuring charges of $47.6 million were recognized, primarily related to store closure costs (including non-cash accelerated depreciation on property and equipment), severance costs and professional fees for legal and consulting services. As of the end of Fiscal 2021, the restructuring activities under the Plan are substantially complete and any remaining charges under the Plan are not expected to be material.

Restructuring charges and other Plan related costs are classified in the consolidated statements of operations as follows:

(in millions)	**Statement of operations location**	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Inventory charges[(1)]	Restructuring charges - cost of sales	$ 1.4	$ 9.2	$ 62.2
Other Plan related expenses[(2)]	Restructuring charges	46.2	69.9	63.7
Total Signet Path to Brilliance Plan expenses		$ 47.6	$ 79.1	$ 125.9

(1) Inventory charges represent non-cash charges. See Note 14 for additional information related to inventory and inventory reserves.

(2) Fiscal 2021, Fiscal 2020, and Fiscal 2019 other Plan related expenses included $14.7 million, $16.7 million, and $22.7 million of non-cash charges, respectively.

The composition of restructuring charges the Company incurred during Fiscal 2021, Fiscal 2020 and Fiscal 2019, as well as the cumulative amount incurred through January 30, 2021, were as follows:

(in millions)	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**	**Cumulative amount**
Inventory charges	$ 1.4	$ 9.2	$ 62.2	$ 72.8
Termination benefits	24.1	16.1	9.7	49.9
Store closure and other costs	22.1	53.8	54.0	129.9
Total Signet Path to Brilliance Plan expenses	**$ 47.6**	**$ 79.1**	**$ 125.9**	**$ 252.6**

Plan liabilities of $8.6 million were recorded within accrued expenses and other current liabilities and Plan liabilities of $1.6 million were recorded within other liabilities in the consolidated balance sheet as of January 30, 2021. Plan liabilities primarily represent store closure liabilities and consulting services.

The following table summarizes the activity related to the Plan liabilities between periods:

(in millions)	Termination benefits	Store closure and other costs	**Consolidated**
Balance at February 3, 2018	$ —	$ —	**$ —**
Payments and other adjustments	(9.7)	(103.6)	**(113.3)**
Charged to expense	9.7	116.2	**125.9**
Balance at February 2, 2019	—	12.6	**12.6**
Payments and other adjustments	(14.1)	(65.2)	**(79.3)**
Charged to expense	16.1	63.0	**79.1**
Balance at February 1, 2020	2.0	10.4	**12.4**
Payments and other adjustments	(24.0)	(25.8)	**(49.8)**
Charged to expense	24.1	23.5	**47.6**
Balance at January 30, 2021	$ 2.1	$ 8.1	**$ 10.2**

7. Redeemable preferred shares

On October 5, 2016, the Company issued 625,000 preferred shares to Green Equity Investors VI, L.P., Green Equity Investors Side VI, L.P., LGP Associates VI-A LLC and LGP Associates VI-B LLC, all affiliates of Leonard Green & Partners, L.P., (together, the “Investors”) for an aggregate purchase price of $625.0 million, or $1,000 per share (the “Stated Value”) pursuant to the investment agreement dated August 24, 2016. The Company's preferred shares are classified as temporary equity within the consolidated balance sheets.

In connection with the issuance of the preferred shares, the Company incurred direct and incremental expenses of $13.7 million, including financial advisory fees, closing costs, legal expenses and other offering-related expenses. These direct and incremental expenses originally reduced the preferred shares carrying value, and are accreted through retained earnings as a deemed dividend from the date of issuance through the first possible known redemption date, November 2024. Accumulated accretion relating to these fees of $7.3 million was recorded in the consolidated balance sheet as of January 30, 2021 (February 1, 2020: $5.7 million).

Dividend rights: The preferred shares rank senior to the Company’s common shares, with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The liquidation preference for preferred shares is equal to the greater of (a) the Stated Value per share, plus all accrued but unpaid dividends and (b) the consideration holders would have received if preferred shares were converted into common shares immediately prior to the liquidation. Preferred shareholders are entitled to a cumulative dividend at the rate of 5% per annum, payable quarterly in arrears, commencing on February 15, 2017, either in cash or by increasing the Stated Value at the option of the Company. In addition, preferred shareholders were entitled to receive dividends or distributions declared or paid on common shares on an as-converted basis, other than the Company’s regularly declared quarterly cash dividends not in excess of 130% of the arithmetic average of the regular, quarterly cash dividends per common share, if any, declared by the Company during the preceding four calendar quarters.

On November 2, 2016, the Board of Directors approved certain changes to the rights of the preferred shareholders, including the following: (a) elimination of the right of preferred shareholders to receive dividends or other distributions declared on the Company’s common shares and inclusion of adjustments to the conversion rate in the event of any dividend, distribution, spin-off or certain other events or transactions in respect of the common shares; and (b) addition of a requirement for approval by the holders of the majority of the issued preferred shares for the declaration or payment by the Company of any dividends or other distributions on the common shares other than (i) regularly declared quarterly cash dividends paid on the issued common shares in any calendar quarter in an amount per share that is not more than 130% of the arithmetic average of the regular, quarterly cash dividends per common share, if any, declared by the Company during the preceding four calendar quarters for such quarter and (ii) any dividends or other distributions which are paid or distributed at the same time on the common shares and the preferred shares, provided that the amount paid or distributed to the preferred shares is based on the number of common shares into which such preferred shares could be converted on the applicable record date for such dividends or other distributions.

Conversion features: Preferred shares are convertible at the option of the holders at any time into common shares at the then applicable conversion rate. The conversion rate is subject to certain anti-dilution and other adjustments, including stock split / reverse stock split transactions, regular dividends declared on common shares, share repurchases (excluding amounts through open market transactions or accelerated share repurchases) and issuances of common shares or other securities convertible into common shares. The initial issuance did not include a beneficial conversion feature as the conversion price used to set the conversion ratio at the time of issuance was greater than the Company's common stock price.

At any time on or after October 5, 2018, all or a portion of outstanding preferred shares are convertible at the option of the Company if the closing price of common shares exceeds 175% of the then applicable conversion price for at least 20 consecutive trading days.

The following table presents certain conversion measures as of January 30, 2021 and February 1, 2020:

(in millions, except conversion rate and conversion price)	January 30, 2021	February 1, 2020
Conversion rate	**12.2297**	12.2297
Conversion price	**$ 81.7682**	$ 81.7682
Potential impact of preferred shares if-converted to common shares	**7.9**	7.6
Liquidation preference	**$ 656.8**	$ 632.8

Redemption rights: At any time after November 15, 2024, the Company will have the right to redeem any or all, and the holders of the preferred shares will have the right to require the Company to repurchase any or all, of the preferred shares for cash at a price equal to the Stated Value plus all accrued but unpaid dividends. Upon certain change of control or delisting events involving the Company, preferred shareholders can require the Company to repurchase, subject to certain exceptions, all or any portion of its preferred shares at (a) an amount in cash equal to 101% of the Stated Value plus all accrued but unpaid dividends or (b) the consideration the holders would have received if they had converted their preferred shares into common shares immediately prior to the change of control event.

Voting rights: Preferred shareholders are entitled to vote with the holders of common shares on an as-converted basis. Holders of preferred shares are entitled to a separate class vote with respect to certain designee(s) for election to the Company's Board of Directors, amendments to the Company's organizational documents that have an adverse effect on the preferred shareholders and issuances by the Company of securities that are senior to, or equal in priority with, the preferred shares.

Registration rights: Preferred shareholders have certain customary registration rights with respect to the preferred shares and the shares of common shares into which they are converted, pursuant to the terms of a registration rights agreement.

The Company declared the Preferred Share dividends during Fiscal 2021 payable "in-kind" by increasing the Stated Value of the Preferred Shares. The Stated Value of the Preferred Shares increased by $37.97 per share during Fiscal 2021, and increased by $12.97 per share subsequent to the end of Fiscal 2021, all of which will become payable upon liquidation of the Preferred Shares. Refer to Note 8 for additional discussion of the Company's dividends on Preferred Shares.

8. Common shares, treasury shares, reserves and dividends

Common shares

The par value of each Common Share is 18 cents. There have been no issuance of common shares in Fiscal 2021, Fiscal 2020, or Fiscal 2019.

Treasury shares

Signet may from time to time repurchase common shares under various share repurchase programs authorized by Signet's Board. Repurchases may be made in the open market, through block trades, accelerated share repurchase agreements or otherwise. The timing, manner, price and amount of any repurchases will be determined by the Company at its discretion, and will be subject to economic and market conditions, stock prices, applicable legal requirements and other factors. The repurchase programs are funded through Signet's existing cash reserves and liquidity sources. Repurchased shares may be held as treasury shares and used by Signet primarily for issuance of share based awards (refer to Note 26), or for general corporate purposes.

Treasury shares represent the cost of shares that the Company purchased in the market under the applicable authorized repurchase program, shares forfeited under the Omnibus Incentive Plan and those previously held by the Employee Stock Ownership Trust ("ESOT") to satisfy options under the Company's share option plans.

The Company reflected shares delivered as treasury shares as of the date the shares were physically delivered in computing the weighted average common shares outstanding for both basic and diluted earnings per share.

The share repurchase activity is outlined in the table below:

(in millions, expect per share amounts)	Amount authorized	Fiscal 2021 Shares repurchased	Fiscal 2021 Amount repurchased	Fiscal 2021 Average repurchase price per share	Fiscal 2020 Shares repurchased	Fiscal 2020 Amount repurchased	Fiscal 2020 Average repurchase price per share	Fiscal 2019 Shares repurchased	Fiscal 2019 Amount repurchased	Fiscal 2019 Average repurchase price per share
2017 Program[1]	$ 600.0	—	$ —	$ —	—	—	$ 0.00	7.5	$ 434.4	$ 57.64
2016 Program[2]	$1,375.0	n/a	n/a	n/a	n/a	n/a	n/a	1.3	$ 50.6	$ 39.76
Total		—	$ —	$ —	—	—	$ 0.00	8.8	$ 485.0	$ 55.06

(1) The 2017 Program had $165.6 million remaining as of January 30, 2021.

(2) The 2016 Program was completed in March 2018.

n/a Not applicable.

Shares were reissued in the amounts of 0.0 million, 0.4 million and 0.2 million, net of taxes and forfeitures, in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively, to satisfy awards outstanding under existing share-based compensation plans. During Fiscal 2021, there were no retirements of common shares previously held as treasury shares in the consolidated balance sheets.

Dividends on common shares

As a result of COVID-19, Signet's Board of Directors elected to temporarily suspend the dividend program on common shares, effective in the first quarter of Fiscal 2021.

(in millions, except per share amounts)	Fiscal 2021 Cash dividend per share	Fiscal 2021 Total dividends	Fiscal 2020 Cash dividend per share	Fiscal 2020 Total dividends	Fiscal 2019 Cash dividend per share	Fiscal 2019 Total dividends
First quarter	**$ 0.00**	—	$ 0.37	$ 19.3	$ 0.37	$ 21.8
Second quarter	**0.00**	—	0.37	19.3	0.37	19.2
Third quarter	**0.00**	—	0.37	19.4	0.37	19.2
Fourth quarter[1]	**0.00**	—	0.37	19.4	0.37	19.2
Total	**$ —**	**$ —**	$ 1.48	$ 77.4	$ 1.48	$ 79.4

(1) Signet's dividend policy results in the dividend payment date being a quarter in arrears from the declaration date. As of February 1, 2020, there was $19.4 million recorded in accrued expenses and other current liabilities in the consolidated balance sheets reflecting the cash dividends declared for the fourth quarter of Fiscal 2020. There were no dividends declared or accrued as of January 30, 2021.

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Dividends on preferred shares

(in millions)	Fiscal 2021 Total dividends	Fiscal 2020 Total cash dividends	Fiscal 2019 Total cash dividends
First quarter	**$ 7.8**	$ 7.8	$ 7.8
Second quarter	**7.9**	7.8	7.8
Third quarter	**8.0**	7.8	7.8
Fourth quarter[1]	**8.1**	7.8	7.8
Total	**$ 31.8**	$ 31.2	$ 31.2

(1) Signet's preferred shares dividends results in the dividend payment date being a quarter in arrears from the declaration date. As a result, as of January 30, 2021 and February 1, 2020, $8.1 million and $7.8 million, respectively, has been recorded in accrued expenses and other current liabilities in the consolidated balance sheets reflecting the dividends on preferred shares declared for the fourth quarter of Fiscal 2021 and Fiscal 2020. As disclosed in Note 7, the Fiscal 2021 dividends were paid "in-kind".

There were no cumulative undeclared dividends on the preferred shares that reduced net income attributable to common shareholders during Fiscal 2021. In addition, deemed dividends of $1.7 million related to accretion of issuance costs associated with the preferred shares were recognized in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

9. Earnings (loss) per common share ("EPS")

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding for the period. The computation of basic EPS is outlined in the table below:

(in millions, except per share amounts)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Numerator:			
Net income (loss) attributable to common shareholders	**$ (48.7)**	$ 72.6	$ (690.3)
Denominator:			
Weighted average common shares outstanding	**52.0**	51.7	54.7
EPS – basic	**$ (0.94)**	$ 1.40	$ (12.62)

The dilutive effect of share awards represents the potential impact of outstanding awards issued under the Company's share-based compensation plans, including restricted shares, restricted stock units and stock options issued under the Omnibus Plan and stock options issued under the Share Saving Plans. The dilutive effect of preferred shares represents the potential impact for common shares that would be issued upon conversion. Potential common share dilution related to share awards and preferred shares is determined using the treasury stock and if-converted methods, respectively. Under the if-converted method, the preferred shares are assumed to be converted at the beginning of the period, and the resulting common shares are included in the denominator of the diluted EPS calculation for the entire period being presented, only in the periods in which such effect is dilutive. Additionally, in periods in which preferred shares are dilutive, cumulative dividends and accretion for issuance costs associated with the preferred shares are added back to net income (loss) attributable to common shareholders. See Note 7 for additional discussion of the Company's preferred shares.

The computation of diluted EPS is outlined in the table below:

(in millions, except per share amounts)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Numerator:			
Net income (loss) attributable to common shareholders	**$ (48.7)**	$ 72.6	$ (690.3)
Numerator for diluted EPS	**$ (48.7)**	$ 72.6	$ (690.3)
Denominator:			
Weighted average common shares outstanding	**52.0**	51.7	54.7
Plus: Dilutive effect of share awards	**—**	0.1	—
Diluted weighted average common shares outstanding	**52.0**	51.8	54.7
EPS – diluted	**$ (0.94)**	$ 1.40	$ (12.62)

The calculation of diluted EPS excludes the following items for each respective period on the basis that their effect would be anti-dilutive.

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Share awards	**1.8**	0.9	1.1
Potential impact of preferred shares	**7.8**	7.6	7.1
Total anti-dilutive shares	**9.6**	8.5	8.2

10. Accumulated other comprehensive income (loss)

The following tables present the changes in AOCI by component and the reclassifications out of AOCI, net of tax:

				Pension plan		
(in millions)	Foreign currency translation	Gain (losses) on available-for-sale securities, net	Gains (losses) on cash flow hedges	Actuarial gains (losses)	Prior service credits (costs)	Accumulated other comprehensive income (loss)
Balance at February 3, 2018	$ (212.5)	$ (0.1)	$ 0.7	$ (51.1)	$ 2.4	$ (260.6)
OCI before reclassifications	(35.9)	0.4	4.8	(3.4)	(6.5)	(40.6)
Amounts reclassified from AOCI to net income	—	—	(1.5)	0.7	—	(0.8)
Impacts from adoption of new accounting pronouncements[1]	—	(0.8)	—	0.0	—	(0.8)
Net current period OCI	(35.9)	(0.4)	3.3	(2.7)	(6.5)	(42.2)
Balance at February 2, 2019	$ (248.4)	$ (0.5)	$ 4.0	$ (53.8)	$ (4.1)	$ (302.8)
OCI before reclassifications	(1.7)	(0.2)	11.2	0.4	—	9.7
Amounts reclassified from AOCI to net income	—	1.0	(2.7)	1.0	—	(0.7)
Net current period OCI	(1.7)	0.8	8.5	1.4	—	9.0
Balance at February 1, 2020	$ (250.1)	$ 0.3	$ 12.5	$ (52.4)	$ (4.1)	$ (293.8)
OCI before reclassifications	11.2	0.2	(0.8)	4.4	—	15.0
Amounts reclassified from AOCI to net income	—	—	(12.6)	0.8	0.1	(11.7)
Net current period OCI	11.2	0.2	(13.4)	5.2	0.1	3.3
Balance at January 30, 2021	**$ (238.9)**	**$ 0.5**	**$ (0.9)**	**$ (47.2)**	**$ (4.0)**	**$ (290.5)**

(1) Adjustment reflects the reclassification of unrealized gains related to the Company's available-for-sale equity securities as of February 3, 2018 from AOCI into retained earnings associated with the adoption of ASU 2016-01.

The amounts reclassified from AOCI were as follows:

(in millions)	Amounts reclassified from AOCI Fiscal 2021	Fiscal 2020	Fiscal 2019	Statement of operations caption
Losses (gains) on cash flow hedges:				
Foreign currency contracts	**$ —**	$ (1.1)	$ 0.7	Cost of sales [(1)]
De-designated foreign currency contracts	**(0.6)**	—	—	Other operating income (loss) [(2)]
Interest rate swaps	**—**	(0.6)	(1.9)	Interest expense, net [(1)]
Commodity contracts	**(6.9)**	(1.7)	(0.9)	Cost of sales [(1)]
De-designated commodity contracts	**(9.3)**	—	—	Other operating income (loss) [(2)]
Total before income tax	**(16.8)**	**(3.4)**	**(2.1)**	
Income taxes	**4.2**	0.7	0.6	
Net of tax	**(12.6)**	(2.7)	(1.5)	
Defined benefit pension plan items:				
Amortization of unrecognized actuarial losses	**1.0**	1.2	0.9	Other non-operating income, net [(3)]
Amortization of unrecognized net prior service credits	**0.1**	—	—	Other non-operating income, net [(3)]
Total before income tax	**1.1**	1.2	0.9	
Income taxes	**(0.2)**	(0.2)	(0.2)	
Net of tax	**0.9**	1.0	0.7	
Available-for-sale securities:				
Corporate equity securities, before income tax	**—**	1.0	—	Other operating income (loss) [(4)]
Income taxes	**—**	—	—	
Net of tax	**—**	**1.0**	**—**	
Total reclassifications, net of tax	**$ (11.7)**	$ (0.7)	$ (0.8)	

(1) See Note 20 for additional information.

(2) The Company's cash flow hedges were dedesignated during the first quarter of Fiscal 2021. See Note 20 for additional information.

(3) These items are included in the computation of net periodic pension benefit (cost). See Note 22 for additional information.

(4) See Note 19 for additional information.

11. Income taxes

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Income (loss) before income taxes:			
– US	**$ (173.4)**	$ 32.3	$(1,135.8)
– Foreign	**83.7**	97.4	333.2
Total income (loss) before income taxes	**$ (89.7)**	$ 129.7	$ (802.6)
Current taxation:			
– US	**$ (222.2)**	$ 3.0	$ (55.2)
– Foreign	**0.7**	1.9	15.8
Deferred taxation:			
– US	**158.4**	17.0	(85.8)
– Foreign	**(11.4)**	2.3	(20.0)
Total income tax expense (benefit)	**$ (74.5)**	$ 24.2	$ (145.2)

As the statutory rate of corporation tax in Bermuda is 0%, the differences between the US federal income tax rate and the effective tax rates for Signet have been presented below:

	Fiscal 2021	Fiscal 2020	Fiscal 2019
US federal income tax rates	**21.0 %**	21.0 %	21.0 %
US state income taxes	**4.1 %**	3.1 %	2.3 %
Differences between US federal and foreign statutory income tax rates	**0.1 %**	1.3 %	0.3 %
Expenditures permanently disallowable for tax purposes, net of permanent tax benefits	**(4.7)%**	3.3 %	(0.8)%
Impact of global reinsurance arrangements	**14.1 %**	(20.3)%	3.1 %
Impact of global financing arrangements	**— %**	— %	4.2 %
Impairment of goodwill	**(2.4)%**	7.5 %	(13.4)%
Out of period adjustment	**— %**	— %	1.4 %
CARES Act	**111.9 %**	— %	— %
Valuation allowance	**(55.5)%**	— %	— %
Other items	**(5.5)%**	2.8 %	— %
Effective tax rate	**83.1 %**	18.7 %	18.1 %

In Fiscal 2021, Signet's effective tax rate was higher than the US federal income tax rate primarily due to the benefit from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") enacted on March 27, 2020, and the impact of Signet's global reinsurance arrangement partially offset by the unfavorable impact of a valuation allowance recorded against certain state deferred tax assets and the impairment of goodwill which was nondeductible for tax purposes.

The CARES Act provides a technical correction to the Tax Cuts and Jobs Act (TCJA) allowing fiscal year tax filers with federal net operating losses arising in the 2017/2018 tax year to be carried back two years to tax years that had a higher enacted tax rates resulting in a tax benefit of $74.0 million. The CARES Act also provides for net operating losses incurred in Fiscal 2021 to be carried back five years to tax years with higher enacted tax rates resulting in an anticipated tax benefit of $26.4 million. In addition, during Fiscal 2021, based on weighing all positive and negative evidence, management determined it was more likely than not that it would not be able to realize certain state deferred tax assets primarily related to state deferred tax assets including state net operating losses and recorded a valuation allowance of $50.0 million.

Deferred taxes

Deferred tax assets (liabilities) consisted of the following:

	January 30, 2021			February 1, 2020		
(in millions)	Assets	(Liabilities)	Total	Assets	(Liabilities)	Total
Intangible assets	**$ —**	**$ (41.7)**	**$ (41.7)**	$ —	$ (63.0)	$ (63.0)
US property, plant and equipment	**—**	**(55.3)**	**(55.3)**	—	(55.4)	(55.4)
Foreign property, plant and equipment	**7.3**	**—**	**7.3**	6.5	—	6.5
Inventory valuation	**—**	**(230.4)**	**(230.4)**	—	(203.1)	(203.1)
Revenue deferral	**95.6**	**—**	**95.6**	102.5	—	102.5
Derivative instruments	**0.3**	**—**	**0.3**	—	(4.3)	(4.3)
Lease assets	**—**	**(295.1)**	**(295.1)**	—	(358.2)	(358.2)
Lease liabilities	**331.5**	**—**	**331.5**	380.6	—	380.6
Deferred compensation	**6.7**	**—**	**6.7**	7.3	—	7.3
Retirement benefit obligations	**—**	**(9.8)**	**(9.8)**	—	(6.7)	(6.7)
Share-based compensation	**4.4**	**—**	**4.4**	4.1	—	4.1
Other temporary differences	**57.2**	**—**	**57.2**	77.7	—	77.7
Net operating losses and foreign tax credits	**56.5**	**—**	**56.5**	137.0	—	137.0
Value of capital losses	**13.9**	**—**	**13.9**	12.9	—	12.9
Total gross deferred tax assets (liabilities)	**$ 573.4**	**$ (632.3)**	**$ (58.9)**	$ 728.6	$ (690.7)	$ 37.9
Valuation allowance	**(83.9)**	**—**	**(83.9)**	(38.4)	—	(38.4)
Deferred tax assets (liabilities)	**$ 489.5**	**$ (632.3)**	**$ (142.8)**	$ 690.2	$ (690.7)	$ (0.5)
Disclosed as:						
Non-current assets			**$ 16.4**			$ 4.7
Non-current liabilities			**(159.2)**			(5.2)
Deferred tax assets (liabilities)			**$ (142.8)**			$ (0.5)

As of January 30, 2021, Signet had deferred tax assets associated with net operating loss carry forwards of $29.5 million, of which $11.5 million are subject to ownership change limitations rules under Section 382 of the Internal Revenue Code ("IRC") and various US state regulations and expire between 2020 and 2039. Deferred tax assets associated with foreign tax credits also subject to Section 382 of the IRC total $8.7 million as of January 30, 2021, which expire between 2021 and 2024 and foreign net operating loss carryforwards of $18.3 million, which expire between 2021 and 2040. Additionally, Signet had foreign capital loss carryforward deferred tax assets of $11.2 million (Fiscal 2020: $10.5 million), which can be carried forward over an indefinite period and US capital loss carryforwards of $2.7 million which expire in 2022, both of which are only available to offset future capital gains.

The increase in the total valuation allowance in Fiscal 2021 was $45.5 million. The valuation allowance primarily relates to state deferred tax assets including state net operating losses, foreign tax credits, capital and foreign operating loss carry forwards that, in the judgment of management, are not more likely than not to be realized.

Signet believes that it is more likely than not that deferred tax assets not subject to a valuation allowance as of January 30, 2021 will be offset where permissible by deferred tax liabilities or realized on future tax returns, primarily from the generation of future taxable income.

Uncertain tax positions

The following table summarizes the activity related to the Company's unrecognized tax benefits for US federal, US state and non-US tax jurisdictions:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Unrecognized tax benefits, beginning of period	**$ 23.5**	$ 18.1	$ 12.0
Increases related to current year tax positions	**1.0**	2.0	2.5
Increases related to prior year tax positions	**3.4**	6.0	6.2
Lapse of statute of limitations	**(2.6)**	(2.6)	(2.4)
Difference on foreign currency translation	**0.1**	—	(0.2)
Unrecognized tax benefits, end of period	**$ 25.4**	$ 23.5	$ 18.1

As of January 30, 2021, Signet had approximately $25.4 million of unrecognized tax benefits in respect to uncertain tax positions. The unrecognized tax benefits relate primarily to intercompany deductions including financing arrangements and intra-group charges which are subject to different and changing interpretations of tax law. Signet recognizes accrued interest and, where appropriate, penalties related to unrecognized tax benefits within income tax expense (benefit) in the consolidated statements of operations. As of January 30, 2021, Signet had accrued interest of $4.1 million and $0.6 million of accrued penalties. If all of these unrecognized tax benefits were settled in Signet's favor, the effective income tax rate would be favorably impacted by $23.3 million.

Over the next twelve months management believes that it is reasonably possible that there could be a reduction of some or all of the unrecognized tax benefits as of January 30, 2021 due to settlement of the uncertain tax positions with the tax authorities.

Signet has business activity in all states within the US and files income tax returns for the US federal jurisdiction and all applicable states. Signet also files income tax returns in the UK, Canada and certain other foreign jurisdictions. Signet is subject to examinations by the US federal and state and Canadian tax authorities for tax years ending after November 1, 2011 and is subject to examination by the UK tax authority for tax years ending after February 1, 2014.

12. Other operating income (loss)

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Interest income from customer in-house finance receivables [(1)]	**$ 4.2**	$ —	$ 22.8
Shareholder litigation charges, net of insurance recoveries [(2)]	**(7.5)**	(33.2)	—
De-designated cash flow hedges [(3)]	**9.9**	—	—
Other	**(4.2)**	3.6	3.4
Other operating income (loss)	**$ 2.4**	$ (29.6)	$ 26.2

(1) See Note 4 and Note 13 for additional information.

(2) See Note 27 for additional information.

(3) See Note 20 for additional information.

13. Accounts receivable, net

The following table presents the components of Signet's accounts receivable:

(in millions)	January 30, 2021	February 1, 2020
Customer in-house finance receivables, net	**$ 72.0**	$ —
Accounts receivable, trade	**11.6**	34.4
Accounts receivable, held for sale	**5.1**	4.4
Accounts receivable, net	**$ 88.7**	$ 38.8

As further discussed in Note 4, during the fiscal year ended February 3, 2018, Signet announced a strategic initiative to outsource its North America private label credit card programs. Non-prime in-house finance receivables not maintained by the Company are sold to CarVal, Castlelake, and Genesis (collectively, the "Investors"). Receivables issued by the Company but pending transfer to the Investors as of period end are classified as "held for sale" and included in accounts receivable, net, in the consolidated balance sheets. These accounts receivable held for sale are recorded at fair value.

Accounts receivable, trade, includes amounts receivable relating to the insurance loss replacement business in the International segment and accounts receivable from our diamond sourcing initiative in the Other segment.

Customer in-house finance receivables

As discussed in Note 4, the Company began to retain certain customer in-house finance receivables in the second quarter of Fiscal 2021. The allowance for credit losses is an estimate of expected credit losses, measured over the estimated life of its credit card receivables that considers forecasts of future economic conditions in addition to information about past events and current conditions. The Company accounts for the expected credit losses under ASC 326, "Measurement of Credit Losses on Financial Instruments," which is referred to as the Current Expected Credit Loss ("CECL") model. The estimate under the CECL model is significantly influenced by the composition, characteristics and quality of the Company's portfolio of credit card receivables, as well as the prevailing economic conditions and forecasts utilized. The estimate of the allowance for credit losses includes an estimate for uncollectible principal as well as unpaid interest and fees.

The allowance is maintained through an adjustment to the provision for credit losses and is evaluated for appropriateness and adjusted quarterly. CECL requires entities to use a "pooled" approach to estimate expected credit losses for financial assets with similar risk characteristics. The Company evaluated multiple risk characteristics of its credit card receivables portfolio and determined that credit quality and account vintage to be the most significant characteristics for estimating expected credit losses. To estimate its allowance for credit losses, the Company segregates its credit card receivables into credit quality categories using the customers' FICO scores.

The following three industry standard FICO score categories are used:

- 620 to 659 ("Near Prime")
- 580 to 619 ("Subprime")
- Less than 580 ("Deep Subprime")

These risk characteristics are evaluated on at least an annual basis, or more frequently as facts and circumstances warrant. The expected loss rates are adjusted on a quarterly basis based on historical loss trends and are risk-adjusted for current and future economic conditions and events. As summarized in the table below, based on the changes in the agreements with the Investors in Fiscal 2021, there is currently one vintage year since the Company began maintaining new accounts.

The following table disaggregates the Company's customer in-house finance receivables by credit quality and vintage year as of January 30, 2021:

(in millions)	Year of origination
Credit quality	**Fiscal 2021**
Near Prime	$ 46.6
Subprime	38.9
Deep Subprime	12.0
Total at amortized cost	**$ 97.5**

In estimating its allowance for credit losses, for each identified risk category, management utilized estimation methods based primarily on historical loss experience, current conditions, and other relevant factors. These methods utilize historical charge-off data of the Company's non-prime portfolio, as well as incorporate any applicable macroeconomic variables (such as unemployment) that may be expected to impact credit performance. In addition to the quantitative estimate of expected credit losses under CECL using the historical loss information, 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. Management considered qualitative factors such as the unfavorable macroeconomic conditions caused by the COVID-19 uncertainty (including rates of unemployment), the Company's non-prime portfolio performance during the prior recession, and the potential impacts of the economic stimulus packages in the US, in developing its estimate for current expected credit losses for the current period.

The following table is a rollforward of the Company's allowance for credit losses on customer in-house finance receivables:

(in millions)	Fiscal 2021
Beginning balance	$ —
Provision for credit losses	26.1
Write-offs	(0.6)
Recoveries	—
Ending balance	**$ 25.5**

Beginning in the second quarter, in connection with the new agreements executed with the Investors, additions to the allowance for credit losses are made by recording charges to bad debt expense (credit losses) within selling, general and administrative expenses within the consolidated statements of operations. The uncollectible portion of customer in-house finance receivables are charged to the allowance for credit losses when an account is written-off after 180 days of non-payment, or in circumstances such as bankrupt or deceased cardholders. Write-offs on customer in-house finance receivables include uncollected amounts related to principal, interest, and late fees. Uncollectible accrued interest is accounted for by recognizing credit loss expense. Recoveries on customer in-house finance receivables previously written-off as uncollectible are credited to the allowance for credit losses.

A credit card account is contractually past due if the Company does not receive the minimum payment by the specified due date on the cardholder's statement. It is the Company's policy to continue to accrue interest and fee income on all credit card accounts, except in limited circumstances, until the credit card account balance and all related interest and other fees are paid or charged-off, typically at 180 days delinquent, as noted above.

The following table disaggregates the Company's customer in-house finance receivables by past due status as of January 30, 2021:

(in millions)	
Current	$ 81.3
1 - 30 days past due	9.1
31 - 60 days past due	2.6
61 - 90 days past due	1.7
Greater than 90 days past due	2.8
Total at amortized cost	**$ 97.5**

Prior to completion of the Credit Transaction, the activity in Fiscal 2019 related to the allowance for credit losses on Sterling customer in-house finance receivables is shown below. There was no activity in Fiscal 2020 as the completion of the sale of in-house finance receivables occurred in June 2018.

(in millions)	Fiscal 2019
Beginning balance	$ 113.5
Charge-offs, net	(56.3)
Recoveries	(4.2)
Provision	54.6
Reversal of allowance on receivables sold	(107.6)
Ending balance	$ —

14. Inventories

The following table summarizes the details of the Company's inventory:

(in millions)	January 30, 2021	February 1, 2020
Raw materials	**$ 45.3**	$ 56.2
Finished goods	**1,987.2**	2,275.5
Total inventories	**$ 2,032.5**	$ 2,331.7

Signet held $387.4 million of consignment inventory at January 30, 2021 (February 1, 2020: $625.7 million), which is not recorded on the consolidated balance sheets. The principal terms of the consignment agreements, which can generally be terminated by either party, are such that Signet can return any or all of the inventory to the relevant suppliers without financial or commercial penalties and the supplier can adjust the inventory prices prior to sale.

Inventory reserves

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Inventory reserve, beginning of period	**$ 67.0**	$ 95.3	$ 40.6
Charged to income[(1)]	**78.1**	80.2	131.4
Utilization[(2)]	**(92.2)**	(108.5)	(76.7)
Inventory reserve, end of period[(3)]	**$ 52.9**	$ 67.0	$ 95.3

(1) Includes $1.4 million in Fiscal 2021, $9.2 million in Fiscal 2020, and $62.2 million in Fiscal 2019 for inventory charges associated with the Company's restructuring plan. The charges were primarily associated with discontinued brands and collections within the restructuring - cost of sales line item on the consolidated statements of operations. See Note 6 for additional information.

(2) Includes the impact of foreign exchange translation between opening and closing balance sheet dates, as well as $20.0 million in Fiscal 2021, $40.0 million in Fiscal 2020, and $10.6 million in Fiscal 2019 utilized for inventory identified as part of the Company's restructuring plan. See Note 6 for additional information.

(3) Includes $2.2 million for Fiscal 2021, $20.8 million in Fiscal 2020, and $51.6 million in Fiscal 2019 for inventory identified as part of the Company's restructuring plan. See Note 6 for additional information.

15. Property, plant and equipment, net

(in millions)	January 30, 2021	February 1, 2020
Land and buildings	**$ 21.8**	$ 23.4
Leasehold improvements	**616.9**	640.7
Furniture and fixtures	**669.9**	601.2
Equipment	**122.4**	199.1
Software	**334.2**	246.9
Construction in progress	**38.4**	95.3
Total	**$ 1,803.6**	$ 1,806.6
Accumulated depreciation and amortization	**(1,198.1)**	(1,064.7)
Property, plant and equipment, net	**$ 605.5**	$ 741.9

Depreciation and amortization expense for Fiscal 2021 was $175.1 million (Fiscal 2020: $177.1 million; Fiscal 2019: $179.6 million). In Fiscal 2021, the Company recorded $28.1 million of property and equipment impairment charges. See Note 16 for additional information.

16. Asset impairments

The following table summarizes the Company's asset impairment activity for the periods presented:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Goodwill impairment [1]	**$ 10.7**	$ 47.7	$ 521.2
Indefinite-lived intangible asset impairment [1]	**83.3**	—	214.2
Property and equipment impairment	**28.1**	—	—
Operating lease ROU asset impairment [2]	**36.9**	—	—
Total impairment	**$ 159.0**	$ 47.7	$ 735.4

(1) Refer to Note 18 for additional information.

(2) The Company recorded $4.4 million of gains on terminations or modifications of leases resulting from previously recorded impairments of the right of use assets in Fiscal 2021.

Long-lived assets of the Company consist primarily of property and equipment, definite-lived intangible assets and operating lease right-of-use ("ROU") assets. Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Potentially impaired assets or asset groups are identified by reviewing the undiscounted cash flows of individual stores. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the store asset group, based on the Company's internal business plans. If the undiscounted cash flow for the store asset group is less than its carrying amount, the long-lived assets are measured for potential impairment by estimating the fair value of the asset group, and recording an impairment loss for the amount that the carrying value exceeds the estimated fair value. The Company utilizes primarily the replacement cost method to estimate the fair value of its property and equipment, and the income capitalization method to estimate the fair value of its ROU assets, which incorporates historical store level sales, internal business plans, real estate market capitalization and rental rates, and discount rates.

Due to the various impacts of COVID-19 to the Company's business during the first quarter of Fiscal 2021, including the temporary closure of all the Company's stores beginning in late March 2020 (see additional information in Note 1), the Company determined triggering events had occurred for certain of the Company's long-lived asset groups at the individual stores that required an interim impairment assessment during the first quarter of Fiscal 2021. During the remaining of Fiscal 2021, the Company completed its quarterly trigger event assessment and determined that triggering events had occurred for certain additional long-lived asset groups at the individual stores based on real estate assessments (including store closure decisions) and the continued uncertainty related to COVID-19 on forecasted cash flows for the remaining lease period for certain stores. This impacted property and equipment and ROU assets at the store level. The Company identified certain stores in the initial recoverability test which had carrying values in excess of the estimated undiscounted cash flows. For these stores failing the initial recoverability test, a fair value assessment for these long-lived assets was performed.

As a result of the above fair values assessments, the Company recorded impairment charges for property and equipment of $28.1 million and impairment charges for ROU assets of $36.9 million in Fiscal 2021, which is net of gains on terminations or modifications of leases resulting from previously recorded impairments of the right of use assets of $4.4 million.

The uncertainty of the COVID-19 impact to the Company's business could continue to further negatively affect the operating performance and cash flows of the above identified stores or additional stores, including the magnitude and potential resurgence of COVID-19, occupancy restrictions in the Company's stores, the inability to achieve or maintain cost savings initiatives included in the business plans, or macroeconomic factors which influence consumer behavior. In addition, key assumptions used to estimate fair value, such as sales trends, capitalization and market rental rates, and discount rates could impact the fair value estimates of the store assets in future periods.

17. Leases

On February 3, 2019, the Company adopted ASU No. 2016-02 Leases (Topic 842) and related updates ("ASC 842") using the optional transition method to recognize a cumulative-effect adjustment to the opening balance of retained earnings. The impact of the optional transition method was deemed immaterial upon adoption of ASC 842. As part of the adoption of ASC 842, the Company utilized the practical expedient relief package, as well as the short-term leases and portfolio approach practical expedients. ASC 842 allows a lessee, as an accounting policy election by class of underlying asset, to choose not to separate non-lease components from lease components and instead to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. We have elected this practical expedient as presented in ASC 842, and do not separate non-lease components for all underlying asset classes. Financial results included in the Company's consolidated financial statements for Fiscal 2021 and Fiscal 2020 are presented under ASC 842, while Fiscal 2019 is presented under the previous accounting standard, ASC 840.

Signet occupies certain properties and holds machinery and vehicles under operating leases. Signet determines if an arrangement is a lease at the agreement's inception. Certain operating leases include predetermined rent increases, which are charged to store occupancy costs within cost of sales on a straight-line basis over the lease term, including any construction period or other rental holiday. Other variable amounts paid under operating leases, such as taxes and common area maintenance, are charged to selling, general and administrative expenses as incurred. Premiums paid to acquire short-term leasehold properties and inducements to enter into a lease are recognized on a straight-line basis over the lease term. In addition, certain leases provide for contingent rent based on a percentage of sales in excess of a predetermined level. Further, certain leases provide for variable rent increases based on indexes specified within the lease agreement. The variable increases based on an index are initially measured as part of the operating lease liability using the index at the commencement date. Contingent rent and subsequent changes to variable increases based on indexes will be recognized in the variable lease cost and included in the determination of total lease cost when it is probable that the expense has been incurred and the amount is reasonably estimable. Operating leases are included in operating lease ROU assets and current and non-current operating lease liabilities in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate at the lease commencement date, based primarily on the underlying lease term, in measuring the present value of lease payments. Lease terms, which include the period of the lease that cannot be canceled, may also include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The operating lease ROU asset may also include initial direct costs, prepaid and/or accrued lease payments and the unamortized balance of lease incentives received. ROU assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable in accordance with the Company's long-lived asset impairment assessment policy.

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 flows.

The Company deferred substantially all of its rent payments due in the months of April 2020 and May 2020. The Company began paying certain rents in June 2020 and all rents in July 2020. In total, the Company had approximately $82 million of rent payments originally due in Fiscal 2021 that have been deferred to beyond Fiscal 2021 (expected to paid by the end of the second quarter of Fiscal 2022). The Company has not recorded any provision for interest or penalties which may arise as a result of these deferrals, as management does not believe payment for any potential amounts to be probable. In April 2020, the FASB granted guidance (hereinafter, the practical expedient) permitting an entity to choose to forgo the evaluation of the enforceable rights and obligations of the original lease contract, specifically in situations where rent concessions have been agreed to with landlords as a result of COVID-19. Instead, the entity may account for COVID-19 related rent concessions, whatever their form (e.g. rent deferral, abatement or other) either: a) as if they were part of the enforceable rights and obligations of the parties under the existing lease contract; or b) as lease modifications. In accordance with this practical expedient, the Company has elected not to account for any concessions granted by landlords as a result of COVID-19 as lease modifications. Rent abatements under the practical expedient have been recorded as a negative variable lease cost. The Company has negotiated with substantially all of its landlords and has received certain concessions in the form of rent deferrals and other lease or rent modifications. In addition, the Company continued recording lease expense during the deferral period in accordance with its existing policies.

The weighted average lease term and discount rate for the Company's outstanding operating leases were as follows:

	January 30, 2021	February 1, 2020
Weighted average remaining lease term	6.2 years	6.7 years
Weighted average discount rate	5.5 %	5.5 %

Total lease costs are as follows:

(in millions)	Fiscal 2021	Fiscal 2020
Operating lease cost	$ 436.3	460.3
Short-term lease cost	16.3	19.4
Variable lease cost	110.3	107.1
Sublease income	(1.8)	(2.0)
Total lease cost	$ 561.1	$ 584.8

Total rent expense as determined prior to the adoption of ASC 842 was as follows:

(in millions)	Fiscal 2019
Minimum rentals	$ 510.3
Contingent rent	8.1
Sublease income	(1.1)
Total rent expense	$ 517.3

Supplemental cash flow information related to leases was as follows:

(in millions)	Fiscal 2021	Fiscal 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 400.4	$ 467.7
Operating lease right-of-use assets obtained in exchange for lease obligations	70.8	149.9
Reduction in the carrying amount of ROU assets [1]	348.3	360.1

[1] Excludes impairment of ROU assets of $36.9 million during Fiscal 2021, as further described in Note 16.

The future minimum operating lease payments for operating leases having initial or non-cancelable terms in excess of one year are as follows:

(in millions)	January 30, 2021
Fiscal 2022	$ 503.9
Fiscal 2023	349.8
Fiscal 2024	275.3
Fiscal 2025	214.6
Fiscal 2026	157.2
Thereafter	396.7
Total minimum lease payments	$ 1,897.5
Less: Imputed interest	(372.9)
Present value of lease liabilities	$ 1,524.6

18. Goodwill and intangibles

Goodwill and other indefinite-lived intangible assets, such as indefinite-lived trade names, are evaluated for impairment annually and more frequently if events or conditions are identified indicating the carrying value of a reporting unit or an indefinite-lived intangible asset may not be recoverable. In evaluating goodwill and indefinite-lived trade names for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying value. If the Company concludes that it is not more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying value, then no further testing is required. However, if the Company concludes that it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying value, then a goodwill impairment test is performed to identify a potential impairment and measure the amount of impairment to be recognized, if any. When the carrying amount of the reporting unit or an indefinite-lived intangible assets exceeds its fair value, an impairment charge is recorded.

The impairment test for goodwill involves estimating the fair value of the reporting unit through either estimated discounted future cash flows or market-based methodologies. The impairment test for other indefinite-lived intangible assets involves estimating the fair value of the asset, which is typically performed using the relief from royalty method for indefinite-lived trade names.

Fiscal 2019

During Fiscal 2019, the Company performed its annual evaluation of its indefinite-lived intangible assets, including goodwill and trade names identified in the Zale and R2Net acquisitions, for impairment indicators. The Company noted that no impairment indicators existed at the date of the annual evaluation. Additionally, due to a sustained decline in the Company's market capitalization during the first quarter of Fiscal 2019, the Company determined a triggering event had occurred that required an interim impairment assessment for all of its reporting units and indefinite-lived intangible assets. As part of the assessment, it was determined that an increase in the discount rate applied in the valuation was required to align with market-based assumptions and Company-specific risk. This higher discount rate, in conjunction with revised long-term projections associated with finalizing certain initial aspects of the Company's Path to Brilliance transformation plan in the first quarter, resulted in lower than previously projected long-term future cash flows for the reporting units which negatively affected the valuation compared to previous valuations. Using a combination of discounted cash flow and guideline public company methodologies, the Company compared the fair value of each of its reporting units with their carrying value and concluded that a deficit existed. As a result of the interim impairment assessment, the Company recognized pre-tax impairment charges related to goodwill in the consolidated statement of operations of $308.8 million within its North America segment. Additionally, due to a second triggering event in the fourth quarter of Fiscal 2019 and using similar methodologies as the first quarter impairment assessment, the Company recognized additional pre-tax impairment charges related to goodwill, primarily R2Net goodwill, in the consolidated statement of operations of $208.8 million and $3.6 million within its North America and Other segments, respectively.

In conjunction with the interim goodwill impairment tests noted above, during the first quarter of Fiscal 2019 the Company determined that the fair values of indefinite-lived intangible assets related to certain Zales trade names were less than their carrying value. Accordingly, in the first quarter, the Company recognized pre-tax impairment charges related to its indefinite-lived intangible assets in the consolidated statement of operations of $139.9 million within its North America segment. Additionally, in conjunction with the interim goodwill impairment tests associated with the second triggering event in the fourth quarter of Fiscal 2019, the Company determined that the fair values of indefinite-lived intangible assets related to trade names, primarily James Allen, were less than their carrying value. Accordingly, in the fourth quarter of Fiscal 2019, the Company recognized pre-tax impairment charges related to indefinite-lived intangible assets in the consolidated statement of operations of $74.3 million within its North America segment.

Fiscal 2020

During Fiscal 2020, the Company performed its annual evaluation of its indefinite-lived intangible assets, including goodwill and trade names identified in the Zales and R2Net acquisition, for impairment indicators. The Company noted that no impairment indicators existed at the date of the annual evaluation. Additionally, due to a continued decline in the Company's market capitalization during the second quarter of Fiscal 2020, the Company determined a triggering event had occurred requiring interim impairment assessments for its remaining reporting units with goodwill and indefinite-lived intangible assets. Using methodologies similar to the assessments performed in Fiscal 2019 described above, the Company determined no additional impairment charges were required to be recognized during Fiscal 2020 related to the annual evaluation or interim assessment.

During the second quarter of Fiscal 2020, a non-cash immaterial out-of-period adjustment of $47.7 million, with $35.2 million related to Zales goodwill and $12.5 million related to R2Net goodwill, was recognized within Goodwill and intangible impairments on the consolidated statements of operations related to an error in the calculation of goodwill impairments during Fiscal 2019.

Fiscal 2021

During Fiscal 2021, the Company performed its annual evaluation of its indefinite-lived intangible assets, including goodwill and trade names identified in the Zales and R2Net acquisitions, for impairment indicators. The Company noted that no impairment indicators existed at the date of the annual evaluation. Additionally, due to various impacts of COVID-19 to the Company's business during the first quarter Fiscal 2021, the Company determined a triggering event had occurred that required an interim impairment assessment for all of its reporting units and indefinite-lived intangible assets. As part of the assessment, it was determined that an increase in the discount rates were required to reflect the prevailing uncertainty inherent in the forecasts due to current market conditions and potential COVID-19 impacts. This higher discount rate, in conjunction with revised long-term projections associated with certain aspects of the Company's forecast, resulted in lower than previously projected long-term future cash flows for the reporting units and indefinite-lived intangible assets which negatively affected the valuation compared to previous valuations. As a result of the interim impairment assessment, during the first quarter of Fiscal 2021 the Company recognized pre-tax impairment charges related to goodwill of $10.7 million in the consolidated statement of operations within its North America segment related to R2Net and Zales Canada goodwill.

In conjunction with the interim goodwill impairment tests noted above, during the first quarter of Fiscal 2021 the Company determined that the fair values of indefinite-lived intangible assets related to certain Zales trade names were less than their carrying value. Accordingly, in the first quarter of Fiscal 2021, the Company recognized pre-tax impairment charges within asset impairments on the consolidated statements of operations of $83.3 million within its North America segment.

The Company will continue to monitor the share price of the Company's stock, as well as key business metrics and inputs used to estimate fair value, such as sales trends and interest rates. In addition, as a result of the impairment of goodwill and trade names during the first quarter of Fiscal 2020, goodwill of $69.3 million associated with the R2Net acquisition and the Company's trade names within the North America segment continue to approximate their respective fair values and could be at risk for future impairments should there be negative business or economic change in future periods.

Goodwill

The following table summarizes the Company's goodwill by reportable segment:

(in millions)	North America
Balance at February 2, 2019	$ 296.6
Impairment	(47.7)
Impact of foreign exchange and other adjustments	(0.1)
Balance at February 1, 2020	$ 248.8
Impairment	(10.7)
Impact of foreign exchange	(0.1)
Balance at January 30, 2021	**$ 238.0**

Intangibles

Definite-lived intangible assets include trade names and favorable lease agreements. All indefinite-lived intangible assets consist of trade names. Both definite and indefinite-lived assets are recorded within intangible assets, net on the consolidated balance sheets. Intangible liabilities, net is comprised of unfavorable contracts and is recorded within accrued expense and other current liabilities and other liabilities on the consolidated balance sheets.

The following table provides additional detail regarding the composition of intangible assets and liabilities:

	January 30, 2021				February 1, 2020			
(in millions)	Gross carrying amount	Accumulated amortization	Accumulated impairment loss	Net carrying amount	Gross carrying amount	Accumulated amortization	Accumulated impairment loss	Net carrying amount
Intangible assets, net:								
Definite-lived intangible assets	**$ 53.6**	**$ (52.2)**	**$ —**	**$ 1.4**	$ 53.2	$ (50.9)	$ —	$ 2.3
Indefinite-lived intangible assets	**476.8**	**$ —**	**(299.2)**	**177.6**	475.4	$ —	(213.9)	261.5
Total intangible assets, net	**$ 530.4**	**$ (52.2)**	**$ (299.2)**	**$ 179.0**	$ 528.6	$ (50.9)	$ (213.9)	$ 263.8
Intangible liabilities, net	**$ (114.2)**	**$ 103.7**	**$ —**	**$ (10.5)**	$ (113.9)	$ 98.0	$ —	$ (15.9)

Amortization expense relating to intangible assets was $0.9 million in Fiscal 2021 (Fiscal 2020: $0.9 million; Fiscal 2019: $4.0 million). The unfavorable contracts are classified as liabilities and recognized over the term of the underlying contract. Amortization relating to intangible liabilities was $5.4 million in Fiscal 2021 (Fiscal 2020: $5.5 million; Fiscal 2019: $7.9 million). Expected future amortization for intangible assets and future amortization for intangible liabilities recorded at January 30, 2021 follows:

(in millions)	Intangible assets, net amortization	Intangible liabilities amortization
Fiscal 2022	$ 0.8	$ (5.4)
Fiscal 2023	0.6	(5.1)
Total	$ 1.4	$ (10.5)

19. Investments

Investments in debt and equity securities are held by certain insurance subsidiaries and are reported at fair value as other assets in the accompanying consolidated balance sheets. All investments are classified as available-for-sale and include the following:

	January 30, 2021			February 1, 2020		
(in millions)	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
US Treasury securities	**$ 5.6**	**$ 0.1**	**$ 5.7**	$ 7.2	$ —	$ 7.2
US government agency securities	**3.1**	**0.1**	**3.2**	4.6	0.1	4.7
Corporate bonds and notes	**6.2**	**0.3**	**6.5**	8.3	0.2	8.5
Total investments	**$ 14.9**	**$ 0.5**	**$ 15.4**	$ 20.1	$ 0.3	$ 20.4

Realized gains and losses on investments are determined on the specific identification basis. Net realized gains of $1.0 million were recognized during Fiscal 2020. There were no material net realized gains or losses during Fiscal 2021 or Fiscal 2019. Investments with a carrying value of $3.4 million and $3.7 million were on deposit with various state insurance departments at January 30, 2021 and February 1, 2020, respectively, as required by law.

Investments in debt securities outstanding as of January 30, 2021 mature as follows:

(in millions)	Cost	Fair Value
Less than one year	**$ 3.9**	**$ 3.9**
Year two through year five	**11.0**	**11.5**
Total investment in debt securities	**$ 14.9**	**$ 15.4**

20. Derivatives

Derivative transactions are used by Signet for risk management purposes to address risks inherent in Signet's business operations and sources of financing. The main risks arising from Signet's operations are market risk including foreign currency risk, commodity risk, liquidity risk and interest rate risk. Signet uses derivative financial instruments to manage and mitigate certain of these risks under policies reviewed and approved by the Board of Directors. Signet does not enter into derivative transactions for speculative purposes.

Market risk

Signet generates revenues and incurs expenses in US dollars, Canadian dollars and British pounds. As a portion of the International segment purchases and purchases made by the Canadian operations of the North America segment are denominated in US dollars, Signet enters into forward foreign currency exchange contracts, foreign currency option contracts and foreign currency swaps to manage this exposure to the US dollar.

Signet holds a fluctuating amount of British pounds and Canadian dollars reflecting the cash generative characteristics of operations. Signet's objective is to minimize net foreign exchange exposure to the consolidated statement of operations on non-US dollar denominated items through managing cash levels, non-US dollar denominated intra-entity balances and foreign currency swaps. In order to manage the foreign exchange exposure and minimize the level of funds denominated in British pounds and Canadian dollars, dividends are paid regularly by subsidiaries to their immediate holding companies and excess British pounds and Canadian dollars are sold in exchange for US dollars.

Signet's policy is to reduce the impact of precious metal commodity price volatility on operating results through the use of outright forward purchases of, or by entering into options to purchase, precious metals within treasury guidelines approved by the Board of Directors. In particular, Signet undertakes some hedging of its requirements for gold through the use of forward purchase contracts, options and net zero premium collar arrangements (a combination of forwards and option contracts).

Liquidity risk

Signet's objective is to ensure that it has access to, or the ability to generate, sufficient cash from either internal or external sources in a timely and cost-effective manner to meet its commitments as they become due and payable. Signet manages liquidity risks as part of its overall risk management policy. Management produces forecasting and budgeting information that is reviewed and monitored by the Board of Directors. Cash generated from operations and external financing are the main sources of funding.

The primary external sources of funding are the Company's ABL Revolving Facility and Senior Notes as described in Note 23.

Interest rate risk

Signet has exposure to movements in interest rates associated with cash and borrowings. Signet may enter into various interest rate protection agreements in order to limit the impact of movements in interest rates.

Interest rate swap (designated) — The Company entered into an interest rate swap in March 2015 with an aggregate notional amount of $300.0 million that matured in April 2019. Under this contract, the Company agreed to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts. This contract was entered into to reduce the consolidated interest rate risk associated with variable rate, long-term debt. The Company designated this derivative as a cash flow hedge of the variability in expected cash outflows for interest payments. During the term of the interest rate swap, the Company effectively converted a portion of its variable-rate senior unsecured term loan into fixed-rate debt.

Credit risk and concentrations of credit risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted. Signet does not anticipate non-performance by counterparties of its financial instruments. Signet does not require collateral or other security to support cash investments or financial instruments with credit risk; however, it is Signet's policy to only hold cash and cash equivalent investments and to transact financial instruments with financial institutions with a certain minimum credit rating. As of January 30, 2021, management does not believe Signet is exposed to any significant concentrations of credit risk that arise from cash and cash equivalent investments, derivatives or accounts receivable.

Commodity and foreign currency risks

The following types of derivative financial instruments are utilized by Signet to mitigate certain risk exposures related to changes in commodity prices and foreign exchange rates:

Forward foreign currency exchange contracts (designated) — These contracts, which are principally in US dollars, are entered into to limit the impact of movements in foreign exchange rates on forecasted foreign currency purchases. These contracts were de-designated during the 13 weeks ended May 2, 2020. This de-designation occurred due to uncertainly around the volume of purchases in the Company's UK business. These contracts were unlikely to retain hedge effectiveness given the change in circumstances as a result of COVID-19. Trading for these contracts resumed during the third quarter of Fiscal 2021. The total notional amount of these foreign currency contracts outstanding as of January 30, 2021 was $12.5 million (February 1, 2020: $23.0 million). These contracts have been designated as cash flow hedges and will be settled over the next 12 months (February 1, 2020: 12 months).

Forward foreign currency exchange contracts (undesignated) — Foreign currency contracts not designated as cash flow hedges are used to mitigate Signet's exposure to foreign currency exchange risk in its cash and borrowings. The total notional amount of these foreign currency contracts outstanding as of January 30, 2021 was $107.6 million (February 1, 2020: $224.2 million).

Commodity forward purchase contracts, options and net zero premium collar arrangements (designated) — These contracts are entered into to reduce Signet's exposure to significant movements in the price of the underlying precious metal raw material. During the 13 weeks ended May 2, 2020, the contracts which were still outstanding (and unrealized) were de-designated and liquidated. The contracts which were already settled remain designated as the hedged inventory purchases from these contracts are still on hand. The unrealized contracts were de-designated as a result of uncertainty around the Company's future purchasing volume due to COVID-19 and thus the contracts were unlikely to retain hedge effectiveness. Trading for these contracts resumed during the third quarter of Fiscal 2021. The total notional amount of these commodity derivative contracts outstanding as of January 30, 2021 was for approximately 1,000 ounces of gold (February 1, 2020: 63,000 ounces). These contracts have been designated as cash flow hedges and will be settled over the next 3 months (February 1, 2020: 12 months).

The bank counterparties to the derivative instruments expose Signet to credit-related losses in the event of their non-performance. However, to mitigate that risk, Signet only contracts with counterparties that meet certain minimum requirements under its counterparty risk assessment process. As of January 30, 2021, Signet believes that this credit risk did not materially change the fair value of the foreign currency or commodity contracts.

The following table summarizes the fair value and presentation of derivative instruments in the consolidated balance sheets:

	Fair value of derivative assets		
(in millions)	**Balance sheet location**	**January 30, 2021**	**February 1, 2020**
Derivatives designated as hedging instruments:			
Commodity contracts	Other current assets	**$ —**	$ 11.8
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	**0.1**	0.6
Total derivative assets		**$ 0.1**	$ 12.4

(in millions)	Balance sheet location	Fair value of derivative liabilities January 30, 2021	February 1, 2020
Derivatives designated as hedging instruments:			
Foreign currency contracts	Other current liabilities	**$ (0.3)**	$ (0.8)
Commodity contracts	Other current liabilities	**(0.1)**	—
		(0.4)	(0.8)
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current liabilities	**—**	(0.1)
Total derivative liabilities		**$ (0.4)**	$ (0.9)

Derivatives designated as cash flow hedges

The following table summarizes the pre-tax gains (losses) recorded in AOCI for derivatives designated in cash flow hedging relationships:

(in millions)	January 30, 2021	February 1, 2020
Foreign currency contracts	**$ (0.7)**	$ (1.0)
Commodity contracts	**(0.4)**	17.7
Gains (losses) recorded in AOCI	**$ (1.1)**	$ 16.7

The following tables summarize the effect of derivative instruments designated as cash flow hedges in OCI and the consolidated statements of operations:

Foreign currency contracts

(in millions)	Statement of operations caption	Fiscal 2021	Fiscal 2020
Gains (losses) recorded in AOCI, beginning of period		**$ (1.0)**	$ 0.7
Current period gains (losses) recognized in OCI		**0.9**	(0.6)
(Gains) losses reclassified from AOCI to net income	Cost of sales [(1)]	**—**	(1.1)
Gains from de-designated hedges reclassified from AOCI to net income	Other operating income (loss) [(1)]	**(0.6)**	—
Gains (losses) recorded in AOCI, end of period		**$ (0.7)**	$ (1.0)

Commodity contracts

(in millions)	Statement of operations caption	Fiscal 2021	Fiscal 2020
Gains (losses) recorded in AOCI, beginning of period		**$ 17.7**	$ 4.0
Current period gains (losses) recognized in OCI		**(1.9)**	15.4
Gains reclassified from AOCI to net income	Cost of sales [(1)]	**(6.9)**	(1.7)
Gains from de-designated hedges reclassified from AOCI to net income	Other operating income (loss) [(1)]	**(9.3)**	—
Gains (losses) recorded in AOCI, end of period		**$ (0.4)**	$ 17.7

Interest rate swaps

(in millions)	Statement of operations caption	Fiscal 2021	Fiscal 2020
Gains recorded in AOCI, beginning of period		**$ —**	$ 0.6
Current period gains recognized in OCI		**—**	—
Gains reclassified from AOCI to net income	Interest expense, net [(1)]	**—**	(0.6)
Gains recorded in AOCI, end of period		**$ —**	$ —

(1) Refer to table below for total amounts of financial statement captions impacted by cash flow hedges.

Total amounts presented in the consolidated statements of operations

(in millions)	Fiscal 2021	Fiscal 2020
Cost of sales	**$(3,493.0)**	$(3,904.2)
Other operating income (loss)	**2.4**	(29.6)
Interest expense, net	**(32.0)**	(35.6)

There was no material ineffectiveness related to the Company's derivative instruments designated in cash flow hedging relationships during Fiscal 2021 and Fiscal 2020, other than the items disclosed above during the first quarter of Fiscal 2021. Based on current valuations, the Company expects approximately $1.0 million of net pre-tax derivative losses to be reclassified out of AOCI into earnings within the next 12 months.

Derivatives not designated as hedging instruments

The following table presents the effects of the Company's derivatives instruments not designated as cash flow hedges in the consolidated statements of operations:

(in millions)	Statement of operations caption	Fiscal 2021	Fiscal 2020
Foreign currency contracts	Other operating income (loss)	**$ 2.2**	$ (3.1)

21. Fair value measurement

The estimated fair value of Signet's financial instruments held or issued to finance Signet's operations is summarized below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that Signet would realize upon disposition nor do they indicate Signet's intent or ability to dispose of the financial instrument. Assets and liabilities that are carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1—quoted market prices in active markets for identical assets and liabilities

Level 2—observable market based inputs or unobservable inputs that are corroborated by market data

Level 3—unobservable inputs that are not corroborated by market data

Signet determines fair value based upon quoted prices when available or through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. The methods Signet uses to determine fair value on an instrument-specific basis are detailed below:

	January 30, 2021			February 1, 2020		
(in millions)	Carrying Value	Level 1	Level 2	Carrying Value	Level 1	Level 2
Assets:						
US Treasury securities	**$ 5.7**	**$ 5.7**	**$ —**	$ 7.2	$ 7.2	$ —
Foreign currency contracts	**0.1**	**—**	**0.1**	0.6	—	0.6
Commodity contracts	**—**	**—**	**—**	11.8	—	11.8
US government agency securities	**3.2**	**—**	**3.2**	4.7	—	4.7
Corporate bonds and notes	**6.5**	**—**	**6.5**	8.5	—	8.5
Total assets	**$ 15.5**	**$ 5.7**	**$ 9.8**	$ 32.8	$ 7.2	$ 25.6
Liabilities:						
Foreign currency contracts	**$ (0.3)**	**$ —**	**$ (0.3)**	$ (0.9)	$ —	$ (0.9)
Commodity contracts	**(0.1)**	**—**	**(0.1)**	—	—	—
Total liabilities	**$ (0.4)**	**$ —**	**$ (0.4)**	$ (0.9)	$ —	$ (0.9)

Investments in US Treasury securities are based on quoted market prices for identical instruments in active markets, and therefore were classified as Level 1 measurements in the fair value hierarchy. Investments in US government agency securities and corporate bonds and notes are based on quoted prices for similar instruments in active markets, and therefore were classified as Level 2 measurements in the fair value hierarchy. See Note 19 for additional information related to the Company's available-for-sale investments. The fair value of derivative financial instruments has been determined based on market value equivalents at the balance sheet date, taking into account the current foreign currency forward rates or commodity forward rates, and therefore were classified as Level 2 measurements in the fair value hierarchy. See Note 20 for additional information related to the Company's derivatives.

During the second quarter of Fiscal 2019, the Company completed the sale of all eligible non-prime in-house accounts receivable. Upon closing, 5% of the purchase price was deferred until the second anniversary of the closing date. Final payment of the deferred purchase price was contingent upon the non-prime portfolio achieving a pre-defined yield. The Company recorded an asset at the transaction date related to this deferred payment at fair value. This estimated fair value was derived from a discounted cash flow model using unobservable Level 3 inputs, including estimated yields derived from historic performance, loss rates, payment rates and discount rates to estimate the fair value associated with the accounts receivable. The measurement period was completed in June 2020 and the Company expects to receive the full deferred payment of $23.5 million, which is recorded within other current assets on the consolidated balance sheet as of January 30, 2021. As a result of the amended agreements described in Note 4 and Note 13, the deferred payment will now be due in June 2021, or earlier upon termination by the parties.

Goodwill and other indefinite-lived intangible assets, are evaluated for impairment annually or more frequently if events or conditions were to indicate the carrying value of a reporting unit or an indefinite-lived intangible asset may be greater than its fair value. Long-lived asset impairment testing is performed if events occur which indicate the carrying value of the long-lived asset or asset group may be greater than its fair value, and when the undiscounted cash flows of the asset or asset group are below its carrying value. Impairment testing compares the carrying amount of the reporting unit or other asset with its fair value. During Fiscal 2021, 2020 and 2019, the Company performed interim and annual impairment tests for goodwill, indefinite-lived intangible assets, and long-lived assets. The fair value was calculated using the income approach for the reporting units and the relief from royalty method for the indefinite-lived intangible assets, respectively. The fair value is a Level 3 valuation based on certain unobservable inputs including estimated future cash flows and discount rates aligned with market-based assumptions, that would be utilized by market participants in valuing these assets or prices of similar assets. For long-lived assets, the Company utilizes primarily the replacement cost method for the fair value of its property and equipment, and the income method to estimate the fair value of its ROU assets, which incorporates Level 3 inputs such as historical store level sales, internal business plans, real estate market capitalization and rental rates, and discount rates. See Note 16 and Note 18 for additional information.

The carrying amounts of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued expenses and other current liabilities, and income taxes approximate fair value because of the short-term maturity of these amounts.

The fair values of long-term debt instruments, excluding revolving credit facilities, were determined using quoted market prices in inactive markets or discounted cash flows based upon current observable market interest rates and therefore were classified as Level 2 measurements in the fair value hierarchy. The carrying value of the ABL Revolving Facility (as defined in Note 23) approximates fair value. The following table provides a summary of the carrying amount and fair value of outstanding debt:

	January 30, 2021		**February 1, 2020**	
(in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt				
Senior Notes (Level 2)	**$ 146.7**	**$ 145.1**	$ 146.4	$ 144.8
Term loans (Level 2)	**—**	**—**	99.5	100.0
Total	**$ 146.7**	**$ 145.1**	$ 245.9	$ 244.8

22. Retirement plans

Signet operates a defined benefit pension plan in the UK (the "UK Plan") which ceased to admit new employees effective April 2004. The UK Plan provides benefits to participating eligible employees. Beginning in Fiscal 2014, a change to the benefit structure was implemented and members' benefits that accumulate after that date are now based upon career average salaries, whereas previously, all benefits were based on salaries at retirement. In September 2017, the Company approved an amendment to freeze benefit accruals under the UK Plan in an effort to reduce anticipated future pension expense. As a result of this amendment, the Company froze the pension plan for all participants with an effective date of October 2019 as elected by the plan participants. All future benefit accruals under the plan have thus ceased as of this date. The amendment to the plan was accounted for in accordance with FASB Accounting Standards Codification ("ASC") Topic 715, "Compensation - Retirement Benefits."

The net periodic pension cost of the UK Plan is measured on an actuarial basis using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and the expected long-term rate of return on plan assets. Other material assumptions include rates of participant mortality, the expected long-term rate of compensation and pension increases, and rates of employee attrition. Gains and losses occur when actual experience differs from actuarial assumptions. If such gains or losses exceed 10% of the greater of plan assets or plan liabilities, Signet amortizes those gains or losses over the average remaining service period of the employees. The service cost component of net periodic pension cost is charged to selling, general and administrative expenses while non-service, interest and other costs components are charged to other non-operating income, net, in the consolidated statements of operations.

The UK Plan is a funded plan with assets held in a separate trustee administered fund, which is independently managed. Signet used January 30, 2021 and February 1, 2020 measurement dates in determining the UK Plan's benefit obligation and fair value of plan assets.

The following tables provide information concerning the UK Plan as of and for the fiscal years ended January 30, 2021 and February 1, 2020:

(in millions)	**Fiscal 2021**	**Fiscal 2020**
Change in UK Plan assets:		
Fair value at beginning of year	**$ 281.9**	$ 245.5
Actual return on UK Plan assets	**11.9**	36.8
Employer contributions	**4.4**	5.3
Members' contributions	**—**	0.2
Benefits paid	**(9.8)**	(9.4)
Foreign currency translation	**10.8**	3.5
Fair value at end of year	**$ 299.2**	$ 281.9

(in millions)	**Fiscal 2021**	**Fiscal 2020**
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 243.4**	$ 214.9
Service cost	**—**	0.7
Interest cost	**4.0**	5.5
Members' contributions	**—**	0.2
Actuarial loss	**1.4**	29.2
Benefits paid	**(9.8)**	(9.4)
Foreign currency translation	**8.6**	2.3
Benefit obligation at end of year	**$ 247.6**	$ 243.4
Funded status at end of year	**$ 51.6**	$ 38.5

(in millions)	**January 30, 2021**	**February 1, 2020**
Amounts recognized in the balance sheet consist of:		
Other assets (non current)	**$ 51.6**	$ 38.5

Items in AOCI not yet recognized in net income in the consolidated statements of operations:

(in millions)	**January 30, 2021**	**February 1, 2020**	**February 2, 2019**
Net actuarial losses	$ (47.2)	$ (52.4)	$ (53.8)
Net prior service costs	(4.0)	(4.1)	(4.1)

The estimated actuarial losses and prior service costs for the UK Plan that will be amortized from AOCI into net periodic pension cost over the next fiscal year are $(0.8) million and $(0.1) million, respectively.

The accumulated benefit obligation for the UK Plan was $247.6 million and $243.4 million as of January 30, 2021 and February 1, 2020, respectively.

The components of net periodic pension benefit cost and other amounts recognized in OCI for the UK Plan are as follows:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Components of net periodic benefit (cost) income:			
Service cost	**$ —**	$ (0.7)	$ (0.9)
Interest cost	**(4.0)**	(5.5)	(5.8)
Expected return on UK Plan assets	**5.5**	7.8	8.4
Amortization of unrecognized actuarial losses	**(0.9)**	(1.2)	(0.9)
Amortization of unrecognized net prior service costs	**(0.1)**	—	—
Total net periodic benefit (cost) income	**$ 0.5**	$ 0.4	$ 0.8
Other changes in assets and benefit obligations recognized in OCI	**6.5**	1.7	(11.3)
Total recognized in net periodic pension benefit (cost) and OCI	**$ 7.0**	$ 2.1	$ (10.5)

	January 30, 2021	February 1, 2020
Assumptions used to determine benefit obligations (at the end of the year):		
Discount rate	**1.60 %**	1.70 %
Salary increases	**N/A**	N/A
Assumptions used to determine net periodic pension costs (at the start of the year):		
Discount rate	**1.70 %**	2.70 %
Expected return on UK Plan assets	**2.20 %**	3.50 %
Salary increases	**N/A**	1.50 %

The discount rate is based upon published rates for high-quality fixed-income investments that produce expected cash flows that approximate the timing and amount of expected future benefit payments.

The expected return on the UK Plan assets assumption is based upon the historical return and future expected returns for each asset class, as well as the target asset allocation of the portfolio of UK Plan assets.

The UK Plan's investment strategy is guided by an objective of achieving a return on the investments, which is consistent with the long-term return assumptions and funding policy, to ensure the UK Plan obligations are met. The investment policy is to allocate funds to a diverse portfolio of investments, including UK and global equities, diversified growth funds, corporate bonds, fixed income investments and commercial property. The commercial property investment is through a Pooled Pensions Property Fund that provides a diversified portfolio of property assets. As of January 30, 2021, the long-term target allocation for the UK Plan's assets was bonds 74%, diversified growth funds 21%, equities 4% and property 1%. This allocation is consistent with the long-term target allocation of investments underlying the UK Plan's funding strategy.

The fair value of the assets in the UK Plan at January 30, 2021 and February 1, 2020 are required to be classified and disclosed in one of the following three categories:

Level 1—quoted market prices in active markets for identical assets and liabilities

Level 2—observable market based inputs or unobservable inputs that are corroborated by market data

Level 3—unobservable inputs that are not corroborated by market data

The methods Signet uses to determine fair value on an instrument-specific basis are detailed below:

(in millions)	Fair value measurements as of January 30, 2021			Fair value measurements as of February 1, 2020		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Asset category:						
Diversified equity securities	**$ 13.0**	**$ —**	**$ 13.0**	$ 15.1	$ —	$ 15.1
Diversified growth funds	**44.4**	**44.4**	**—**	49.8	49.8	—
Fixed income – government bonds	**161.4**	**161.4**	**—**	139.7	139.7	—
Fixed income – corporate bonds	**56.2**	**—**	**56.2**	48.8	—	48.8
Cash	**3.7**	**3.7**	**—**	4.3	4.3	—
Investments measured at NAV[1]:						
Diversified growth funds	**18.0**			17.8		
Property	**2.5**			6.4		
Total	**$ 299.2**	**$ 209.5**	**$ 69.2**	$ 281.9	$ 193.8	$ 63.9

(1) Certain assets that are measured at fair value using the net asset value ("NAV") practical expedient have not been classified in the fair value hierarchy.

Investments in diversified equity securities, diversified growth funds and fixed income securities are in pooled funds. Investments are valued based on unadjusted quoted prices for each fund in active markets, where possible and, therefore, classified in Level 1 of the fair value hierarchy. If unadjusted quoted prices for identical assets are unavailable, investments are valued by the administrators of the funds. The valuation is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding. The unit price is based on underlying investments which are generally either traded in an active market or are valued based on observable inputs such as market interest rates and quoted prices for similar securities and, therefore, classified in Level 2 of the fair value hierarchy.

Certain fixed income investments are in an interest-based return through investments in various asset classes including: asset backed securities, mortgage backed securities, collateralized debt and loan obligations, and loan investments. The same investments in are subject to certain restrictions whereby funds may only be divested quarterly. The investment in property is in pooled funds valued by the administrators of the fund. The investment in the property fund is subject to certain restrictions on withdrawals that could delay the receipt of funds by up to 16 months. The valuation of these assets are based on the NAV of underlying assets, which are independently valued on a monthly basis.

Signet contributed $4.4 million to the UK Plan in Fiscal 2021 and expects to contribute a minimum of $4.7 million to the UK Plan in Fiscal 2022. The level of contributions is in accordance with an agreed upon deficit recovery plan and based on the results of the actuarial valuation as of April 5, 2020.

The following benefit payments are currently estimated to be paid by the UK Plan:

(in millions)	Expected benefit payments
Fiscal 2022	$ 9.7
Fiscal 2023	9.6
Fiscal 2024	9.6
Fiscal 2025	9.5
Fiscal 2026	9.7
Next five fiscal years	$ 49.3

Other retirement plans

In June 2004, Signet introduced a defined contribution plan which replaced the UK Plan for new UK employees. The contributions to this plan in Fiscal 2021 were $2.4 million (Fiscal 2020: $2.4 million; Fiscal 2019: $2.3 million).

In the US, Signet operates a defined contribution 401(k) retirement savings plan for all eligible employees who meet minimum age and service requirements. The assets of this plan are held in a separate trust and Signet matches 50% of up to 6% of employee elective salary deferrals, subject to statutory limitations. Signet's contributions to this plan in Fiscal 2021 were $3.2 million (Fiscal 2020: $9.1 million; Fiscal 2019: $10.4 million). The Company has also established two unfunded, non-qualified deferred compensation plans, one of which permits certain management and highly compensated employees to elect annually to defer all or a portion of their compensation and earn interest on the deferred amounts ("DCP") and the other of which is frozen as to new participants and new deferrals. Beginning in April 2011, the DCP provided for a matching contribution based on each participant's annual compensation deferral. The plan also permits employer contributions on a discretionary basis. The cost recognized in connection with the DCP in Fiscal 2021 was $0.8 million (Fiscal 2020: $3.6 million; Fiscal 2019: $3.6 million). The matching contributions, for both the Signet 401(k) and DCP, were temporarily suspended during the first quarter of Fiscal 2021. The matching contributions resumed effective January 1, 2021.

The fair value of the assets in the two unfunded, non-qualified deferred compensation plans at January 30, 2021 and February 1, 2020 are required to be classified and disclosed. Although these plans are not required to be funded by the Company, the Company has elected to fund the plans by investing in trust-owned life insurance policies and money market funds. The value and classification of these assets are as follows:

	Fair value measurements as of January 30, 2021			Fair value measurements as of February 1, 2020		
(in millions)	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Assets:						
Corporate-owned life insurance plans	**$ 6.3**	**$ —**	**$ 6.3**	$ 6.5	$ —	$ 6.5
Money market funds	**21.7**	**21.7**	**—**	21.0	21.0	—
Total assets	**$ 28.0**	**$ 21.7**	**$ 6.3**	$ 27.5	$ 21.0	$ 6.5

As of January 30, 2021 and February 1, 2020, the total liability recorded by the Company for the DCP was $33.3 million and $35.4 million, respectively.

23. Loans, overdrafts and long-term debt

(in millions)	**January 30, 2021**	**February 1, 2020**
Debt:		
Senior Notes, net of unamortized discount	**$ 147.6**	$ 147.5
ABL Revolving Facility	**—**	270.0
FILO term loan facility	**—**	100.0
Other loans and bank overdrafts	**—**	95.6
Gross debt	**$ 147.6**	$ 613.1
Less: Current portion of loans and overdrafts	**—**	(95.6)
Less: Unamortized debt issuance costs	**(0.9)**	(1.6)
Total long-term debt	**$ 146.7**	$ 515.9

The annual aggregate maturities of the Company's debt (excluding the impact of debt issuance costs) for the five years subsequent to January 30, 2021 are presented below.

(in millions)	
Fiscal 2022	$ —
Fiscal 2023	—
Fiscal 2024	—
Fiscal 2025	147.6
Fiscal 2026	—
Thereafter	—
Gross Debt	**$ 147.6**

Revolving credit facility and term loan (the "Credit Facility")

On September 27, 2019, in connection with the issuance of a new senior secured asset-based credit facility, the Company repaid and terminated the Credit Facility. Refer to the "Asset-based credit facility" section below. The original maturity of the Credit Facility was July 2021. Unamortized debt issuance costs of $2.0 million associated with the Credit Facility were written-off during Fiscal 2020 upon executing the termination of the Credit Facility. This expense was recognized as a cost of extinguishment of the Credit Facility and was recorded within other non-operating income, net, in the consolidated statements of operations.

Senior unsecured notes due 2024

On May 19, 2014, Signet UK Finance plc ("Signet UK Finance"), a wholly owned subsidiary of the Company, issued $400 million aggregate principal amount of its 4.70% senior unsecured notes due in 2024 (the "Senior Notes"). The Senior Notes were issued under an effective registration statement previously filed with the SEC. Interest on the Senior Notes is payable semi-annually on June 15 and December 15 of each year. The Senior Notes are jointly and severally guaranteed, on a full and unconditional basis, by the Company and by certain of the Company's wholly owned subsidiaries (such subsidiaries, the "Guarantors"). The Senior Notes were issued pursuant to a base indenture among the Company, Signet UK Finance, the Guarantors and Deutsche Bank Trust Company Americas as trustee, with the indenture containing customary covenants and events of default provisions.

On September 5, 2019, Signet UK Finance announced the commencement of a tender offer to purchase any and all of its outstanding Senior Notes (the "Tender Offer"). Upon receipt of the requisite consents from Senior Note holders, Signet UK Finance entered into a supplemental indenture which eliminated most of the restrictive covenants and certain default provisions of the indenture. The supplemental indenture became operative on September 27, 2019 upon the Company's acceptance and payment for the Senior Notes previously validly tendered and not validly withdrawn pursuant to the Tender Offer for an aggregate principal amount of $239.6 million, which represented a purchase price of $950.00 per $1,000.00 in principal amount of the Senior Notes validly tendered. The Company recognized a net gain on extinguishment of the validly tendered Senior Notes in Fiscal 2020 of $8.2 million, net of $1.9 million in third party fees and $2.6 million in write-off of unamortized debt issuance costs and original issue discount. This net gain was recorded within other non-operating income, net, in the consolidated statements of operations.

Unamortized debt issuance costs relating to the Senior Notes as of January 30, 2021 was $0.9 million (February 1, 2020: $1.1 million). The remaining unamortized debt issuance costs are recorded as a direct deduction from the outstanding liability within the consolidated balance sheets. Amortization relating to debt issuance costs of $0.2 million was recorded as interest expense in the consolidated statements of operations in Fiscal 2021 ($0.6 million and $0.7 million during Fiscal 2020 and Fiscal 2019, respectively).

Asset-based credit facility

On September 27, 2019, the Company entered into a senior secured asset-based credit facility consisting of (i) a revolving credit facility in an aggregate committed amount of $1.5 billion ("ABL Revolving Facility") and (ii) a first-in last-out term loan facility in an aggregate principal amount of $100.0 million (the "FILO Term Loan Facility" and, together with the ABL Revolving Facility, the "ABL Facility") pursuant to that certain credit agreement. The ABL Facility will mature on September 27, 2024.

Revolving loans under the ABL Revolving Facility are available in an aggregate amount equal to the lesser of the aggregate ABL revolving commitments and a borrowing base determined based on the value of certain inventory and credit card receivables, subject to specified advance rates and reserves. Indebtedness under the ABL Facility is secured by substantially all of the assets of the Company and its subsidiaries, subject to customary exceptions. Borrowings under the ABL Revolving Facility and the FILO Term Loan Facility, as applicable, bear interest at the Company's option at either eurocurrency rate plus the applicable margin or a base rate plus the applicable margin, in each case depending on the excess availability under the ABL Revolving Facility. As of January 30, 2021, the interest rate applicable to the ABL Revolving Facility was 1.7% (February 1, 2020: 2.8%). The Company had stand-by letters of credit outstanding of $19.0 million on the ABL Revolving Facility as of January 30, 2021 (February 1, 2020: $14.9 million). The Company had available borrowing capacity of $1.3 billion on the ABL Revolving Facility as of January 30, 2021 (February 1, 2020: $1.2 billion).

As a result of the risks and uncertainties associated with the potential impacts of COVID-19 on the Company's business, as a prudent measure to increase the Company's financial flexibility and bolster its cash position, the Company borrowed an additional $900 million on the ABL Revolving Facility during the first quarter of Fiscal 2021. The Company made ABL Revolving Facility repayments during the third and fourth quarter of Fiscal 2021 and the outstanding amount borrowed under ABL Revolving Facility was fully paid down by the end of Fiscal 2021.

During the fourth quarter of Fiscal 2021, the Company fully repaid the FILO Term Loan Facility. The remaining unamortized debt issuance costs of $0.4 million were written-off upon repayment of the FILO Term Loan Facility. This expense was recognized as a cost of extinguishment of debt and was recorded within other non-operating income, net, in the consolidated statements of operations.

If the excess availability under the ABL Revolving Facility falls below the threshold specified in the ABL Facility agreement, the Company will be required to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00. As of January 30, 2021, the threshold related to the fixed coverage ratio was approximately $136 million. The ABL Facility places certain restrictions upon the Company's ability to, among other things, incur additional indebtedness, pay dividends, grant liens and make certain loans, investments and divestitures. The ABL Facility contains customary events of default (including payment defaults, cross-defaults to certain of the

Company's other indebtedness, breach of representations and covenants and change of control). The occurrence of an event of default under the ABL Facility would permit the lenders to accelerate the indebtedness and terminate the ABL Facility.

Debt issuance costs relating to the ABL Revolving Facility totaled $8.7 million. The remaining unamortized debt issuance costs are recorded within other assets in the consolidated balance sheets. Amortization relating to the debt issuance costs of $1.7 million was recorded as interest expense in the consolidated statements of operations for Fiscal 2021 (Fiscal 2020: $0.6 million). Unamortized debt issuance costs related to the ABL Revolving Facility totaled $6.4 million as of January 30, 2021 (February 1, 2020: $8.1 million).

Other

As of January 30, 2021 and February 1, 2020, the Company was in compliance with all debt covenants.

As of January 30, 2021 and February 1, 2020, there were $0.0 million and $87.5 million in overdrafts, respectively, which represent issued and outstanding checks where no bank balances exist with the right of offset.

24. Accrued expenses and other current liabilities

(in millions)	January 30, 2021	February 1, 2020
Accrued compensation and benefits	**$ 111.6**	$ 63.1
Accrued advertising	**52.3**	33.8
Other taxes	**69.3**	32.8
Payroll taxes	**27.5**	11.7
Shareholder litigation (see Note 27)	**—**	240.6
Accrued expenses	**233.4**	315.0
Total accrued expenses and other current liabilities	**$ 494.1**	$ 697.0

The North America segment provides a product lifetime diamond guarantee as long as six-month inspections are performed and certified by an authorized store representative. Provided the customer has complied with the six-month inspection policy, the Company will replace, at no cost to the customer, any stone that chips, breaks or is lost from its original setting during normal wear. Management estimates the warranty accrual based on the lag of actual claims experience and the costs of such claims, inclusive of labor and material. A similar product lifetime guarantee is also provided on color gemstones. The warranty reserve for diamond and gemstone guarantee is as follows:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Warranty reserve, beginning of period	**$ 36.3**	$ 33.2	$ 37.2
Warranty expense	**8.5**	13.5	8.0
Utilized [(1)]	**(7.5)**	(10.4)	(12.0)
Warranty reserve, end of period	**$ 37.3**	$ 36.3	$ 33.2

(1) Includes impact of foreign exchange translation.

(in millions)	January 30, 2021	February 1, 2020
Disclosed as:		
Current liabilities [(1)]	**$ 10.7**	$ 10.6
Other liabilities - non-current (see Note 25)	**26.6**	25.7
Total warranty reserve	**$ 37.3**	$ 36.3

(1) Included within accrued expenses above.

25. Other liabilities - non-current

(in millions)	January 30, 2021	February 1, 2020
Deferred compensation	**25.5**	31.0
Warranty reserve	**26.6**	25.7
Other liabilities	**59.0**	59.9
Total other liabilities	**$ 111.1**	$ 116.6

26. Share-based compensation

Signet operates several share-based compensation plans which can be categorized as the "Omnibus Plans" and "Share Saving Plans" as further described below.

Share-based compensation expense and the associated tax benefits recognized in the consolidated statements of operations are as follows:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Share-based compensation expense	**$ 14.5**	$ 16.9	$ 16.5
Income tax benefit	**$ (3.6)**	$ (4.2)	$ (4.1)

On March 25, 2020, in light of the economic situation as a result of the COVID-19 pandemic, the Company implemented temporary base salary reductions for members of senior management, with half of the salary reduction amount to be awarded in the Company's common shares in lieu of cash. The base salaries were reinstated in September 2020. In Fiscal 2021, $1.3 million of Common Shares with no vesting requirements was awarded to senior management.

As of January 30, 2021, unrecognized compensation cost related to unvested awards granted under share-based compensation plans is as follows:

(in millions)	Unrecognized Compensation Cost	Weighted average period
Omnibus Plan	**$ 26.6**	2.2 years
Share Saving Plans	**0.1**	0.7 years
Total	**$ 26.7**	

The Company satisfies share option exercises and the vesting of restricted stock ("RSAs") and restricted stock units ("RSUs") under its plans with the issuance of treasury shares.

Omnibus Plan

In June 2018, Signet's shareholders approved and Signet adopted the Signet Jewelers Limited 2018 Omnibus Incentive Plan (as amended to the date here to, the "2018 Omnibus Plan"). Upon adoption of the 2018 Omnibus Plan, shares that were previously available under the Signet Jewelers Limited Omnibus Incentive Plan, which was approved in June 2009 (the "2009 Omnibus Plan")(collectively, with the 2018 Omnibus Incentive Plan, the "Omnibus Plans") are no longer available for future grants and were not transferred to the 2018 Omnibus Incentive Plan. Awards that may be granted under the 2018 Omnibus Plan include RSAs, RSUs, Common Shares, stock options, stock appreciation rights and other stock-based awards. The Fiscal 2021, Fiscal 2020 and Fiscal 2019 annual awards granted under the Omnibus Plans have five elements: time-based RSAs, time-based RSUs, performance-based RSUs, Common Shares, and time-based stock options. The time-based restricted stock has a three-year vesting period, subject to continued employment, and has the same voting rights and dividend rights as Common Shares (which are payable once the shares have vested). Performance-based RSUs awarded in Fiscal 2019 and Fiscal 2020 include two performance measures: operating income (subject to certain adjustments) and return on invested capital ("ROIC"), although the ROIC measure is applicable only to senior executives. Performance-based RSUs awarded in Fiscal 2021 include two performance measures: revenue and free cash flow (defined as cash flow from operations less capital expenditures). For the performance measures, cumulative results achieved during the relevant three-year performance period for Fiscal 2019 and Fiscal 2020 and a two-year performance period for Fiscal 2021 are compared to target metrics established in the underlying grant agreements. The time-based stock options generally vest on the third anniversary of the grant date and have a ten year contractual term, subject to continued employment. Time-based RSUs generally have a one or three-year vesting period, subject to continued employment. The 2018 Omnibus Plan permits the grant of awards to employees, non-employee directors and consultants for up to 6,075,000 common shares.

RSU awards do not have dividend rights until vesting, and thus the grant date fair value of these awards is impacted by the dividend yield and term of the awards. However, RSAs do have dividend rights from the date of grant, and thus are valued at the market price of the Company's stock on the grant date, consistent with awards of Common Shares. The significant assumptions utilized to estimate the weighted-average fair value of RSAs, Common Shares and RSU awards granted under the Omnibus Plans are as follows:

	Omnibus Plan		
	Fiscal 2021	**Fiscal 2020**	**Fiscal 2019**
Share price	**$ 11.10**	$ 20.76	$ 41.36
Expected term	**2.9 years**	2.8 years	2.8 years
Dividend yield	**5.5 %**	7.5 %	3.6 %
Fair value	**$ 9.37**	$ 18.14	$ 38.57

The significant assumptions utilized to estimate the weighted-average fair value of stock options granted under the Omnibus Plans are as follows:

	Fiscal 2020	Fiscal 2019
Share price	$ 22.17	$ 40.09
Exercise price	$ 25.18	$ 39.72
Risk free interest rate	2.4 %	2.9 %
Expected term	6.0 years	6.5 years
Expected volatility	42.7 %	37.6 %
Dividend yield	6.7 %	3.7 %
Fair value	$ 4.27	$ 11.21

The risk-free interest rate is based on the US Treasury yield curve in effect at the grant date with remaining terms equal to the expected term of the awards. The expected term utilized is the length of time the awards are expected to be outstanding, primarily based on the vesting period and expiration date of the awards. The expected volatility is determined by calculating the historical volatility of Signet's share price over the expected term of the award.

The Fiscal 2021 activity for Common Shares, RSAs, and time-based and performance-based RSU awards granted under the Omnibus Plans is as follows:

	Omnibus Plans			
(in millions, except per share amounts)	**No. of shares**	**Weighted average grant date fair value**	**Weighted average remaining contractual life**	**Intrinsic value[1]**
Outstanding at February 1, 2020	2.8	$ 31.04	1.5 years	$ 66.9
Fiscal 2021 activity:				
Granted	3.3	9.62		
Vested	(0.4)	30.25		
Lapsed or forfeited	(0.9)	34.20		
Outstanding at January 30, 2021	**4.8**	**$ 15.24**	**1.8 years**	**$ 192.3**

(1) Intrinsic value for outstanding restricted stock and RSUs is based on the fair market value of Signet's common stock on the last business day of the fiscal year.

The Fiscal 2021 activity for stock options granted under the Omnibus Plans is as follows:

	Omnibus Plans			
(in millions, except per share amounts)	**No. of shares**	**Weighted average exercise price**	**Weighted average remaining contractual life**	**Intrinsic value[1]**
Outstanding at February 1, 2020	0.7	$ 39.13	8.3 years	$ —
Fiscal 2021 activity:				
Granted	—	—		
Exercised	—	—		
Lapsed or forfeited	(0.2)	39.61		
Outstanding at January 30, 2021	**0.5**	**$ 38.98**	**7.3 years**	**$ 0.8**

(1) Intrinsic value for outstanding awards is based on the fair market value of Signet's common stock on the last business day of the fiscal year.

The following table summarizes additional information about awards granted under the Omnibus Plan:

(in millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Total intrinsic value of awards vested	**$ 5.0**	$ 3.5	$ 6.8

Other Share-Based Plans

Signet has three share option savings plans available to employees as follows:

- Employee Share Purchase Plan ("ESPP"), for US employees
- Sharesave Plan, for UK employees
- Irish Sub-Plan to the Sharesave Plan, for Republic of Ireland employees

The ESPP as adopted in 2018 is a savings plan intended to qualify under US Section 423 of the US Internal Revenue Code and allows employees to purchase common shares at a discount of approximately 5% to the closing price of the New York Stock Exchange on the date of purchase, which occurs on the last trading day of a twelve-month offering period. This plan is non-compensatory and no more than 1,250,000 shares may be issued under the ESPP. The Company suspended participation in the ESPP in August 2019, thus no shares were issued in Fiscal 2021 or Fiscal 2020.

The Sharesave Plan and Irish Sub-Plan (collectively, the "Sharesave Plans") as adopted in 2018 allow eligible employees to be granted, and to exercise, options over common shares at a discount of approximately 15% below a determined market price based on the New York Stock Exchange, using savings accumulated under savings contract entered into in accordance with the relevant plan rules. The market price is generally determined as one of: (i) the average middle market price for the three trading days immediately prior to the invitation date; (ii) the market price on the day immediately preceding the invitation date; or (iii) the market price at such other time as may be agreed with Her Majesty's Revenue and Customs Options granted under the Sharesave Plan and the Irish Sub-Plan vest after 36 months and are generally only exercisable between 36 and 42 months from commencement of the related savings contract. These plans are compensatory and compensation expense is recognized over the requisite service period, and no more than 1,000,000 shares may be allocated under these plans. No awards have been granted under the Sharesave plans in Fiscal 2021 or Fiscal 2020.

The significant assumptions utilized to estimate the weighted-average fair value of awards granted under the Sharesave Plans are as follows:

	Fiscal 2019
Share price	$ 58.50
Exercise price	$ 57.97
Risk free interest rate	3.0 %
Expected term	3.7 years
Expected volatility	44.4 %
Dividend yield	2.6 %
Fair value	$ 18.07

The risk-free interest rate is based on the US Treasury (for US-based award recipients) or UK Gilt (for UK-based award recipients) yield curve in effect at the grant date with remaining terms equal to the expected term of the awards. The expected term utilized is based on the contractual vesting period of the awards, inclusive of any exercise period available to award recipients after vesting. The expected volatility is determined by calculating the historical volatility of Signet's share price over the expected term of the awards.

The Fiscal 2021 activity for awards granted under the Sharesave Plans is as follows:

	Sharesave Plans			
(in millions, except per share amounts)	No. of shares	Weighted average exercise price	Weighted average remaining contractual life	Intrinsic value(1)
Outstanding at February 1, 2020	0.1	$ 54.78	1.1 years	$ —
Fiscal 2021 activity:				
Granted	—	—		
Exercised	—	—		
Lapsed or forfeited	—	—		
Outstanding at January 30, 2021	**0.1**	**$ 51.30**	**0.8 years**	**$ —**
Exercisable at February 1, 2020	—	$ —		$ —
Exercisable at January 30, 2021	**—**	**$ —**		**$ —**

(1) Intrinsic value for outstanding awards is based on the fair market value of Signet's common stock on the last business day of the fiscal year.

The following table summarizes additional information about awards granted under the Sharesave Plans:

(in millions, except per share amounts)	Fiscal 2019
Weighted average grant date fair value per share of awards granted	$ 18.07
Total intrinsic value of options exercised	$ —
Cash received from share options exercised	$ —

27. Commitments and contingencies

Contingent property liabilities

Approximately 17 property leases had been assigned in the UK by Signet at January 30, 2021 (and remained unexpired and occupied by assignees at that date) and approximately five additional properties were sub-leased in the US and UK at that date. Should the assignees or sub-tenants fail to fulfill any obligations in respect of those leases or any other leases which have at any other time been assigned or sub-leased, Signet or one of its subsidiaries may be liable for those defaults. The amount of such claims arising to date has not been material.

Capital commitments

At January 30, 2021 Signet had an immaterial amounts of capital commitments (February 1, 2020: $22.3 million). These commitments generally relate to store construction and capital investments in IT. Additionally, the Company has certain commitments to maintain or improve leased properties; however there are no minimum requirements or otherwise committed amounts for these projects as of January 30, 2021.

Legal proceedings

Employment practices

As previously reported, in March 2008, a group of private plaintiffs (the "Claimants") filed a class action lawsuit for an unspecified amount against SJI, a subsidiary of Signet, in the US District Court for the Southern District of New York alleging that US store-level employment practices are discriminatory as to compensation and promotional activities with respect to gender. In June 2008, the District Court referred the matter to private arbitration where the Claimants sought to proceed on a class-wide basis. The Claimants filed a motion for class certification and SJI opposed the motion. On February 2, 2015, the arbitrator issued a Class Determination Award in which she certified for a class-wide hearing Claimants' disparate impact declaratory and injunctive relief class claim under Title VII, with a class period of July 22, 2004 through date of trial for the Claimants' compensation claims and December 7, 2004 through date of trial for Claimants' promotion claims. The arbitrator otherwise denied Claimants' motion to certify a disparate treatment class alleged under Title VII, denied a disparate impact monetary damages class alleged under Title VII, and denied an opt-out monetary damages class under the Equal Pay Act. On February 9, 2015, Claimants filed an Emergency Motion To Restrict Communications With The Certified Class And For Corrective Notice. SJI filed its opposition to Claimants' emergency motion on February 17, 2015, and a hearing was held on February 18, 2015. Claimants' motion was granted in part and denied in part in an order issued on March 16, 2015. Claimants filed a Motion for Reconsideration Regarding Title VII Claims for Disparate Treatment in Compensation on February 11, 2015, which SJI opposed. April 27, 2015, the arbitrator issued an order denying the Claimants' Motion. SJI filed with the US District Court for the Southern District of New York a Motion to Vacate the Arbitrator's Class Certification Award on March 3, 2015, which Claimants opposed. On November 16, 2015, the US District Court for the Southern

District of New York granted SJI's Motion to Vacate the Arbitrator's Class Certification Award in part and denied it in part. On December 3, 2015, SJI filed with the United States Court of Appeals for the Second Circuit SJI's Notice of Appeal of the District Court's November 16, 2015 Opinion and Order. On November 25, 2015, SJI filed a Motion to Stay the AAA Proceedings while SJI appealed the decision of the US District Court for the Southern District of New York to the United States Court of Appeals for the Second Circuit, which Claimants opposed. The arbitrator issued an order denying SJI's Motion to Stay on February 22, 2016. SJI filed its Brief and Special Appendix with the Second Circuit on March 16, 2016. The matter was fully briefed, and oral argument was heard by the U.S. Court of Appeals for the Second Circuit on November 2, 2016. On April 6, 2015, Claimants filed in the AAA Claimants' Motion for Clarification or in the Alternative Motion for Stay of the Effect of the Class Certification Award as to the Individual Intentional Discrimination Claims, which SJI opposed. On June 15, 2015, the arbitrator granted the Claimants' motion. On March 6, 2017, Claimants filed Claimants' Motion for Conditional Certification of Claimants' Equal Pay Act Claims and Authorization of Notice, which SJI opposed The arbitrator heard oral argument on Claimants' Motion on December 18, 2015 and, on February 29, 2016, issued an Equal Pay Act Collective Action Conditional Certification Award and Order Re Claimants' Motion For Tolling Of EPA Limitations Period, conditionally certifying Claimants' Equal Pay Act claims as a collective action, and tolling the statute of limitations on EPA claims to October 16, 2003 to ninety days after notice issued to the putative members of the collective action. SJI filed in the AAA a Motion To Stay Arbitration Pending The District Court's Consideration Of Respondent's Motion To Vacate Arbitrator's Equal Pay Act Collective Action Conditional Certification Award And Order Re Claimants' Motion For Tolling Of EPA Limitations Period on March 10, 2016. SJI filed in the AAA a Renewed Motion To Stay Arbitration Pending The District Court's Resolution Of Sterling's Motion To Vacate Arbitrator's Equal Pay Act Collective Action Conditional Certification Award And Order Re Claimants' Motion For Tolling Of EPA Limitations Period on March 31, 2016, which Claimants opposed. On April 5, 2016, the arbitrator denied SJI's Motion. On March 23, 2016 SJI filed with the US District Court for the Southern District of New York a Motion To Vacate The Arbitrator's Equal Pay Act Collective Action Conditional Certification Award And Order Re Claimants' Motion For Tolling Of EPA Limitations Period, which Claimants opposed. SJI's Motion was denied on May 22, 2016. On May 31, 2016, SJI filed a Notice Of Appeal of Judge Rakoff's opinion and order to the Second Circuit Court of Appeals, which Claimant's opposed. On June 1, 2017, the Second Circuit Court of Appeals dismissed SJI's appeal for lack of appellate jurisdiction. Claimants filed a Motion For Amended Class Determination Award on November 18, 2015, and on March 31, 2016 the arbitrator entered an order amending the Title VII class certification award to preclude class members from requesting exclusion from the injunctive and declaratory relief class certified in the arbitration. The arbitrator issued a Bifurcated Case Management Plan on April 5, 2016 and ordered into effect the parties' Stipulation Regarding Notice Of Equal Pay Act Collective Action And Related Notice Administrative Procedures on April 7, 2016. SJI filed in the AAA a Motion For Protective Order on May 2, 2016, which Claimants opposed. The matter was fully briefed, and oral argument was heard on July 22, 2016. The motion was granted in part on January 27, 2017. Notice to EPA collective action members was issued on May 3, 2016, and the opt-in period for these notice recipients closed on August 1, 2016. Approximately 10,314 current and former employees submitted consent forms to opt in to the collective action; however, some have withdrawn their consents. The number of valid consents is disputed and yet to be determined. SJI believes the number of valid consents to be approximately 9,124. On July 24, 2017, the United States Court of Appeals for the Second Circuit issued its unanimous Summary Order that held that the absent class members "never consented" to the Arbitrator determining the permissibility of class arbitration under the agreements, and remanded the matter to the District Court to determine whether the Arbitrator exceeded her authority by certifying the Title VII class that contained absent class members who had not opted in the litigation. On August 7, 2017, SJI filed its Renewed Motion to Vacate the Class Determination Award relative to absent class members with the District Court. The matter was fully briefed, and an oral argument was heard on October 16, 2017. On November 10, 2017, SJI filed in the arbitration motions for summary judgment, and for decertification, of Claimants' Equal Pay Act and Title VII promotions claims. On January 30, 2018, oral argument on SJI's motions was heard. On January 26, 2018, SJI filed in the arbitration a Motion to Vacate The Equal Pay Act Collective Action Award And Tolling Order asserting that the Arbitrator exceeded her authority by conditionally certifying the Equal Pay Act claim and allowing the absent claimants to opt-in the litigation. On March 12, 2018, the Arbitrator denied SJI's Motion to Vacate The Equal Pay Act Collective Action Award and Tolling Order. SJI still has a pending motion seeking decertification of the EPA Collective Action before the Arbitrator. On March 19, 2018, the Arbitrator issued an Order partially granting SJI's Motion to Amend the Arbitrator's November 2, 2017, Bifurcated Seventh Amended Case Management Plan resulting in a continuance of the May 14, 2018 trial date. A new trial date has not been set. On January 15, 2018, District Court granted SJI's August 17, 2017 Renewed Motion to Vacate the Class Determination Award finding that the Arbitrator exceeded her authority by binding non-parties (absent class members) to the Title VII claim. The District Court further held that the RESOLVE Agreement does not permit class action procedures, thereby, reducing the Claimants in the Title VII matter from 70,000 to potentially 254. Claimants disputed that the number of claimants in the Title VII is 254. On January 18, 2018, the Claimants filed a Notice of Appeal with the United States Court of Appeals for the Second Circuit. The appeal was fully briefed and oral argument before the Second Circuit occurred on May 7, 2018. On May 17, 2019, SJI submitted a Rule 28(j) letter to the Second Circuit addressing the effects of the Supreme Court's ruling in Lamps Plus, Inc. v. Varela, No. 17-988 (S. Ct. Apr. 24, 2019), on the pending appeal. The Second Circuit then issued an order directing the parties to submit additional arguments on that issue, which were submitted. On November 18, 2019 the Second Circuit issued an order reversing and remanding the District Court's January 15, 2018 Order that vacated the Arbitrator's Class Determination Award certifying for declaratory and injunctive relief a Title VII pay and promotions class of female retail sales employees. The Second Circuit held that the District Court erred when it concluded that the Arbitrator exceeded her authority in purporting to bind absent class members to the Class Determination Award. The Second Circuit remanded the case to the District Court to decide the narrower question of whether the Arbitrator erred in certifying an opt-out, as opposed to a mandatory, class for declaratory and injunctive relief. On December 2, 2019, SJI filed a petition for a hearing *en banc* with the United States Court of Appeals for the Second Circuit. On January 15, 2020, SJI filed a Rule 28(j) letter in the Second Circuit. On that same day the Second Circuit denied the petition for rehearing *en banc*. On January 21, 2020, Sterling filed its motion for stay of mandate with the Second Circuit pending the filing of a petition for writ of certiorari with the U.S. Supreme Court. On January 22, 2020, the Second Circuit granted Sterling's motion for stay of mandate. SJI's petition for a writ of certiorari from the U.S. Supreme Court was denied on October 5, 2020. On January 27, 2021 the District Court ordered the case remanded to the AAA for further proceedings in arbitration.

SJI denies the allegations of the Claimants and has been defending the case vigorously. At this point, no outcome or possible loss or range of losses, if any, arising from the litigation is able to be determined or estimated.

As previously reported, on May 5, 2017, without any findings of liability or wrongdoing, SJI entered into a Consent Decree with the EEOC settling a previously disclosed lawsuit that alleged that SJI engaged in intentional and disparate impact gender discrimination with respect to pay and promotions of female retail store employees since January 1, 2003. On May 5, 2017 the U.S. District Court for the Western District of New York approved and entered the Consent Decree jointly proposed by the EEOC and SJI, resolving all of the EEOC's claims against SJI in this litigation for various injunctive relief including but not limited to the appointment of an employment practices expert to review specific policies and practices, a compliance officer to be employed by SJI, as well as obligations relative to training, notices, reporting and record-keeping. The Consent Decree does not require an outside third-party monitor or require any monetary payment. The duration of the Consent Decree was three years and three months, expiring on August 4, 2020. On March 6, 2020, SJI and the EEOC filed their Joint Motion to Approve an Amendment to And Extension of the Term of the Consent Decree, which provides for a limited extension of a few aspects of the Consent Decree terms regarding SJI's compensation practices, and incorporating its implementation of a new retail team member compensation program into the overall Consent Decree framework. This extension will enable SJI to implement changes to its retail team member compensation strategy and validate that the new program is consistent with the overall purposes of the Consent Decree. On March 11, 2020 the U.S. District Court for the Western District of New York granted the joint motion and entered the parties' Amendment to And Extension of the Term of the Consent Decree. The term of the amended Consent Decree expires on November 4, 2021.

Shareholder Actions

As previously reported, in August 2016, two alleged Company shareholders each filed a putative class action complaint in the United States District Court for the Southern District of New York against the Company and its then-current Chief Executive Officer and current Chief Financial Officer (Nos. 16-cv-6728 and 16-cv-6861, the "S.D.N.Y. cases"). In 2017, three other Company shareholders each filed putative class action complaints (Nos. 17-cv-875, 17-cv-923, and 17-cv-9853) which were ultimately consolidated with the S.D.N.Y. cases under case number 16-cv-6728 (the "Consolidated Action"). The Consolidated Action was settled as further described below. The Consolidated Action alleged that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by, among other things, misrepresenting the Company's business and earnings by making misleading statements about the Company's credit portfolio and failing to disclose reports of sexual harassment allegations that were raised by claimants in an ongoing pay and promotion gender discrimination class arbitration.

On March 15, 2019, the lead plaintiff moved for appointment of a class representative and class counsel and for certification of a class period of August 29, 2013, through March 13, 2018. On July 10, 2019, the Court granted the motion and certified a class of all persons and entities who purchased or otherwise acquired Signet common stock from August 29, 2013 to May 25, 2017. The Court also appointed a class representative and class counsel.

On July 24, 2019, the defendants filed with the United States Court of Appeals for the Second Circuit a petition for permission to appeal the District Court's class certification decision.

On March 16, 2020, the Company, all of the other defendant parties to the Consolidated Action, and the lead plaintiff entered into a settlement agreement in the Consolidated Action. The settlement of $240 million provides for the dismissal of the Consolidated Action with prejudice. The settlement agreement also states that the Company and all the other defendants expressly deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever, and that defendants are entering into the settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation. As a result of the settlement, the Company recorded a charge of $33.2 million during the fourth quarter of Fiscal 2020 in other operating income (loss), which includes administration costs of $0.6 million and is recorded net of expected recoveries from the Company's insurance carriers of $207.4 million. As of February 1, 2020, the liability related to settlement and administration fees was recorded in other current liabilities, and the expected insurance recoveries are recorded in other current assets in the consolidated balance sheets. The settlement was fully funded in the second quarter of Fiscal 2021, and the Company contributed approximately $35 million of the $240 million settlement payment, net of insurance proceeds and including the impact of foreign currency. The Court granted final approval of the settlement on July 21, 2020.

In 2019, four actions were filed in the U.S. District Court for the Southern District of New York by investment funds that allegedly purchased the Company's stock (Nos. 19-cv-2757, 19-cv-2758, 19-cv-9916 and 19-cv-9917), and name the Company and its current and former Chief Executive Officers and Chief Financial Officers as defendants. All four complaints allege violations of Sections 10(b), 18, and 20(a) of the Securities Exchange Act of 1934, and common law fraud largely based on the same allegations as the

Consolidated Action. Soon thereafter the Court entered orders staying these actions until entry of final judgment in the Consolidated Action.

On June 27, 2020, the Company and plaintiffs in the four stayed actions above reached a settlement in principle, which was finalized on July 10, 2020 requiring the Opt-Out Plaintiffs to rejoin the Consolidated Action. The Company recorded a pre-tax charge of $7.5 million, net of expected insurance recovery, during Fiscal 2021 in anticipation of those four settlements. The final amount of the settlement and net charge are dependent upon the amount the Opt-Out Plaintiffs receive as part of the Consolidated Action and is not expected to be materially different than the amounts recorded. The initial portion of the settlement due to the Opt-Out Plaintiffs under the settlement agreement was paid in August 2020.

Regulatory Matters

As previously reported, on January 16, 2019, Sterling Jewelers Inc., ("Sterling"), a wholly owned subsidiary of Company, without admitting or denying any of the allegations, findings of fact, or conclusions of law (except to establish jurisdiction), entered into a Consent Order with the Consumer Financial Protection Bureau (the "CFPB") and New York Attorney General (the "NY AG") settling a previously disclosed investigation of certain in-store credit practices, promotions, and payment protection products (the "Consent Order"). Among other things, the Consent Order requires Sterling to (i) submit an accurate written compliance report to the CFPB; (ii) pay a $10,000,000 civil money penalty to the CFPB; (iii) pay a $1,000,000 civil money penalty to the NY AG: and (iv) maintain policies and procedures related to the issuance of credit cards, including with respect to credit applications, credit financing terms and conditions, and any related add-on products that are reasonably designed to ensure consumer knowledge or consent. All payments required by the Consent Order were made in February 2019. The Company has complied, and will continue to work to ensure compliance, with the Consent Order, which may result in us incurring additional costs.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The directors review the effectiveness of Signet's system of internal controls in the financial, operational, compliance and risk management areas.

Signet's disclosure controls and procedures are designed to help ensure that processes and procedures for information management are in place at all levels of the business. The disclosure controls and procedures aim to provide reasonable assurance that any information disclosed by Signet in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The procedures are also designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate to allow timely decisions to be made regarding required disclosure.

Based on their evaluation of Signet's disclosure controls and procedures, as of January 30, 2021 and in accordance with the requirements of Section 302 of the Sarbanes-Oxley Act of 2002, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective and provide reasonable assurance that information regarding Signet is recorded, processed, summarized and reported and that the information is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Management's annual report on internal control over financial reporting

Signet's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management conducted an evaluation of internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management determined that Signet's internal control over financial reporting was effective as of January 30, 2021.

Our independent registered public accountants, KPMG LLP, audited the consolidated financial statements of Signet for Fiscal 2021 and have also audited the effectiveness of internal control over financial reporting as of January 30, 2021. An unqualified opinion has been issued thereon, the details of which are included within this Annual Report on Form 10-K.

Changes in internal control over financial reporting

There were no changes in internal control over financial reporting during the quarter ended January 30, 2021 that have materially affected, or are reasonably likely to materially affect, Signet's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Executive Compensation Actions

The information set forth below is included herein for the purpose of providing disclosure under "Item 5.02 - Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers" of Form 8-K.

On March 16, 2021, the Human Capital Management and Compensation Committee (the "Committee") of the Board of Directors of Signet Jewelers Limited (the "Company") approved certain compensation adjustments, effective March 21, 2021, for Ms. Virginia C. Drosos, the Company's Chief Executive Officer, Ms. Joan M. Hilson, the Company's Chief Financial and Strategy Officer, and Ms. Jamie Singleton, the Company's President – Kay, Zales and Peoples, each a named executive officer in the Company's 2020 Proxy Statement, filed with the Securities and Exchange Commission on May 1, 2020 (collectively, the "NEOs"). The compensation adjustments are intended to recognize the NEOs' contributions to the business and promote long-term alignment by increasing the long-term incentive ("LTI") weighting, while compensating them within the median range of the Company's peers for equivalent executive positions. As a result of such approvals, Ms. Drosos's target value for her LTI equity award under the Company's 2018 Omnibus Incentive Plan (as amended to the date hereto, the "Plan") will increase by $1.25 million to $7.5 million. No other changes were made to Ms. Drosos's compensation. In addition, as a result of the approvals, the base salaries of Ms. Hilson and Ms. Singleton increased by $75,000 to $850,000 and $825,000, respectively, and the target value for their LTI equity awards increased from 175% to 225% of their respective base salaries.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 10 of this Part III concerning directors, executive officers and corporate governance may be found under the captions "Election of Directors", "Board of Directors and Corporate Governance", and "Delinquent Section 16(a) Reports" (to the extent reported) in our definitive proxy statement for our 2021 Annual Meeting of Shareholders (the "2021 Proxy Statement"), which will be filed with the SEC within 120 days after the close of our fiscal year. Such information is incorporated herein by reference.

The Company has a policy on business integrity, as well as more detailed guidance and regulations as part of its staff orientation, training and operational procedures. These policies include the Code of Conduct, which is applicable to all Directors, officers and employees as required by NYSE listing rules, and the Code of Ethics for Senior Officers, which applies to the Chairman, CEO, Directors and other senior officers. Copies of these codes are available on request from the Corporate Secretary and may be downloaded from www.signetjewelers.com/ethics. The Company intends to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the Code of Ethics for Senior Officers for the Company's principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, by posting such information on its website.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation may be found under the captions "Executive Compensation" and "Director Compensation," in the 2021 Proxy Statement. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in the 2021 Proxy Statement set forth under the captions "Ownership of the Company" and "Equity Compensation Plan Information" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the 2021 Proxy Statement set forth under the captions "Board of Directors and Corporate Governance," "Board Committees" and "Transactions with Related Parties" is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information in the 2021 Proxy Statement set forth under the caption "Proposal 2: Appointment of Independent Auditor" is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) The following consolidated financial statements are included in Item 8:

(2) The following exhibits are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference.

Number	Description of Exhibits
2.1	Agreement and Plan of Merger, by and among Sterling Jewelers Inc., Signet Jewelers Ltd., Aquarius Sub Inc., R2Net Inc., and the Seller's Representative, dated August 23, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 24, 2017).
3.1	Memorandum of Association of Signet Limited and Certificate of Incorporation on Change of Name to Signet Jewelers Limited (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A filed September 11, 2008 ("Form 8-A") (File No. 333-153435)).
3.2	Amended and Restated Bye-laws of Signet Jewelers Limited (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed September 10, 2014).
4.1*	Description of Signet Jewelers Limited Securities Registered Pursuant to Section 12 of the Securities and Exchange Act of 1934.
4.2	Form of common share certificate of Signet Jewelers Limited (incorporated by reference to Exhibit 4.1 to Form 8-A).
4.3	Certificate of Designation of Series A Convertible Preference Shares, Par Value $0.01 Per Share, of Signet Jewelers Limited (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed November 3, 2016).
4.4	Indenture, dated as of May 19, 2014, among Signet UK Finance plc, as issuer, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K Filed May 19, 2014).
4.5	First Supplemental Indenture, dated as of May 19, 2014, among Signet UK Finance plc, as issuer, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K Filed May 19, 2014).
4.6	Second Supplemental Indenture, dated as of June 30, 2014, among Signet UK Finance plc, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as indenture trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed September 10, 2014).
4.7	Fourth Supplemental Indenture, dated as of September 25, 2019, among Signet UK Finance plc, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as indenture trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 27, 2019).
10.1	Sale and Purchase Agreement, by and among Sterling Jewelers Inc. and Comenity Bank, dated May 25, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 25, 2017).

10.2	Credit Card Program Agreement, by and among Sterling Jewelers Inc. and Comenity Bank, dated May 25, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 25, 2017).
10.3	Receivables Sale and Purchase Agreement, by and among Sterling Jewelers Inc., Zale Delaware, Inc., Signet Jewelers Limited and CVI SGP Acquisition Trust, dated March 12, 2018 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed March 14, 2018).
10.4	Receivables Sale and Purchase Agreement, by and among Sterling Jewelers Inc., Zale Delaware, Inc., Signet Jewelers Limited and CLSIG Acquisition Trust, dated April 30, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 2, 2018).
10.5†	Termination Protection Agreement dated September 26, 2017 between Sterling Jewelers Inc. and Virginia Drosos (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed December 1, 2017).
10.6†	Personal Employment Agreement, dated August 23, 2017 between R2Net Israel Ltd. and Oded Edelman (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K filed April 2, 2018).
10.7†	Signet Jewelers Limited Rules of the Sharesave Scheme (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 filed September 11, 2008 (File No. 333-153435)).
10.8†	Signet Jewelers Limited Rules of the Irish Sharesave Scheme (incorporated by reference to Exhibit 99.4 to the Company's Registration Statement on Form S-8 filed September 11, 2008 (File No. 333-153435)).
10.9†	Signet Jewelers Limited US Stock Option Plan 2008 (incorporated by reference to Exhibit 99.5 to the Company's Registration Statement on Form S-8 filed September 11, 2008 (File No. 333-153435)).
10.10†	Signet Jewelers Limited International Share Option Plan 2008 (incorporated by reference to Exhibit 99.6 to the Company's Registration Statement on Form S-8 filed September 11, 2008 (File No. 333-153435)).
10.11†	Signet Jewelers Limited 2009 Omnibus Incentive Plan (incorporated by references to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed June 15, 2009 (File No. 333-159987)).
10.12†	Form of Signet Jewelers Limited 2009 Omnibus Incentive Plan Performance Based Restricted Stock Unit Award Notice and Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed May 24, 2012 (File No. 333-153435)).
10.13†	Form of Signet Jewelers Limited 2009 Omnibus Incentive Plan Time-Based Restricted Stock Award Notice and Agreement (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed May 24, 2012 (File No. 333-153435)).
10.14†	Signet Jewelers Limited Amended and Restated 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 Filed July 1, 2020).
10.15†	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Time-Based Restricted Stock Unit Award Notice and Agreement (June 2018 through June 2020 Awards) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed September 6, 2018).
10.16†*	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Time-Based Restricted Stock Unit Award Notice and Agreement (Post June 2020 Awards).
10.17†	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Time-Based Restricted Stock Award Notice and Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed September 6, 2018).
10.18†	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Performance Based Restricted Stock Unit Award Notice and Agreement (June 2018 through Fiscal 2020 Awards) (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed September 6, 2018).
10.19†*	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Performance Based Restricted Stock Unit Award Notice and Agreement (Post June 2020 Awards).
10.20†	Signet Jewelers Limited Sharesave Scheme (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 filed on June 15, 2018).
10.21†	Irish Sub-Plan established pursuant to the Signet Jewelers Limited Sharesave Scheme (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 filed on June 15, 2018).

10.22†	Signet Jewelers Limited Employee Share Purchase Plan for U.S. Employees (incorporated by reference to Exhibit 99.4 to the Company's Registration Statement on Form S-8 filed on June 15, 2018).
10.23†	Form of Letter of Appointment of Independent Directors (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed March 22, 2012).
10.24†	Form of Deed of Indemnity for Directors (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed March 30, 2010).
10.25	Investment Agreement, dated as of August 24, 2016, by and among Signet Jewelers Limited, Green Equity Investors VI, L.P. and Green Equity Investors Side VI, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 25, 2016).
10.26	Shareholders' Agreement by and among Signet Jewelers Limited, Green Equity Investors VI, L.P., Green Equity Investors Side VI, L.P., LGP Associates VI-A LLC and LGP Associates VI-B LLC, dated as of October 5, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 6, 2016).
10.27	Registration Rights Agreement, dated as of October 5, 2016, by and among Signet Jewelers Limited, Green Equity Investors VI, LP, Green Equity Investors Side VI, L.P., LGP Associates VI-A LLC and LGP Associates VI-B LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 6, 2016).
10.28	Accelerated Share Repurchase Master Confirmation Agreement, dated as of October 5, 2016, by and among Signet Jewelers Limited and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed November 29, 2016).
10.29	Accelerated Share Repurchase Supplemental Confirmation Agreement, dated as of October 5, 2016, by and among Signet Jewelers Limited and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed November 29, 2016).
10.30	Credit Agreement, dated as of September 27, 2019, among Signet Jewelers Limited, as holdings; Signet Group Limited, as the lead administrative borrower, a lead borrower and a borrower, Signet Group Treasury Services Inc., Sterling Jewelers Inc., Signet Trading Limited and Zale Canada Co., each as a lead borrower and a borrower; the other borrowers from time to time party thereto; Bank of America, N.A., as administrative agent and collateral agent; BofA Securities Inc., Fifth Third Bank, JPMorgan Chase Bank, N.A. and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners, Fifth Third Bank, JPMorgan Chase Bank, N.A. and PNC Bank, National Association, as co-syndication agents; and the co-documentation agents, other lenders and issuers from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 27, 2019).
10.31	First Amendment to Credit Agreement, dated as of January 29, 2020, among Signet Jewelers Limited, as holdings; Signet Group Limited, as Lead Administrative Borrower; Signet Group Treasury Services Inc., Sterling Jewelers Inc., Signet Trading Limited, Zale Canada Co., Sterling Inc. and Zale Delaware, Inc., each as a lead borrower and a borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K filed March 26, 2020).
10.32†	Form of Termination and Protection Agreement for members of senior leadership of Signet Jewelers Limited, including its executive officers (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed March 26, 2020).
10.33†	Separation and Release Agreement, dated June 30, 2020, between Sterling Jewelers Inc. and Judith Lynn Dennison (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 30, 2020).
21.1*	Subsidiaries of Signet Jewelers Limited.
22.1*	List of Subsidiary Guarantors
23.1*	Consent of independent registered public accounting firm.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.

32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
† Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Signet Jewelers Limited	
Date:	March 18, 2021	By:	/s/ Joan Hilson
		Name:	**Joan Hilson**
		Title:	**Chief Financial Officer** **(Principal Financial Officer)**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, on the date set forth below.

Date		Signature	Title
March 18, 2021	By:	/s/ Virginia C. Drosos **Virginia C. Drosos**	Chief Executive Officer (Principal Executive Officer and Director)
March 18, 2021	By:	/s/ Joan Hilson **Joan Hilson**	Chief Financial Officer (Principal Financial Officer)
March 18, 2021	By:	/s/ Vincent N. Ciccolini **Vincent N. Ciccolini**	Senior Vice President, Controller & Chief Accounting Officer (Principal Accounting Officer)
March 18, 2021	By:	/s/ H. Todd Stitzer **H. Todd Stitzer**	Chairman of the Board
March 18, 2021	By:	/s/ André Branch **André Branch**	Director
March 18, 2021	By:	/s/ R. Mark Graf **R. Mark Graf**	Director
March 18, 2021	By:	/s/ Zackery A. Hicks **Zackery A. Hicks**	Director
March 18, 2021	By:	/s/ Helen E. McCluskey **Helen E. McCluskey**	Director
March 18, 2021	By:	/s/ Sharon L. McCollam **Sharon L. McCollam**	Director
March 18, 2021	By:	/s/ Nancy A. Reardon **Nancy A. Reardon**	Director
March 18, 2021	By:	/s/ Jonathan Seiffer **Jonathan Seiffer**	Director
March 18, 2021	By:	/s/ Brian Tilzer **Brian Tilzer**	Director
March 18, 2021	By:	/s/ Eugenia M. Ulasewicz **Eugenia M. Ulasewicz**	Director
March 18, 2021	By:	/s/ Dontá Wilson **Dontá Wilson**	Director

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Exhibit 31.1

CERTIFICATION

I, Virginia C. Drosos, certify that:

1. I have reviewed this Annual Report on Form 10-K of Signet Jewelers Limited (the “Report”);

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: March 18, 2021

By:	/s/ Virginia C. Drosos
Name:	Virginia C. Drosos
Title:	Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Joan Hilson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Signet Jewelers Limited (the "Report");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 18, 2021

By:	/s/ Joan Hilson
Name:	Joan Hilson
Title:	
	Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Virginia C. Drosos, as Chief Executive Officer of Signet Jewelers Limited (the “Company”), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Annual Report on Form 10-K for the period ending January 30, 2021, as filed with the US Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2021

By:	/s/ Virginia C. Drosos
Name:	Virginia C. Drosos
Title:	Chief Executive Officer

Exhibit 32.2

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joan Hilson, as Chief Financial Officer of Signet Jewelers Limited (the “Company”), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Annual Report on Form 10-K for the period ending January 30, 2021, as filed with the US Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2021

By:	/s/ Joan Hilson
Name:	Joan Hilson
Title:	Chief Financial Officer (Principal Financial Officer)

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