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 February 1, 2020

☐ **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
(441) 296 5872
(Address and telephone number including area code of principal executive offices)

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 ☐

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 3, 2019 was $893,811,751.

Number of common shares outstanding on March 20, 2020: 52,346,157

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 February 1, 2020.

SIGNET JEWELERS LIMITED

FISCAL 2020 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 6.

Fiscal year, fourth quarter and Holiday Season

Signet’s fiscal year ends on the Saturday nearest to January 31. As used herein, “Fiscal 2021,” “Fiscal 2020,” “Fiscal 2019,” “Fiscal 2018,” “Fiscal 2017” and “Fiscal 2016” refer to the 52 week periods ending January 30, 2021, February 1, 2020 and February 2, 2019, the 53 week period ending February 3, 2018, and the 52 week periods ending January 28, 2017 and January 30, 2016, respectively. Fourth quarter references the 13 weeks ended February 1, 2020 (“fourth quarter”) and February 2, 2019 (“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,” “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 impact of a public health crisis or disease outbreak, epidemic or pandemic, such as the recent novel coronavirus on Signet’s business; general economic or market conditions, financial market risks, or other factors that relate to us, including 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 sale due to technology disruptions, future financial results and operating results and/or disruptions arising from changes to or termination of the non-prime outsourcing agreement requiring transition to alternative arrangements through other providers or alternative payment options; deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of fixed 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; 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 and 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; the development and maintenance 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; and an adverse development in legal or regulatory proceedings or tax matters, any new 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, including risks related to satisfaction of the conditions precedent for our pending securities class action settlement and timing and precise amount of the liability funding and related insurance reimbursement; 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 or terrorism and acts of war 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

OVERVIEW

Signet Jewelers Limited ("Signet" or the "Company") 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 3,208 stores and kiosks as of February 1, 2020, and manages its business by geography, a description of which follows:

- The North America segment operated 2,639 locations in the US and 118 locations in Canada as of February 1, 2020.
  - 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); a variety of mall-based regional banners; 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), as well as the Mappins Jewellers regional banner.
- The International segment operated 451 stores in the UK, Republic of Ireland and Channel Islands as of February 1, 2020. The segment primarily operates in shopping malls and off-mall locations under the H.Samuel and Ernest Jones banners.

Certain company activities (e.g. diamond sourcing) are managed as a separate operating segment and are aggregated with unallocated corporate administrative functions in the segment "Other" for financial reporting purposes. Signet's diamond sourcing function includes a diamond polishing factory in Botswana. See Note 6 of Item 8 for additional information regarding the Company's reportable segments.

MISSION & STRATEGY

Signet's mission is to help customers "Celebrate Life and Express Love." The Company's vision is to lead the industry and 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 a large, growing and fragmented category, with the opportunity for additional growth as the Company leverages its strengths and competitive advantages. Signet believes that to realize this opportunity, it must transform its business from that of a legacy mall retailer to a modern OmniChannel category leader.

Impact of COVID-19 on Signet's mission and strategy

The Company's mission and strategy discussed herein does not take into account the developing 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. These impacts are expected to result in lower sales, lower liquidity and higher leverage than previously anticipated when establishing the Company's plans for the Path to Brilliance. 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 actions under the Path to Brilliance plan. Refer to Item 1A, Risk Factors, for further potential impacts and risks associated with COVID-19.

Signet Path to Brilliance

In Fiscal 2019, Signet launched a three-year comprehensive transformation plan, **"Signet's Path to Brilliance,"** to reposition the Company to be the OmniChannel jewelry category leader. The goal of the transformation plan is to drive growth by delivering inspiring products and ideal online and in-store shopping experiences to customers. Funding for the improvements needed in systems, capabilities, product, stores and growth opportunities is expected to come from cost savings - driving out costs customers don't see or care about, in order to invest in what they do. Signet believes this plan will enable the Company to deliver long-term sustainable, profitable sales growth and create value for shareholders.

To achieve its Path to Brilliance goals, the Company must relentlessly focus on the following three strategic pillars which define key priorities and investment focus areas:

- **Customer First**: A resolute focus on customer in all aspects of the business, including product assortment, targeted and personalized marketing, promotions and communications, through consumer-inspired innovation and advanced data analytics.
- **OmniChannel**: Become a leading OmniChannel retailer creating a seamless shopping experience by enhancing digital and in-store capabilities, towards the vision of a seamless experience across all points of customer engagement.

- **Culture of Efficiency & Agility**: Unleash the capabilities of Signet's diverse workplace to be agile, innovative, deliver operational excellence and efficiency with increased resource productivity.

The initial focus of Path to Brilliance was to stabilize the business and fix foundational issues. Signet has made significant progress to date in addressing these challenges by refreshing its leadership team, investing in OmniChannel and digital platforms, developing more modern marketing capabilities, and building a culture of agility, efficiency, and cost consciousness, among others. Signet believes that Path to Brilliance is the right strategy, and the learnings from the last two years have been incorporated into the Company's future plans to improve both operational and financial performance.

With the stabilization and foundational work well underway and yielding benefits, Signet's plan is to continue to build on the capabilities developed during Years 1 and 2, and invest in transformative innovation initiatives in order to accelerate value creation and solidify the Company's position as the OmniChannel jewelry category leader.

Signet plans to build on the capabilities developed during Years 1 and 2, including continuing initiatives to differentiate its store banners, accelerate growth initiatives to enhance the customer OmniChannel experience, grow the Company's portfolio of service offerings, and continue to aggressively address the Company's cost structure and bolster the balance sheet. Signet has plans under each of its three strategic pillars to deliver sustainable same store sales growth, expand margins and improve cash generation over the long-term.

Key components of the transformation plan include:

- **Leading innovation and customer value.** In early Fiscal 2019, Signet launched its innovation engine, with a goal of developing new solutions to customers' jewelry needs to become an innovative disruptor in its category. In addition, Signet believes investments in data analytics and consumer insights including a system to track customer net promoter score, Signet's "Voice of Customer" program, will allow it to better service customers. The Company has begun reinvigorating its merchandise and value proposition focusing on 1) inspiring flagship brands, 2) right value and 3) on-trend product. Signet will continue to build on Fiscal 2019 and Fiscal 2020 key learnings and implement new programs designed to delight customers during their four key journeys (bridal, gifting, self-purchasing and care & repair). Combined with customer-inspired banner repositioning work, this is expected to allow the Company to make further progress in tailoring new product, marketing and promotional strategies unique to each store banner. In addition, investments will also focus on creating an in-store environment that resonates with today's customer, better integrating technology to create a compelling, seamless OmniChannel experience.

- **Enhancing Signet's eCommerce and OmniChannel capabilities.** Signet will continue to invest in platforms and become the leading jewelry retailer across channels. Building a best in class mobile experience and driving digital innovation is an important component of the Path to Brilliance. In Fiscal 2020, Signet invested in a dynamic platform for Jared and Kay to drive increased digital traffic and improve conversion that was designed to enable better customer experience through faster speeds and high-quality imagery. In addition, the Company expects that investments in flexible fulfillment and new product delivery models, on-line jewelry customization tools, enhanced mobile experience, and continued greater personalization of content and product offering utilizing behavioral data management and machine learning will drive a better customer experience. This is also expected to enable and enhance digital marketing return on investments through greater visibility of a customer's multi-touch journey.

- **Optimizing real estate footprint.** Following an evaluation of its real estate footprint, utilization, and cost structure, Signet intends to optimize its portfolio to drive greater store productivity. The Company is working toward a smaller, higher growth potential store base that delivers a fully connected OmniChannel experience. Signet's objective is to ensure its store base is located optimally, providing sufficient returns to justify investment and most importantly providing a delightful customer experience. Efforts include development and implementation of innovative store concepts and formats 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. Store closing decisions are informed by strategic considerations and data analytics, including store performance, sales transference potential, mall grade and trend. Over the last three years, the store footprint was reduced by 13%, largely by exiting regional banners and closing less attractive locations. The Company expects the net store count will continue to decline in future years through a disciplined approach of reducing our presence in declining malls, while relocating certain stores in highly productive locations and selectively expanding the growing Piercing Pagoda concept. These initiatives are expected to provide Signet with a leaner, more diversified footprint and more compelling and connected store experiences that the Company believes will be better aligned to its strategic banner positionings.

- **Reducing non-customer facing costs.** In line with Signet's goal of creating a Culture of Agility and Efficiency, the Company implemented initiatives across its operations, including strategic sourcing, distribution and warehousing, and corporate and support functions to drive cost savings and operational efficiencies. These include procurement savings with respect to merchandise and indirect spend, consolidating facilities and payroll savings as a result of implementing simplified organization structures with wider spans of control and fewer layers of management. In Fiscal 2019 and Fiscal 2020, Signet realized $85 million and $100 million of net costs savings, respectively, for a cumulative two-year net cost savings of $185 million. As a result of the business disruption from COVID-19, the Company is currently unable to estimate additional future net cost savings under the Plan. The gross savings from these initiatives are being used to fund needed investments in technology, capabilities, store experience and high growth market opportunities.

- **Strengthening employee engagement and building capabilities.** Signet's team and organization are key to accomplishing the Company's transformation goals. Signet has hired and promoted several executives to fill key leadership roles, is investing in building e-commerce, analytics and innovation capabilities, and is focusing on reigniting employee engagement in store operations and throughout the entire organization through cultural initiatives, new communication platforms, leadership and skills training, and enhanced career development opportunities.

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.

Signet believes its competitive strengths include strong store banner recognition, outstanding customer experience, branded differentiated and exclusive merchandise, sector-leading marketing and advertising, diversified real estate portfolio, supply chain leadership, and a full spectrum of services including financing and lease purchase options, extended service plans, repair and customer design, and piercing.

Capital strategy

The tenets of Signet's capital strategy are to: 1) invest in its business to drive growth; 2) protect its business from economic downturns by ensuring adequate liquidity; and 3) return excess cash to shareholders. As a result of the business disruption created by COVID-19, including temporary broadscale store closures, the Company is aggressively reducing overall capital expenditures, prioritizing digital investments to enhance its new and modernized eCommerce platform and provide a frictionless shopping experience for customers. This will include flexible fulfillment which unlocks store level inventory and enables buy online pick up in store. Inventory management will continue to be a strategic focus for the Company. Transformational cost reductions include using data and analytics to drive marketing efficiencies, significantly reducing discretionary spend, implementing temporary reduced work hours and furloughs across store and support center teams, and lowering cash compensation for executives and the Company's Board of Directors.

In addition, as a prudent measure to increase the Company's financial flexibility and bolster its cash position, on March 19, 2020, the Company elected to access an additional $900 million on the ABL Revolving Facility. Refer to Management's Discussion & Analysis within Item 7 for further information on the Company's liquidity and capital resources.

BACKGROUND

Operating segments

The business is currently managed as three reportable segments: the North America segment, the International segment and the Other segment. The Other reportable segment consists of all non-reportable segments, including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones and unallocated corporate administrative functions. All segments are managed by an executive committee, which is chaired by Signet's Chief Executive Officer ("CEO"), who reports to the Board of Directors of Signet (the "Board"). The executive committee is responsible for operating decisions within parameters established by the CEO and Board. See Note 6 of Item 8 for additional information regarding the Company's segments as well as disclosure detailing and reconciling the components of key segment operating metrics.

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®; JB Robinson®; Marks & Morgan®; Every Kiss Begins with Kay®; Jared Eternity®; Celebrate Life Express Love®; the Leo Diamond® ;

Hearts Desire®; Radiant Reflections®; Chosen by Jared®; Now and Forever®; Ever Us®; James Allen®; Tolkowsky®; Long Live Love™; Dare to be Devoted®; Love + Be Loved®; and Brilliant Moments®.

- 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®; and Endless Brilliance®.

- H.Samuel®; Ernest Jones®; Ernest Jones Outlet Collection™; Commitment®; Forever Diamonds®; Kiss Collection®; Princessa Collection®; Radiance®; Secrets of the Sea®; Viva Colour®; and Helps You Say It Better®; and It Feels Good To Gift™.

Store locations

Signet operates retail jewelry stores in a variety of real estate formats including mall-based, free-standing, strip center and outlet store locations. As of February 1, 2020, Signet operated 2,653 stores and 555 kiosks across 4.6 million square feet of retail space in the US, UK and Canada. This represented a decrease of 3.8% and a decrease of 2.7% in locations and retail space, respectively, from Fiscal 2019. Store locations by country and territory as of February 1, 2020 are disclosed in Item 2.

Customer experience

Signet is committed to delivering an inspiring, full service, seamlessly connected customer experience. 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 and customer first strategies. 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 will continue 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 developing additional tools to infuse the stories its customers share into the culture and their daily activities.

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 and 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 adding user generated content, 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"), creating a seamless customer experience between online (mobile in particular) and in stores, making it easier for customers to search and browse Signet's extensive range of products, enhanced mobile checkout capability, bridal configuration and much more.

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

- Adding new capability to Signet's digital clienteling 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 it 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.

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.

Finished jewelry

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.

Loose diamonds

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.

Rough diamonds

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 Rio Tinto, 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 with the objective of recovering the original cost of the stones.

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.

Merchandise

Merchandise Mix

Details of merchandise mix (excluding repairs, warranty and other miscellaneous sales) are shown below:

	North America	International	Consolidated
Fiscal 2020			
Bridal	**51%**	**34%**	**49%**
Fashion	**43%**	**26%**	**42%**
Watches	**4%**	**37%**	**7%**
Other	**2%**	**3%**	**2%**
	100%	**100%**	**100%**
Fiscal 2019			
Bridal	49%	42%	48%
Fashion	44%	21%	42%
Watches	5%	35%	8%
Other	2%	2%	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 approximately 50% 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 42% of Signet's total merchandise sales.

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, but also includes ranges of charm bracelets. 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®).

Branded differentiated and exclusive ranges

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

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.

Suppliers

In Fiscal 2020, the five largest suppliers collectively accounted for 21.4% of total purchases, with the largest supplier comprising 7.0%. 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.

Marketing and advertising

Marketing is one of Signet's most critical investments. It generates customer awareness and purchase considerations, and over time strengthens its brands 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. In the past three years, Signet has invested in external Market Mix Modeling, which separates out the ROI of individual marketing elements using multi-variant regression analysis.

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 2020, Signet made a step-change in transforming 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. Fiscal 2020 was the first year that Signet spent 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 2020 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 work launched in Fiscal 2019. Within the past year, the Company has brought on new creative agencies for every North America banner as well as a new data savvy media agency. Content across all platforms improved, which resulted in stronger brand health over the year. 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, advertising before vendor contributions, by segment is shown below:

	Fiscal 2020		Fiscal 2019		Fiscal 2018	
(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	**$ 370.0**	**6.6%**	$ 368.5	6.5%	$ 340.4	6.1%
International	**18.9**	**3.6%**	19.3	3.3%	20.1	3.3%
Signet	**$ 388.9**	**6.3%**	$ 387.8	6.2%	$ 360.5	5.8%

Customer finance

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.

In our North American markets, Signet sells products for cash and for payment through major credit cards, online payment systems and a lease purchase option provided by Progressive Lease. 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.

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"), the majority investor and Castlelake, L.P. ("Castlelake"), the minority investor. Servicing of the non-prime receivables prior to sale to the investors, including operational interfaces and customer servicing, is provided by Genesis. On March 23, 2020, CarVal provided notice to the Company that it was terminating the agreement effective the same day. Refer to Note 29 in Item 8 for additional information related to this termination and related transactions.

Real estate

Signet has specific operating and financial criteria that must be satisfied before investing in new stores or renewing leases on existing stores. Substantially all of the stores operated by Signet are leased. Signet continues to reposition its 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.

Recent investment in the store portfolio is set out below:

(in millions)	North America		International		Total Signet	
Fiscal 2020						
New store capital investment	**$**	**9.2**	**$**	**0.0**	**$**	**9.2**
Remodels and other store capital investment		**39.9**		**0.9**		**40.8**
Total store capital investment	**$**	**49.1**	**$**	**0.9**	**$**	**50.0**
Fiscal 2019						
New store capital investment	$	15.3	$	1.8	$	17.1
Remodels and other store capital investment		50.1		3.0		53.1
Total store capital investment	$	65.4	$	4.8	$	70.2
Fiscal 2018						
New store capital investment	$	47.1	$	1.4	$	48.5
Remodels and other store capital investment		63.8		10.7	$	74.5
Total store capital investment	$	110.9	$	12.1	$	123.0

Seasonality

Signet's sales are seasonal, with the fourth quarter typically accounting for approximately 35-40% of annual sales, with December being by far the highest volume month of the year. The Holiday Season consists of results for the months of November and December. As a result of the Company's seasonality, it anticipates operating income will be almost entirely generated in the fourth quarter.

Employees

In Fiscal 2020, the average number of full-time equivalent persons employed was 26,126. In addition, Signet usually employs a limited number of temporary employees during its fourth quarter. None of Signet's employees in the UK and less than 1% of Signet's employees in the US and Canada are covered by collective bargaining agreements.

	Fiscal 2020	Fiscal 2019	Fiscal 2018
Average number of employees:(1)			
North America(2)	**22,976**	19,689	21,440
International	**2,988**	3,125	3,265
Other(3)	**162**	175	183
Total	**26,126**	22,989	24,888

(1) Full-time equivalents ("FTEs").

(2) Includes 889 FTEs, 844 FTEs and 821 FTEs employed in Canada in Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

(3) Includes corporate employees and employees at the diamond polishing plant located in Botswana.

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.

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 $78 billion at the end of 2019, an increase of 1% from the prior year. This implies a Signet jewelry market share of approximately 7%. Since 2009, the industry average annual growth rate is 2.7%. 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, there were 19,800 jewelry stores in the country, down 2.0% from the prior year.

Canada

The jewelry market in Canada, according to the latest data available to Signet from Euromonitor, has grown steadily over the past five years, rising to an estimated C$8.2 billion in 2018. This represents an increase of 2.9% from the prior year.

UK

In the UK, the jewelry and watch market was estimated at about £5.9 billion in 2019, up approximately 3.5% from the prior year, according to Mintel. Growth, per Mintel, was driven by demand for luxury watches and demi-fine jewelry. Self-purchasing among young women and gifting among men represent the largest parts of the precious jewelry market.

NORTH AMERICA SEGMENT

The North America segment operates jewelry stores in malls, mall-based kiosks and off-mall locations throughout the US and Canada under national banners including Kay, Zales, Jared and Piercing Pagoda, as well as a variety of mall-based regional banners. Additionally, the Company operates online through JamesAllen.com, which was acquired in the R2Net acquisition in Fiscal 2018, as well as individual banner websites.

North America store banner reviews

Store activity by banner

	February 1, 2020	Openings(4)	Closures(4)	February 2, 2019	Openings(4)	Closures(4)	February 3, 2018
Mall							
Kay	**668**	**16**	**(38)**	690	—	(41)	731
Zales	**488**	**4**	**(26)**	510	2	(37)	545
Jared	**3**	**—**	**—**	3	—	(6)	9
Piercing Pagoda(1)	**555**	**10**	**(29)**	574	—	(24)	598
Peoples	**115**	**1**	**(9)**	123	2	(8)	129
Regional banners(2)	**19**	**—**	**(13)**	32	1	(69)	100
Total mall	**1,848**	**31**	**(115)**	**1,932**	**5**	**(185)**	**2,112**
Off-mall and outlet							
Kay	**519**	**3**	**(8)**	524	36	(28)	516
Zales	**142**	**1**	**(7)**	148	—	(11)	159
Jared	**248**	**3**	**(8)**	253	1	(13)	265
Total off-mall and outlet	**909**	**7**	**(23)**	**925**	**37**	**(52)**	**940**
Total							
Kay	**1,187**	**19**	**(46)**	1,214	36	(69)	1,247
Zales	**630**	**5**	**(33)**	658	2	(48)	704
Jared	**251**	**3**	**(8)**	256	1	(19)	274
Piercing Pagoda(1)	**555**	**10**	**(29)**	574	—	(24)	598
Peoples	**115**	**1**	**(9)**	123	2	(8)	129
Regional banners(2)	**19**	**—**	**(13)**	32	1	(69)	100
North America segment	**2,757**	**38**	**(138)**	**2,857**	**42**	**(237)**	**3,052**

	February 1, 2020	February 2, 2019	February 3, 2018
Kay	**1,829**	1,864	1,931
Zales	**880**	916	977
Jared	**1,129**	1,139	1,181
Piercing Pagoda	**104**	108	112
Peoples	**155**	166	171
Regional banners	**24**	38	121
Total net selling square feet (thousands)(3)	**4,121**	4,231	4,493
Decrease in net store selling space	**(2.6)%**	(5.8)%	(1.9)%

(1) Piercing Pagoda operates through mall-based kiosks.

(2) Includes one James Allen location.

(3) Includes 159 thousand, 171 thousand and 191 thousand square feet of net selling space in Canada in Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

(4) Includes 18 store repositions in Fiscal 2020 and 15 repositions in Fiscal 2019.

Average sales per store (millions)[1]	Fiscal 2020	Fiscal 2019	Fiscal 2018
Kay	**$ 1.866**	$ 1.854	$ 1.843
Zales	**1.576**	1.519	1.408
Jared	**4.032**	4.068	4.075
Piercing Pagoda	**0.547**	0.479	0.417
Peoples	**1.458**	1.467	1.444
Regional banners	**1.619**	2.205	1.443
North America segment[2]	**$ 1.713**	$ 1.677	$ 1.632

(1) Excludes JamesAllen.com and all other banner level eCommerce sales for all years presented.

(2) Based only upon stores operated for the full fiscal year and calculated on a 52-week basis.

Kay Jewelers ("Kay")

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

Kay mall stores typically occupy about 1,600 square feet and have approximately 1,400 square feet of selling space, whereas Kay off-mall stores typically occupy about 2,200 square feet and have approximately 1,700 square feet of selling space.

Kay accounted for 39% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 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 with an emphasis on fashion oriented bridal, gifting and self-purchase consumers and offers a broad range of bridal, diamond solitaire, fashion jewelry and watches.

Zales mall stores typically occupy about 1,700 square feet and have approximately 1,300 square feet of selling space, whereas Zales off-mall and outlet stores typically occupy about 2,400 square feet and have approximately 1,600 square feet of selling space.

Zales accounted for 21% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 20%).

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. Every Jared store has an on-site design and service center where most repairs are completed within the same day.

The typical Jared store has about 4,800 square feet of selling space and approximately 6,000 square feet of total space. 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 a smaller off-mall concept known as Jared 4.0, which utilizes approximately 3,600 square feet of selling space, allows for store openings in smaller markets, expands the Jared brand and increases the return on Jared advertising investment. Finally, Jared operates an outlet-mall concept known as Jared Vault which utilizes approximately 1,600 square feet of selling space. These stores are smaller than off-mall Jareds 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 2020 (Fiscal 2019: 18%).

Piercing Pagoda

Piercing Pagoda operates through mall-based kiosks in the US. Piercing Pagoda kiosks are generally located in high traffic areas that are easily accessible and visible within regional shopping malls. Piercing Pagoda offers an affordable selection of basic and fashion gold, silver and diamond jewelry as well as piercings for lobes and cartilage at most locations.

Piercing Pagoda accounted for 5% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 5%).

JamesAllen.com ("James Allen")

James Allen is an online retailer that was acquired by the Company during Fiscal 2018 as part of the R2Net acquisition. 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 4% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 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 stores typically occupy about 1,600 square feet and have approximately 1,300 square feet of selling space.

Peoples accounted for 3% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 3%).

Regional banners

The North America segment also operates 19 mall stores under a variety of established regional banners. The leading brands include JB Robinson Jewelers, Marks & Morgan Jewelers, Belden Jewelers and Gordon's Jewelers, in the US, and Mappins Jewellers ("Mappins"), in Canada. Also included in the regional nameplates are Goodman Jewelers, LeRoy's Jewelers, Osterman Jewelers, Rogers Jewelers, Shaw's Jewelers and Weisfield Jewelers. The Company's strategy is to reduce regional brand locations through conversion to national store brands or through closure upon lease expiration.

Regional banners in the North America segment accounted for 1% of Signet's consolidated sales in Fiscal 2020 (Fiscal 2019: 1%).

Other sales and services

Custom design services represent less than 5% of sales but provide higher than average profitability. Signet's custom jewelry initiative 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 America segment stores, as well as the Jared stores in which they are located. The custom design and repair function 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 America segment stores' repair business.

The North America segment sells extended service plans covering lifetime repair service for jewelry and jewelry replacement plans. 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 uniquely 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. Customers are offered revolving and promotional credit plans under our private label credit card programs and a lease purchase option provided by Progressive Lease allowing Signet to offer payment options that meet each customer's individual needs.

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 legacy Sterling Jewelers, Zale Jewelry and Piercing Pagoda customers, as well as lease purchase customers:

	Fiscal 2020	Fiscal 2019
Total North America sales (excluding James Allen) (millions)	**$ 5,315.2**	$ 5,418.0
Credit and lease purchase sales (millions)	**$ 2,652.4**	$ 2,799.5
Credit and lease purchase sales as % of total North America sales	**49.9%**	51.7%

INTERNATIONAL SEGMENT

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. In Fiscal 2020, approximately 27% of goods purchased were transacted in US dollars (Fiscal 2019: 31%). The following information for the International segment is given in British pounds as Signet believes that this presentation assists in understanding the performance of the International segment.

International market

Ernest Jones and H.Samuel compete with a large number of independent jewelry retailers, as well as discount jewelry retailers, online retail and auction sites, apparel and accessory fashion stores, catalog showroom operators and supermarkets.

International store banner reviews

Store activity by banner

	February 1, 2020	Openings	Closures	February 2, 2019	Openings	Closures	February 3, 2018
H.Samuel	**271**	**—**	**(17)**	288	—	(13)	301
Ernest Jones	**180**	**—**	**(9)**	189	3	(17)	203
International segment	**451**	**—**	**(26)**	**477**	**3**	**(30)**	**504**
H.Samuel	**298**			313			327
Ernest Jones	**180**			186			197
Total net selling square feet (thousands)	**478**			499			524
Decrease in net store selling space	**(4.2)%**			(4.8)%			(0.4)%

	Fiscal 2020	Fiscal 2019	Fiscal 2018
H.Samuel	**£ 0.619**	£ 0.651	£ 0.698
Ernest Jones	**£ 1.012**	£ 1.061	£ 1.066
Average sales per store (millions)[1]	**£ 0.772**	£ 0.811	£ 0.847

(1) Based only upon stores operated for the full fiscal year and calculated on a 52-week basis.

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. The typical store selling space is 1,100 square feet.

H.Samuel accounted for 4% of Signet's sales in Fiscal 2020 (Fiscal 2019: 5%).

Ernest Jones

Ernest Jones serves the upper middle market, with a target customer focused on high-quality, timeless jewelry. The typical store selling space is 1,000 square feet.

Ernest Jones accounted for 4% of Signet's sales in Fiscal 2020 (Fiscal 2019: 5%),

IMPACT OF CLIMATE CHANGE

Signet recognizes that climate change is a major risk to society and therefore continues to take steps to reduce Signet's climatic impact. Signet believes that climate change has a limited influence on its performance and that it is of limited significance to the business.

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 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.

The recent outbreak of COVID-19 has had a significant impact on the Company's business to date in Fiscal 2021, and this outbreak, as well as other public health crises or disease outbreaks, epidemics or pandemics, could adversely impact Signet's business, financial condition, results of operations and cash flows.

A public health crisis or disease outbreak, epidemic or pandemic, such as COVID-19 that was identified in Wuhan, China, or the threat or fear of such event, could adversely impact the Company's business. 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 already begun to significantly impact 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 has 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, has temporarily closed all of its stores in the UK. The COVID-19 pandemic has also begun to disrupt the Company's global supply chain, 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. While the Company's eCommerce business has not yet been significantly impacted, additional federal or state mandates ordering the shut down of additional non-essential businesses could impact the Company's ability to take or fulfill customer orders placed online.

The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the United States and to other areas of the world could continue to adversely impact the national or global economy and negatively impact consumer spending and our stock price. Any of these outcomes could have a material adverse impact on our business, financial condition, operating results and ability to execute and capitalize on our strategies. The full extent of COVID-19 on the Company's operations and financial performance 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.

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 sub-prime credit portfolio. In June 2018, CarVal and Castlelake began purchasing the majority of forward flow receivables of Signet's non-prime credit from Signet for a five-year term. On March 23, 2020, CarVal provided notice to the Company that it was terminating the agreement effective the same day. In the notice of termination, CarVal stated that it is willing to provide a 30-day purchase facility at substantially the same terms as the terminated agreement, but for a fixed term of 30 days from March 23, 2020. Signet is in discussions with CarVal regarding such transition agreement. Castlelake has informed Signet that, subject to their reservation of rights, they do not currently intend to terminate their agreement. On March 25, 2020, Castlelake and Signet entered into a non-binding memorandum of understanding ("MOU") regarding the parties' shared interest in a potential definitive agreement whereby Castlelake would purchase 100% of the funding obligations on the forward flow and add on purchases on a go-forward basis. If the investors were to terminate and the non-terminating investor does not purchase the forward-flow receivables, or if both sub-prime 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 the conduct of 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.

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 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 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 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 the 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.

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.

In June 2016, a majority of voters in the UK elected to withdraw from the European Union (often referred to as Brexit) in a national referendum. In March 2017, the UK invoked Article 50 of the Lisbon Treaty, which formally notified the European Union of its intention to withdraw from the European Union. The commencement of the official withdrawal process by the UK created uncertainties affecting business operations in the UK and places closely associated with the UK. The UK formally exited the European Union on January 31, 2020 and a transition period is in place until December 31, 2020 during which the UK will maintain access to the European Union single market and to the global trade deals negotiated by the European Union on behalf of its members and remain subject to European Union law. The ongoing uncertainty within the UK's government and parliament on the status of Brexit and 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 after the transition period. The referendum 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. The results of the Brexit referendum and the UK's formal exit from the European Union 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.

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 February 1, 2020, Signet held approximately 88% of its total assets in entities whose functional currency is the US dollar and generated approximately 88% of its sales and 91% of its operating income in US dollars for the fiscal year then ended. All the remaining assets, sales and operating income 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.

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 2020, 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 28, 2019, 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, 2018.

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.

New tariffs, if imposed on goods that the Company imports, could have a material 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 in a timely fashion.

Ultimate delivery of Signet's merchandise is substantially dependent upon third-party manufacturers and suppliers. In Fiscal 2020, the five largest suppliers collectively accounted for 21.4% of total purchases, with the largest supplier comprising 7.0%. 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 the recent novel coronavirus, 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.

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.

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.

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 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 income statement, 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.

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.

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.

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 Fiscal 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.

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.

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.

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 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.

Investors 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.

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 transformation plan, such as Signet's Path to Brilliance transformation plan that began in 2018, 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 direct material adverse effect on Signet's results of operations.

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

Signet has a substantial amount of goodwill and indefinite-lived intangible assets on its balance sheet as a result of acquisitions. The Company reviews goodwill and indefinite-lived intangible assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. Application of the impairment test requires judgment, including the identification of reporting units, assignment of assets, liabilities and goodwill to reporting units, and the determination of fair value of each reporting unit. There is a risk that a significant deterioration in a key estimate or assumption or a less significant deterioration to a combination of assumptions or the sale of a part of a reporting unit could result in an impairment charge in the future, which could have a significant adverse impact on the Company's reported earnings. 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 indefinite-lived intangible assets, including goodwill and trade names.

For further information on Signet's testing for goodwill impairment, see "Critical Accounting Policies" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Recent changes in the Company's executive management team or the loss of additional key executive officers or employees could be disruptive to, or cause uncertainty in, its business or adversely impact performance.

Signet's future success will partly depend upon the ability of senior management and other key employees to implement an appropriate business strategy. While Signet has entered into termination protection agreements with such key personnel, the retention of their services cannot be guaranteed and the loss of such services could have a material adverse effect on Signet's ability to conduct its business and disrupt progress on its strategic initiatives. If the Company is not effective in succession planning, there may be a negative impact on the Company's ability to successfully hire for key executive management roles in a timely manner, and employee turnover in general may be disruptive to the Company's operations. In addition, any new executives may wish, subject to Board approval, to change the strategy of Signet. The appointment of new executives may therefore adversely impact performance.

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.

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 and acts of war, 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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 February 1, 2020:

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	Training	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	Design	4,600	Lease	2021
New York City, New York	Diamond trading	1,000	Lease	2021
New York City, New York	Administrative	10,000	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	2021
Toronto, Ontario (Canada)	Distribution and fulfillment	26,000	Lease	2022
Birmingham, UK	Corporate, distribution and e-commerce 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	2019
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) In conjunction with the sale of the prime-only credit quality portion of in-house finance receivable portfolio in North America, 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 is currently being subleased.

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 February 1, 2020:

	North America segment							International segment			Signet
	Kay	Zales	Peoples	Jared	Piercing Pagoda	Regional banners(1)	Total	H.Samuel	Ernest Jones	Total	Total stores
US	1,187	630	—	251	555	16	2,639	—	—	—	2,639
Canada	—	—	115	—	—	3	118	—	—	—	118
United Kingdom	—	—	—	—	—	—	—	261	177	438	438
Republic of Ireland	—	—	—	—	—	—	—	8	2	10	10
Channel Islands	—	—	—	—	—	—	—	2	1	3	3
Total	**1,187**	**630**	**115**	**251**	**555**	**19**	**2,757**	**271**	**180**	**451**	**3,208**

(1) Includes one James Allen location.

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 2020, 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 Jareds, typically have an initial term of ten years with a five year termination right. Piercing Pagoda kiosks generally have one to five year leases. 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. There are typically 250 to 300 such mall stores at any one time in the North America segment. Jared stores are normally opened on fifteen to twenty year leases with options to extend the lease, and rents are not sales related.

At February 1, 2020, the average unexpired lease term of leased premises for the North America segment was approximately three years for Kay and Zales mall locations and five years for off-mall Kay and Zales locations. Jared locations on average have seven years remaining. Approximately 76% of these leases had terms expiring within five years. Piercing Pagoda average lease term remaining is two years and all 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 February 1, 2020, 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, International segment leaseholders 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.

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. See Item 1A Risk Factors.

Number of common shareholders

As of March 20, 2020, there were approximately 6,930 shareholders of record.

Repurchases of equity securities

The following table contains the Company's repurchases of common shares in the fourth quarter of Fiscal 2020:

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 3, 2019 to November 30, 2019	323	$ 17.97	—	$165,586,651
December 1, 2019 to December 28, 2019	—	$ —	—	$165,586,651
December 29, 2019 to February 1, 2020	—	$ —	—	$165,586,651
Total	**323**	$ 17.97	—	**$165,586,651**

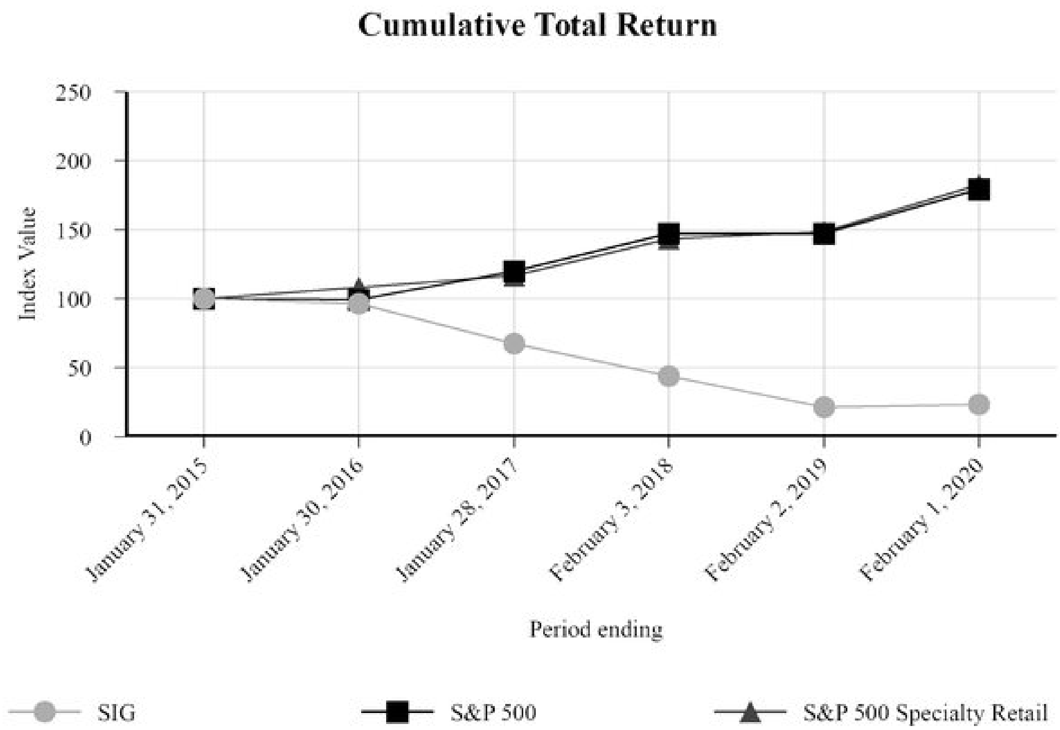
(1) Includes 323 shares delivered to Signet by employees to satisfy minimum tax withholding obligations due upon the vesting or payment of stock awards under share-based compensation programs. These are not repurchased in connection with any publicly announced share repurchase programs.

(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 9 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 February 1, 2020. 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 31, 2015 through February 1, 2020.



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 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. 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 CONSOLIDATED FINANCIAL DATA

The financial data included below for Fiscal 2020, Fiscal 2019 and Fiscal 2018 has been derived from the audited consolidated financial statements included in Item 8. The financial data for these periods should be read in conjunction with the financial statements, including the notes thereto, and Item 7. The financial data included below for Fiscal 2017 and Fiscal 2016 has been derived from the previously published consolidated audited financial statements not included in this document.

FINANCIAL DATA:	**Fiscal 2020**	**Fiscal 2019**	**Fiscal 2018(1)**	**Fiscal 2017**	**Fiscal 2016**
Consolidated statements of operations:			**(in millions)**		
Sales	**$ 6,137.1**	$ 6,247.1	$ 6,253.0	$ 6,408.4	$ 6,550.2
Gross margin	**$ 2,223.7**	$ 2,160.8	$ 2,190.0	$ 2,360.8	$ 2,440.4
Selling, general and administrative expenses	**$ (1,918.2)**	$ (1,985.1)	$ (1,872.2)	$ (1,880.2)	$ (1,987.6)
Operating income (loss)	**$ 158.3**	$ (764.6)	$ 579.9	$ 763.2	$ 703.7
Net income (loss) attributable to common shareholders	**$ 72.6**	$ (690.3)	$ 486.4	$ 531.3	$ 467.9
Same store sales percentage increase (decrease)	**0.6 %**	(0.1)%	(5.3)%	(1.9)%	4.1 %
			(as a % of sales)		
Sales	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %
Gross margin	**36.2 %**	34.6 %	35.0 %	36.8 %	37.3 %
Selling, general and administrative expenses	**(31.3)%**	(31.8)%	(29.9)%	(29.3)%	(30.4)%
Operating income (loss)	**2.6 %**	(12.2)%	9.3 %	11.9 %	10.7 %
Net income (loss) attributable to common shareholders	**1.2 %**	(11.0)%	7.8 %	8.3 %	7.1 %
Per share data:					
Earnings (loss) per common share:					
Basic	**$ 1.40**	$ (12.62)	$ 7.72	$ 7.13	$ 5.89
Diluted	**$ 1.40**	$ (12.62)	$ 7.44	$ 7.08	$ 5.87
Dividends declared per common share	**$ 1.48**	$ 1.48	$ 1.24	$ 1.04	$ 0.88
Weighted average common shares outstanding:			**(in millions)**		
Basic	**51.7**	54.7	63.0	74.5	79.5
Diluted	**51.8**	54.7	69.8	76.7	79.7
Consolidated balance sheet:			**(in millions)**		
Total assets (2)	**$ 6,299.1**	$ 4,420.1	$ 5,839.6	$ 6,597.8	$ 6,464.9
Total liabilities (2)	**$ 4,459.5**	$ 2,603.2	$ 2,726.2	$ 3,495.7	$ 3,404.2
Series A redeemable convertible preferred shares	**$ 617.0**	$ 615.3	$ 613.6	$ 611.9	n/a
Working capital	**$ 1,502.2**	$ 1,822.8	$ 2,408.9	$ 3,438.9	$ 3,437.0
Common shares outstanding	**52.3**	51.9	60.5	68.3	79.4

(1) On September 12, 2017, the Company completed the acquisition of R2Net. Fiscal 2018 results include R2Net's results since the date of acquisition. See Note 5 of Item 8 for additional information.

(2) In Fiscal 2020, the Company adopted ASC 842, Leases, and as a result of the adoption the Company recorded operating right-of-use assets of $1.7 billion and operating leases liabilities of $1.8 billion as of February 1, 2020. See Note 2 and 17 in Item 8 for additional information.

n/a Not applicable as Series A redeemable convertible preferred shares were issued in October 2016.

	Fiscal 2020	Fiscal 2019	Fiscal 2018[1]	Fiscal 2017	Fiscal 2016
Other financial data:					
Free cash flow (in millions)[2]	**$ 419.4**	$ 564.2	$ 1,703.1	$ 400.3	$ 62.8
Effective tax rate	**18.7%**	18.1%	1.5% [3]	23.9%	28.9%
ROCE[2]	**11.7%**	6.7%	19.1%	21.4%	21.0%
Adjusted leverage ratio[2]	**4.1x**	4.3x	3.1x	3.6x	3.3x
Store and employee data:					
Store locations (at end of period)	**3,208**	3,334	3,556	3,682	3,625
Number of employees (full-time equivalents)[4]	**26,126**	22,989	24,888	29,566	29,057

(1) On September 12, 2017, the Company completed the acquisition of R2Net. Fiscal 2018 results include R2Net's results since the date of acquisition. See Note 5 of Item 8 for additional information.

(2) Free cash flow, ROCE and adjusted leverage ratio are non-GAAP measures; see GAAP and non-GAAP Measures section below.

(3) Effective tax rate in Fiscal 2018 includes favorable impact of the TCJ Act enacted by the US government in December 2017. See Note 12 of Item 8 for additional information.

(4) Number of employees includes 162, 142, 127, 163 and 194 full-time equivalents employed in the diamond polishing plant located in Botswana for Fiscal 2020, Fiscal 2019, Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

GAAP AND 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 US 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 Debt

Net 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)	February 1, 2020	February 2, 2019	February 3, 2018
Cash and cash equivalents	**$ 374.5**	$ 195.4	$ 225.1
Less: Loans and overdrafts	**(95.6)**	(78.8)	(44.0)
Less: Long-term debt	**(515.9)**	(649.6)	(688.2)
Net debt	**$ (237.0)**	$ (533.0)	$ (507.1)

2. Return on Capital Employed, as Adjusted ("ROCE")

ROCE is a non-GAAP measure calculated by dividing the 52 week annual operating income by the average quarterly capital employed and is expressed as a percentage. Capital employed includes accounts and other receivables, inventories, property, plant and equipment, other assets, accounts payable, accrued expenses and other current liabilities, other liabilities, deferred revenue and retirement benefit asset/obligation. This is a key performance indicator used by management for assessing the effective operation of the business and is considered a useful disclosure for investors as it provides a measure of the return on Signet's operating assets. Further, this metric is utilized in evaluating management performance and incorporated into management's long-term incentive plan metrics.

	Fiscal 2020	Fiscal 2019	Fiscal 2018
ROCE[1]	**11.7%**	6.7%	19.1%

(1) ROCE in Fiscal 2020 was adjusted to exclude the impact of an immaterial out of period goodwill impairment adjustment of $47.7 million; ROCE in Fiscal 2019 was adjusted to exclude the impact of goodwill and intangible impairments totaling $735.4 million and $160.4 million of valuation losses associated with sale of the non-prime in-house accounts receivable portfolio recognized during the year. See Note 18 and Note 4 of Item 8 for additional information.

3. 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 expenditure. 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 receivable portfolio. In Fiscal 2018, net cash provided by operating activities included $952.5 million in proceeds received in connection with the sale of the Company's prime receivable portfolio. See Note 4 of Item 8 for additional information regarding the sale of the prime and non-prime receivable portfolios.

(in millions)	**Fiscal 2020**	**Fiscal 2019**	**Fiscal 2018**
Net cash provided by operating activities	**$ 555.7**	$ 697.7	$ 1,940.5
Purchase of property, plant and equipment	**(136.3)**	(133.5)	(237.4)
Free cash flow	**$ 419.4**	$ 564.2	$ 1,703.1

4. Leverage Ratio

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, and non-cash 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 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 relative to other companies.

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Adjusted debt:			
Long-term debt	**$ 515.9**	$ 649.6	$ 688.2
Loans and overdrafts	**95.6**	78.8	44.0
Series A redeemable convertible preferred shares(1)	**617.0**	615.3	613.6
Adjustments:			
5x Rent expense	**2,398.5**	2,551.5	2,640.5
Adjusted debt	**$ 3,627.0**	$ 3,895.2	$ 3,986.3
Adjusted EBITDAR:			
Net income (loss)	**$ 105.5**	$ (657.4)	$ 519.3
Income taxes	**24.2**	(145.2)	7.9
Interest expense, net	**35.6**	39.7	52.7
Depreciation and amortization on property, plant and equipment(2)	**177.1**	179.6	194.1
Amortization of definite-lived intangibles(2)	**0.9**	4.0	9.3
Amortization of unfavorable leases and contracts	**(5.5)**	(7.9)	(13.0)
Other non-cash accounting adjustments(3)	**67.4**	980.7	—
Adjusted EBITDA	**$ 405.2**	$ 393.5	$ 770.3
Rent expense	**479.7**	510.3	528.1
Adjusted EBITDAR	**$ 884.9**	$ 903.8	$ 1,298.4
Adjusted Leverage ratio	**4.1x**	4.3x	3.1x

(1) Series A redeemable convertible preferred shares were issued in October 2016.

(2) Total amount of depreciation and amortization reflected on the consolidated statement of cash flows for Fiscal 2020, Fiscal 2019 and Fiscal 2018 equals $178.0 million, $183.6 million and $203.4 million, respectively, which includes $0.9 million, $4.0 million and $9.3 million, respectively, related to the amortization of definite-lived intangibles, primarily favorable leases and trade names.

(3) Fiscal 2020 includes: 1) $47.7 million related to an immaterial out of period goodwill impairment adjustment; 2) $25.9 million related to charges in connection with the Company's transformation plan; and 3) a $6.2 million gain on extinguishment of debt. Fiscal 2019 includes: 1) $735.4 million related to the goodwill and intangible impairments; 2) $160.4 million from the valuation losses related to the sale of eligible non-prime in-house accounts receivable; and 3) $84.9 million related to charges recorded in conjunction with the Company's transformation plan.

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

FORWARD-LOOKING STATEMENTS AND GAAP AND NON-GAAP MEASURES

The following discussion and analysis of the results of operations, financial condition and liquidity is based upon the consolidated financial statements of Signet which are prepared in accordance with US GAAP. The following information should be read in conjunction with Signet's financial statements and the related notes included in Item 8. The discussion in this Item 7 contains forward-looking statements that reflect the Company's plans, estimates and beliefs. 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."

A number of non-GAAP measures are used by management to analyze and manage the performance of the business. See Item 6 for the required disclosures related to these measures. Signet provides such non-GAAP information in reporting its financial results to give investors additional data to evaluate its operations. The Company's management does not, nor does it suggest investors should, consider such non-GAAP measures as more important than, in isolation from, or in substitution for, financial information prepared in accordance with GAAP.

Impacts of COVID-19 to Signet's business

Following the end of Fiscal 2020, the global emergence of COVID-19 has had significant impacts on the Company's business and the full extent of such impacts are currently unknown. COVID-19 has already begun to significantly impact 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. As of the filing of this Annual Report on Form 10-K, based on recent governmental orders and the advice of leading health officials, the Company has taken certain precautionary and preemptive measures to address COVID-19. Effective March 23, 2020, the Company has 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, has temporarily closed all of its stores in the UK. The COVID-19 pandemic has also begun to disrupt the Company's global supply chain, 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. While the Company's eCommerce business has not yet been significantly impacted, additional federal or state mandates ordering the shut-down of additional non-essential businesses could impact the Company's ability to take or fulfill customer orders placed online.

The Company continues to actively monitor and manage the situation, and may take additional actions that may further alter normal business operations as may be required by federal, state or local authorities or that the Company determines are in the best interests of its employees, customers, suppliers and shareholders. The Company is also taking numerous actions to maximize its financial flexibility and bolster its cash position as a result of the uncertainty. Refer to Liquidity and Capital Resources section below. It is not clear to what extent any of these impacts will have on the Company's business, including the effects on its progress on the Path to Brilliance transformation plan, its customers and business prospects, or on its financial results in the near and long-term.

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. In Fiscal 2020, the Company continued to build on its progress toward achieving the goals of the Path to Brilliance transformation plan, and the Company's performance reflected this progress. In Fiscal 2020, the Company's performance exceeded its expectations, both for the full year and in the critical Holiday Season during the fourth quarter. Refer to Item 1 for further information on the Company's mission and strategy, including the Path to Brilliance.

Exchange translation impact

The monthly average exchange rates are used to prepare the consolidated statements of operations. In Fiscal 2021, it is anticipated a five percent movement in the British pound to US dollar exchange rate would impact income before income taxes by approximately $0.5 million, while a five percent movement in the Canadian dollar to US dollar exchange rate would impact income before income taxes by approximately $0.4 million.

Fiscal 2020 Overview

Similar to many other retailers, Signet follows the retail 4-4-5 reporting calendar, which included an extra week in the fourth quarter of Fiscal 2018 (the "53rd week"). The 53rd week added $84.3 million in net sales and increased diluted earnings per share by approximately $0.12 for both the fourth quarter and full year Fiscal 2018. Both Fiscal 2020 and Fiscal 2019 were 52 week reporting periods.

Same Store Sales

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. 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. 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. Same store sales exclude the 53rd week in the fiscal year in which it occurs. Management considers same store sales useful as it is a major benchmark used by investors to judge performance within the retail industry.

Net Store Selling Space

	North America	International	Total Signet
Fiscal 2020			
Openings(1)	**38**	**—**	**38**
Closures(1)	**(138)**	**(26)**	**(164)**
Net change in store selling space	**(2.6)%**	**(4.2)%**	**(2.7)%**
Fiscal 2019			
Openings	42	3	45
Closures	(237)	(30)	(267)
Net change in store selling space	(5.8)%	(4.8)%	(5.7)%
Fiscal 2018			
Openings	113	3	116
Closures	(235)	(7)	(242)
Net change in store selling space	(1.9)%	(0.4)%	(1.7)%

(1) Includes 18 store repositions during Fiscal 2020.

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 tax.
- Net bad debt expense and customers' late payments prior to Signet outsourcing credit.(1)
- Store operating expenses such as utilities, displays and merchant credit costs.
- Distribution and warehousing costs including freight, processing, inventory shrinkage and related payroll.

(1) Signet recognized two months of net bad debt expense, customer late payments and finance interest income (presented within other operating income) in the first quarter of Fiscal 2019 prior to the non-prime receivables being reclassified as receivables held for sale.

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 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, in-house credit operations prior to the Company’s outsourcing initiatives in the third quarter of Fiscal 2018 and third-party outsourcing fees and credit sales subsequent to the outsourcing initiative, finance, eCommerce and other operating expenses 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 expenditure has historically been national television advertising and is determined by management’s judgment of the appropriate level of advertising impressions and the cost of purchasing media.

Other operating income (loss)

Other operating income (loss) is primarily comprised of miscellaneous operating income and expense items such as litigation settlements and foreign currency gains and losses. Prior to the third quarter of Fiscal 2018, other operating income was predominantly comprised of interest income arising from in-house customer finance provided to the customers of the North America segment. In the third quarter of Fiscal 2018, the Company completed the sale of the prime portion of the in-house finance receivables. In the second quarter of Fiscal 2019, the Company completed the sale of the non-prime in-house accounts receivable. Subsequent to these transactions, the Company experienced a material reduction in the amount of interest income it recognized. See Note 4 in Item 8 for further detail on the Company’s credit transactions.

Results of Operations

	Fiscal 2020		Fiscal 2019		Fiscal 2018	
(in millions)	*$*	*% of sales*	*$*	*% of sales*	*$*	*% of sales*
Sales	**$ 6,137.1**	**100.0 %**	$ 6,247.1	100.0 %	$ 6,253.0	100.0 %
Cost of sales	**(3,904.2)**	**(63.6)**	(4,024.1)	(64.4)	(4,063.0)	(65.0)
Restructuring charges - cost of sales	**(9.2)**	**(0.2)**	(62.2)	(1.0)	—	—
Gross margin	**2,223.7**	**36.2**	2,160.8	34.6	2,190.0	35.0
Selling, general and administrative expenses	**(1,918.2)**	**(31.3)**	(1,985.1)	(31.8)	(1,872.2)	(29.9)
Credit transaction, net	—	—	(167.4)	(2.7)	1.3	—
Restructuring charges	**(69.9)**	**(1.1)**	(63.7)	(1.0)	—	—
Goodwill and intangible impairments	**(47.7)**	**(0.8)**	(735.4)	(11.8)	—	—
Other operating income (loss)	**(29.6)**	**(0.5)**	26.2	0.4	260.8	4.2
Operating income (loss)	**158.3**	**2.6**	(764.6)	(12.2)	579.9	9.3
Interest expense, net	**(35.6)**	**(0.6)**	(39.7)	(0.6)	(52.7)	(0.9)
Other non-operating income, net	**7.0**	**0.1**	1.7	—	—	—
Income (loss) before income taxes	**129.7**	**2.1**	(802.6)	(12.8)	527.2	8.4
Income tax benefit (expense)	**(24.2)**	**(0.4)**	145.2	2.3	(7.9)	(0.1)
Net income (loss)	**$ 105.5**	**1.7 %**	$ (657.4)	(10.5)%	$ 519.3	8.3 %

COMPARISON OF FISCAL 2020 TO FISCAL 2019

- Same store sales: up 0.6%.
- Diluted earnings (loss) per share: $1.40 compared to $(12.62) in Fiscal 2019.

Sales

In Fiscal 2020, Signet’s same store sales increased by 0.6%, compared to a decrease of 0.1% in Fiscal 2019. Total sales were $6.14 billion, down $110.0 million or 1.8%, compared to $6.25 billion in Fiscal 2019. The total sales decline was primarily driven by net store closures of $181.4 million. The decrease was positively offset by growth in eCommerce sales, which were $750.4 million and 12.2% of sales compared to $682.4 million and 10.9% of sales in Fiscal 2019.

The breakdown of Signet's sales performance during Fiscal 2020 is set out in the table below:

	Change from previous year					
Fiscal 2020	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)
Kay	— %	(0.8)%	(0.8)%	na	(0.8)%	$ 2,397.7
Zales	2.8 %	(2.7)%	0.1 %	na	0.1 %	$ 1,261.3
Jared	(2.5)%	(2.2)%	(4.7)%	na	(4.7)%	$ 1,088.1
Piercing Pagoda	10.9 %	(1.2)%	9.7 %	na	9.7 %	$ 331.7
James Allen	12.0 %	— %	12.0 %	— %	12.0 %	$ 250.6
Peoples	(0.9)%	(1.7)%	(2.6)%	(1.1)%	(3.7)%	$ 200.6
Regional banners	(10.7)%	(48.2)%	(58.9)%	— %	(58.9)%	$ 35.8
North America segment	**1.1 %**	**(2.4)%**	**(1.3)%**	**— %**	**(1.3)%**	**$ 5,565.8**
International segment	**(4.9)%**	**(2.7)%**	**(7.6)%**	**(2.5)%**	**(10.1)%**	**$ 518.0**
Other[1]	na	84.4 %	84.4 %	— %	84.4 %	$ 53.3
Signet	**0.6 %**	**(2.1)%**	**(1.5)%**	**(0.3)%**	**(1.8)%**	**$ 6,137.1**

(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 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019
Kay	$ 500	$ 506	(1.4)%	8.6 %	1.5 %	(8.6)%
Zales	$ 489	$ 480	1.7 %	1.9 %	1.6 %	3.5 %
Jared	$ 696	$ 659	4.7 %	10.2 %	(6.5)%	(13.0)%
Piercing Pagoda	$ 74	$ 69	7.2 %	9.5 %	3.3 %	3.2 %
James Allen	$ 3,922	$ 3,738	4.9 %	(11.0)%	11.8 %	28.8 %
Peoples[(3)]	C$ 424	C$ 429	(1.9)%	(0.9)%	1.6 %	2.8 %
Regional banners	$ 530	$ 477	16.7 %	5.1 %	(24.3)%	(16.0)%
North America segment	**$ 388**	**$ 386**	**0.5 %**	**4.3 %**	**1.1 %**	**(3.0)%**
H.Samuel [(4)]	£ 84	£ 83	— %	(4.6)%	(5.0)%	(0.3)%
Ernest Jones [(4)]	£ 366	£ 359	0.5 %	(2.2)%	(5.7)%	(3.4)%
International segment[(4)]	**£ 138**	**£ 137**	**— %**	**(4.2)%**	**(5.1)%**	**(0.9)%**

(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 Peoples stores are denominated in Canadian dollars.

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

North America sales

The North America segment's total sales were $5.57 billion compared to $5.64 billion in the prior year, down 1.3%. Same store sales increased 1.1% compared to an increase of 0.5% in the prior year. North America's ATV increased 0.5%, and the number of transactions increased 1.1%. eCommerce sales increased 10.7% and brick and mortar sales declined 0.2% on a same store sales basis.

The percentage of sales from new merchandise increased during the year, including Center of Me and Love + Be Loved™, somewhat offset by declines in legacy product. Bridal and fashion sales each increased on a same store sales basis while the Watches and Other categories declined on a same store sales basis.

International sales

In Fiscal 2020, the International segment's total sales were $518.0 million, down 10.1%, compared to $576.5 million in Fiscal 2019. Sales declined across categories continuing to reflect a difficult operating environment in the UK. Same store sales decreased by 4.9% compared to a decrease of 5.2% in Fiscal 2019. ATV was flat while the number of transactions decreased 5.1%. eCommerce sales increased 2.7% and brick and mortar sales declined 5.9% on a same store sales basis.

Fourth quarter sales

In the fourth quarter, Signet's total sales were $2.15 billion, down $1.4 million or 0.1%, compared to a decrease of 6.0% in the prior year fourth quarter. Same store sales were up 2.3% compared to a decrease of 2.0% in the prior year fourth quarter. The total sales decrease was driven by net store closures compared to prior year. The decrease was offset by eCommerce sales which were $299.9 million or 13.9% of total sales, compared to $260.6 million or 12.1% 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 2020	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)
Kay	0.6 %	(1.8)%	(1.2)%	na	(1.2)%	$ 827.3
Zales	5.9 %	(1.8)%	4.1 %	na	4.1 %	$ 480.1
Jared	(2.0)%	(1.9)%	(3.9)%	na	(3.9)%	$ 367.2
Piercing Pagoda	7.7 %	(0.1)%	7.6 %	na	7.6 %	$ 106.6
James Allen	32.6 %	— %	32.6 %	na	32.6 %	$ 84.2
Peoples	3.3 %	(1.6)%	1.7 %	1.1%	2.8 %	$ 76.3
Regional banners	(7.5)%	(44.5)%	(52.0)%	0.2%	(51.8)%	$ 12.1
North America segment	**2.9 %**	**(2.4)%**	**0.5 %**	**0.1%**	**0.6 %**	**$ 1,953.8**
International segment	**(3.1)%**	**(3.2)%**	**(6.3)%**	**1.8%**	**(4.5)%**	**$ 186.2**
Other[(1)]	na	(20.8)%	(20.8)%	—%	(20.8)%	$ 13.3
Signet	**2.3 %**	**(2.6)%**	**(0.3)%**	**0.2%**	**(0.1)%**	**$ 2,153.3**

(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	
Fiscal Year	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019
Kay	$ 440	$ 473	(7.2)%	8.2 %	8.4 %	(9.3)%
Zales	$ 440	$ 435	1.1 %	(0.5)%	4.1 %	2.3 %
Jared	$ 619	$ 607	1.3 %	11.8 %	(2.9)%	(18.4)%
Piercing Pagoda	$ 80	$ 74	8.1 %	10.4 %	(0.6)%	5.3 %
James Allen	$ 4,014	$ 3,674	9.3 %	(13.2)%	21.6 %	13.6 %
Peoples[(3)]	C$ 379	C$ 384	(2.1)%	(3.3)%	4.2 %	6.0 %
Regional banners	$ 492	$ 430	(1.1)%	1.2 %	(9.7)%	(17.0)%
North America segment	**$ 374**	**$ 374**	**(0.5)%**	**2.2 %**	**3.4 %**	**(4.0)%**
H.Samuel[(4)]	£ 80	£ 80	— %	(4.8)%	(4.5)%	(0.8)%
Ernest Jones[(4)]	£ 329	£ 314	3.5 %	(1.6)%	(4.9)%	(8.5)%
International segment[(4)]	**£ 125**	**£ 123**	**1.6 %**	**(5.4)%**	**(4.6)%**	**(2.3)%**

(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 Peoples stores are denominated in Canadian dollars.

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

North America sales

The North America segment's total sales were $1.95 billion compared to $1.94 billion in the prior year, up 0.6%. Same store sales grew in all mall based banners, resulting in an increase of 2.9% compared to a decrease of 1.4% in the prior year. The North America segment's ATV decreased 0.5%, while the number of transactions increased 3.4% driven by higher conversion in-store. eCommerce sales increased 15.0% and brick and mortar sales increased 1.1% on a same store sales basis.

Bridal and fashion category sales grew on a same store sales basis reflecting strengthened product newness including new collections Center of Me and Marilyn Monroe. The Watches and Other categories declined on a same store sales basis.

International sales

The International segment's total sales decreased 4.5% to $186.2 million compared to $195.0 million in the prior year and decreased 6.3% at constant exchange rates. Same store sales decreased 3.1% compared to a decrease of 7.3% in the prior year. Sales declined across all categories, continuing to reflect a difficult operating environment in the UK. In the International segment's ATV increased 1.6%, while the number of transactions decreased 4.6%. eCommerce sales increased 15.8% and brick and mortar sales declined 5.8% on a same store sales basis.

Cost of sales and Gross margin

In Fiscal 2020, gross margin was $2.22 billion or 36.2% of sales compared to $2.16 billion or 34.6% of sales in Fiscal 2019. Factors impacting gross margin rate for the year to date period included: 1) transformation plan cost savings; 2) a favorable impact of 80 bps related to credit outsourcing; and 3) an unfavorable impact of 30 bps related to lower margin diamond sales to third parties from our Botswana operations. In addition, gross margin in the current year was favorably impacted by a reduction in inventory charges related to the transformation plan compared to the prior year. The current year included $9.2 million in charges related to discontinued inventory under the plan, compared to charges of $62.2 million related to this inventory in the prior year comparable period.

In the fourth quarter, gross margin was $897.9 million or 41.7% of sales compared to $877.8 million or 40.7% of sales in the prior year fourth quarter. The gross margin rate reflected: 1) transformation cost savings, 2) the benefit of lapping an inventory write-down in the prior year fourth quarter, and 3) lower store occupancy costs inclusive of closed stores. In the current year quarter, a charge of $3.4 million was taken related to inventory that the Company previously discontinued as part of its transformation plan.

See Note 7 of Item 8 for additional information regarding the Company's restructuring activities.

Selling, general and administrative expenses ("SGA")

Selling, general and administrative expenses for Fiscal 2020 were $1.92 billion or 31.3% of sales compared to $1.99 billion or 31.8% of sales in Fiscal 2019. SGA decreased year over year primarily due to lower store staff costs, inclusive of closed stores, and transformation cost savings. Additionally, there was a benefit of lapping a charge related to a previously disclosed regulatory matter in the prior year. These benefits were offset by slightly higher advertising expense and increased credit costs related to the transition to an outsourced credit model.

In the fourth quarter, SGA expense was $633.2 million or 29.4% of sales compared to $647.2 million or 30.0% of sales in the prior year fourth quarter. Changes in SGA were driven by: 1) lower advertising spend with increased impressions, 2) lower store staff costs inclusive of closed stores, 3) the benefit of lapping a charge related to a regulatory matter in the prior year, and 4) higher incentive compensation.

Restructuring charges

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. 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, 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 7 of Item 8 for additional information regarding the Company's restructuring activities.

Goodwill and intangible impairments

During the 13 weeks ended August 3, 2019, an immaterial out-of-period adjustment of $47.7 million was recognized within goodwill and intangible impairments on the consolidated statements of operations.

In Fiscal 2019, the Company recorded non-cash goodwill and intangible asset impairment pre-tax charges of $735.4 million, of which $448.7 million were recorded in the first quarter of Fiscal 2019 and $286.7 million were recorded in the fourth quarter of Fiscal 2019. The first quarter charge was related to the write down of goodwill and intangible assets recognized in the North America segment as part of the Zale Corporation acquisition, as well as goodwill associated with the acquisition of Ultra Stores, Inc. The fourth quarter charge was related to the write down of goodwill and intangible assets recognized in the North America segment as part of the R2Net acquisition (James Allen) and intangible assets recognized as part of the Zale Corporation acquisition.

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

Other operating income (loss)

In Fiscal 2020, other operating income (loss) was $(29.6) million compared to $26.2 million in Fiscal 2019. In the fourth quarter, other operating income (loss) was $(31.0) million compared to $0.7 million in the prior year fourth quarter. The loss in both fourth quarter and full year Fiscal 2020 was primarily driven by a $33.2 million charge, net of expected insurance recoveries, related to the proposed settlement of a shareholder litigation matter.

Refer to Note 27 of Item 8 for additional information on this litigation matter.

Operating income (loss)

In Fiscal 2020, operating income was $158.3 million or 2.6% of sales compared to an operating loss of $(764.6) million or (12.2)% of sales in Fiscal 2019. The operating income increase year over year was driven by: 1) the benefit of lapping prior year charges of $735.2 million related to goodwill offset by an out-of-period adjustment of $47.7 million; 2) lower store staff costs, inclusive of closed stores; 3) transformation cost savings; 4) the reduction of inventory charges related to the transformation plan from $62.2 million in Fiscal 2019 to $9.2 million in Fiscal 2020; and 5) the lapping of $167.4 million in charges related to the sale of eligible non-prime in-house accounts receivable in Fiscal 2019. Operating income was unfavorably impacted by a current year charge of $33.2 million, net of expected insurance recoveries, related to the proposed settlement of a shareholder litigation matter.

	Fiscal 2020		Fiscal 2019	
(in millions)	*$*	*% of sales*	*$*	*% of sales*
North America segment[(1)]	**$ 327.0**	**5.9%**	$ (621.1)	11.0 %
International segment[(2)]	**16.0**	**3.1%**	12.9	2.2 %
Other[(3)]	**(184.7)**	**nm**	(156.4)	nm
Operating income (loss)	**$ 158.3**	**2.6%**	$ (764.6)	(12.2)%

(1) Fiscal 2020 includes $47.7 million related to an immaterial out-of-period goodwill adjustment and $6.0 million related to inventory charges recorded in conjunction with the Company's restructuring activities. Fiscal 2019 includes: 1) $731.8 million related to goodwill and intangible impairments; 2) $52.7 million related to inventory charges recorded in conjunction with the Company's restructuring activities; and 3) $160.4 million from the valuation losses related to the sale of eligible non-prime in-house accounts receivable. See Note 18, Note 7 and Note 4, respectively, of Item 8 for additional information.

(2) Fiscal 2019 includes $3.8 million related to inventory charges recorded in conjunction with the Company's transformation plan activities. See Note 7 of Item 8 for additional information.

(3) Fiscal 2020 includes $73.1 million related to charges recorded in conjunction with the Company's restructuring activities, including inventory charges, and a net charge of $33.2 million related to the proposed settlement of a shareholder litigation matter. Fiscal 2019 includes: 1) $69.4 million related to charges recorded in conjunction with the Company's restructuring activities including inventory charges; 2) $11.0 million related to the resolution of a previously disclosed regulatory matter; 3) $7.0 million representing transaction costs associated with the sale of the non-prime in-house accounts receivable; and 4) $3.6 million of goodwill and intangible impairments. See Note 7, Note 27, Note 4 and Note 18, respectively, of Item 8 for additional information.

nm Not meaningful.

In the fourth quarter, operating income (loss) was $223.2 million or 10.4% of sales compared to $(83.5) million or (3.9)% of sales in prior year fourth quarter. The operating income change reflected: 1) the benefit of lapping prior year charges of $286.7 million related to goodwill, 2) transformation cost savings, 3) lower advertising, 4) a $33.2 million charge, net of expected insurance recoveries, related to the proposed settlement of a shareholder litigation matter, and 5) higher incentive compensation.

	Fourth Quarter Fiscal 2020		Fourth Quarter Fiscal 2019	
(in millions)	*$*	*% of sales*	*$*	*% of sales*
North America segment[(1)]	**$ 259.9**	**13.3%**	(60.1)	(3.1)%
International segment	**30.1**	**16.2%**	31.0	15.9 %
Other[(2)]	**(66.8)**	**nm**	(54.4)	nm
Operating income (loss)	**$ 223.2**	**10.4%**	$ (83.5)	(3.9)%

(1) Fiscal 2019 includes $286.7 million related to the goodwill and intangible impairments recognized in the fourth quarter and a credit of $1.0 million related to inventory discontinued as part of the Company's restructuring activities. See Note 18 and Note 7, respectively, of Item 8 for additional information.

(2) Fiscal 2020 includes a net charge of $33.2 million related to the proposed settlement of a shareholder litigation matter and charges of $13.9 million recorded in conjunction with the Company's restructuring activities. Fiscal 2019 includes $28.1 million and $11.0 million related to charges recorded in conjunction with the Company's restructuring activities and the resolution of a previously disclosed regulatory matter, respectively. See Note 7 and Note 27, respectively, of Item 8 for additional information.

nm Not meaningful.

Interest expense, net

In Fiscal 2020, net interest expense was $35.6 million compared to $39.7 million in Fiscal 2019. In the fourth quarter, net interest expense was $7.7 million compared to $10.8 million in the prior year fourth quarter. The reduction in both periods resulted from lower average borrowings during the year compared to the prior year and the favorable impact of lower average interest rates due to the debt refinancing during the third quarter of Fiscal 2020. 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 6.0% compared to 5.6% in the prior year. The weighted average interest rate for the Company's debt outstanding for the fourth quarter was 4.7% compared to 5.9% in the prior year fourth quarter.

See Note 23 of Item 8 for additional information on interest.

Other non-operating income, net

In Fiscal 2020, other non-operating income, net was $7.0 million compared to $1.7 million in Fiscal 2019. The increase 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 4.700% 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 expense for Fiscal 2020 was $24.2 million compared to a benefit of $145.2 million in Fiscal 2019, with an effective tax rate of 18.7% for Fiscal 2020 compared to 18.1% in Fiscal 2019. In the fourth quarter, income tax expense was $27.9 million compared to expense of $13.9 million in the prior year fourth quarter. The higher effective tax rate was driven primarily by the impact of the non-deductible goodwill impairment charge offset by the pre-tax earnings mix by jurisdiction. The prior year fourth quarter tax expense was driven primarily by 1) the impact of the non-deductible goodwill impairment charge; 2) pre-tax earnings mix by jurisdiction; and 3) an out of period goodwill adjustment related to a deferred tax liability associated with the Zale acquisition.

COMPARISON OF FISCAL 2019 TO FISCAL 2018

- Same store sales: down 0.1%
- Diluted earnings (loss) per share: $(12.62) compared to $7.44 in Fiscal 2018

Sales

In Fiscal 2019, Signet's same store sales decreased by 0.1%, compared to a decrease of 5.3% in Fiscal 2018, which excluded the impact of the 53rd week from its calculation. Total sales were $6.25 billion, down $5.9 million or 0.1%, compared to $6.25 billion in Fiscal 2018. The total sales decline was positively impacted by $111.2 million attributable to the new US GAAP revenue recognition accounting standard and $135.6 million from the addition of James Allen (acquired in September 2017). These factors were offset by net store closures of $160.4 million and the negative impact of comparison against a 53rd week in the prior year of $84.3 million. eCommerce sales were $682.4 million and 10.9% of sales compared to $497.7 million and 8.0% of sales in Fiscal 2018.

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

Fiscal 2019	Change from previous year: Same store sales[1]	Non-same store sales, net	Impact of 53rd week on total sales	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
Kay	(1.4)%	2.2 %	(1.2)%	(0.4)%	na	(0.4)%	$ 2,417.8
Zales	4.8 %	(1.9)%	(1.6)%	1.3 %	na	1.3 %	$ 1,260.7
Jared	(4.6)%	1.8 %	(1.5)%	(4.3)%	na	(4.3)%	$ 1,141.4
Piercing Pagoda	13.1 %	(3.0)%	(1.4)%	8.7 %	na	8.7 %	$ 302.5
James Allen[2]	14.6 %						$ 223.7
Peoples	1.8 %	(1.9)%	(1.6)%	(1.7)%	(1.5)%	(3.2)%	$ 208.5
Regional banners	(12.7)%	(34.7)%	(0.9)%	(48.3)%	(0.1)%	(48.4)%	$ 87.1
North America segment	**0.5 %**	**1.3 %**	**(1.3)%**	**0.5 %**	**— %**	**0.5 %**	**$ 5,641.7**
H.Samuel	(4.8)%	(1.5)%	(1.6)%	(7.9)%	0.5 %	(7.4)%	$ 284.0
Ernest Jones	(5.6)%	0.9 %	(1.7)%	(6.4)%	0.8 %	(5.6)%	$ 292.5
International segment	**(5.2)%**	**(0.3)%**	**(1.7)%**	**(7.2)%**	**0.7 %**	**(6.5)%**	**$ 576.5**
Other[3]						37.0 %	$ 28.9
Signet	**(0.1)%**	**1.4 %**	**(1.4)%**	**(0.1)%**	**— %**	**(0.1)%**	**$ 6,247.1**

(1) The 53rd week in Fiscal 2018 has resulted in a shift in Fiscal 2019, as the fiscal year began a week later than the previous fiscal year. As such, same store sales for Fiscal 2019 are being calculated by aligning the weeks of the quarter to the same weeks in the prior year. Total reported sales continue to be calculated based on the reported fiscal periods.

(2) Same store sales presented for James Allen to provide comparative performance measure.

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

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 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Kay	$ 506	$ 466	8.6 %	1.5 %	(8.6)%	(10.2)%
Zales	$ 480	$ 470	1.9 %	2.0 %	3.5 %	(4.3)%
Jared	$ 659	$ 594	10.2 %	6.1 %	(13.0)%	(11.0)%
Piercing Pagoda	$ 69	$ 63	9.5 %	8.6 %	3.2 %	(5.0)%
James Allen(3)	$ 3,738	$ 4,079	(11.0)%	(1.6)%	28.8 %	34.4 %
Peoples(4)	C$ 429	C$ 429	(0.9)%	5.4 %	2.8 %	(3.7)%
Regional banners	$ 477	$ 447	5.1 %	3.5 %	(16.0)%	(20.3)%
North America segment	**$ 386**	**$ 364**	**4.3 %**	**2.5 %**	**(3.0)%**	**(7.8)%**
H.Samuel(5)	£ 83	£ 84	(4.6)%	9.1 %	(0.3)%	(14.4)%
Ernest Jones(5)	£ 359	£ 349	(2.2)%	12.2 %	(3.4)%	(15.8)%
International segment(5)	**£ 137**	**£ 136**	**(4.2)%**	**9.7 %**	**(0.9)%**	**(14.7)%**

(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) ATV presented for James Allen to provide comparative performance measure.

(4) Amounts for Peoples stores are denominated in Canadian dollars.

(5) Amounts for the International segment, including H.Samuel and Ernest Jones, are denominated in British pounds.

North America sales

The North America segment's total sales were $5.64 billion compared to $5.62 billion in the prior year, up 0.5%. Same store sales increased 0.5% compared to a decrease of 5.2% in the prior year. North America's ATV increased 4.3%, while the number of transactions decreased 3.0%.

Same store sales results were positively impacted by approximately 175 bps of incremental clearance sales partially offset by 20 bps of unfavorable impact related to the shift of service plan revenue. eCommerce sales increased 43.1% on a reported basis (inclusive of James Allen which was acquired in September 2017) and brick and mortar sales declined 1.1% on a same store sales basis.

The percentage of sales from new merchandise increased during the year, but this performance was broadly offset by declines in legacy collections. Bridal and fashion sales each increased on a same store sales basis. Within bridal, The Enchanted Disney Fine Jewelry® collection, Vera Wang Love® collection, Neil Lane® collection, and solitaires performed well, while the Ever Us® collection declined. In fashion, gold fashion jewelry performed well, offset by declines in LeVian® and other legacy collections. The Other product category declined driven by a strategic reduction of owned brand beads, as well as declines in Pandora®.

International sales

In Fiscal 2019, the International segment's total sales were $576.5 million, down 6.5%, compared to $616.7 million in Fiscal 2018. The same store sales decline was driven by lower sales in bridal jewelry, fashion jewelry and fashion watches, partially offset by higher sales in prestige watches. Same store sales decreased by 5.2% compared to a decrease of 6.0% in Fiscal 2018. ATV decreased 4.2% while the number of transaction decreased 0.9%. eCommerce sales increased 8.0% and brick and mortar sales declined 6.6% on a same store sales basis.

Fourth quarter sales

In the fourth quarter, Signet's total sales were $2.15 billion, down $138.4 million or 6.0%, compared to an increase of 1.0% in the prior year fourth quarter. Same store sales were down 2.0% compared to a decrease of 5.2% in the prior year fourth quarter. The total sales decrease was positively impacted by $35.2 million attributable to the new US GAAP revenue recognition accounting standard offset by the comparison against a 14th week in Fiscal 2018 which contributed $84.3 million in sales in Fiscal 2018, $60.9 million from net store closures and $16.5 million of unfavorable foreign exchange translation. eCommerce sales in the fourth quarter were $260.6 million or 12.1% of total sales, compared to $253.8 million or 11.2% 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 2019	Same store sales[(1)]	Non-same store sales, net	Impact of 14th week on total sales	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
Kay	(1.6)%	2.1 %	(3.4)%	(2.9)%	na	(2.9)%	$ 837.4
Zales	2.0 %	(2.3)%	(4.2)%	(4.5)%	na	(4.5)%	$ 461.4
Jared	(8.4)%	2.8 %	(4.4)%	(10.0)%	na	(10.0)%	$ 382.2
Piercing Pagoda	17.1 %	(3.7)%	(4.5)%	8.9 %	na	8.9 %	$ 99.1
James Allen	(1.4)%	— %	— %	(1.4)%	na	(1.4)%	$ 63.5
Peoples	2.1 %	(0.9)%	(4.6)%	(3.4)%	(4.8)%	(8.2)%	$ 74.3
Regional banners	(15.4)%	(31.4)%	(3.1)%	(49.9)%	(0.3)%	(50.2)%	$ 25.0
North America segment	**(1.4)%**	**(0.2)%**	**(3.7)%**	**(5.3)%**	**(0.2)%**	**(5.5)%**	**$ 1,942.9**
H.Samuel	(5.8)%	(1.1)%	(4.5)%	(11.4)%	(4.5)%	(15.9)%	$ 102.8
Ernest Jones	(8.9)%	1.3 %	(5.2)%	(12.8)%	(4.6)%	(17.4)%	$ 92.2
International segment	**(7.3)%**	**0.1 %**	**(4.8)%**	**(12.0)%**	**(4.6)%**	**(16.6)%**	**$ 195.0**
Other[(2)]						479.3 %	$ 16.8
Signet	**(2.0)%**	**0.4 %**	**(3.8)%**	**(5.4)%**	**(0.6)%**	**(6.0)%**	**$ 2,154.7**

(1) The 14th week in Fiscal 2018 has resulted in a shift in Fiscal 2019, as the fiscal year began a week later than the previous fiscal year. As such, same store sales for Fiscal 2019 are being calculated by aligning the weeks of the quarter to the same weeks in the prior year. Total reported sales continue to be calculated based on the reported fiscal periods.

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

	Average Merchandise Transaction Value[(1)(2)]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Fiscal Year	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Kay	$ 473	$ 438	8.2 %	1.2 %	(9.3)%	(13.8)%
Zales	$ 435	$ 436	(0.5)%	3.6 %	2.3 %	2.4 %
Jared	$ 607	$ 546	11.8 %	1.9 %	(18.4)%	(8.4)%
Piercing Pagoda	$ 74	$ 67	10.4 %	8.1 %	5.3 %	(2.6)%
James Allen	$ 3,674	$ 4,034	(13.2)%	(1.3)%	13.6 %	37.2 %
Peoples[(3)]	C$ 384	C$ 395	(3.3)%	5.9 %	6.0 %	(1.7)%
Regional banners	$ 430	$ 418	1.2 %	0.7 %	(17.0)%	(23.1)%
North America segment	**$ 374**	**$ 369**	**2.2 %**	**1.9 %**	**(4.0)%**	**(7.1)%**
H.Samuel[(4)]	£ 80	£ 84	(4.8)%	7.7 %	(0.8)%	(15.6)%
Ernest Jones[(4)]	£ 314	£ 315	(1.6)%	4.7 %	(8.5)%	(13.5)%
International segment[(4)]	**£ 123**	**£ 129**	**(5.4)%**	**6.6 %**	**(2.3)%**	**(15.2)%**

(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 Peoples stores are denominated in Canadian dollars.

(4) Amounts for the International segment, including H.Samuel and Ernest Jones, are denominated in British pounds.

North America sales

The North America segment's total sales were $1.94 billion compared to $2.06 billion in the prior year, down 5.5%. Same store sales decreased 1.4% compared to a decrease of 4.7% in the prior year. The North America segment's ATV increased 2.2%, while the number of transactions decreased 4.0%.

Same store sales results include a favorable impact of 65 bps of incremental clearance, a favorable impact of 40 bps due to a planned shift in timing of promotions at Zales and Peoples and a 25 bps unfavorable impact related to a timing shift of service plan revenue recognized as discussed above. eCommerce sales increased 6.9% and brick and mortar sales declined 2.5% on a same store sales basis.

The percentage of sales from new merchandise increased during the quarter, but this performance was more than offset by declines in legacy collections. Bridal sales were flat on a same store sales basis. Within bridal, engagement sales increased while anniversary sales declined. Anniversary sales were unfavorably impacted by declines in the Ever Us® collection. The Enchanted Disney Fine Jewelry® collection, Vera Wang Love® collection, Neil Lane® collection, and solitaires performed well. Fashion category sales decreased, with gold fashion jewelry, Disney fashion jewelry, and the Love + Be Loved™ collection performing well, offset by declines in the LeVian® and other legacy collections. The Other product category declined, driven by a strategic reduction of owned brand beads, as well as declines in Pandora®.

International sales

The International segment's total sales decreased 16.6% to $195.0 million compared to $233.9 million in the prior year and decreased 12.0% at constant exchange rates. Same store sales decreased 7.3% compared to a decrease of 9.2% in the prior year. The same store sales decline was driven by lower sales in bridal jewelry, fashion jewelry and fashion watches, partially offset by higher sales in prestige watches. In the International segment's ATV decreased 5.4%, while the number of transactions decreased 2.3%. eCommerce sales declined 6.9% and brick and mortar sales declined 7.3% on a same store sales basis.

Cost of sales and Gross margin

In Fiscal 2019, gross margin was $2.16 billion or 34.6% of sales compared to $2.19 billion or 35.0% of sales in Fiscal 2018. Gross margin was negatively impacted by $62.2 million, or 100 bps, in restructuring charges related to net inventory write-downs taken during the year. The write-downs relate to brands and collections that the Company is discontinuing as part of its transformation plan to increase newness across merchandise categories. Transformation cost savings related to direct sourcing and distribution were offset by sales deleverage and higher mix of clearance inventory sales and impact of promotional environment. In addition, lower store occupancy due to store closures also favorably impacted gross margin. Additional factors impacting gross margin rate include: 1) a positive 220 basis point impact related to discontinuing the recognition of bad debt expense and late charge income; 2) a negative 40 basis point impact related to James Allen, which carries a lower gross margin rate; and 3) a negative 40 basis point impact from the discontinuation of credit insurance.

In the fourth quarter, the consolidated gross margin was $877.8 million or 40.7% of sales compared to $919.8 million or 40.1% of sales in the prior year fourth quarter. Factors impacting gross margin rate include: 1) a positive 250 bps impact related to no longer recognizing bad debt expense and late charge income; 2) a negative 40 bps impact related to an inventory write-down; 3) a negative 30 bps impact related to adopting the new US GAAP revenue recognition accounting standard, including higher revenue share payments associated with the prime credit outsourcing arrangement; and 4) a negative 10 bps impact related to a timing shift of revenue recognized on service plans. The residual factors impacting gross margin rate include deleverage from lower sales and the impact of promotional and incremental clearance sales partially offset by transformation cost savings.

See Note 7 of Item 8 for additional information regarding the Company's restructuring activities.

Selling, general and administrative Expenses ("SGA")

Selling, general and administrative expenses for Fiscal 2019 were $1.99 billion or 31.8% of sales compared to $1.87 billion or 29.9% of sales in Fiscal 2018, up $112.9 million. SGA increased primarily due to: 1) a $100 million increase in credit costs related to the transition to an outsourced credit model; 2) a $30 million increase in advertising expense; 3) a $20 million increase in incentive compensation expense, which included $6 million of one-time cash awards to non-managerial hourly team members; and an $11 million charge related to the resolution of a previously disclosed regulatory matter. Increases in SGA were partially offset by a $15 million decrease in store staff costs and transformation cost savings, net of investments. Prior year SGA included $30.5 million in expense related to the 53rd week.

In the fourth quarter, SGA expense was $647.2 million or 30.0% of sales compared to $634.5 million or 27.7% of sales in the prior year fourth quarter. Factors impacting SGA include: 1) a $42 million, or 200 bps, increase in credit costs related to the transition to an outsourced credit model; 2) an $11 million, or 50 bps, charge related to the resolution of a previously disclosed regulatory matter; and 3) a $3 million, or 10 bps, decrease in incentive compensation. Increases in SGA were partially offset by transformation net cost savings and lower store staff costs primarily due to closed stores. Prior year SGA included $30.5 million in expense related to the 14th week.

Credit transaction, net

In June 2018, the Company completed the sale of all eligible non-prime in-house accounts receivable. During Fiscal 2019, the Company recognized charges of $167.4 million as a result of the sale of the non-prime in-house accounts receivable. This included total valuation losses of $160.4 million representing adjustments to the asset fair value and other transaction-related costs of $7.0 million.

See Note 4 of Item 8 for additional information.

Restructuring charges

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 a share gaining, OmniChannel jewelry category leader. During Fiscal 2019, restructuring charges of $63.7 million were recognized, $22.7 million of which were non-cash charges, primarily related to professional fees for legal and consulting services, severance and impairment of information technology assets related to the Plan. Additionally, during Fiscal 2019, the Company recorded charges of $62.2 million in non-cash restructuring charges related to inventory write-offs within cost of sales.

In the fourth quarter, restructuring charges of $28.1 million, of which $11.7 million were non-cash charges, were recognized primarily related to store closure costs, professional fees for legal and consulting services, and severance related to the Plan. Additionally, during the fourth quarter, the Company recorded a net non-cash adjustment of $(1.0) million to charges related to prior period inventory write-offs within cost of sales.

See Note 7 of Item 8 for additional information.

Goodwill and intangible impairments

In Fiscal 2019, the Company recorded non-cash goodwill and intangible asset impairment pre-tax charges of $735.4 million, of which $448.7 million were recorded in the first quarter of Fiscal 2019 and $286.7 million were recorded in the fourth quarter of Fiscal 2019.

The first quarter charge was related to the write down of goodwill and intangible assets recognized in the North America segment as part of the Zale Corporation acquisition, as well as goodwill associated with the acquisition of Ultra Stores, Inc. The decline in the Company's market capitalization during the first quarter created a triggering event for impairment assessment purposes. Revised long-term projections associated with finalizing certain initial aspects of our Path to Brilliance transformation plan in the first quarter combined with a higher discount rate driven by risk premium utilized in the valuation, resulted in lower than previously projected long-term future cash flows for these businesses, which required an adjustment to the goodwill and intangible asset balances.

The fourth quarter charge was related to the write down of goodwill and intangible assets recognized in the North America segment as part of the R2Net acquisition (James Allen) and intangible assets recognized as part of the Zale Corporation acquisition. The decline in the Company's market capitalization during the fourth quarter created a triggering event for impairment assessment purposes. Revised long-term projections and a higher discount rate driven by risk premium utilized in the valuation associated with James Allen resulted in lower than previously projected long-term future cash flows for this business, which required a $261.4 million adjustment to the goodwill and intangible asset balances. The revised outlook for James Allen is a result of a higher than expected unfavorable impact related to sales tax implementation as well as a more competitive online jewelry marketplace. The remaining impairment charge of $25.3 million is attributable to intangibles associated with the Zale acquisition and goodwill recognized as part of the acquisition of the Company's diamond polishing factory in Botswana.

The impairment charges above did not have an impact on the Company's day to day operations or liquidity. See Note 17 of Item 8 for additional information on the impairments.

Other operating income (loss)

In Fiscal 2019, other operating income was $26.2 million or 0.4% of sales compared to $260.8 million or 4.2% of sales in Fiscal 2018. In the fourth quarter, other operating income was $0.7 million or 0.0% of sales compared to $39.5 million or 1.7% of sales in the prior year fourth quarter. The year-over-year decrease was primarily driven by $28.0 million in other expense related to the sale of the prime-only credit quality portion of Sterling's in-house finance receivable portfolio during the third quarter of Fiscal 2018, partially offset by the 53rd week which added $1.3 million of other income in Fiscal 2018.

See Note 4 of Item 8 for additional information regarding the Company's credit transaction.

Operating income (loss)

In Fiscal 2019, operating income (loss) was $(764.6) million or (12.2)% of sales compared to $579.9 million or 9.3% of sales in Fiscal 2018. The prior year operating income includes a favorable impact from the 53rd week of $9.3 million. Excluding the 53rd week impact, the decline was driven by the following: 1) the $735.4 million goodwill and intangible impairment charge; 2) $125.9 million in restructuring charges related to inventory write-downs, severance, professional fees and impairment of certain IT assets related to the three year transformation plan; 3) $167.4 million loss related to marking the non-prime receivables to fair value that were sold in the second quarter; 4) $11.0 million charge related to the resolution of a previously disclosed regulatory matter; 6) the discontinuation of credit insurance; 7) $167.0 million net unfavorable impact related to the outsourcing of credit; and 8) impact of higher promotions and incremental clearance sales on gross margin and lastly higher SGA due primarily to advertising and higher incentive compensation. These declines were partially offset by transformation net cost savings of $85.0 million.

(in millions)	Fiscal 2019 $	Fiscal 2019 % of sales	Fiscal 2018 $	Fiscal 2018 % of sales
North America segment[(1)]	**$ (621.1)**	**(11.0)%**	$ 656.1	11.7%
International segment[(2)]	**12.9**	**2.2 %**	33.1	5.4%
Other[(3)]	**(156.4)**	**nm**	(109.3)	nm
Operating income (loss)	**$ (764.6)**	**(12.2)%**	$ 579.9	9.3%

(1) For Fiscal 2019, includes: 1) $731.8 million related to the goodwill and intangible impairments; 2) $52.7 million related to inventory charges recorded in conjunction with the Company's restructuring activities; and 3) $160.4 million from the valuation losses related to the sale of eligible non-prime in-house accounts receivable. See Note 17, Note 7 and Note 4, respectively, of Item 8 for additional information. Fiscal 2018 amount includes $20.7 million gain related to the reversal of the allowance for credit losses for the in-house receivables sold, as well as the $10.2 million gain upon recognition of beneficial interest in connection with the sale of the prime portion of in-house receivables. See Note 4 of Item 8 for additional information.

(2) Fiscal 2019 includes $3.8 million related to inventory charges recorded in conjunction with the Company's restructuring activities. See Note 7 of Item 8 for additional information.

(3) For Fiscal 2019, includes: 1) $69.4 million related to charges recorded in conjunction with the Company's restructuring activities including inventory charges; 2) $11.0 million related to the resolution of a previously disclosed regulatory matter; 3) $7.0 million representing transaction costs associated with the sale of the non-prime in-house accounts receivable; and 4) $3.6 million of goodwill and intangible impairments. See Note 7, Note 26, Note 4 and Note 17 of Item 8 for additional information. For Fiscal 2018, Other includes $29.6 million of transaction costs related to the credit transaction, $8.6 million of R2Net acquisition costs, and $3.4 million of CEO transition costs. See Note 4 and Note 5 of Item 8 for additional information regarding credit transaction and acquisition of R2Net, respectively.

nm Not meaningful.

In the fourth quarter, operating income (loss) was $(83.5) million or (3.9)% of sales compared to $323.5 million or 14.1% of sales in prior year fourth quarter. The prior year operating income includes a favorable impact from the 14th week of $9.3 million. Excluding the 14th week impact, the decline was driven by the following: 1) $286.7 million goodwill and intangible impairment charge; 2) $27.1 million in restructuring charges related to store closures costs, severance and professional fees related to the three year transformation plan; 3) $11 million charge related to the resolution of a previously disclosed regulatory matter; 4) $13 million net unfavorable impact related to the outsourcing of credit; and 5) an $8.8 million inventory write-down. The residual factors impacting operating income include the impact of lower sales and higher promotions and clearance sales partially offset by transformation net cost savings.

(in millions)	Fourth Quarter Fiscal 2019 $	Fourth Quarter Fiscal 2019 % of sales	Fourth Quarter Fiscal 2018 $	Fourth Quarter Fiscal 2018 % of sales
North America segment[(1)]	**$ (60.1)**	**(3.1)%**	305.9	14.9%
International segment	**31.0**	**15.9 %**	35.0	15.0%
Other[(2)]	**(54.4)**	**nm**	(17.4)	nm
Operating income (loss)	**$ (83.5)**	**(3.9)%**	$ 323.5	14.1%

(1) Fiscal 2019 includes $286.7 million and $1.0 million related to the goodwill and intangible impairments recognized in the fourth quarter and net adjustment to to charges recorded in conjunction with the Company's restructuring activities including inventory charges, respectively. See Note 15 and Note 7, respectively, of Item 8 for additional information.

(2) Fiscal 2019 includes a $28.1 million and $11.0 million related to charges recorded in conjunction with the Company's restructuring activities and the resolution of a previously disclosed regulatory matter, respectively. See Note 7 of Item 8 for additional information.

nm Not meaningful.

Interest expense, net

In Fiscal 2019, net interest expense was $39.7 million compared to $52.7 million in Fiscal 2018 driven primarily by the repayment of the $600 million asset-backed securitization facility in the third quarter of Fiscal 2018. The weighted average interest rate for the Company's debt outstanding was 4.0% compared to 3.2% in the prior year.

In the fourth quarter, net interest expense was $10.8 million compared to $10.0 million in the prior year fourth quarter. The weighted average interest rate for the Company's debt outstanding was 4.1% compared to 3.6% in the prior year fourth quarter.

Income (loss) before income taxes

In Fiscal 2019, income (loss) before income taxes decreased $1.33 billion to $(802.6) million or (12.8)% of sales compared to $527.2 million or 8.4% of sales in Fiscal 2018.

In the fourth quarter, income (loss) before income taxes decreased $(407.5) million to $(94.0) million or (4.4)% of sales compared to $313.5 million or 13.7% of sales in the prior year fourth quarter.

Income taxes

Income tax benefit for Fiscal 2019 was $145.2 million compared to expense of $7.9 million in Fiscal 2018, with an effective tax rate of 18.1% for Fiscal 2019 compared to 1.5% in Fiscal 2018. In the fourth quarter, income tax benefit was $13.9 million compared to expense of $37.8 million in the prior year fourth quarter. The higher effective tax rates were driven primarily by 1) the impact of the non-deductible goodwill impairment charge; 2) pre-tax earnings mix by jurisdiction; and 3) an out of period correction related to a deferred tax liability associated with the Zale acquisition. The prior year fourth quarter tax benefit was driven by the favorable impact of the Tax Cuts and Jobs Act of 2017 together with pre-tax earnings mix by jurisdiction.

On December 22, 2017, the U.S. government enacted “An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018,” which is commonly referred to as “The Tax Cuts and Jobs Act” (the “TCJ Act”). The TCJ Act provides for comprehensive tax legislation which significantly modifies the U.S. corporate income tax system. Due to the timing of the enactment and the complexity involved in applying the provisions of the TCJ Act, we made reasonable estimates of its effects and recorded provisional amounts in the consolidated financial statements for the year ended February 3, 2018, consistent with applicable SEC guidance. We have completed these analyses during the year ended February 2, 2019, and no material adjustment to the provisional estimate recorded in the prior year was required.

We anticipate that the effective tax rate in future years will be favorably impacted by the lower federal statutory corporate tax rate of 21.0 percent offset by limitations of certain deductions and the base broadening changes. See Note 12 of Item 8 for additional information regarding the Company’s income taxes and the impact of the TCJ Act.

Net income (loss)

Net income (loss) for Fiscal 2019 was down 226.6% to $(657.4) million or (10.5)% of sales compared to $519.3 million or 8.3% of sales in Fiscal 2018.

For the fourth quarter, net income (loss) was down 130.7% to $(107.9) million or (5.0)% of sales compared to $351.3 million or 15.3% of sales in the prior year fourth quarter.

Earnings (loss) per share (“EPS”)

For Fiscal 2019, diluted earnings (loss) per share were $(12.62) compared to $7.44 in Fiscal 2018. The weighted average diluted number of common shares outstanding was 54.7 million compared to 69.8 million in Fiscal 2018. Signet repurchased 8.8 million shares in Fiscal 2019 compared to 8.1 million shares in Fiscal 2018. Diluted EPS for Fiscal 2019 includes a loss of $12.26 related to the goodwill and intangible impairments, a loss of $2.11 related to the sale of non-prime receivables, a loss of $1.77 related to the Path to Brilliance transformation plan and a loss of $0.20 related to the resolution of a previously disclosed regulatory matter.

For the fourth quarter, diluted earnings (loss) per share were $(2.25) compared to $5.24 in the prior year fourth quarter, down 143.0%. The weighted average diluted number of common shares outstanding was 51.6 million compared to 67.0 million in the prior year fourth quarter. Diluted EPS in the fourth quarter of Fiscal 2019 includes a loss of $4.78 related to the goodwill and intangible impairments, a loss of $0.37 related to the Path to Brilliance transformation plan and a loss of $0.20 related to the resolution of a previously disclosed regulatory matter.

The Company issued preferred shares on October 5, 2016, which include a cumulative dividend right and may be converted into common shares. The Company’s computation of diluted earnings per share includes the effect of potential common shares for outstanding awards issued under the Company’s share-based compensation plans and preferred shares upon conversion, if dilutive. In computing diluted EPS, the Company also adjusts the numerator used in the basic EPS computation, subject to anti-dilution requirements, to add back the dividends (declared or cumulative undeclared) applicable to the preferred shares. For the fourth quarter and year to date Fiscal 2019 periods, the dilutive effect related to preferred shares was excluded from the earnings per share computation as the preferred shares were anti-dilutive. For the fourth quarter and year to date Fiscal 2018 periods, the preferred shares were more dilutive if conversion was assumed. See Item 8 for additional information related to the preferred shares (Note 8) or the calculation of earnings per share (Note 10).

Dividends per common share

In Fiscal 2019, total dividends of $1.48 were declared by the Board of Directors compared to $1.24 in Fiscal 2018.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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 February 1, 2020, the Company had $374.5 million of cash and cash equivalents and $613.1 million of outstanding debt.

As a result of the business disruption created by COVID-19, including temporary broadscale store closures, the Company is aggressively reducing overall capital expenditures, prioritizing digital investments to enhance its new and modernized eCommerce platform and provide a frictionless shopping experience for customers. This will include flexible fulfillment which unlocks store level inventory and enables buy online pick up in store. Inventory management will continue to be a strategic focus for the Company. Transformational cost reductions include using data and analytics to drive marketing efficiencies, significantly reducing discretionary spend, implementing temporary reduced work hours and furloughs across store and support center teams, and lowering cash compensation for executives and the Company's Board of Directors.

In addition, as a prudent measure to increase the Company's financial flexibility and bolster its cash position, on March 19, 2020, the Company elected to access an additional $900 million on the ABL Revolving Facility. At the time of draw down, the Company had more than $1.2 billion in cash and approximately $292 million available on the ABL Revolving Facility.

As further described below, the ABL Revolving Facility is subject to a fixed charge coverage ratio if excess availability under the facility falls below 10% of the borrowing base or $100 million, whichever is higher. The Company's most recently reported borrowing base under the ABL Revolving Facility as of the date of the draw down was approximately $1.4 billion. The Company's Senior Notes (as defined below) due in 2024 are not subject to financial covenants.

The Company believes that cash on hand, cash flows from operations and available borrowings under the ABL Revolving Facility will be sufficient to meet business requirements, including funding working capital needs, projected investments (including capital expenditures), and debt service.

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 further discussed in Note 4 of Item 8, the Company has outsourced its prime and non-prime credit portfolios, 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 2020, Fiscal 2019 and Fiscal 2018:

(in millions)	**Fiscal 2020**	Fiscal 2019	Fiscal 2018
Net cash provided by operating activities	**$ 555.7**	$ 697.7	$ 1,940.5
Net cash used in investing activities	**(140.8)**	(119.0)	(569.4)
Net cash used in financing activities	**(237.0)**	(602.7)	(1,253.6)
Increase (decrease) in cash and cash equivalents	**177.9**	(24.0)	117.5
Cash and cash equivalents at beginning of period	**195.4**	225.1	98.7
Increase (decrease) in cash and cash equivalents	**177.9**	(24.0)	117.5
Effect of exchange rate changes on cash and cash equivalents	**1.2**	(5.7)	8.9
Cash and cash equivalents at end of period	**$ 374.5**	$ 195.4	$ 225.1

Operating activities

- Net income was $105.5 million compared to net loss of $(657.4) million in the prior year period, an increase of $762.9 million.
- Non-cash goodwill and intangible asset impairment charges were $47.7 million compared to $735.4 million in the prior year period, a decrease of $687.7 million. See Note 18 of Item 8 for additional information regarding the impairments recognized in each period.
- Non-cash restructuring charges were $25.9 million compared to $84.9 million in the prior year period, a decrease of $59.0 million primarily due to the $62.2 million inventory charge recognized in the prior year. See Note 7 of Item 8 for additional information.

- Depreciation and amortization decreased $5.6 million to $178.0 million from $183.6 million in the prior year comparable period.
- Cash used by accounts receivable totaled $15.2 million compared to a source of $45.7 million in the prior year comparable period. The decrease was primarily attributable to the outsourcing of the North America private label credit card program and the sale of the non-prime credit portfolio in June 2018. See Note 4 of Item 8 for additional information regarding the outsourcing of this credit program and portfolio. Additionally, the prior year comparable period also included cash proceeds of $445.5 million from the sale of eligible non-prime in-house finance receivables, as well as a non-cash loss of $160.4 million as a result of the credit transaction. North America payment plan participation rate, including both credit and leasing sales, was 49.9% versus 51.7% in the prior year.
- Cash provided by inventory was $48.8 million compared to cash used of $194.3 million in Fiscal 2019. The change in inventory cash flows is attributed to the change in total inventory on-hand to $2.3 billion in Fiscal 2020 compared to $2.4 billion in Fiscal 2019. This decrease reflects the Company's reduced store count year over year, as well as the ongoing initiatives under the Company's transformation plan to better manage on hand inventory. Lower inventory quantities on hand were partially offset by higher gold prices.
- Cash provided by accounts payable was $77.2 million compared to a use of $78.5 million in Fiscal 2019 primarily due to timing of payments and inventory purchases.
- The increase in accrued expenses and other liabilities was $232.9 million compared to an increase of $55.9 million in Fiscal 2019 and the increase in other assets and other receivables was $184.2 million compared to a decrease of $0.7 million in Fiscal 2019. Both changes were primarily due to the proposed shareholder litigation settlement which resulted in a liability of $240.6 million related to the proposed settlement and an insurance proceeds receivable of $207.4 million in Fiscal 2020. See notes 24 and 27 for additional information regarding the proposed shareholder litigation.
- Deferred taxes was a source of $21.5 million compared to a use of $105.6 million in Fiscal 2019. The change is primarily attributable to changes in the net operating loss carryfowards in the US between periods. See Note 12 for additional information.

Forward-flow receivables outsourcing agreement with Investors

In conjunction with the sale of the majority of Signet's non-prime in-house accounts receivable to CarVal and Castlelake (collectively, the "Investors"), beginning in June 2018, the Investors began purchasing the majority of forward flow receivables of Signet's non-prime credit from Signet for a five-year term. As previously disclosed, the Investors have a right to terminate the purchase of the forward flow receivables if the realized yield falls below an agreed upon threshold measured at certain contractual measurement dates. As of the most recent contractual measurement date, December 31, 2019, the realized yield for the forward flow receivables was below the agreed upon threshold, which gave the Investors the right to terminate. On March 23, 2020, CarVal provided notice to the Company that it was terminating the agreement effective the same day. In the notice of termination, CarVal stated that it is willing to provide a 30-day purchase facility at substantially the same terms as the terminated agreement, but for a fixed term of 30 days from March 23, 2020. Signet is in discussions with CarVal regarding such transition agreement. Castlelake has informed Signet that, subject to their reservation of rights, they do not currently intend to terminate their agreement. On March 25, 2020, Castlelake and Signet entered into a non-binding memorandum of understanding ("MOU") regarding the parties' shared interest in a potential definitive agreement whereby Castlelake would purchase 100% of the funding obligations on the forward flow and add on purchases on a go-forward basis. The above developments have no impact on the sale of the non-prime in-house accounts receivable completed in June 2018 and only applies to future forward flow receivables on a go-forward basis, which represented approximately 7% of Signet's Fiscal 2020 revenue. Signet's agreement with the credit servicer, Genesis, remains in place. Signet believes that the termination by CarVal will not have a material adverse impact on its financial condition or results of operations.

Investing Activities

Net cash used in investing activities was $140.8 million compared to $119.0 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 2020:

Store count by banner	February 2, 2019	Openings	Closures	February 1, 2020
Kay	1,214	19	(46)	1,187
Zales	658	5	(33)	630
Peoples	123	1	(9)	115
Jared	256	3	(8)	251
Piercing Pagoda	574	10	(29)	555
Regional banners	32	—	(13)	19
North America segment	**2,857**	**38**	**(138)**	2,757
H.Samuel	288	—	(17)	271
Ernest Jones	189	—	(9)	180
International segment	477	—	(26)	451
Signet	3,334	38	(164)	3,208

Net Cash Used in Financing Activities

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 and net debt repayments of $166.4 million. See further information on debt movements below.

Net cash used in financing activities in Fiscal 2019 was $602.7 million, comprised primarily of $485.0 million for the repurchase of common shares, $110.2 million for dividend payments on common and preferred shares, and $31.3 million for net debt repayments.

Movement in Cash and Indebtedness

Cash and cash equivalents at February 1, 2020 were $374.5 million compared to $195.4 million as of February 2, 2019. 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 of the Company’s previous credit facility and the settlement of a portion of its Senior Notes, as well as entering into a new five-year asset based lending facility, which consisted of a $1.5 billion ABL Revolving Facility and $100.0 million FILO Term Loan Facility (collectively, 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 Loan Facility, and other loans and bank overdrafts totaling $95.6 million. During Fiscal 2020, as a result of the above noted refinancing activities, the Company repaid $294.9 million and terminated the term loan under the prior credit facility and paid $241.5 million (including third party fees) to settle a portion of the Senior Notes. Additionally, the Company borrowed $100.0 million on the FILO Term Loan Facility and had net borrowings of $270.0 million on the ABL Revolving Facility.

At February 2, 2019, Signet had $734.0 million of outstanding debt, comprised of $399.0 million of Senior Notes, $294.9 million outstanding on its then current term loan facility, and bank overdrafts totaling $40.1 million.

The Company had stand-by letters of credit on the ABL Revolving Facility of $14.9 million as of February 1, 2020 that reduced remaining borrowing availability. Available borrowings under the ABL Revolving Facility were $1.2 billion as of February 1, 2020.

Net debt was $237.0 million as of February 1, 2020 compared to net debt of $533.0 million as of February 2, 2019.

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. Notwithstanding the aforementioned potential impacts of COVID-19, 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 February 1, 2020, February 2, 2019 and February 3, 2018:

(in millions)	February 1, 2020	February 2, 2019	February 3, 2018
Working capital[1]	**$ 1,502.2**	$ 1,822.8	$ 2,408.9
Capitalization:			
Long-term debt	**515.9**	649.6	688.2
Series A redeemable convertible preferred shares	**617.0**	615.3	613.6
Shareholder's equity	**1,222.6**	1,201.6	2,499.8
Total capitalization	**$ 2,355.5**	$ 2,466.5	$ 3,801.6
Additional amounts available under credit agreements	**$ 1,158.1**	$ 685.4	$ 684.3

(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 February 1, 2020, the threshold related to the fixed coverage ratio was approximately $150 million. The ABL Facility also 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. This payment restrictions threshold was approximately $260 million as of February 1, 2020.

As of February 1, 2020 and February 2, 2019, the Company was in compliance with all debt covenants.

Credit Rating

The following table provides Signet's credit ratings as of February 1, 2020:

Rating Agency	Corporate	Senior Unsecured Notes
Standard & Poor's	BB-	BB-
Moody's	Ba2	Ba3
Fitch	B+	BB

OFF-BALANCE SHEET ARRANGEMENTS

Merchandise held on consignment

Signet held $625.7 million of consignment inventory which is not recorded on the balance sheet at February 1, 2020, as compared to $726.8 million at February 2, 2019. 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 February 1, 2020, approximately 18 property leases had been assigned by Signet to third parties (and remained unexpired and occupied by assignees at that date) and approximately four 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 other 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.

CONTRACTUAL OBLIGATIONS

Long-term debt obligations comprise borrowings with an original maturity of greater than one year. It is expected that operating commitments will be funded from future operating cash flows and no additional facilities will be required to meet these obligations. Additional information regarding Signet's long-term debt is available in Note 23 included in Item 8.

Operating lease obligations represent future minimum lease payments for operating leases having non-cancelable terms in excess of one year. Variable lease costs such as contingent rent and variable rent increases are excluded from the calculation of minimum lease payments. Additional information regarding Signet's operating leases is available in Note 17 included in Item 8.

Contractual obligations as of February 1, 2020

(in millions)	Less than one year	Between one and three years	Between three and five years	More than five years	Total
Long-term debt obligations - Principal[(1)]	$ 63.1	$ —	$ 517.5	$ —	$ 580.6
Long-term debt obligations - Interest[(2)]	18.3	36.7	28.6	—	83.6
Operating lease obligations[(3)]	455.5	729.9	474.6	551.0	2,211.0
Capital commitments	22.3	—	—	—	22.3
Pension contributions	4.5	6.3	0.3	—	11.1
Commitment fee payments	2.3	4.6	3.9	—	10.8
Deferred compensation plan	2.4	6.6	6.8	19.6	35.4
Total	**$ 568.4**	**$ 784.1**	**$ 1,031.7**	**$ 570.6**	**$ 2,954.8**

(1) Includes principal payments on all long-term debt obligations.

(2) Includes future interest payments on all long-term debt obligations, inclusive of both fixed- and variable-rate debt. Projected interest costs on variable rate debt were calculated using rates in effect at February 1, 2020. Amounts exclude the amortization of debt discounts, the amortization of loan fees and fees for lines of credit that would be included in interest expense in the consolidated statements of operations.

(3) Operating lease obligations relate to minimum payments due under store lease arrangements. Real estate taxes, insurance and common area maintenance fees were approximately are excluded in the table above.

Not included in the table above are obligations under employment agreements and ordinary course purchase orders for merchandise.

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 POLICIES

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 condensed 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 our 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 identifiable intangible assets and liabilities acquired. The fair value of these intangible assets and liabilities is estimated based on management’s assessment, including determination of appropriate valuation technique and consideration of any third party appraisals, when necessary. 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 all assets and liabilities of the reporting unit, including the implied fair value of goodwill, 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.

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 $38.4 million and $38.9 million, as of February 1, 2020 and February 2, 2019, respectively, due to uncertainties related to the Company's ability to utilize some of the 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 12 in Item 8 for additional information regarding deferred tax assets and unrecognized tax benefits.

Leases

Signet adopted ASU 2016-02 and related updates effective February 3, 2019 using the additional transition method provided for in ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements," which permitted the Company as of the effective date of ASU 2016-02 to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The impact of this approach was deemed immaterial upon adoption of ASU 2016-02. As part of the adoption of ASU 2016-02, the Company utilized the practical expedient relief package, as well as the short-term leases and portfolio approach practical expedients.

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. As the contingent rent and variable increases are not measurable at inception, the amounts are excluded from minimum rent and the calculation of the operating lease liability. These amounts are included in 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 right-of-use ("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 available 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 can not 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.

Accounting changes and recent accounting standards

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see Note 2 in Item 8 of this Annual Report on Form 10-K.

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 our Canadian operations. These contracts are entered into with large, reputable financial institutions, thereby minimizing the credit exposure from our 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 88% of Signet's total assets were held in entities whose functional currency is the US dollar at February 1, 2020 and generated approximately 88% of its sales and 91% of its operating income in US dollars in Fiscal 2020. All remaining assets, sales and operating income 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.

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 pay dividends regularly 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 February 1, 2020, a hypothetical 100 basis point increase in interest rates would result in additional annual interest expense of approximately $3.7 million.

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 February 1, 2020	10% depreciation of \$ against £	10% depreciation of \$ against C\$	10% depreciation of gold prices	Fair Value February 2, 2019
Foreign exchange contracts	$ (0.3)	$ 7.0	$ 1.7	$ —	$ 0.7
Commodity contracts	11.8	—	—	(10.0)	5.7

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 February 1, 2020 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 February 1, 2020 and February 2, 2019, the related consolidated statements of operations, statements of comprehensive income, statements of cash flows, and statements of shareholders' equity for the 52 week periods ended February 1, 2020 and February 2, 2019, and the 53 week period ended February 3, 2018, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of February 1, 2020, 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 February 1, 2020 and February 2, 2019, and the results of its operations and its cash flows for the 52 week periods ended February 1, 2020 and February 2, 2019, and the 53 week period ended February 3, 2018, 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 February 1, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Accounting Principle

As described in Note 2 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 2016-02, *Leases (Topic 842)* and ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. As described in Note 3 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition effective February 4, 2018 due to the adoption of ASU 2014-09, *Revenue Recognition from Contracts with Customers (Topic 606)*.

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.

Goodwill impairment assessment for the R2Net reporting unit

As discussed in Note 18 to the consolidated financial statements, due to a sustained decline in the Company's market capitalization, the Company determined a triggering event had occurred that required a goodwill impairment assessment. As of the date of the valuation, the Company had a goodwill balance of $77.8 million for the R2Net reporting unit.

We identified the goodwill impairment assessment for the R2Net reporting unit as a critical audit matter. A high degree of auditor judgment was required in assessing the estimation of 1) forecasted revenue, 2) forecasted gross merchandise margin growth rates, and 3) reporting unit specific discount rate risk premium assumptions used in the discounted cash flows to estimate the fair value of the R2Net reporting unit. Changes to these assumptions could substantially impact the amount of impairment charge. This increased the need for subjective auditor judgment in evaluating these assumptions underlying the estimate.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's goodwill impairment process, which included internal controls over the development of these assumptions. We compared the Company's historical forecasted revenue and gross merchandise margin growth rates to actual results to assess the Company's ability to accurately forecast. We assessed the Company's assumptions related to forecasted revenues and forecasted gross merchandise margin growth rates by comparing them to historical operating results and external factors impacting the business. We involved valuation professionals with specialized skills and knowledge, who assisted in testing the reporting unit specific discount rate risk premium by performing a benchmarking analysis using publicly available data from peer companies. They also assisted in comparing the implied control premium from the Company's market capitalization reconciliation to a range of control premiums determined from publicly available data.

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 is required to estimate the deferral period and patterns of future claims costs.

We identified the evaluation of revenue recognition related to extended service plans as a critical audit matter. Subjective auditor judgment was required to evaluate the estimation of the deferral period and patterns of future claims costs used to recognize ESP revenue because a change in these estimates could substantially impact revenues. This increased the need for subjective auditor judgment in evaluating the aging of claims by year of contract sale, including estimates of future claims.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's revenue recognition process, including controls related to the development of the assumptions mentioned above 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 of claims incurred from recent claims history to the pattern currently in use. We recalculated the Company's determination of ESP revenue recognized.

/s/ KPMG LLP

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

Cleveland, Ohio
March 26, 2020

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Fiscal 2020	Fiscal 2019	Fiscal 2018	Notes
Sales	**$ 6,137.1**	$ 6,247.1	$ 6,253.0	3
Cost of sales	**(3,904.2)**	(4,024.1)	(4,063.0)	
Restructuring charges - cost of sales	**(9.2)**	(62.2)	—	7
Gross margin	**2,223.7**	2,160.8	2,190.0	
Selling, general and administrative expenses	**(1,918.2)**	(1,985.1)	(1,872.2)	
Credit transaction, net	**—**	(167.4)	1.3	4
Restructuring charges	**(69.9)**	(63.7)	—	7
Goodwill and intangible impairments	**(47.7)**	(735.4)	—	18
Other operating income (loss)	**(29.6)**	26.2	260.8	13
Operating income (loss)	**158.3**	(764.6)	579.9	6
Interest expense, net	**(35.6)**	(39.7)	(52.7)	
Other non-operating income, net	**7.0**	1.7	—	
Income (loss) before income taxes	**129.7**	(802.6)	527.2	
Income taxes	**(24.2)**	145.2	(7.9)	12
Net income (loss)	**105.5**	(657.4)	519.3	
Dividends on redeemable convertible preferred shares	**(32.9)**	(32.9)	(32.9)	9
Net income (loss) attributable to common shareholders	**$ 72.6**	$ (690.3)	$ 486.4	
Earnings (loss) per common share:				
Basic	**$ 1.40**	$ (12.62)	$ 7.72	10
Diluted	**$ 1.40**	$ (12.62)	$ 7.44	10
Weighted average common shares outstanding:				
Basic	**51.7**	54.7	63.0	10
Diluted	**51.8**	54.7	69.8	10

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

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal 2020			Fiscal 2019			Fiscal 2018		
(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)			**$ 105.5**			$ (657.4)			$ 519.3
Other comprehensive income (loss):									
Foreign currency translation adjustments	**$ (1.7)**	**$ —**	**$ (1.7)**	$ (35.9)	$ —	$ (35.9)	$ 50.9	$ —	$ 50.9
Available-for-sale securities:									
Unrealized gain (loss)	**(0.2)**	**—**	**(0.2)**	0.6	(0.2)	0.4	0.5	(0.2)	0.3
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)	**14.8**	**(3.6)**	**11.2**	6.2	(1.4)	4.8	3.4	(1.6)	1.8
Reclassification adjustment for (gains) losses to net income	**(3.4)**	**0.7**	**(2.7)**	(2.1)	0.6	(1.5)	(4.6)	1.1	(3.5)
Pension plan:									
Actuarial gain (loss)	**0.5**	**(0.1)**	**0.4**	(4.1)	0.7	(3.4)	—	—	—
Reclassification adjustment to net income for amortization of actuarial (gains) losses	**1.2**	**(0.2)**	**1.0**	0.9	(0.2)	0.7	2.8	(0.6)	2.2
Prior service costs	**—**	**—**	**—**	(8.1)	1.6	(6.5)	(0.6)	0.1	(0.5)
Reclassification adjustment to net income for amortization of net prior service credits	**—**	**—**	**—**	—	—	—	(1.4)	0.3	(1.1)
Net curtailment gain and settlement loss	**—**	**—**	**—**	—	—	—	(3.7)	0.7	(3.0)
Total other comprehensive income (loss)	**$ 12.2**	**$ (3.2)**	**$ 9.0**	$ (43.6)	$ 1.4	$ (42.2)	$ 47.3	$ (0.2)	$ 47.1
Total comprehensive income (loss)			**$ 114.5**			$ (699.6)			$ 566.4

(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.

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SIGNET JEWELERS LIMITED

CONSOLIDATED BALANCE SHEETS

(in millions, except par value per share amount)	February 1, 2020	February 2, 2019	Notes
Assets			
Current assets:			
Cash and cash equivalents	**$ 374.5**	$ 195.4	1
Accounts receivable	**38.8**	23.7	14
Other current assets	**403.5**	244.0	
Income taxes	**6.3**	5.8	
Inventories, net	**2,331.7**	2,386.9	15
Total current assets	**3,154.8**	2,855.8	
Non-current assets:			
Property, plant and equipment, net	**741.9**	800.5	16
Operating lease right-of-use assets	**1,683.3**	—	17
Goodwill	**248.8**	296.6	18
Intangible assets, net	**263.8**	265.0	18
Other assets	**201.8**	181.2	
Deferred tax assets	**4.7**	21.0	12
Total assets	**$ 6,299.1**	$ 4,420.1	
Liabilities, Redeemable convertible preferred shares, and Shareholders' equity			
Current liabilities:			
Loans and overdrafts	**$ 95.6**	$ 78.8	23
Accounts payable	**227.9**	153.7	
Accrued expenses and other current liabilities	**697.0**	502.8	24
Deferred revenue	**266.2**	270.0	3
Operating lease liabilities	**338.2**	—	17
Income taxes	**27.7**	27.7	
Total current liabilities	**1,652.6**	1,033.0	
Non-current liabilities:			
Long-term debt	**515.9**	649.6	23
Operating lease liabilities	**1,437.7**	—	17
Other liabilities	**116.6**	224.1	25
Deferred revenue	**731.5**	696.5	3
Deferred tax liabilities	**5.2**	—	12
Total liabilities	**4,459.5**	2,603.2	
Commitments and contingencies			27
Series A redeemable convertible preferred shares of $0.01 par value: 500 shares authorized, 0.625 shares outstanding	**617.0**	615.3	8
Shareholders' equity:			
Common shares of $0.18 par value: authorized 500 shares, 52.3 shares outstanding (2019: 51.9 outstanding)	**12.6**	12.6	9
Additional paid-in capital	**245.4**	236.5	
Other reserves	**0.4**	0.4	
Treasury shares at cost: 17.7 shares (2019: 18.1 shares)	**(984.9)**	(1,027.3)	9
Retained earnings	**2,242.9**	2,282.2	9
Accumulated other comprehensive loss	**(293.8)**	(302.8)	11
Total shareholders' equity	**1,222.6**	1,201.6	
Total liabilities, redeemable convertible preferred shares and shareholders' equity	**$ 6,299.1**	$ 4,420.1	

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

SIGNET JEWELERS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Cash flows from operating activities:			
Net income (loss)	**$ 105.5**	$ (657.4)	$ 519.3
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	**178.0**	183.6	203.4
Amortization of unfavorable leases and contracts	**(5.5)**	(7.9)	(13.0)
Share-based compensation	**16.9**	16.5	16.1
Deferred taxation	**21.5**	(105.6)	(33.4)
Credit transaction, net	**—**	160.4	(30.9)
Goodwill and intangible impairments	**47.7**	735.4	—
Restructuring charges	**25.9**	84.9	—
Net gain on extinguishment of debt	**(6.2)**	—	—
Other non-cash movements	**(4.3)**	(3.4)	2.6
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	**(15.2)**	45.7	242.1
Proceeds from sale of in-house finance receivables	**—**	445.5	952.5
Decrease (increase) in other assets and other receivables	**(184.2)**	0.7	(6.0)
Decrease (increase) in inventories	**48.8**	(194.3)	210.9
Increase (decrease) in accounts payable	**77.2**	(78.5)	(51.4)
Increase (decrease) in accrued expenses and other liabilities	**232.9**	55.9	3.9
Change in operating lease assets and liabilities	**(9.4)**	—	—
Increase in deferred revenue	**30.8**	9.7	10.0
Increase (decrease) in income taxes payable	**0.6**	10.9	(82.4)
Pension plan contributions	**(5.3)**	(4.4)	(3.2)
Net cash provided by operating activities	**555.7**	697.7	1,940.5
Investing activities			
Purchase of property, plant and equipment	**(136.3)**	(133.5)	(237.4)
Proceeds from sale of assets	**0.5**	5.5	—
Purchase of available-for-sale securities	**(13.3)**	(0.6)	(2.4)
Proceeds from sale of available-for-sale securities	**8.3**	9.6	2.2
Acquisition of R2Net Inc., net of cash acquired	**—**	—	(331.8)
Net cash used in investing activities	**(140.8)**	(119.0)	(569.4)
Financing activities			
Dividends paid on common shares	**(77.4)**	(79.0)	(76.5)
Dividends paid on redeemable convertible preferred shares	**(31.2)**	(31.2)	(34.7)
Repurchase of common shares	**—**	(485.0)	(460.0)
Proceeds from term and bridge loans	**100.0**	—	350.0
Repayments of term and bridge loans	**(294.9)**	(31.3)	(372.3)
Settlement of Senior Notes, including third party fees	**(241.5)**	—	—
Proceeds from securitization facility	**—**	—	1,745.9
Repayments of securitization facility	**—**	—	(2,345.9)
Proceeds from revolving credit facilities	**858.3**	787.0	814.0
Repayments of revolving credit facilities	**(588.3)**	(787.0)	(870.0)
Payment of debt issuance costs	**(9.3)**	—	—
Increase (decrease) of bank overdrafts	**47.5**	25.9	(0.1)
Other financing activities	**(0.2)**	(2.1)	(4.0)
Net cash used in financing activities	**(237.0)**	(602.7)	(1,253.6)
Cash and cash equivalents at beginning of period	**195.4**	225.1	98.7
Increase (decrease) in cash and cash equivalents	**177.9**	(24.0)	117.5
Effect of exchange rate changes on cash and cash equivalents	**1.2**	(5.7)	8.9

Cash and cash equivalents at end of period	**$ 374.5**	$ 195.4	$ 225.1

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 January 28, 2017	**$ 15.7**	**$ 280.7**	**$ 0.4**	**$ (1,494.8)**	**$ 3,995.9**	**$ (307.7)**	**$ 2,490.2**
Net income (loss)	—	—	—	—	519.3	—	519.3
Other comprehensive income (loss)	—	—	—	—	—	47.1	47.1
Dividends on common shares	—	—	—	—	(77.5)	—	(77.5)
Dividends on redeemable convertible preferred shares	—	—	—	—	(32.9)	—	(32.9)
Repurchase of common shares	—	—	—	(460.0)	—	—	(460.0)
Net settlement of equity based awards	—	(6.5)	—	12.3	(8.6)	—	(2.8)
Share options exercised	—	(0.1)	—	0.4	—	—	0.3
Share-based compensation expense	—	16.1	—	—	—	—	16.1
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**

(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.

SIGNET JEWELERS LIMITED

NOTES TO THE 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. During the first quarter of Fiscal 2019, the Company realigned its organizational structure. The new structure is expected to allow for further integration of operational and product development processes and support growth strategies. In accordance with this organizational change, beginning with quarterly reporting for the 13 weeks ended May 5, 2018, the Company identified three reportable segments as follows: North America, which consists of the legacy Sterling Jewelers and Zale divisions; International, which consists of the legacy UK Jewelry division; and Other. The "Other" reportable segment consists of all non-reportable segments, including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones and unallocated corporate administrative functions. See Note 6 for additional discussion of the Company's segments.

On September 12, 2017, the Company completed the acquisition of R2Net Inc., a Delaware corporation ("R2Net"). See Note 5 for additional information regarding the acquisition.

In October 2017, the Company, through its subsidiary Sterling Jewelers Inc. ("Sterling"), completed the sale of the prime-only quality portion of Sterling's in-house finance receivable portfolio to Comenity Bank ("Comenity"). In June 2018, the Company, through its subsidiary Sterling, completed the sale of all eligible non-prime in-house accounts receivable to CarVal Investors ("CarVal") and Castlelake, L.P. ("Castlelake"). See Note 4 for additional information regarding the transaction.

Signet's sales are seasonal, with the fourth quarter accounting for approximately 35-40% of annual sales, with December being by far the highest volume month of the year. The "Holiday Season" consists of results for the months of November and December. As a result of the Company's seasonality, it anticipates operating income will be almost entirely generated in the fourth quarter.

The Company has evaluated events and transactions for potential recognition or disclosure through the date the 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 February 1, 2020 ("Fiscal 2020"), as Signet's fiscal year ends on the Saturday nearest to January 31. The comparative periods are for the 52 week period ended February 2, 2019 ("Fiscal 2019") and the 53 week period ended February 3, 2018 ("Fiscal 2018"). Intercompany transactions and balances have been eliminated in consolidation. Related to the adoption of new accounting pronouncements disclosed in Note 2 and the change in segments disclosed in Note 6, Signet has reclassified certain prior year amounts to conform to the current year presentation.

(b) 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. Estimates and assumptions are primarily made in relation to the valuation of accounts receivable, inventories, deferred revenue, derivatives, employee benefits, operating lease liabilities income taxes, contingencies, asset impairments, indefinite-lived intangible assets, depreciation and amortization of long-lived assets as well as accounting for business combinations.

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

(c) 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.

(d) 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.

(e) 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 of moving merchandise from suppliers to distribution centers and stores inclusive of payroll, inventory shrinkage, store operating and occupancy costs, net bad debts and charges for late payments prior to credit outsourcing. 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 and cost of in-house credit prior to the Company's outsourcing initiatives and subsequently third-party credit costs; 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 were as follows:

(in millions)	**Fiscal 2020**	Fiscal 2019	Fiscal 2018
Wages and salaries	**$ 1,079.2**	$ 1,127.2	$ 1,140.3
Payroll taxes	**84.8**	90.3	93.8
Employee benefit plans	**15.7**	17.2	13.0
Share-based compensation	**16.9**	16.5	16.1
Total compensation and benefits	**$ 1,196.6**	$ 1,251.2	$ 1,263.2

(f) Store opening costs

The opening costs of new locations are expensed as incurred.

(g) 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 $388.9 million in Fiscal 2020 (Fiscal 2019: $387.8 million; Fiscal 2018: $360.5 million).

(h) In-house customer finance programs

Prior to the second quarter of Fiscal 2019, the North America segment operated customer in-house finance programs that allowed customers to finance merchandise purchases from its stores. Finance charges were recognized in accordance with the contractual agreements. Gross interest earned was recorded as other operating income in the consolidated statements of operations. See Note 13 for additional discussion of the Company's other operating income (loss). In addition to interest-bearing accounts, a portion of credit sales were made using interest-free financing for one year or less, subject to certain conditions.

Prior to the credit transaction entered into in October 2017 (see Note 4), the accrual of interest was suspended when accounts became more than 90 days aged on a recency basis. Upon suspension of the accrual of interest, interest income was subsequently recognized to the extent cash payments are received. Accrual of interest was resumed when receivables were removed from the non-accrual status.

As a result of the credit transaction noted above, the Company revised its policy to suspend the accrual of interest when accounts became more than 120 days past due on a contractual basis to align with the processes utilized by the Company's third party credit service provider for the Company's remaining in-house finance receivable portfolio.

(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 12 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)	**February 1, 2020**	February 2, 2019
Cash and cash equivalents held in money markets and other accounts	**$ 326.2**	$ 164.5
Cash equivalents from third-party credit card issuers	**46.3**	29.1
Cash on hand	**2.0**	1.8
Total cash and cash equivalents	**$ 374.5**	$ 195.4

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

(in millions)	**Fiscal 2020**	Fiscal 2019	Fiscal 2018
Non-cash investing activities:			
Capital expenditures in accounts payable	**$ 0.1**	$ 5.6	$ 7.0
Supplemental cash flow information:			
Interest paid	**$ 34.7**	$ 39.1	$ 50.2
Income tax paid (refunded), net	**$ 5.7**	$ (44.8)	$ 122.3

(k) Accounts receivable

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. Subsequent to the completion of the credit 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.

Prior to the credit transaction entered into in October 2017 (see Note 4), the Company calculated the allowance for uncollectible amounts as follows:

- Record an allowance for amounts under 90 days aged on a recency measure of delinquency based on historical loss experience and payment performance information. The recency method measured the delinquency level by the number of days since the last qualifying payment was received, with the qualifying payment increasing with delinquency level.

- Record a 100% allowance for any amount aged more than 90 days on a recency measure of delinquency and any amount associated with an account the owner of which has filed for bankruptcy.

Subsequent to the sale of its prime portfolio and until the sale of its non-prime accounts receivable portfolio, the Company measured delinquency under the contractual basis which aligned with the processes and collection strategies utilized by the Company's third party credit service provider for the remaining in-house finance receivable portfolio. Under this measure of delinquency, credit card accounts were considered delinquent if the minimum payment was not received by the specified due date. The aging method was based on the number of completed billing cycles during which the customer failed to make a minimum payment. Management utilized the delinquency rates identified within the portfolio when calculating the overall allowance for the portfolio.

Due to the reclassification of the non-prime accounts receivable portfolio to "held for sale" in the first quarter of Fiscal 2019, the Company no longer records allowances for uncollectible amounts or bad debt expense.

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

(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 15 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.

Property, plant and equipment 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 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 asset, based on the Company's internal business plans. If the undiscounted cash flow is less than the asset's carrying amount, the impairment charge recognized is determined by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value. The Company utilizes historical experience, internal business plans and an appropriate discount rate to estimate the fair value. Property and equipment at stores planned for closure are depreciated over a revised estimate of their useful lives.

See Note 16 for additional discussion of the Company's property, plant and equipment.

(o) Goodwill and intangibles

In a business combination, the Company estimates and records the fair value of identifiable intangible assets and liabilities acquired. The fair value of these intangible assets and liabilities is estimated based on management's assessment, including determination of appropriate valuation technique and consideration of any third party appraisals, when necessary. 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, it may be designated as a cash flow hedge on the date it is entered into. For cash flow hedge transactions, the effective portion of 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. Amounts excluded from the effectiveness calculation and any ineffective portions of the change in fair value of the derivatives are recognized immediately in other operating income (loss) in the consolidated statements of operations. In addition, 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 balance sheet, 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 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 8 and Note 9 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

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." The new guidance primarily impacts lessee accounting by requiring the recognition of a right-of-use asset and a corresponding lease liability on the balance sheet for long-term lease agreements. The lease liability will be equal to the present value of all reasonably certain remaining lease payments. The right-of-use asset will be based on the liability, subject to adjustment for initial direct costs. Lease agreements that are 12 months or less are permitted to be excluded from the balance sheet. In general, leases will be amortized on a straight-line basis with the exception of finance lease agreements. Signet adopted ASU 2016-02 and related updates effective February 3, 2019 using the additional transition method provided for in ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements," which permitted the Company as of the effective date of ASU 2016-02 to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The impact of this approach was deemed immaterial upon adoption of ASU 2016-02. As part of the adoption of ASU 2016-02, the Company utilized the practical expedient relief package, as well as the short-term leases and portfolio approach practical expedients.

The effects of the changes made to the Company's condensed consolidated balance sheet as of February 3, 2019 for the adoption of ASC 842 were as follows:

(in millions)	February 2, 2019	Adjustments due to ASC 842	February 3, 2019
Current assets:			
Other current assets	$ 244.0	$ (8.8)	$ 235.2
Non-current assets:			
Operating lease right-of-use assets	—	1,927.2	1,927.2
Current liabilities:			
Accrued expenses and other current liabilities	502.8	(32.9)	469.9
Operating lease liabilities	—	376.5	376.5
Non-current liabilities:			
Operating lease liabilities	—	1,676.9	1,676.9
Other liabilities	224.1	(102.1)	122.0

See additional disclosures related to leases within Note 17.

In addition to the pronouncement above, the following ASU was adopted as of February 3, 2019. The impact on the Company's consolidated financial statements is described within the table below:

Standard	Description
ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, issued August 2017.	Expands the types of risk management strategies eligible for hedge accounting, refines the documentation and effectiveness assessment requirements and modifies the presentation and disclosure requirements for hedge accounting activities. The adoption of ASU 2017-12 did not have a material impact on the Company's financial position or results of operations.

New accounting pronouncements issued not yet adopted

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. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The updated guidance is not expected to 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 will have no impact on the Company's financial condition or results of operations. The Company is evaluating the impact to related disclosures.
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 ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The new guidance does not affect the existing recognition or measurement guidance, and therefore will have no impact on the Company's financial condition or results of operations. The Company is evaluating the impact to related disclosures.
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 ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019, with early adoption permitted. The new guidance is not expected to have a material impact on the Company's financial position or results of operations.

3. Revenue recognition

The following tables provide the Company's total sales, disaggregated by banner, for Fiscal 2020, Fiscal 2019 and Fiscal 2018:

	Fiscal 2020			
(in millions)	North America	International	Other	Consolidated
Sales by banner:				
Kay	**$ 2,397.7**	**$ —**	**$ —**	**$ 2,397.7**
Zales	**1,261.3**	**—**	**—**	**1,261.3**
Jared	**1,088.1**	**—**	**—**	**1,088.1**
Piercing Pagoda	**331.7**	**—**	**—**	**331.7**
James Allen	**250.6**	**—**	**—**	**250.6**
Peoples	**200.6**	**—**	**—**	**200.6**
Regional banners	**35.8**	**—**	**—**	**35.8**
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	$ 2,417.8	$ —	$ —	$ 2,417.8
Zales	1,260.7	—	—	1,260.7
Jared	1,141.4	—	—	1,141.4
Piercing Pagoda	302.5	—	—	302.5
James Allen	223.7	—	—	223.7
Peoples	208.5	—	—	208.5
Regional banners	87.1	—	—	87.1
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

	Fiscal 2018			
(in millions)	North America	International	Other	Consolidated
Sales by banner:				
Kay	$ 2,428.1	$ —	$ —	$ 2,428.1
Zales	1,244.3	—	—	1,244.3
Jared	1,192.1	—	—	1,192.1
Piercing Pagoda	278.5	—	—	278.5
James Allen	88.1	—	—	88.1
Peoples	215.4	—	—	215.4
Regional banners	168.7	—	—	168.7
International segment banners	—	616.7	—	616.7
Other[1]	—	—	21.1	21.1
Total sales	$ 5,615.2	$ 616.7	$ 21.1	$ 6,253.0

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

The following tables provide the Company's total sales, disaggregated by major product, for Fiscal 2020, Fiscal 2019 and Fiscal 2018:

	Fiscal 2020			
(in millions)	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**

	Fiscal 2019			
(in millions)	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

	Fiscal 2018			
(in millions)	North America	International	Other	Consolidated
Sales by product:				
Bridal	$ 2,407.3	$ 247.3	$ —	$ 2,654.6
Fashion	2,168.2	137.0	—	2,305.2
Watches	243.6	195.5	—	439.1
Other[(1)]	796.1	36.9	21.1	854.1
Total sales	$ 5,615.2	$ 616.7	$ 21.1	$ 6,253.0

(1) Other revenue primarily includes gift and other miscellaneous jewelery sales, repairs, warranty and other miscellaneous non-jewelry sales.

The following tables provide the Company's total sales, disaggregated by channel, for Fiscal 2020, Fiscal 2019 and Fiscal 2018:

	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	**—**	**—**	**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	—	—	28.9	28.9
Total sales	$ 5,641.7	$ 576.5	$ 28.9	$ 6,247.1

	Fiscal 2018			
(in millions)	North America	International	Other	Consolidated
Sales by channel:				
Store	$ 5,176.7	$ 557.5	$ —	$ 5,734.2
eCommerce	438.5	59.2	—	497.7
Other	—	—	21.1	21.1
Total sales	$ 5,615.2	$ 616.7	$ 21.1	$ 6,253.0

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 e-commerce 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. Financial results included in the Company's consolidated financial statements for Fiscal 2020 and Fiscal 2019 are presented under ASC 606, while Fiscal 2018 is presented under the previous accounting standard, ASC 605. As a result of adopting ASC 606, the Company adjusted its presentation related to customer trade-ins, accounting for returns reserves, costs associated with selling extended service plans and treatment of the amortization of certain bonus and profit-sharing arrangements related to third-party credit card programs. 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 condensed 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 were $29.5 million and $52.4 million in Fiscal 2020 and Fiscal 2019, respectively.

Unamortized deferred selling costs as of Fiscal 2020 and Fiscal 2019 were as follows:

(in millions)	**February 1, 2020**	February 2, 2019
Deferred ESP selling costs		
Other current assets	**$ 23.6**	$ 23.8
Other assets	**80.0**	75.4
Total deferred ESP selling costs	**$ 103.6**	$ 99.2

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 our 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. The products sold from consignment inventory are indistinguishable from other products that are sold to customers and are sold on the same terms. Supplier products are selected at the discretion of the Company. The Company is responsible for determining the selling price and physical security of the products.

Deferred revenue

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

(in millions)	February 1, 2020	February 2, 2019
ESP deferred revenue	**$ 960.0**	$ 927.6
Voucher promotions and other	**37.7**	38.9
Total deferred revenue	**$ 997.7**	$ 966.5
Disclosed as:		
Current liabilities	**$ 266.2**	$ 270.0
Non-current liabilities	**731.5**	696.5
Total deferred revenue	**$ 997.7**	$ 966.5

(in millions)	Fiscal 2020	Fiscal 2019
ESP deferred revenue, beginning of period	**$ 927.6**	$ 916.1
Plans sold[(1)]	**405.1**	395.0
Revenue recognized[(2)]	**(372.7)**	(383.5)
ESP deferred revenue, end of period	**$ 960.0**	$ 927.6

(1) Includes impact of foreign exchange translation.

(2) During Fiscal 2020, the Company recognized sales of approximately $193.6 million related to deferred revenue that existed at February 2, 2019 in respect to ESP and voucher promotions.

4. Credit transaction, net

During Fiscal 2018, Signet announced a strategic initiative to outsource its North America private label credit card programs and sell the existing in-house finance receivables. Below is a summary of the transactions the Company has entered into as a result of this strategic initiative:

Fiscal 2018

In October 2017, Signet, through its subsidiary Sterling, completed the sale of the prime-only credit quality portion of Sterling's in-house finance receivable portfolio to Comenity. The following events summarize this credit transaction:

Receivables reclassification: In the second quarter of Fiscal 2018, certain in-house finance receivables that met the criteria for sale to Comenity were reclassified from "held for investment" to "held for sale." Accordingly, the receivables were recorded at the lower of cost (par) or fair value, resulting in the reversal of the related allowance for credit losses of $20.7 million. This reversal was recorded in credit transaction, net in the consolidated statement of operations during the second quarter of Fiscal 2018.

Proceeds received: In October 2017, the Company received $952.5 million in cash consideration reflecting the par value of the receivables sold. In addition, the Company recognized a beneficial interest asset of $10.2 million representing the present value of the cash flows the Company expects to receive under the economic profit sharing agreement related to the receivables sold. The gain upon recognition of the beneficial interest asset was recorded in credit transaction, net in the consolidated statement of operations during the third quarter of Fiscal 2018.

Expenses: During Fiscal 2018, the Company incurred $29.6 million of transaction-related costs. These costs were recorded in credit transaction, net in the consolidated statement of operations during Fiscal 2018.

Asset-backed securitization facility termination: In October 2017, the Company terminated the asset-backed securitization facility in order to transfer the receivables free and clear. The asset-backed securitization facility had a principal balance outstanding of $600.0 million at the time of termination. The payoff was funded through the proceeds received from the par value of receivables sold. See Note 23 for additional information regarding the asset-backed securitization facility.

Program agreement: Comenity provides credit to prime-only credit quality customers with an initial term of seven years and, unless terminated by either party, additional renewal terms of two years. Under the Program Agreement, Comenity established a program to issue Sterling credit cards to be serviced, marketed and promoted in accordance with the terms of the 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, including "Kay", "Jared" and specified regional brands, but excluding "Zale", during the term of the agreement. The pre-existing arrangement with Comenity for the issuing of Zale credit cards was unaffected by the execution of the Program Agreement. Upon expiration or termination by either party of the Program Agreement, Sterling 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 Sterling than those applicable to Comenity under the Purchase Agreement, or in the case of a purchase by a third party, on customary terms. Additionally, the Company received a signing bonus, which may be repayable under certain conditions if the Program Agreement is terminated, and a right to receive future payments related to the performance of the credit program under an economic profit sharing agreement. The Program Agreement contains customary representations, warranties and covenants.

Additionally, Signet and Genesis Financial Solutions ("Genesis") entered into a five-year servicing agreement in October 2017, under which Genesis will provide credit servicing functions for Signet's non-prime accounts receivable portfolio prior to its sale, as well as future non-prime account originations.

Fiscal 2019

During March 2018, the Company, through its subsidiary Sterling, entered into a definitive agreement with 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, 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 is contingent upon the non-prime in-house finance receivable portfolio achieving a pre-defined yield. 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.

5. Acquisitions

On September 12, 2017, the Company acquired the outstanding shares of R2Net, the owner of online jewelry retailer JamesAllen.com and Segoma Imaging Technologies. The acquisition rapidly enhanced the Company's digital capabilities and accelerated its OmniChannel strategy, while adding a millennial-focused online retail brand to the Company's portfolio. The Company paid $331.8 million, net of acquired cash of $47.3 million, for R2Net. The total consideration paid was funded with a $350.0 million bridge loan. See Note 23 for additional information regarding the bridge loan.

The transaction was accounted for as a business combination during the third quarter of Fiscal 2018 with R2Net becoming a wholly-owned consolidated subsidiary of Signet. Prior to closing the acquisition, the Company incurred approximately $8.6 million of acquisition-related costs for professional services in Fiscal 2018. Acquisition-related costs were recorded as selling, general and administrative expenses in the consolidated statement of operations. The results of R2Net subsequent to the acquisition date are reported as a component of the results of the North America segment. See Note 6 for segment information. Pro forma results of operations have not been presented, as the impact on the Company's consolidated financial results was not material.

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed are recorded at their estimated fair values on the acquisition date, with the remaining unallocated net purchase price recorded as goodwill. The following table summarizes the fair values identified for the assets acquired and liabilities assumed in the R2Net acquisition as of September 12, 2017:

(in millions)		**Fair values**
Cash and cash equivalents	$	**47.3**
Inventories		**12.1**
Other current assets		**9.7**
Property, plant and equipment		**3.5**
Intangible assets:		
Trade name		**70.6**
Technology-related		**4.2**
Current liabilities		**(42.4)**
Deferred tax liabilities		**(25.1)**
Fair value of net assets acquired		**79.9**
Goodwill		**299.1**
Total consideration transferred	**$**	**379.0**

During the second quarter of Fiscal 2019, the Company finalized the valuation of net assets acquired. The goodwill generated from the acquisition is primarily attributable to expected synergies and will not be deductible for tax purposes. See Note 18 for additional information related to goodwill and intangible assets.

6. Segment information

Financial information for each of Signet's reportable segments is presented in the tables below. Signet's chief operating decision maker utilizes sales and operating income, after the elimination of any inter-segment transactions, to determine resource allocations and performance assessment measures. During the first quarter of Fiscal 2019, the Company realigned its organizational structure. The new structure allows for further integration of operational and product development processes and supports growth strategies. In accordance with this organizational change, beginning with quarterly reporting for the 13 weeks ended May 5, 2018, the Company reported three reportable segments as follows: North America, which consists of the legacy Sterling Jewelers and Zale divisions; International, which consists of the legacy UK Jewelry division; 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 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), Jared (Jared The Galleria Of Jewelry and Jared Vault), Zales (Zales Jewelers and Zales Outlet) and Piercing Pagoda, which operates through mall-based kiosks. Its Canadian stores operate under the Peoples Jewellers store banner. The segment also operates a variety of mall-based regional banners, including Gordon's Jewelers in the US and Mappins in Canada, and James Allen, which was acquired in the R2Net acquisition.

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 principally under the H.Samuel and Ernest Jones banners.

The Other reportable segment consists of all non-reportable segments that are below the quantifiable threshold for separate disclosure as a reportable segment, including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones and unallocated corporate administrative functions.

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Sales:			
North America segment[1]	**$ 5,565.8**	$ 5,641.7	$ 5,615.2
International segment	**518.0**	576.5	616.7
Other	**53.3**	28.9	21.1
Total sales	**$ 6,137.1**	$ 6,247.1	$ 6,253.0
Operating income (loss):			
North America segment[2]	**$ 327.0**	$ (621.1)	$ 656.1
International segment[3]	**16.0**	12.9	33.1
Other[4]	**(184.7)**	(156.4)	(109.3)
Total operating income (loss)	**158.3**	(764.6)	579.9
Interest expense	**(35.6)**	(39.7)	(52.7)
Other non-operating income, net	**7.0**	1.7	—
Income (loss) before income taxes	**$ 129.7**	$ (802.6)	$ 527.2
Depreciation and amortization:			
North America segment	**$ 159.9**	$ 165.8	$ 183.5
International segment	**17.8**	17.5	19.1
Other	**0.3**	0.3	0.8
Total depreciation and amortization	**$ 178.0**	$ 183.6	$ 203.4
Capital additions:			
North America segment	**$ 128.3**	$ 123.9	$ 219.7
International segment	**8.0**	9.6	17.6
Other	**—**	—	0.1
Total capital additions	**$ 136.3**	$ 133.5	$ 237.4

[1] Includes sales of $204.6 million, $218.3 million and $235.1 million generated by Canadian operations in Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

[2] Fiscal 2020 includes $47.7 million related to an immaterial out-of-period goodwill adjustment and $6.0 million related to inventory charges recorded in conjunction with the Company's restructuring activities. See Note 18 and Note 7 for additional information.

Fiscal 2019 includes: 1) $731.8 million related to goodwill and intangible impairments; 2) $52.7 million related to inventory charges recorded in conjunction with the Company's restructuring activities; and 3) $160.4 million from the valuation losses related to the sale of eligible non-prime in-house accounts receivable. See Note 18, Note 7 and Note 4 for additional information.

Fiscal 2018 amount includes a gain of $20.7 million related to the reversal of the allowance for credit losses for the in-house receivables sold, as well as the $10.2 million gain upon recognition of beneficial interest in connection with the sale of the prime portion of in-house receivables. See Note 4 for additional information.

[3] Fiscal 2019 includes $3.8 million related to inventory charges recorded in conjunction with the Company's restructuring activities. See Note 7 for additional information.

[4] Fiscal 2020 includes $73.1 million related to charges recorded in conjunction with the Company's restructuring activities including inventory charges and $33.2 million related to the proposed settlement of a previously disclosed shareholder litigation matter. See Note 7 and Note 27 for additional information.

Fiscal 2019 includes: 1) $69.4 million related to charges recorded in conjunction with the Company's restructuring activities including inventory charges; 2) $11.0 million related to the resolution of a previously disclosed regulatory matter; 3) $7.0 million representing transaction costs associated with the sale of the non-prime in-house accounts receivable; and 4) $3.6 million of goodwill impairment. See Note 7, Note 27, Note 4 and Note 18 for additional information.

Fiscal 2018 includes: 1) $29.6 million of transaction costs related to the credit transaction; 2) $8.6 million of R2Net acquisition costs; and 3) $3.4 million of CEO transition costs. See Note 4 and Note 5 for additional information regarding credit transaction and acquisition of R2Net, respectively.

(in millions)	February 1, 2020	February 2, 2019
Total assets:		
North America segment	**$ 5,240.2**	$ 3,943.0
International segment	**546.4**	367.4
Other	**512.5**	109.7
Total assets	**$ 6,299.1**	$ 4,420.1
Total long-lived assets:		
North America segment	**$ 1,196.7**	$ 1,294.2
International segment	**54.6**	64.5
Other	**3.2**	3.4
Total long-lived assets	**$ 1,254.5**	$ 1,362.1

7. 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. The Company is currently evaluating its initiatives under the Plan and is unable to estimate its future costs in light of the coronavirus outbreak ("COVID-19") as further described in Note 29.

During Fiscal 2020, restructuring charges of $79.1 million were recognized, primarily related to store closure costs, severance costs, and professional fees for legal and consulting services. Plan liabilities of $10.7 million were recorded within accrued expenses and other current liabilities and Plan liabilities of $1.7 million were recorded within other liabilities in the consolidated balance sheet as of February 1, 2020. Plan liabilities primarily represent store closure liabilities and consulting services.

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

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

(1) Inventory charges represent non-cash charges. See Note 15 for additional information related to inventory and inventory reserves.

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

The composition of restructuring charges the Company incurred during Fiscal 2020 and Fiscal 2019, as well as the cumulative amount incurred through February 1, 2020, were as follows:

(in millions)	Fiscal 2020	Fiscal 2019	Cumulative amount
Inventory charges	$ 9.2	$ 62.2	$ 71.4
Termination benefits	16.1	9.7	25.8
Store closure and other costs	53.8	54.0	107.8
Total Signet Path to Brilliance Plan expenses	**$ 79.1**	**$ 125.9**	**$ 205.0**

The following table summarizes the activity related to the Plan liabilities for Fiscal 2020 and Fiscal 2019:

(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**

8. 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 sheet.

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 $5.7 million was recorded in the consolidated balance sheet as of February 1, 2020 (February 2, 2019: $4.0 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 February 1, 2020 and February 2, 2019:

(in millions, except conversion rate and conversion price)	February 1, 2020	February 2, 2019
Conversion rate	**12.2297**	11.3660
Conversion price	**$ 81.7682**	$ 87.9817
Potential impact of preferred shares if-converted to common shares	**7.6**	7.1
Liquidation preference	**$ 632.8**	$ 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.

9. Common shares, treasury shares, reserves and dividends

Common shares

The par value of each Common Share is 18 cents. There was no consideration received for common shares relating to options during Fiscal 2020 or Fiscal 2019. The consideration received for common shares relating to options issued during Fiscal 2018 was $0.3 million. In Fiscal 2020 the Company received $1.0 million in cash related to issuances of shares under it's Employee Share Purchase Plan (refer to Note 26 for further information).

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.

In June 2017, the Board of Directors authorized a new program to repurchase $600.0 million of Signet's common shares (the "2017 Program"). The 2017 Program may be suspended or discontinued at any time without notice.

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 forward stock purchase contract was determined to be indexed to the Company's own stock and met all of the applicable criteria for equity classification.

The share repurchase activity is outlined in the table below:

(in millions, expect per share amounts)	Amount authorized	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	Fiscal 2018 Shares repurchased	Fiscal 2018 Amount repurchased	Fiscal 2018 Average repurchase price per share
2017 Program[(1)]	$ 600.0	—	$ —	$ —	7.5	$ 434.4	$ 57.64	n/a	n/a	n/a
2016 Program[(2)]	$ 1,375.0	n/a	n/a	n/a	1.3	$ 50.6	$ 39.76	8.1	$ 460.0	$ 56.91
Total		—	$ —	$ —	8.8	$ 485.0	$ 55.06	8.1	$ 460.0	$ 56.91

(1) The 2017 Program had $165.6 million remaining as of February 1, 2020.

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

n/a Not applicable.

Shares were reissued in the amounts of 0.4 million, 0.2 million and 0.3 million, net of taxes and forfeitures, in Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively, to satisfy awards outstanding under existing share-based compensation plans. During Fiscal 2020, there were no retirements of common shares previously held as treasury shares in the consolidated balance sheets.

Dividends on common shares

(in millions, except per share amounts)	Fiscal 2020 Cash dividend per share	Fiscal 2020 Total dividends	Fiscal 2019 Cash dividend per share	Fiscal 2019 Total dividends	Fiscal 2018 Cash dividend per share	Fiscal 2018 Total dividends
First quarter	**$ 0.37**	**$ 19.3**	$ 0.37	$ 21.8	$ 0.31	$ 21.3
Second quarter	**0.37**	**19.3**	0.37	19.2	0.31	18.7
Third quarter	**0.37**	**19.4**	0.37	19.2	0.31	18.7
Fourth quarter[(1)]	**0.37**	**19.4**	0.37	19.2	0.31	18.8
Total	**$ 1.48**	**$ 77.4**	$ 1.48	$ 79.4	$ 1.24	$ 77.5

(1) Signet's dividend policy results in the dividend payment date being a quarter in arrears from the declaration date. As a result, as of February 1, 2020 and February 2, 2019, $19.4 million and $19.2 million, respectively, has been 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 and Fiscal 2019, respectively.

Dividends on preferred shares

(in millions)	Fiscal 2020 Total cash dividends	Fiscal 2019 Total cash dividends	Fiscal 2018 Total cash dividends
First quarter	**$ 7.8**	$ 7.8	$ 7.8
Second quarter	**7.8**	7.8	7.8
Third quarter	**7.8**	7.8	7.8
Fourth quarter[(1)]	**7.8**	7.8	7.8
Total	**$ 31.2**	$ 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 February 1, 2020 and February 2, 2019, $7.8 million has been recorded in accrued expenses and other current liabilities in the consolidated balance sheets reflecting the cash dividends on preferred shares declared for the fourth quarter of Fiscal 2020 and Fiscal 2019.

There were no cumulative undeclared dividends on the preferred shares that reduced net income attributable to common shareholders during Fiscal 2020. In addition, deemed dividends of $1.7 million related to accretion of issuance costs associated with the preferred shares were recognized in Fiscal 2020, Fiscal 2019 and Fiscal 2018.

10. 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 2020	Fiscal 2019	Fiscal 2018
Numerator:			
Net income (loss) attributable to common shareholders	**$ 72.6**	$ (690.3)	$ 486.4
Denominator:			
Weighted average common shares outstanding	**51.7**	54.7	63.0
EPS – basic	**$ 1.40**	$ (12.62)	$ 7.72

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 8 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 2020	Fiscal 2019	Fiscal 2018
Numerator:			
Net income (loss) attributable to common shareholders	**$ 72.6**	$ (690.3)	$ 486.4
Add: Dividends on preferred shares	**—**	—	32.9
Numerator for diluted EPS	**$ 72.6**	$ (690.3)	$ 519.3
Denominator:			
Weighted average common shares outstanding	**51.7**	54.7	63.0
Plus: Dilutive effect of share awards	**0.1**	—	0.1
Plus: Dilutive effect of preferred shares	**—**	—	6.7
Diluted weighted average common shares outstanding	**51.8**	54.7	69.8
EPS – diluted	**$ 1.40**	$ (12.62)	$ 7.44

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 2020	Fiscal 2019	Fiscal 2018
Share awards	**0.9**	1.1	0.4
Potential impact of preferred shares	**7.6**	7.1	—
Total anti-dilutive shares	**8.5**	8.2	0.4

11. 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 January 28, 2017	$ (263.4)	$ (0.4)	$ 2.4	$ (55.5)	$ 9.2	$ (307.7)
OCI before reclassifications	50.9	0.3	1.8	—	(0.5)	52.5
Amounts reclassified from AOCI to net income	—	—	(3.5)	4.4	(6.3)	(5.4)
Net current period OCI	50.9	0.3	(1.7)	4.4	(6.8)	47.1
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)	—	—	—	(0.8)
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)**

(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 2020	Fiscal 2019	Fiscal 2018	Statement of operations caption
Losses (gains) on cash flow hedges:				
Foreign currency contracts	**$ (1.1)**	$ 0.7	$ (3.2)	Cost of sales [1]
Interest rate swaps	**(0.6)**	(1.9)	0.3	Interest expense, net [1]
Commodity contracts	**(1.7)**	(0.9)	(1.7)	Cost of sales [1]
Total before income tax	**(3.4)**	(2.1)	(4.6)	
Income taxes	**0.7**	0.6	1.1	
Net of tax	**(2.7)**	(1.5)	(3.5)	
Defined benefit pension plan items:				
Amortization of unrecognized actuarial losses	**1.2**	0.9	2.8	Other non-operating income, net [2]
Amortization of unrecognized net prior service credits	**—**	—	(1.4)	Other non-operating income, net [2]
Net curtailment gain and settlement loss	**—**	—	(3.7)	Other non-operating income, net [2]
Total before income tax	**1.2**	0.9	(2.3)	
Income taxes	**(0.2)**	(0.2)	0.4	
Net of tax	**1.0**	0.7	(1.9)	
Available-for-sale securities:				
Corporate equity securities, before income tax	**1.0**	—	—	Other operating income (loss)[3]
Income taxes	**—**	—	—	
Net of tax	**1.0**	—	—	
Total reclassifications, net of tax	**$ (0.7)**	$ (0.8)	$ (5.4)	

(1) See Note 20 for additional information.

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

(3) See Note 19 for additional information.

12. Income taxes

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Income (loss) before income taxes:			
– US	**$ 32.3**	$ (1,135.8)	$ 202.2
– Foreign	**97.4**	333.2	325.0
Total income (loss) before income taxes	**$ 129.7**	$ (802.6)	$ 527.2
Current taxation:			
– US	**$ 3.0**	$ (55.2)	$ 35.9
– Foreign	**1.9**	15.8	6.1
Deferred taxation:			
– US	**17.0**	(85.8)	(34.8)
– Foreign	**2.3**	(20.0)	0.7
Total income tax expense (benefit)	**$ 24.2**	$ (145.2)	$ 7.9

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 2020	Fiscal 2019	Fiscal 2018
US federal income tax rates	**21.0 %**	21.0 %	35.0 %
US state income taxes	**3.1 %**	2.3 %	1.9 %
Differences between US federal and foreign statutory income tax rates	**1.3 %**	0.3 %	(1.0)%
Expenditures permanently disallowable for tax purposes, net of permanent tax benefits	**3.3 %**	(0.8)%	1.4 %
Impact of global reinsurance arrangements	**(20.3)%**	3.1 %	(8.1)%
Impact of global financing arrangements	**— %**	4.2 %	(11.4)%
Benefit in current taxes - the TCJ Act	**— %**	— %	(4.1)%
Remeasurement of deferred taxes - the TCJ Act	**— %**	— %	(12.3)%
Impairment of goodwill	**7.5 %**	(13.4)%	— %
Out of period adjustment	**— %**	1.4 %	— %
Other items	**2.8 %**	— %	0.1 %
Effective tax rate	**18.7 %**	18.1 %	1.5 %

In Fiscal 2020, Signet's effective tax rate was lower than the US federal income tax rate primarily due to the impact of Signet's global reinsurance arrangement partially offset by nondeductible goodwill impairment charges and other nondeductible expenses. Signet's future effective tax rate is largely dependent on changes in the geographic mix of income.

Deferred taxes

Deferred tax assets (liabilities) consisted of the following:

	February 1, 2020			February 2, 2019		
(in millions)	Assets	(Liabilities)	Total	Assets	(Liabilities)	Total
Intangible assets	**$ —**	**$ (63.0)**	**$ (63.0)**	$ —	$ (63.8)	$ (63.8)
US property, plant and equipment	**—**	**(55.4)**	**(55.4)**	—	(68.2)	(68.2)
Foreign property, plant and equipment	**6.5**	**—**	**6.5**	6.5	—	6.5
Inventory valuation	**—**	**(203.1)**	**(203.1)**	—	(179.1)	(179.1)
Revenue deferral	**102.5**	**—**	**102.5**	122.0	—	122.0
Derivative instruments	**—**	**(4.3)**	**(4.3)**	—	(1.3)	(1.3)
Lease assets	**—**	**(358.2)**	**(358.2)**	—	—	—
Lease liabilities	**380.6**	**—**	**380.6**	26.2	—	26.2
Deferred compensation	**7.3**	**—**	**7.3**	7.5	—	7.5
Retirement benefit obligations	**—**	**(6.7)**	**(6.7)**	—	(5.8)	(5.8)
Share-based compensation	**4.1**	**—**	**4.1**	3.5	—	3.5
Other temporary differences	**77.7**	**—**	**77.7**	46.7	—	46.7
Net operating losses and foreign tax credits	**137.0**	**—**	**137.0**	151.8	—	151.8
Value of capital losses	**12.9**	**—**	**12.9**	13.9	—	13.9
Total gross deferred tax assets (liabilities)	**$ 728.6**	**$ (690.7)**	**$ 37.9**	$ 378.1	$ (318.2)	$ 59.9
Valuation allowance	**(38.4)**	**—**	**(38.4)**	(38.9)	—	(38.9)
Deferred tax assets (liabilities)	**$ 690.2**	**$ (690.7)**	**$ (0.5)**	$ 339.2	$ (318.2)	$ 21.0
Disclosed as:						
Non-current assets			**$ 4.7**			$ 21.0
Non-current liabilities			**(5.2)**			—
Deferred tax assets (liabilities)			**$ (0.5)**			$ 21.0

As of February 1, 2020, Signet had deferred tax assets associated with net operating loss carry forwards of $109.2 million, of which $15.1 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 $13.7 million as of February 1, 2020, which expire between 2020 and 2024 and foreign net operating loss carryforwards of $14.1 million, which expire between 2020 and 2039. Additionally, Signet had foreign capital loss carryforward deferred tax assets of $10.5 million (Fiscal 2019: $11.6 million), which can be carried forward over an indefinite period and US capital loss carryforwards of $3.0 million which expire in 2022, both of which are only available to offset future capital gains.

The decrease in the total valuation allowance in Fiscal 2020 was $0.5 million. The valuation allowance primarily relates to capital and operating loss carry forwards and foreign tax credits 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 February 1, 2020 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 2020	Fiscal 2019	Fiscal 2018
Unrecognized tax benefits, beginning of period	**$ 18.1**	$ 12.0	$ 12.0
Increases related to current year tax positions	**2.0**	2.5	2.3
Increases related to prior year tax positions	**6.0**	6.2	—
Lapse of statute of limitations	**(2.6)**	(2.4)	(2.4)
Difference on foreign currency translation	**—**	(0.2)	0.1
Unrecognized tax benefits, end of period	**$ 23.5**	$ 18.1	$ 12.0

As of February 1, 2020, Signet had approximately $23.5 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 in the consolidated statement of operations. As of February 1, 2020, Signet had accrued interest of $3.9 million and $0.7 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 $25.5 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 February 1, 2020 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.

13. Other operating income (loss)

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Interest income from in-house customer finance programs[(1)]	**$ —**	$ 22.8	$ 258.1
Shareholder litigation charge, net of insurance recoveries [(2)]	**(33.2)**	—	—
Other	**3.6**	3.4	2.7
Other operating income (loss)	**$ (29.6)**	$ 26.2	$ 260.8

(1) See Note 4 and Note 14 for additional information.

(2) See Note 27 for additional information.

14. Accounts receivable, net

Prior to the second quarter of Fiscal 2019, Signet's accounts receivable primarily consisted of US customer in-house financing receivables. This accounts receivable portfolio historically consisted of a population that was of similar characteristics and was evaluated collectively for impairment.

In October 2017, the Company completed the sale of the prime portion of the Sterling customer in-house finance receivables. See Note 4 for additional information regarding the sale of the prime portion of the customer in-house finance receivable portfolio.

In June 2018, the Company completed the sale of the remaining Sterling and Zale customer in-house finance receivables. See Note 4 for additional information regarding the agreement. For a five-year term ending in 2023, Signet will remain the issuer of non-prime credit with investment funds managed by CarVal and Castlelake purchasing forward flow receivables at a discount rate determined in accordance with their respective agreements. Receivables issued by the Company but pending transfer to Carval and Castlelake as of period end are classified as "held for sale" in the consolidated balance sheet. As of February 1, 2020 and February 2, 2019, the accounts receivable held for sale were recorded at fair value. See Note 21 for additional information regarding the assumptions utilized in the calculation of fair value of the finance receivables held for sale.

(in millions)	February 1, 2020	February 2, 2019
Accounts receivable, held for investment	**$ 34.4**	$ 19.5
Accounts receivable, held for sale	**4.4**	4.2
Total accounts receivable	**$ 38.8**	$ 23.7

Prior to the sale of the remaining Sterling and Zale customer in-house finance receivables in June 2018, Signet granted credit to customers based on a variety of credit quality indicators, including consumer financial information and prior payment experience. Management monitored the credit exposure based on past due status and collection experience, as it had found a meaningful correlation between the past due status of customers and the risk of loss.

Accounts receivable held for investment includes accounts receivable relating to the insurance loss replacement business in the International segment and accounts receivable from our diamond sourcing initiative in the Other segment.

The activity in Fiscal 2019 and Fiscal 2018 related to the allowance for credit losses on Sterling Jewelers 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	Fiscal 2018
Beginning balance:	$ (113.5)	$ (138.7)
Charge-offs, net	56.3	221.2
Recoveries	4.2	34.3
Provision	(54.6)	(251.0)
Reversal of allowance on receivables sold	107.6	20.7
Ending balance	$ —	$ (113.5)
Ending receivable balance evaluated for impairment	—	762.9
Sterling Jewelers customer in-house finance receivables, net	$ —	$ 649.4

15. Inventories

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

(in millions)	February 1, 2020	February 2, 2019
Raw materials	**$ 56.2**	$ 76.3
Finished goods	**2,275.5**	2,310.6
Total inventories	**$ 2,331.7**	$ 2,386.9

Signet held $625.7 million of consignment inventory at February 1, 2020 (February 2, 2019: $726.8 million), which is not recorded on the balance sheet. 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 2020	Fiscal 2019	Fiscal 2018
Inventory reserve, beginning of period	**$ 95.3**	$ 40.6	$ 43.2
Charged to income(1)	**80.2**	131.4	75.8
Utilization(2)	**(108.5)**	(76.7)	(78.4)
Inventory reserve, end of period(3)	**$ 67.0**	$ 95.3	$ 40.6

(1) Includes $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 7 for additional information.

(2) Includes the impact of foreign exchange translation between opening and closing balance sheet dates, as well as $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 7 for additional information.

(3) Includes $20.8 million for Fiscal 2020 and $51.6 million in Fiscal 2019 for inventory identified as part of the Company's restructuring plan. See Note 7 for additional information.

16. Property, plant and equipment, net

(in millions)		February 1, 2020		February 2, 2019
Land and buildings	**$**	**23.4**	$	34.0
Leasehold improvements		**640.7**		688.8
Furniture and fixtures		**601.2**		802.9
Equipment		**199.1**		196.1
Software		**246.9**		289.5
Construction in progress		**95.3**		72.0
Total	**$**	**1,806.6**	$	2,083.3
Accumulated depreciation and amortization		**(1,064.7)**		(1,282.8)
Property, plant and equipment, net	**$**	**741.9**	$	800.5

Depreciation and amortization expense for Fiscal 2020 was $177.1 million (Fiscal 2019: $179.6 million; Fiscal 2018: $194.1 million).

17. Leases

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. As the contingent rent and variable increases are not measurable at inception, the amounts are excluded from minimum rent and the calculation of the operating lease liability. These amounts are included in 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 right-of-use ("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 available 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 can not 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 weighted average lease term and discount rate for the Company's outstanding operating leases were as follows:

	February 1, 2020
Weighted average remaining lease term (in years)	6.7
Weighted average discount rate	5.5%

Total lease costs are as follows:

(in millions)		Fiscal 2020
Operating lease cost	$	460.3
Short-term lease cost		19.4
Variable lease cost		107.1
Sublease income		(2.0)
Total lease cost	$	584.8

The rent expense as determined prior to the adoption of ASC 842 was as follows:

(in millions)		Fiscal 2019		Fiscal 2018
Minimum rentals	$	510.3	$	528.1
Contingent rent		8.1		8.5
Sublease income		(1.1)		(0.5)
Total	$	517.3	$	536.1

Supplemental cash flow information related to leases was as follows:

(in millions)		Fiscal 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	467.7
Operating lease right-of-use assets obtained in exchange for lease obligations		149.9
Reduction in the carrying amount of right-of-use assets		360.1

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)		February 1, 2020
Fiscal 2021	$	455.5
Fiscal 2022		395.1
Fiscal 2023		334.8
Fiscal 2024		265.6
Fiscal 2025		209.0
Thereafter		551.0
Total lease payments	$	2,211.0
Less: Imputed interest		(435.1)
Present value of lease liabilities	$	1,775.9

In accordance with the prior guidance, ASC 840, *Leases*, the Company's leases were previously designated as operating with no leases meeting the definition of capital leases. The designation of operating leases remains substantially unchanged under the new guidance. The future minimum lease payments by fiscal year as determined prior to the adoption of ASC 842, not including contingent rent, as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, were as follows:

(in millions)	**February 2, 2019**
Fiscal 2020	$ 450.4
Fiscal 2021	408.4
Fiscal 2022	361.1
Fiscal 2023	312.0
Fiscal 2024	247.4
Thereafter	755.2
Total	$ 2,534.5

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 all assets and liabilities of the reporting unit, including the implied fair value of goodwill, 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.

Due to a sustained decline in the Company's market capitalization during the 13 weeks ended May 5, 2018, 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. As a result of the interim impairment assessment, the Company recognized pre-tax impairment charges totaling $448.7 million in the 13 weeks ended May 5, 2018.

Due to a continued decline in the Company's market capitalization during the 13 weeks ended February 2, 2019, the Company determined a triggering event had occurred that required additional interim impairment assessments for its reporting units and indefinite-lived intangible assets. The Company recognized additional pre-tax impairment charges totaling $286.7 million during the 13 weeks ended February 2, 2019 primarily related to revised long-term projections and a higher discount rate associated with R2Net.

During the second quarter of Fiscal 2020, the Company performed its annual evaluation of its indefinite-lived intangible assets, including goodwill and trade names identified in the Zale acquisition, for impairment indicators. 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 fourth quarter of Fiscal 2020, the Company completed an annual qualitative assessment of its R2Net reporting unit and related indefinite-lived trade name, and through this assessment, the Company did not identify any events or conditions that would indicate that it was more likely than not that the carrying values of the reporting units and indefinite-lived trade names exceeded their fair values.

Goodwill

During the first quarter of Fiscal 2019, 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. Accordingly, in the 13 weeks ended May 5, 2018, the Company recognized pre-tax impairment charges in operations of $308.8 million within its North America segment. Due to the second triggering event in the 13 weeks ended February 2, 2019 and using similar methodologies as the initial impairment assessment, the Company recognized additional pre-tax impairment charges in the statement of operations of $208.8 million and $3.6 million within its North America and Other segments, respectively.

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.

The following table summarizes the Company's goodwill by reportable segment:

(in millions)	North America	Other	Total
Balance at February 3, 2018	$ 818.1	$ 3.6	$ 821.7
Impairment	(517.6)	(3.6)	(521.2)
Impact of foreign exchange and other adjustments[1]	(3.9)	—	(3.9)
Balance at February 2, 2019	$ 296.6	$ —	$ 296.6
Impairment	(47.7)	—	(47.7)
Impact of foreign exchange	(0.1)	—	(0.1)
Balance at February 1, 2020	**$ 248.8**	**$ —**	**$ 248.8**

(1) During Fiscal 2019, other adjustments include a purchase price accounting adjustment of $2.6 million related to a revised valuation of acquired intangible assets from the R2Net acquisition. Refer to Note 5 for additional details.

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 lease agreements and contracts and is recorded within other liabilities on the consolidated balance sheets.

In conjunction with the interim goodwill impairment tests noted above, the Company reviewed its indefinite-lived intangible assets for potential impairment by calculating the fair values of the assets using the relief from royalty method and comparing the fair value to their respective carrying amounts. The interim impairment test resulted in the determination that the fair values of indefinite-lived intangible assets related to certain Zales trade names were less than their carrying value. Accordingly, in the 13 weeks ended May 5, 2018, the Company recognized pre-tax impairment charges in 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 13 weeks ended February 2, 2019, the Company recognized pre-tax impairment charges in operations of $74.3 million within its North America segment.

There were no indefinite-lived intangible asset impairment losses recognized during Fiscal 2020.

The following table provides additional detail regarding the composition of intangible assets and liabilities:

	February 1, 2020				**February 2, 2019**			
(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	**$ 53.2**	**$ (50.9)**	**$ —**	**$ 2.3**	$ 53.3	$ (50.1)	$ —	$ 3.2
Indefinite-lived intangible assets	**475.4**		**(213.9)**	**261.5**	475.9		(214.1)	261.8
Total intangible assets, net	**$ 528.6**	**$ (50.9)**	**$ (213.9)**	**$ 263.8**	$ 529.2	$ (50.1)	$ (214.1)	$ 265.0
Intangible liabilities, net	**$ (113.9)**	**$ 98.0**	**$ —**	**$ (15.9)**	$ (113.9)	$ 92.5	$ —	$ (21.4)

Amortization expense relating to intangible assets was $0.9 million in Fiscal 2020 (Fiscal 2019: $4.0 million; Fiscal 2018: $9.3 million). The unfavorable leases and unfavorable contracts are classified as liabilities and recognized over the term of the underlying lease or contract. Amortization relating to intangible liabilities was $5.5 million in Fiscal 2020 (Fiscal 2019: $7.9 million; Fiscal 2018: $13.0 million). Expected future amortization for intangible assets and future amortization for intangible liabilities recorded at February 1, 2020 follows:

(in millions)	Intangible assets, net amortization	Intangible liabilities amortization
Fiscal 2021	$ 0.9	$ (5.4)
Fiscal 2022	0.8	(5.4)
Fiscal 2023	0.6	(5.1)
Total	$ 2.3	$ (15.9)

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 fourth quarter of Fiscal 2019, goodwill of $77.8 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 an adverse business or economic change in future periods.

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:

	February 1, 2020			**February 2, 2019**		
(in millions)	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
US Treasury securities	**$ 7.2**	**$ —**	**$ 7.2**	$ 5.1	$ (0.4)	$ 4.7
US government agency securities	**4.6**	**0.1**	**4.7**	2.6	(0.1)	2.5
Corporate bonds and notes	**8.3**	**0.2**	**8.5**	5.3	(0.1)	5.2
Corporate equity securities	**—**	**—**	**—**	2.7	(0.3)	2.4
Total investments	**$ 20.1**	**$ 0.3**	**$ 20.4**	$ 15.7	$ (0.9)	$ 14.8

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 2019 and Fiscal 2018. Investments with a carrying value of $3.7 million and $3.4 million were on deposit with various state insurance departments at February 1, 2020 and February 2, 2019, respectively, as required by law.

Investments in debt securities outstanding as of February 1, 2020 mature as follows:

(in millions)	Cost	Fair Value
Less than one year	**$ 3.5**	**$ 3.5**
Year two through year five	**16.6**	**16.9**
Total investment in debt securities	**$ 20.1**	**$ 20.4**

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 February 1, 2020, 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. The total notional amount of these foreign currency contracts outstanding as of February 1, 2020 was $23.0 million (February 2, 2019: $22.4 million). These contracts have been designated as cash flow hedges and will be settled over the next 12 months (February 2, 2019: 12 months).

Forward foreign currency exchange contracts (undesignated) — Foreign currency contracts not designated as cash flow hedges are used to limit the impact of movements in foreign exchange rates on recognized foreign currency payables and to hedge currency flows through Signet's bank accounts 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 February 1, 2020 was $224.2 million (February 2, 2019: $111.5 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. The total notional amount of these commodity derivative contracts outstanding as of February 1, 2020 was for approximately 63,000 ounces of gold (February 2, 2019: 89,000 ounces). These contracts have been designated as cash flow hedges and will be settled over the next 12 months (February 2, 2019: 20 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 February 1, 2020, 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**	**February 1, 2020**	**February 2, 2019**
Derivatives designated as hedging instruments:			
Foreign currency contracts	Other current assets	**$ —**	$ 0.1
Commodity contracts	Other current assets	**11.8**	4.3
Commodity contracts	Other assets	**—**	1.4
Interest rate swaps	Other assets	**—**	0.6
		11.8	6.4
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	**0.6**	0.8
Total derivative assets		**$ 12.4**	$ 7.2

		Fair value of derivative liabilities	
(in millions)	**Balance sheet location**	**February 1, 2020**	**February 2, 2019**
Derivatives designated as hedging instruments:			
Foreign currency contracts	Other current liabilities	**$ (0.8)**	$ (0.2)
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current liabilities	**(0.1)**	—
Total derivative liabilities		**$ (0.9)**	$ (0.2)

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)	**February 1, 2020**	**February 2, 2019**
Foreign currency contracts	**$ (1.0)**	$ 0.7
Commodity contracts	**17.7**	4.0
Interest rate swaps	**—**	0.6
Gains recorded in AOCI	**$ 16.7**	$ 5.3

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 2020**	**Fiscal 2019**
Gains (losses) recorded in AOCI, beginning of period		**$ 0.7**	$ (2.4)
Current period gains (losses) recognized in OCI		**(0.6)**	2.4
(Gains) losses reclassified from AOCI to net income	Cost of sales(1)	**(1.1)**	0.7
Gains (losses) recorded in AOCI, end of period		**$ (1.0)**	$ 0.7

Commodity contracts

(in millions)	**Statement of operations caption**	**Fiscal 2020**	**Fiscal 2019**
Gains recorded in AOCI, beginning of period		**$ 4.0**	$ 1.4
Current period gains recognized in OCI		**15.4**	3.5
Gains reclassified from AOCI to net income	Cost of sales(1)	**(1.7)**	(0.9)
Gains recorded in AOCI, end of period		**$ 17.7**	$ 4.0

Interest rate swaps

(in millions)	Statement of operations caption	Fiscal 2020	Fiscal 2019
Gains recorded in AOCI, beginning of period		**$ 0.6**	$ 2.2
Current period gains recognized in OCI		**—**	0.3
Gains reclassified from AOCI to net income	Interest expense, net[1]	**(0.6)**	(1.9)
Gains recorded in AOCI, end of period		**$ —**	$ 0.6

(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 2020	Fiscal 2019
Cost of sales	**$ (3,904.2)**	$ (4,024.1)
Interest expense, net	**$ (35.6)**	$ (39.7)

There was no material ineffectiveness related to the Company's derivative instruments designated in cash flow hedging relationships during Fiscal 2020 and Fiscal 2019. Based on current valuations, the Company expects approximately $10.9 million of net pre-tax derivative gains 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:

	Statement of operations caption	Amount of gains (losses) recognized in net income	
(in millions)		Fiscal 2020	Fiscal 2019
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other operating income (loss)	**$ (3.1)**	$ (14.4)

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:

	February 1, 2020			February 2, 2019		
(in millions)	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Carrying Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:						
US Treasury securities	**$ 7.2**	**$ 7.2**	**$ —**	$ 4.7	$ 4.7	$ —
Corporate equity securities	**—**	**—**	**—**	2.4	2.4	—
Foreign currency contracts	**0.6**	**—**	**0.6**	0.9	—	0.9
Commodity contracts	**11.8**	**—**	**11.8**	5.7	—	5.7
Interest rate swaps	**—**	**—**	**—**	0.6	—	0.6
US government agency securities	**4.7**	**—**	**4.7**	2.5	—	2.5
Corporate bonds and notes	**8.5**	**—**	**8.5**	5.2	—	5.2
Total assets	**$ 32.8**	**$ 7.2**	**$ 25.6**	$ 22.0	$ 7.1	$ 14.9
Liabilities:						
Foreign currency contracts	**$ (0.9)**	**$ —**	**$ (0.9)**	$ (0.2)	$ —	$ (0.2)
Total liabilities	**$ (0.9)**	**$ —**	**$ (0.9)**	$ (0.2)	$ —	$ (0.2)

Investments in US Treasury securities and corporate equity 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 interest rate environment, 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 is contingent upon the non-prime portfolio achieving a pre-defined yield. The Company recorded an asset related to this deferred payment within other assets at fair value and will adjust the asset to fair value in each subsequent period through the performance period through AOCI until settled. This estimated fair value was derived from a discounted cash flow model using unobservable 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. As of February 1, 2020, the fair value of the deferred payment was $21.9 million, which is recorded within other assets on the consolidated balance sheet. See Note 4 and Note 14 for additional information.

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. Impairment testing compares the carrying amount of the reporting unit or other intangible assets with its fair value. During Fiscal 2020 and 2019, the Company performed interim and annual impairment tests for goodwill and indefinite-lived intangible assets. The fair value was calculated using a combination of discounted cash flow and guideline public company methodologies for the reporting units and the relief from royalty method for the indefinite-lived intangible assets, respectively. The fair value of goodwill and indefinite-lived intangible assets is a Level 3 valuation based on certain unobservable inputs including projected cash flows and estimated risk-adjusted rates of return that would be utilized by market participants in valuing these assets or prices of similar assets. See Note 18 for additional information.

The carrying amounts of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued expenses and other 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:

	February 1, 2020		February 2, 2019	
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt				
Senior Notes (Level 2)	**$ 146.4**	**$ 144.8**	$ 395.3	$ 340.3
Term loans (Level 2)	**99.5**	**100.0**	293.0	294.9
Total	**$ 245.9**	**$ 244.8**	$ 688.3	$ 635.2

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 February 1, 2020 and February 2, 2019 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 February 1, 2020 and February 2, 2019:

(in millions)	Fiscal 2020	Fiscal 2019
Change in UK Plan assets:		
Fair value at beginning of year	**$ 245.5**	$ 272.2
Actual return on UK Plan assets	**36.8**	2.1
Employer contributions	**5.3**	4.4
Members' contributions	**0.2**	0.3
Benefits paid	**(9.4)**	(13.5)
Foreign currency translation	**3.5**	(20.0)
Fair value at end of year	**$ 281.9**	$ 245.5

(in millions)	Fiscal 2020	Fiscal 2019
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 214.9**	$ 232.4
Service cost	**0.7**	0.9
Interest cost	**5.5**	5.8
Members' contributions	**0.2**	0.3
Actuarial (gain) loss	**29.2**	(2.1)
Benefits paid	**(9.4)**	(13.5)
Plan settlements	**—**	8.3
Foreign currency translation	**2.3**	(17.2)
Benefit obligation at end of year	**$ 243.4**	$ 214.9
Funded status at end of year	**$ 38.5**	$ 30.6

(in millions)	February 1, 2020	February 2, 2019
Amounts recognized in the balance sheet consist of:		
Non-current assets	**$ 38.5**	$ 30.6

Items in AOCI not yet recognized in net income in the consolidated statements of operations:

(in millions)	February 1, 2020	February 2, 2019	February 3, 2018
Net actuarial losses	**$ (52.4)**	$ (53.8)	$ (51.1)
Net prior service (costs) credits	**(4.1)**	(4.1)	2.4

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 $(1.0) million and $(0.1) million, respectively.

The accumulated benefit obligation for the UK Plan was $243.4 million and $214.6 million as of February 1, 2020 and February 2, 2019, 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 2020	Fiscal 2019	Fiscal 2018
Components of net periodic benefit (cost) income:			
Service cost	**$ (0.7)**	$ (0.9)	$ (2.1)
Interest cost	**(5.5)**	(5.8)	(6.1)
Expected return on UK Plan assets	**7.8**	8.4	9.4
Amortization of unrecognized actuarial losses	**(1.2)**	(0.9)	(2.8)
Amortization of unrecognized net prior service credits	**—**	—	1.4
Net curtailment gain and settlement loss	**—**	—	3.7
Total net periodic benefit (cost) income	**$ 0.4**	$ 0.8	$ 3.5
Other changes in assets and benefit obligations recognized in OCI	**1.7**	(11.3)	(2.9)
Total recognized in net periodic pension benefit (cost) and OCI	**$ 2.1**	$ (10.5)	$ 0.6

	February 1, 2020	February 2, 2019
Assumptions used to determine benefit obligations (at the end of the year):		
Discount rate	**1.70%**	2.70%
Salary increases	**N/A**	1.50%
Assumptions used to determine net periodic pension costs (at the start of the year):		
Discount rate	**2.70%**	2.60%
Expected return on UK Plan assets	**3.50%**	3.60%
Salary increases	**1.50%**	2.50%

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 February 1, 2020, the long-term target allocation for the UK Plan's assets was bonds 68%, diversified growth funds 27%, equities 5% and property 0%. 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 February 1, 2020 and February 2, 2019 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:

	Fair value measurements as of February 1, 2020				Fair value measurements as of February 2, 2019			
(in millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset category:								
Diversified equity securities	**$ 15.1**	**$ —**	**$ 15.1**	**$ —**	$ 19.4	$ —	$ 19.4	$ —
Diversified growth funds	**49.8**	**49.8**	**—**	**—**	66.4	43.6	22.8	—
Fixed income – government bonds	**139.7**	**139.7**	**—**	**—**	80.6	—	80.6	—
Fixed income – corporate bonds	**48.8**	**—**	**48.8**	**—**	46.2	—	46.2	—
Cash	**4.3**	**4.3**	**—**	**—**	1.9	1.9	—	—
Investments measured at NAV(1):								
Diversified growth funds	**17.8**				17.4			
Property	**6.4**				13.6			
Total	**$ 281.9**	**$ 193.8**	**$ 63.9**	**$ —**	$ 245.5	$ 45.5	$ 169.0	$ —

(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 $5.3 million to the UK Plan in Fiscal 2020 and expects to contribute a minimum of $4.5 million to the UK Plan in Fiscal 2021. 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, 2017.

The following benefit payments are currently estimated to be paid by the UK Plan:

(in millions)	**Expected benefit payments**
Fiscal 2021	$ 9.5
Fiscal 2022	9.6
Fiscal 2023	9.7
Fiscal 2024	9.6
Fiscal 2025	9.9
Thereafter	$ 50.6

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 2020 were $2.4 million (Fiscal 2019: $2.3 million; Fiscal 2018: $2.6 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 2020 were $9.1 million (Fiscal 2019: $10.4 million; Fiscal 2018: $10.0 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 2020 was $3.6 million (Fiscal 2019: $3.6 million; Fiscal 2018: $3.8 million).

The fair value of the assets in the two unfunded, non-qualified deferred compensation plans at February 1, 2020 and February 2, 2019 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 February 1, 2020			**Fair value measurements as of February 2, 2019**		
(in millions)	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
Assets:						
Corporate-owned life insurance plans	**$ 6.5**	**$ —**	**$ 6.5**	$ 7.0	$ —	$ 7.0
Money market funds	**21.0**	**21.0**	**—**	26.9	26.9	—
Total assets	**$ 27.5**	**$ 21.0**	**$ 6.5**	$ 33.9	$ 26.9	$ 7.0

As of February 1, 2020 and February 2, 2019, the total liability recorded by the Company for the DCP was $35.4 million and $35.5 million, respectively.

23. Loans, overdrafts and long-term debt

(in millions)	February 1, 2020	February 2, 2019
Debt:		
Senior Notes, net of unamortized discount	**$ 147.5**	$ 399.0
ABL Revolving Facility	**270.0**	—
FILO term loan facility	**100.0**	—
Senior unsecured term loan	**—**	294.9
Other loans and bank overdrafts	**95.6**	40.1
Gross debt	**$ 613.1**	$ 734.0
Less: Current portion of loans and overdrafts	**(95.6)**	(78.8)
Less: Unamortized debt issuance costs	**(1.6)**	(5.6)
Total long-term debt	**$ 515.9**	$ 649.6

The annual aggregate maturities of our debt (excluding the impact of debt issuance costs) for the five years subsequent to February 1, 2020 are presented below.

(in millions)	
Fiscal 2021	$ 63.1
Fiscal 2022	—
Fiscal 2023	—
Fiscal 2024	370.0
Fiscal 2025	147.5
Thereafter	—
Gross Debt	**$ 580.6**

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"). See Note 28 of Item 8 for additional information. 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 Notes as of February 1, 2020 was $1.1 million (February 2, 2019: $3.7 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 $0.6 million was recorded as interest expense in the consolidated statements of operations in Fiscal 2020 ($0.7 million during Fiscal 2019 and Fiscal 2018).

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 February 1, 2020, the interest rate on the ABL Revolving Facility was 2.8%, and the interest rate on the FILO Term Loan Facility was 3.6%. The Company had stand-by letters of credit outstanding of $14.9 million on the ABL Revolving Facility as of February 1, 2020. The Company had available borrowing capacity of $1.2 billion on the ABL Revolving Facility as of February 1, 2020.

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 February 1, 2020, the threshold related to the fixed coverage ratio was approximately $150 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. This payment restrictions threshold was approximately $260 million as of February 1, 2020. The ABL Facility contains customary events of default (including payment defaults, cross-defaults to certain of our 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 Facility totaled $9.3 million, of which $8.7 million of these costs were allocated to the ABL Revolving Facility and $0.6 million was allocated to the FILO Term Loan Facility. The remaining unamortized debt issuance costs for the ABL Revolving Facility are recorded within other assets in the consolidated balance sheets and the remaining unamortized debt issuance costs for the FILO Term Loan Facility are recorded as a direct deduction from the outstanding liability within the consolidated balance sheets. Amortization relating to the ABL Facility debt issuance costs of $0.6 million was recorded as interest expense in the consolidated statements of operations for Fiscal 2020.

Asset-backed securitization facility

The Company sold an undivided interest in certain credit card receivables to Sterling Jewelers Receivables Master Note Trust (the "Issuer") and issued two-year revolving asset-backed variable funding notes. As a condition of closing the credit transaction disclosed in Note 4, during the third quarter of Fiscal 2018, the Company terminated the asset-backed securitization facility, which had a principal balance outstanding of $600 million, in order to transfer the receivables free and clear. Unamortized capitalized fees of $0.2 million associated with the asset-backed securitization facility were written-off during the third quarter of Fiscal 2018. Capitalized fees previously totaled $3.4 million, offset by accumulated amortization of $3.4 million as of February 3, 2018. Amortization relating to these fees of $0.3 million was recorded as interest expense in the consolidated statement of operations for Fiscal 2018.

Unsecured term loan (the "Bridge Loan")

In conjunction with the acquisition of R2Net, Signet entered into a $350.0 million unsecured term loan to finance the transaction. The Company executed and repaid the Bridge Loan during the 13 weeks ended October 28, 2017. The Bridge Loan contained customary fees in addition to interest incurred on borrowings. Fees incurred of $1.4 million and interest of $0.9 million relating to the Bridge Loan were expensed during Fiscal 2018.

Other

As of February 1, 2020 and February 2, 2019, the Company was in compliance with all debt covenants.

As of February 1, 2020 and February 2, 2019, there were $87.5 million and $40.1 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)	February 1, 2020	February 2, 2019
Accrued compensation	**$ 63.1**	$ 88.1
Other liabilities	**13.8**	28.3
Other taxes	**32.8**	32.6
Payroll taxes	**11.7**	10.8
Shareholder litigation (see Note 27)	**240.6**	—
Accrued expenses	**335.0**	343.0
Total accrued expenses and other current liabilities	**$ 697.0**	$ 502.8

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 2020	Fiscal 2019	Fiscal 2018
Warranty reserve, beginning of period	**$ 33.2**	$ 37.2	$ 40.0
Warranty expense	**13.5**	8.0	8.5
Utilized[(1)]	**(10.4)**	(12.0)	(11.3)
Warranty reserve, end of period	**$ 36.3**	$ 33.2	$ 37.2

(1) Includes impact of foreign exchange translation.

(in millions)	February 1, 2020	February 2, 2019
Disclosed as:		
Current liabilities[(1)]	**$ 10.6**	$ 10.0
Other liabilities - non-current (see Note 25)	**25.7**	23.2
Total warranty reserve	**$ 36.3**	$ 33.2

(1) Included within accrued expenses above.

25. Other liabilities - non-current

(in millions)	February 1, 2020	February 2, 2019
Straight-line rent	**$ —**	$ 95.1
Deferred compensation	**31.0**	30.4
Warranty reserve	**25.7**	23.2
Other liabilities	**59.9**	75.4
Total other liabilities	**$ 116.6**	$ 224.1

26. Share-based compensation

Signet operates several share-based compensation plans which can be categorized as the “Omnibus Plans” and “Share Saving Plans.”

Impact on results

Share-based compensation expense and the associated tax benefits recognized in the consolidated statements of operations are as follows:

(in millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Share-based compensation expense	**$ 16.9**	$ 16.5	$ 16.1
Income tax benefit	**$ (4.2)**	$ (4.1)	$ (5.3)

As of February 1, 2020, 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	$ **21.8**	1.7 years
Share Saving Plans	**0.4**	1.2 years
Total	$ **22.2**	

The Company satisfies share option exercises and the vesting of restricted stock 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 (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 restricted stock, RSUs, stock options, stock appreciation rights and other stock-based awards. The Fiscal 2020, Fiscal 2019 and Fiscal 2018 annual awards granted under the Omnibus Plans have two elements: time-based restricted stock and performance-based RSUs. Additionally, during Fiscal 2020 and Fiscal 2019, time-based stock options were granted under the Omnibus Plans. 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 granted in Fiscal 2020 and 2019 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 granted in Fiscal 2018 include two performance measures: operating income and return on capital employed ("ROCE"), although the ROCE measure is applicable only to senior executives. For the performance measures, cumulative results achieved during the relevant three year performance period are compared to target metrics established in the underlying grant agreements. The time-based stock options 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 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 3,575,000 common shares.

The significant assumptions utilized to estimate the weighted-average fair value of restricted stock and RSU awards granted under the Omnibus Plans are as follows:

	Omnibus Plan		
	Fiscal 2020	**Fiscal 2019**	**Fiscal 2018**
Share price	$ **20.76**	$ 41.36	$ 65.74
Expected term	**2.8 years**	2.8 years	2.7 years
Dividend yield	**7.5%**	3.6%	2.1%
Fair value	$ **18.14**	$ 38.57	$ 63.42

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 2020 activity for restricted stock and 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 2, 2019	1.6	$ 54.08	1.5 years	$ 39.9
Fiscal 2020 activity:				
Granted	1.6	18.14		
Vested	(0.2)	58.24		
Lapsed	(0.2)	80.47		
Outstanding at February 1, 2020	**2.8**	**$ 31.04**	**1.5 years**	**$ 66.9**

(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 2020 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 2, 2019	0.8	$ 39.72	9.2 years	$ —
Fiscal 2020 activity:				
Granted	0.1	25.18		
Exercised	—	—		
Lapsed	(0.2)	39.72		
Outstanding at February 1, 2020	**0.7**	**$ 39.13**	**8.3 years**	**$ —**

(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 2020	Fiscal 2019	Fiscal 2018
Total intrinsic value of awards vested	**$ 3.5**	$ 6.8	$ 7.1

Share Saving Plans

Signet has three share option savings plans (collectively, the "Share Saving Plans") available to employees as follows:

- Employee Share Purchase Plan, for US employees
- Sharesave Plan, for UK employees
- Irish Sub-Plan to the Sharesave Plan, for Republic of Ireland employees

The Employee Share Purchase Plan 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 Employee Share Purchase Plan.

The Sharesave Plan and Irish Sub-Plan 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.

The significant assumptions utilized to estimate the weighted-average fair value of awards granted under the Share Saving Plans are as follows:

	Share Saving Plans	
	Fiscal 2019	Fiscal 2018
Share price	$ 58.50	$ 59.84
Exercise price	$ 57.97	$ 52.00
Risk free interest rate	3.0%	1.2%
Expected term	3.7 years	2.7 years
Expected volatility	44.4%	37.0%
Dividend yield	2.6%	2.7%
Fair value	$ 18.07	$ 15.22

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 2020 activity for awards granted under the Share Saving Plans is as follows:

	Share Saving 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 2, 2019	0.2	$ 54.80	1.5 years	$ —
Fiscal 2020 activity:				
Granted	—	—		
Exercised	—	—		
Lapsed	(0.1)	57.62		
Outstanding at February 1, 2020	**0.1**	**$ 54.78**	**1.1 years**	**$ —**
Exercisable at February 2, 2019	—	$ —		$ —
Exercisable at February 1, 2020	**—**	**$ —**		**$ —**

(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 Share Saving Plans:

(in millions, except per share amounts)	Fiscal 2019	Fiscal 2018
Weighted average grant date fair value per share of awards granted	$ 18.07	$ 15.22
Total intrinsic value of options exercised	$ —	$ 0.1
Cash received from share options exercised	$ —	$ 0.3

27. Commitments and contingencies

Contingent property liabilities

Approximately 18 property leases had been assigned in the UK by Signet at February 1, 2020 (and remained unexpired and occupied by assignees at that date) and approximately four 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 February 1, 2020 Signet has committed to spend $22.3 million (February 2, 2019: $52.5 million) related to capital commitments. These commitments principally relate to the renovation of stores and capital investments in IT.

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 appeals 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 issues 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 dispute 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. The petition for a writ of certiorari from the U.S. Supreme Court is due on June 15, 2020.

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 estimated.

Also, as previously reported, on September 23, 2008, the US Equal Employment Opportunity Commission ("EEOC") filed a lawsuit against SJI in the US District Court for the Western District of New York. This suit was settled on May 5, 2017, as further described below. The EEOC's lawsuit alleged that SJI engaged in intentional and disparate impact gender discrimination with respect to pay and promotions of female retail store employees from January 1, 2003 to the present. The EEOC asserted claims for unspecified monetary relief and non-monetary relief against the Company on behalf of a class of female employees subjected to these alleged practices. Non-expert fact discovery closed in mid-May 2013. In September 2013, SJI made a motion for partial summary judgment on procedural grounds, which was referred to a Magistrate Judge. The Magistrate Judge heard oral arguments on the summary judgment motion in December 2013. On January 2, 2014, the Magistrate Judge issued his Report, Recommendation and Order, recommending that the Court grant SJI's motion for partial summary judgment and dismiss the EEOC's claims in their entirety. The EEOC filed its objections to the Magistrate Judge's ruling and SJI filed its response thereto. The District Court Judge heard oral arguments on the EEOC's objections to the Magistrate Judge's ruling on March 7, 2014 and on March 11, 2014 entered an order dismissing the action with prejudice. On May 12, 2014, the EEOC filed its Notice of Appeal of the District Court Judge's dismissal of the action to United States Court of Appeals for the Second Circuit. The parties fully briefed the appeal and oral argument occurred on May 5, 2015. On September 9, 2015, the United States Court of Appeals for the Second Circuit issued a decision vacating the District Court's order and remanding the case back to the District Court for further proceedings. SJI filed a Petition for Panel Rehearing and En Banc Review with the United States Court of Appeals for the Second Circuit, which was denied on December 1, 2015. On December 4, 2015, SJI filed in the United States Court of Appeals for the Second Circuit a Motion Of Appellee Sterling Jewelers Inc. For Stay Of Mandate Pending Petition For Writ Of Certiorari. The Motion was granted by the Second Circuit on December 10, 2015. SJI filed a Petition For Writ Of Certiorari in the Supreme Court of the United States on April 29, 2016, which was denied. The case was remanded to the Western District of New York and on November 2, 2016, the Court issued a case scheduling order. On January 25, 2017, the parties filed a joint motion to extend case scheduling order deadlines. The motion was granted on January 27, 2017. 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

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"). On September 16, 2016, the Court consolidated the S.D.N.Y. cases under case number 16-cv-6728. On April 3, 2017, the plaintiffs filed a second amended complaint, purportedly on behalf of persons that acquired the Company's securities on or between August 29, 2013, and February 27, 2017, naming as defendants the Company, its then-current and former Chief Executive Officers, and its current and former Chief Financial Officers. The second amended complaint 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 (i) failing to disclose that the Company was allegedly having issues ensuring the safety of customers' jewelry while in the Company's custody for repairs, which allegedly damaged customer confidence; (ii) making misleading statements about the Company's credit portfolio; and (iii) failing to disclose reports of sexual harassment allegations that were raised by claimants in an ongoing pay and promotion gender discrimination class arbitration (the "Arbitration"). The second amended complaint alleged that the Company's share price was artificially inflated as a result of the alleged misrepresentations and sought unspecified compensatory damages and costs and expenses, including attorneys' and experts' fees.

In March 2017, two other alleged Company shareholders each filed a putative class action complaint in the United States District Court for the Northern District of Texas against the Company and its then-current and former Chief Executive Officers (Nos. 17-cv-875 and 17-cv-923, the "N.D. Tex. cases"). Those complaints were nearly identical to each other and alleged that the defendants' statements concerning the Arbitration violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The N.D. Tex. cases were subsequently transferred to the Southern District of New York and consolidated with the S.D.N.Y. cases (the "Consolidated Action"). On July 27, 2017, the Court appointed a lead plaintiff and lead plaintiff's counsel in the Consolidated Action. On August 3, 2017, the Court ordered the lead plaintiff in the Consolidated Action to file a third amended complaint by September 29, 2017. On September 29, 2017, the lead plaintiff filed a third amended complaint that covered a putative class period of August 29, 2013, through May 24, 2017, and that asserted substantially similar claims to the second amended complaint, except that it omitted the claim based on defendants' alleged misstatements concerning the security of customers' jewelry while in the Company's custody for repairs. The defendants moved to dismiss the third amended complaint on December 1, 2017. On December 4, 2017, the Court entered an order permitting the lead plaintiff to amend its complaint as of right by December 22, 2017, and providing that the lead plaintiff would not be given any further opportunity to amend its complaint to address the issues raised in the defendants' motion to dismiss.

On December 15, 2017, another alleged Company shareholder filed a putative class action complaint in the United States District Court for the Southern District of New York against the Company and its current Chief Executive Officer and Chief Financial Officer (No. 17-cv-9853). This complaint alleged that the defendants made misleading statements regarding the Company's credit portfolio between August 24, 2017, and November 21, 2017, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and sought unspecified compensatory damages and costs and expenses, including attorneys' and experts' fees. On January 7, 2018, this case was consolidated into the Consolidated Action.

On December 22, 2017, the lead plaintiff in the Consolidated Action filed its fourth amended complaint, which asserted substantially the same claims as its third amended complaint for an expanded class period of August 28, 2013, through December 1, 2017. On January 26, 2017, the defendants moved to dismiss the fourth amended complaint. This motion was fully briefed as of March 9, 2018.

On March 20, 2018, the Court granted the lead plaintiff leave to file a fifth amended complaint. On March 22, 2018, the lead plaintiff in the Consolidated Action filed its fifth amended complaint which asserts substantially the same claims as its fourth amended complaint for an expanded class period of August 29, 2013, through March 13, 2018. The prior motion to dismiss was denied as moot. On March 30, 2018, the defendants moved to dismiss the fifth amended complaint. On November 26, 2018, the Court denied the defendants' motion to dismiss.

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 May 9, 2019, the defendants moved for judgment on the pleadings with respect to certain alleged misstatements. On June 11, 2019, the Court denied the defendants' motion for judgment on the pleadings. The defendants moved for reconsideration on June 18, 2019. The Court denied that motion on June 20, 2019.

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 November 19, 2019, the Court of Appeals granted that petition. On November 20, 2019, the parties jointly moved to stay proceedings in the District Court while the appeal is pending. On November 21, 2019, the District Court granted that motion.

On January 16, 2020, the lead plaintiff and defendants filed a joint stipulation in the Court of Appeals withdrawing the appeal without costs or attorneys' fees and providing that the defendants may reinstate the appeal by filing written notice by August 28, 2020. The Court of Appeals granted the stipulation on January 16, 2020.

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. 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 is recorded in other current liabilities, and the expected insurance recoveries are recorded in other current assets in the consolidated balance sheet. The Company currently expects to contribute approximately $35 million of the $240 million settlement payment, of which approximately $2.5 million relates to the estimated impact of foreign exchange translation in the first half of Fiscal 2021 which will be recognized upon funding of the settlement. The settlement is subject to court approval at a hearing after notice to the class.

On March 27, 2019, two 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 and 19-cv-2758), and name the Company and its current and former Chief Executive Officers and Chief Financial Officers as defendants. Both complaints allege violations of Sections 10(b), 18, and 20(a) of the Securities Exchange Act of 1934, and common law fraud, based on alleged misstatements and omissions concerning the Company's credit portfolio. These claims are substantially the same as the credit-related claims in the Consolidated Action, except that No. 19-cv-2757 alleges a "relevant period" of August 29, 2013, to June 2, 2016, and No. 19-cv-2758 alleges a "relevant period" of August 29, 2013, to August 25, 2016. On May 14, 2019, and May 29, 2019, the Court entered orders staying these actions until entry of final judgment in the Consolidated Action. On March 4, 2020, the plaintiffs in No. 19-cv-2757 filed a summons with notice in the Supreme Court of the State of New York (No. 651488/2020), seeking relief that is substantially similar to those plaintiffs' claim for common law fraud in No. 19-cv-2757.

On October 25, 2019, two more 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-9916 and 19-cv-9917), and name the Company and its current and former Chief Executive Officers and Chief Financial Officers as defendants. Both complaints allege violations of Sections 10(b), 18, and 20(a) of the Securities Exchange Act of 1934, and common law fraud. The claims in No. 19-cv-9916 are substantially the same as the claims in the Consolidated Action related to the Company's alleged failure to disclose reports of sexual harassment allegations that were raised by claimants in the Arbitration, except that No. 19-cv-9916 alleges a "relevant period" of December 2, 2016, to February 1, 2017. The claims in No. 19-cv-9917 are substantially the same as the claims in the Consolidated Action, except that No. 19-cv-9917 alleges a "relevant period" of August 28, 2014, to March 16, 2017. On November 5, 2019, the Court entered orders staying these actions until entry of final judgment in the Consolidated Action.

Derivative Action

On September 1, 2017, Josanne Aungst filed a putative shareholder derivative action entitled Aungst v. Light, et al., No. CV-2017-3665, in the Court of Common Pleas for Summit County Ohio. The complaint in this action, which purports to have been brought by Ms. Aungst on behalf of the Company, names certain current and former directors and officers of the Company as defendants and alleges claims for breach of fiduciary duty, abuse of control, and gross mismanagement. The complaint challenges certain public disclosures and conduct relating to the allegations that were raised by the claimants in the Arbitration. The complaint also alleges that the Company's share price was artificially inflated as a result of alleged misrepresentations and omissions. The complaint seeks money damages on behalf of the Company, changes to the Company's corporate governance, and other equitable relief, as well as plaintiff's legal fees and costs. The defendants' motion to dismiss the complaint was granted on February 28, 2019. On March 26, 2019, plaintiff filed a notice of appeal of the trial court's dismissal of the action. On July 1, 2019, plaintiff filed an appeal brief in the Court of Appeals, Ninth Judicial District, Summit County, Ohio. Defendants filed their answering brief on August 9, 2019. Plaintiff filed a reply brief on August 19, 2019. The Court of Appeals heard oral argument on January 16, 2020.

The Company believes that the claims brought in these shareholder actions are without merit and cannot estimate a range of potential liability, if any, at this time.

Regulatory Matters
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 an $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. We continue to work to ensure compliance with the Consent Order, which may result in us incurring additional costs.

28. Condensed consolidating financial information

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X, Rule 3-10, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered." We and certain of our subsidiaries have guaranteed the obligations under certain debt securities that have been issued by Signet UK Finance plc. The following presents the condensed consolidating financial information for: (i) the indirect Parent Company (Signet Jewelers Limited) ("Parent"); (ii) the Issuer of the guaranteed obligations (Signet UK Finance plc) ("Issuer"); (iii) the Guarantor subsidiaries, on a combined basis ("Guarantors"); (iv) the non-guarantor subsidiaries, on a combined basis (Non-Guarantors); (v) consolidating eliminations ("Eliminations"); and (vi) Signet Jewelers Limited and Subsidiaries on a consolidated basis ("Consolidated"). Each Guarantor is 100% owned by the Parent at the date of each balance sheet presented. The Guarantors, along with Parent, will fully and unconditionally guarantee the obligations of Issuer under any such debt securities. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements.

The accompanying condensed consolidating financial information has been presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the subsidiaries' cumulative results of operations, capital contributions and distributions, and other changes in equity. Elimination entries include consolidating and eliminating entries for investments in subsidiaries, and intra-entity activity and balances.

Condensed Consolidating Statement of Operations
For the 52 week period ended week period ended February 1, 2020

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Sales	$ —	$ —	$ 5,656.3	$ 480.8	$ —	**$ 6,137.1**
Cost of sales	—	—	(3,589.1)	(315.1)	—	**(3,904.2)**
Restructuring charges - cost of sales	—	—	(6.0)	(3.2)	—	**(9.2)**
Gross margin	—	—	2,061.2	162.5	—	**2,223.7**
Selling, general and administrative expenses	(0.9)	—	(1,872.2)	(45.1)	—	**(1,918.2)**
Restructuring charges	—	—	(62.9)	(7.0)	—	**(69.9)**
Goodwill and intangible impairments	—	—	(35.2)	(12.5)	—	**(47.7)**
Other operating income (loss)	—	—	(29.3)	(0.3)	—	**(29.6)**
Operating income (loss)	(0.9)	—	61.6	97.6	—	**158.3**
Intra-entity interest income (expense)	(2.2)	14.9	(176.8)	164.1	—	**—**
Interest expense, net	—	(15.5)	(20.3)	0.2	—	**(35.6)**
Other non-operating income, net	—	8.1	(1.1)	—	—	**7.0**
Income (loss) before income taxes	(3.1)	7.5	(136.6)	261.9	—	**129.7**
Income taxes	—	(1.4)	(20.0)	(2.8)	—	**(24.2)**
Equity in income of subsidiaries	108.6	—	(164.1)	(140.8)	196.3	**—**
Net income (loss)	105.5	6.1	(320.7)	118.3	196.3	**105.5**
Dividends on redeemable convertible preferred shares	(32.9)	—	—	—	—	**(32.9)**
Net income (loss) attributable to common shareholders	$ 72.6	$ 6.1	$ (320.7)	$ 118.3	$ 196.3	**$ 72.6**

Condensed Consolidating Statement of Operations
For the 52 week period ended week period ended February 2, 2019

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Sales	$ —	$ —	$ 5,722.8	$ 524.3	$ —	$ 6,247.1
Cost of sales	—	—	(3,755.5)	(268.6)	—	(4,024.1)
Restructuring charges - cost of sales	—	—	(56.5)	(5.7)	—	(62.2)
Gross margin	—	—	1,910.8	250.0	—	2,160.8
Selling, general and administrative expenses	(1.0)	—	(1,833.4)	(150.7)	—	(1,985.1)
Credit transaction, net	—	—	(167.4)	—	—	(167.4)
Restructuring charges	—	—	(55.3)	(8.4)	—	(63.7)
Goodwill and intangible impairments	—	—	(470.4)	(265.0)	—	(735.4)
Other operating income (loss)	(0.1)	—	22.5	3.8	—	26.2
Operating income (loss)	(1.1)	—	(593.2)	(170.3)	—	(764.6)
Intra-entity interest income (expense)	(4.6)	18.9	(243.4)	229.1	—	—
Interest expense, net	—	(14.9)	(25.0)	0.2	—	(39.7)
Other non-operating income, net	—	—	1.7	—	—	1.7
Income (loss) before income taxes	(5.7)	4.0	(859.9)	59.0	—	(802.6)
Income taxes	—	(0.8)	133.0	13.0	—	145.2
Equity in income of subsidiaries	(651.7)	—	(1,043.1)	(770.4)	2,465.2	—
Net income (loss)	(657.4)	3.2	(1,770.0)	(698.4)	2,465.2	(657.4)
Dividends on redeemable convertible preferred shares	(32.9)	—	—	—	—	(32.9)
Net income (loss) attributable to common shareholders	$ (690.3)	$ 3.2	$ (1,770.0)	$ (698.4)	$ 2,465.2	$ (690.3)

Condensed Consolidating Statement of Operations
For the 53 week period ended week period ended February 3, 2018

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Sales	$ —	$ —	$ 5,866.6	$ 386.4	$ —	$ 6,253.0
Cost of sales	—	—	(3,926.6)	(136.4)	—	(4,063.0)
Gross margin	—	—	1,940.0	250.0	—	2,190.0
Selling, general and administrative expenses	(1.9)	—	(1,738.2)	(132.1)	—	(1,872.2)
Credit transaction, net	—	—	1.3	—	—	1.3
Other operating income (loss)	0.1	—	260.3	0.4	—	260.8
Operating income (loss)	(1.8)	—	463.4	118.3	—	579.9
Intra-entity interest income (expense)	—	18.8	(190.2)	171.4	—	—
Interest expense, net	—	(19.9)	(21.6)	(11.2)	—	(52.7)
Income (loss) before income taxes	(1.8)	(1.1)	251.6	278.5	—	527.2
Income taxes	—	0.2	(21.3)	13.2	—	(7.9)
Equity in income of subsidiaries	521.1	—	229.6	233.1	(983.8)	—
Net income (loss)	519.3	(0.9)	459.9	524.8	(983.8)	519.3
Dividends on redeemable convertible preferred shares	(32.9)	—	—	—	—	(32.9)
Net income (loss) attributable to common shareholders	$ 486.4	$ (0.9)	$ 459.9	$ 524.8	$ (983.8)	$ 486.4

Condensed Consolidating Statement of Comprehensive Income
For the 52 week period ended week period ended February 1, 2020

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income (loss)	$ 105.5	$ 6.1	$ (320.7)	$ 118.3	$ 196.3	**$ 105.5**
Other comprehensive income (loss):						
Foreign currency translation adjustments	(1.7)	—	(1.7)	—	1.7	**(1.7)**
Available-for-sale securities:						
Unrealized gain (loss)[1]	(0.2)	—	—	(0.2)	0.2	**(0.2)**
Reclassification adjustment for (gains) losses to net income	1.0	—	—	1.0	(1.0)	**1.0**
Cash flow hedges:						
Unrealized gain (loss)	11.2	—	11.2	—	(11.2)	**11.2**
Reclassification adjustment for losses to net income	(2.7)	—	(2.7)	—	2.7	**(2.7)**
Pension plan:						
Actuarial gain (loss)	0.4	—	0.4	—	(0.4)	**0.4**
Reclassification adjustment to net income for amortization of actuarial losses	1.0	—	1.0	—	(1.0)	**1.0**
Total other comprehensive income (loss)	9.0	—	8.2	0.8	(9.0)	**9.0**
Total comprehensive income (loss)	$ 114.5	$ 6.1	$ (312.5)	$ 119.1	$ 187.3	**$ 114.5**

(1) Amount represents unrealized losses related to the Company's available-for-sale debt securities.

Condensed Consolidating Statement of Comprehensive Income
For the 52 week period ended week period ended February 2, 2019

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income (loss)	$ (657.4)	$ 3.2	$ (1,770.0)	$ (698.4)	$ 2,465.2	$ (657.4)
Other comprehensive income (loss):						
Foreign currency translation adjustments	(35.9)	—	(35.4)	(0.5)	35.9	(35.9)
Available-for-sale securities:						
Unrealized gain (loss)[(1)]	0.4	—	—	0.4	(0.4)	0.4
Impacts from adoption of new accounting pronouncements[(2)]	(0.8)	—	—	(0.8)	0.8	(0.8)
Cash flow hedges:						
Unrealized gain (loss)	4.8	—	4.8	—	(4.8)	4.8
Reclassification adjustment for losses to net income	(1.5)	—	(1.5)	—	1.5	(1.5)
Pension plan:						
Actuarial gain (loss)	(3.4)	—	(3.4)	—	3.4	(3.4)
Reclassification adjustment to net income for amortization of actuarial losses	0.7	—	0.7	—	(0.7)	0.7
Prior service costs	(6.5)	—	(6.5)	—	6.5	(6.5)
Total other comprehensive income (loss)	(42.2)	—	(41.3)	(0.9)	42.2	(42.2)
Total comprehensive income (loss)	$ (699.6)	$ 3.2	$ (1,811.3)	$ (699.3)	$ 2,507.4	$ (699.6)

(1) Amount represents unrealized losses related to the Company's available-for-sale debt securities.

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

Condensed Consolidating Statement of Comprehensive Income
For the 53 week period ended week period ended February 3, 2018

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net income (loss)	$ 519.3	$ (0.9)	$ 459.9	$ 524.8	$ (983.8)	$ 519.3
Other comprehensive income (loss):						
Foreign currency translation adjustments	50.9	—	50.2	0.7	(50.9)	50.9
Available-for-sale securities:						
Unrealized gain (loss)(1)	0.3	—	—	0.3	(0.3)	0.3
Cash flow hedges:						
Unrealized gain (loss)	1.8	—	1.8	—	(1.8)	1.8
Reclassification adjustment for losses to net income	(3.5)	—	(3.5)	—	3.5	(3.5)
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial losses	2.2	—	2.2	—	(2.2)	2.2
Prior service costs	(0.5)	—	(0.5)	—	0.5	(0.5)
Reclassification adjustment to net income for amortization of net prior service credits	(1.1)	—	(1.1)	—	1.1	(1.1)
Net curtailment gain and settlement loss	(3.0)	—	(3.0)	—	3.0	(3.0)
Total other comprehensive income (loss)	47.1	—	46.1	1.0	(47.1)	47.1
Total comprehensive income (loss)	$ 566.4	$ (0.9)	$ 506.0	$ 525.8	$ (1,030.9)	$ 566.4

(1) Amount represents unrealized gains related to the Company's available-for-sale debt and equity securities.

Condensed Consolidating Balance Sheet
February 1, 2020

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 0.2	$ 0.1	$ 277.5	$ 96.7	$ —	**$ 374.5**
Accounts receivable	—	—	13.1	25.7	—	**38.8**
Intra-entity receivables, net	—	3.3	30.7	598.6	(632.6)	**—**
Other current assets	—	—	318.1	85.4	—	**403.5**
Income taxes	—	—	6.3	—	—	**6.3**
Inventories, net	—	—	2,232.8	98.9	—	**2,331.7**
Total current assets	0.2	3.4	2,878.5	905.3	(632.6)	**3,154.8**
Non-current assets:						
Property, plant and equipment, net	—	—	733.1	8.8	—	**741.9**
Operating lease right-of-use assets	—	—	1,677.8	5.5	—	**1,683.3**
Goodwill	—	—	171.0	77.8	—	**248.8**
Intangible assets, net	—	—	243.6	20.2	—	**263.8**
Investment in subsidiaries	2,110.8	—	749.3	474.9	(3,335.0)	**—**
Intra-entity receivables, net	—	161.0	—	1,248.0	(1,409.0)	**—**
Other assets	—	—	179.4	22.4	—	**201.8**
Deferred tax assets	—	—	4.7	—	—	**4.7**
Total assets	$ 2,111.0	$ 164.4	$ 6,637.4	$ 2,762.9	$ (5,376.6)	**$ 6,299.1**
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$ —	$ —	$ 95.6	$ —	$ —	**$ 95.6**
Accounts payable	—	—	166.4	61.5	—	**227.9**
Intra-entity payables, net	243.4	—	389.2	—	(632.6)	**—**
Accrued expenses and other current liabilities	28.0	1.0	648.1	19.9	—	**697.0**
Deferred revenue	—	—	250.8	15.4	—	**266.2**
Operating lease liabilities	—	—	336.4	1.8	—	**338.2**
Income taxes	—	1.4	24.5	1.8	—	**27.7**
Total current liabilities	271.4	2.4	1,911.0	100.4	(632.6)	**1,652.6**
Non-current liabilities:						
Long-term debt	—	146.4	369.5	—	—	**515.9**
Operating lease liabilities	—	—	1,431.8	5.9	—	**1,437.7**
Intra-entity payables, net	—	—	1,409.0	—	(1,409.0)	**—**
Other liabilities	—	—	113.6	3.0	—	**116.6**
Deferred revenue	—	—	731.5	—	—	**731.5**
Deferred tax liabilities	—	—	2.3	2.9	—	**5.2**
Total liabilities	271.4	148.8	5,968.7	112.2	(2,041.6)	**4,459.5**
Series A redeemable convertible preferred shares	617.0	—	—	—	—	**617.0**
Total shareholders' equity	1,222.6	15.6	668.7	2,650.7	(3,335.0)	**1,222.6**
Total liabilities, redeemable convertible preferred shares and shareholders' equity	$ 2,111.0	$ 164.4	$ 6,637.4	$ 2,762.9	$ (5,376.6)	**$ 6,299.1**

Condensed Consolidating Balance Sheet
February 2, 2019

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 0.2	$ 0.1	$ 146.7	$ 48.4	$ —	$ 195.4
Accounts receivable	—	—	14.3	9.4	—	23.7
Intra-entity receivables, net	—	7.9	83.4	220.0	(311.3)	—
Other receivables	—	—	46.5	26.0	—	72.5
Other current assets	—	—	169.4	2.1	—	171.5
Income taxes	—	—	5.1	0.7	—	5.8
Inventories, net	—	—	2,302.6	84.3	—	2,386.9
Total current assets	0.2	8.0	2,768.0	390.9	(311.3)	2,855.8
Non-current assets:						
Property, plant and equipment, net	—	—	789.6	10.9	—	800.5
Goodwill	—	—	206.3	90.3	—	296.6
Intangible assets, net	—	—	244.0	21.0	—	265.0
Investment in subsidiaries	2,155.7	—	(15.7)	(305.5)	(1,834.5)	—
Intra-entity receivables, net	—	400.0	—	2,588.0	(2,988.0)	—
Other assets	—	—	133.4	17.2	—	150.6
Deferred tax assets	—	—	24.5	(3.5)	—	21.0
Retirement benefit asset	—	—	30.6	—	—	30.6
Total assets	$ 2,155.9	$ 408.0	$ 4,180.7	$ 2,809.3	$ (5,133.8)	$ 4,420.1
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$ —	$ (0.7)	$ 79.5	$ —	$ —	$ 78.8
Accounts payable	—	—	119.7	34.0	—	153.7
Intra-entity payables, net	311.3	—	—	—	(311.3)	—
Accrued expenses and other current liabilities	27.7	2.4	450.4	22.3	—	502.8
Deferred revenue	—	—	257.6	12.4	—	270.0
Income taxes	—	0.8	26.4	0.5	—	27.7
Total current liabilities	339.0	2.5	933.6	69.2	(311.3)	1,033.0
Non-current liabilities:						
Long-term debt	—	396.0	253.6	—	—	649.6
Intra-entity payables, net	—	—	2,988.0	—	(2,988.0)	—
Other liabilities	—	—	219.4	4.7	—	224.1
Deferred revenue	—	—	696.5	—	—	696.5
Deferred tax liabilities	—	—	—	—	—	—
Total liabilities	339.0	398.5	5,091.1	73.9	(3,299.3)	2,603.2
Series A redeemable convertible preferred shares	615.3	—	—	—	—	615.3
Total shareholders' equity	1,201.6	9.5	(910.4)	2,735.4	(1,834.5)	1,201.6
Total liabilities, redeemable convertible preferred shares and shareholders' equity	$ 2,155.9	$ 408.0	$ 4,180.7	$ 2,809.3	$ (5,133.8)	$ 4,420.1

Condensed Consolidating Statement of Cash Flows
For the 52 week period ended week period ended February 1, 2020

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 571.7	$ (2.2)	$ 385.1	$ 224.0	$ (622.9)	**$ 555.7**
Investing activities						
Purchase of property, plant and equipment	—	—	(136.3)	—	—	**(136.3)**
Proceeds from sale of assets	—	—	0.5	—	—	**0.5**
Investment in subsidiaries	—	—	—	50.0	(50.0)	**—**
Purchase of available-for-sale securities	—	—	—	(13.3)	—	**(13.3)**
Proceeds from available-for-sale securities	—	—	—	8.3	—	**8.3**
Net cash provided by (used in) investing activities	—	—	(135.8)	45.0	(50.0)	**(140.8)**
Financing activities						
Dividends paid on common shares	(77.4)	—	—	—	—	**(77.4)**
Dividends paid on redeemable convertible preferred shares	(31.2)	—	—	—	—	**(31.2)**
Intra-entity dividends paid	—	—	—	(622.9)	622.9	**—**
Proceeds from term and bridge loans	—	—	100.0	—	—	**100.0**
Repayments of term and bridge loans	—	—	(294.9)	—	—	**(294.9)**
Settlement of Senior Notes, including third party fees	—	(241.5)	—	—	—	**(241.5)**
Proceeds from revolving credit facilities	—	—	858.3	—	—	**858.3**
Repayments of revolving credit facilities	—	—	(588.3)	—	—	**(588.3)**
Payment of debt issuance costs	—	—	(9.3)	—	—	**(9.3)**
Increase of bank overdrafts	—	—	47.5	—	—	**47.5**
Other financing activities	(0.2)	—	—	—	—	**(0.2)**
Intra-entity activity, net	(462.9)	243.7	(233.3)	402.5	50.0	**—**
Net cash provided by (used in) financing activities	(571.7)	2.2	(120.0)	(220.4)	672.9	**(237.0)**
Cash and cash equivalents at beginning of period	0.2	0.1	146.7	48.4	—	**195.4**
Increase (decrease) in cash and cash equivalents	—	—	129.3	48.6	—	**177.9**
Effect of exchange rate changes on cash and cash equivalents	—	—	1.5	(0.3)	—	**1.2**
Cash and cash equivalents at end of period	$ 0.2	$ 0.1	$ 277.5	$ 96.7	$ —	**$ 374.5**

Condensed Consolidating Statement of Cash Flows
For the 52 week period ended week period ended February 2, 2019

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 653.1	$ 5.0	$ 363.8	$ 336.6	$ (660.8)	$ 697.7
Investing activities						
Purchase of property, plant and equipment	—	—	(128.9)	(4.6)	—	(133.5)
Proceeds from sale of assets	—	—	—	5.5	—	5.5
Investment in subsidiaries	(80.0)	—	—	—	80.0	—
Purchase of available-for-sale securities	—	—	—	(0.6)	—	(0.6)
Proceeds from available-for-sale securities	—	—	—	9.6	—	9.6
Net cash provided by (used in) investing activities	(80.0)	—	(128.9)	9.9	80.0	(119.0)
Financing activities						
Dividends paid on common shares	(79.0)	—	—	—	—	(79.0)
Dividends paid on redeemable convertible preferred shares	(31.2)	—	—	—	—	(31.2)
Intra-entity dividends paid	—	—	—	(660.8)	660.8	—
Repurchase of common shares	(485.0)	—	—	—	—	(485.0)
Proceeds from issuance of common shares	—	—	80.0	—	(80.0)	—
Repayments of term and bridge loans	—	—	(31.3)	—	—	(31.3)
Proceeds from revolving credit facilities	—	—	787.0	—	—	787.0
Repayments of revolving credit facilities	—	—	(787.0)	—	—	(787.0)
Increase of bank overdrafts	—	—	25.9	—	—	25.9
Other financing activities	(2.1)	—	—	—	—	(2.1)
Intra-entity activity, net	22.7	(5.0)	(307.9)	290.2	—	—
Net cash provided by (used in) financing activities	(574.6)	(5.0)	(233.3)	(370.6)	580.8	(602.7)
Cash and cash equivalents at beginning of period	1.7	0.1	150.5	72.8	—	225.1
Increase (decrease) in cash and cash equivalents	(1.5)	—	1.6	(24.1)	—	(24.0)
Effect of exchange rate changes on cash and cash equivalents	—	—	(5.4)	(0.3)	—	(5.7)
Cash and cash equivalents at end of period	$ 0.2	$ 0.1	$ 146.7	$ 48.4	$ —	$ 195.4

Condensed Consolidating Statement of Cash Flows
For the 53 week period ended week period ended February 3, 2018

(in millions)	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 767.8	$ (0.1)	$ 1,856.7	$ 586.0	$ (1,269.9)	$ 1,940.5
Investing activities						
Purchase of property, plant and equipment	—	—	(236.3)	(1.1)	—	(237.4)
Investment in subsidiaries	(219.9)	—	(25.0)	—	244.9	—
Purchase of available-for-sale securities	—	—	—	(2.4)	—	(2.4)
Proceeds from available-for-sale securities	—	—	—	2.2	—	2.2
Acquisition of R2Net, net of cash acquired	—	—	(331.8)	—	—	(331.8)
Net cash provided by (used in) investing activities	(219.9)	—	(593.1)	(1.3)	244.9	(569.4)
Financing activities						
Dividends paid on common shares	(76.5)	—	—	—	—	(76.5)
Dividends paid on redeemable convertible preferred shares	(34.7)	—	—	—	—	(34.7)
Intra-entity dividends paid	—	—	(800.0)	(469.9)	1,269.9	—
Repurchase of common shares	(460.0)	—	—	—	—	(460.0)
Proceeds from issuance of common shares	0.3	—	219.9	25.0	(244.9)	0.3
Net settlement of equity based awards	(2.9)	—	—	—	—	(2.9)
Proceeds from term and bridge loans	—	—	350.0	—	—	350.0
Repayments of term and bridge loans	—	—	(372.3)	—	—	(372.3)
Proceeds from securitization facility	—	—	—	1,745.9	—	1,745.9
Repayment of securitization facility	—	—	—	(2,345.9)	—	(2,345.9)
Proceeds from revolving credit facilities	—	—	814.0	—	—	814.0
Repayments of revolving credit facilities	—	—	(870.0)	—	—	(870.0)
Payment of debt issuance costs	—	—	(1.4)	—	—	(1.4)
Decrease of bank overdrafts	—	—	(0.1)	—	—	(0.1)
Intra-entity activity, net	25.9	0.1	(532.2)	506.2	—	—
Net cash provided by (used in) financing activities	(547.9)	0.1	(1,192.1)	(538.7)	1,025.0	(1,253.6)
Cash and cash equivalents at beginning of period	1.7	0.1	70.3	26.6	—	98.7
Increase (decrease) in cash and cash equivalents	—	—	71.5	46.0	—	117.5
Effect of exchange rate changes on cash and cash equivalents	—	—	8.7	0.2	—	8.9
Cash and cash equivalents at end of period	$ 1.7	$ 0.1	$ 150.5	$ 72.8	$ —	$ 225.1

29. Subsequent events

Risks and Uncertainties

In December 2019, 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 already begun to significantly impact 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 has 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, has temporarily closed all of its stores in the UK. The COVID-19 pandemic has also begun to disrupt the Company's global supply chain, 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's eCommerce business has not yet been significantly impacted, additional federal or state mandates ordering the shut-down of additional non-essential businesses could impact the Company's ability to take or fulfill customer orders placed online.

In addition, as a result of the uncertainty surrounding the impacts of COVID-19, beginning in February 2020, there was a significant decline in all major domestic and global financial market indicators. The Company's share price and market capitalization has significantly declined and been reduced below its book value as of the date of this report.

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 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.

The Company is currently evaluating the potential short-term and long-term implications of COVID-19 on its consolidated financial statements. The potential impacts to the Company's consolidated financial statements could occur as early as the first quarter of Fiscal 2021, and include, but are not limited to: impairment of goodwill and indefinite-lived intangible assets; impairment of long lived assets, including property and equipment and operating lease right-of-use assets related to the Company's stores; fair value and collectibility of receivables and other financial assets (including the deferred purchase price described in Note 21); valuation of inventory; and the hedge de-designation of certain foreign currency and commodity derivative financial instruments should those instruments become ineffective.

Any of these outcomes could have a material adverse impact on Signet's business, financial condition, results of operations and cash flows. 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 next 12 months from the date of this report.

ABL Revolving Facility draw down

As a result of the aforementioned 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, on March 19, 2020, the Company elected to access an additional $900 million on the ABL Revolving Facility. At the time of draw down, the Company had more than $1.2 billion in cash and approximately $292 million available on the ABL Revolving Facility.

As described in Note 23, the ABL Revolving Facility is subject to a fixed charge coverage ratio if excess availability under the facility falls below 10% of the borrowing base or $100 million, whichever is higher. The Company's most recently reported borrowing base under the ABL Revolving Facility as of the date of the draw down was approximately $1.4 billion. The Company's Senior Notes due in 2024 are not subject to financial covenants.

CarVal's termination of forward-flow receivable purchases; Memorandum of Understanding with Castlelake

As further described in Note 4, beginning in June 2018, CarVal and Castlelake began purchasing the majority of forward flow receivables of Signet's non-prime credit from Signet for a five-year term. On March 23, 2020, CarVal provided notice to the Company that it was terminating the agreement effective the same day. In the notice of termination, CarVal stated that it is willing to provide a 30-day purchase facility at substantially the same terms as the terminated agreement, but for a fixed term of 30 days from March 23, 2020. Signet is in discussions with CarVal regarding such transition agreement. Castlelake has informed Signet that, subject to their reservation of rights, they do not currently intend to terminate their agreement. On March 25, 2020, Castlelake and Signet entered into a non-binding memorandum of understanding ("MOU") regarding the parties' shared interest in a potential definitive agreement whereby Castlelake would purchase 100% of the funding obligations on the forward flow and add on purchases on a go-forward basis.

QUARTERLY FINANCIAL INFORMATION—UNAUDITED

The sum of the quarterly earnings per share data may not equal the full year amount as the computations of the weighted average shares outstanding for each quarter and the full year are calculated independently.

	Fiscal 2020 Quarters ended			
(in millions, except per share amounts)	May 4, 2019	August 3, 2019	November 2, 2019	February 1, 2020
Sales	$ 1,431.7	$ 1,364.4	$ 1,187.7	**$ 2,153.3**
Gross margin	499.4	458.7	367.7	**897.9**
Net income (loss) attributable to common shareholders	(18.2)	(44.3)	(43.7)	**178.8**
Earnings (loss) per common share:				
Basic	$ (0.35)	$ (0.86)	$ (0.84)	**$ 3.45**
Diluted	$ (0.35)	$ (0.86)	$ (0.84)	**$ 3.14**

	Fiscal 2019 Quarters ended			
(in millions, except per share amounts)	May 5, 2018	August 4, 2018	November 3, 2018	February 2, 2019
Sales	$ 1,480.6	$ 1,420.1	$ 1,191.7	$ 2,154.7
Gross margin	484.8	427.0	371.2	877.8
Net income (loss) attributable to common shareholders	(504.8)	(31.2)	(38.1)	(116.2)
Earnings (loss) per common share:				
Basic	$ (8.48)	$ (0.56)	$ (0.74)	$ (2.25)
Diluted	$ (8.48)	$ (0.56)	$ (0.74)	$ (2.25)

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 February 1, 2020 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 February 1, 2020.

Our independent registered public accountants, KPMG LLP, audited the consolidated financial statements of Signet for Fiscal 2020 and have also audited the effectiveness of internal control over financial reporting as of February 1, 2020. 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 February 1, 2020 that have materially affected, or are reasonably likely to materially affect, Signet's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Termination of a Material Definitive Agreement

The information set forth below is included herein for the purpose of providing disclosure under "Item 1.02 - Termination of a Material Definitive Agreement" of Form 8-K.

As further described in Item 7, Management's Discussion & Analysis, beginning in June 2018, CarVal and Castlelake began purchasing the majority of forward flow receivables of Signet's non-prime credit from Signet for a five-year term. On March 23, 2020, CarVal provided notice to the Company that it was terminating the agreement effective the same day. In the notice of termination, CarVal stated that it is willing to provide a 30-day purchase facility at substantially the same terms as the terminated agreement, but for a fixed term of 30 days from March 23, 2020. Signet is in discussions with CarVal regarding such transition agreement. Castlelake has informed Signet that, subject to their reservation of rights, they do not currently intend to terminate their agreement. On March 25, 2020, Castlelake and Signet entered into a non-binding memorandum of understanding ("MOU") regarding the parties' shared interest in a potential definitive agreement whereby Castlelake would purchase 100% of the funding obligations on the forward flow and add on purchases on a go-forward basis.

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 25, 2020, in light of the current 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, with such temporary arrangement to remain in place until such time as the Company determines reinstatement is appropriate. The base salary reductions will be in the amount of 50% for Ms. Virginia C. Drosos, Chief Executive Officer and Ms. Joan Hilson, Chief Financial Officer, as well as Ms. Jamie Singleton, its President - Kay, Zales and Peoples, and 35% for all other senior vice presidents and above, which includes Ms. Lynn Dennison, Chief Legal and Strategy Officer, and Ms. Mary Liz Finn, Chief People Officer, each a named executive officer. The common shares awarded in lieu of half of the salary reduction will be awarded on a periodic basis at a grant date price based on the 20-day rolling average of the closing price of the common shares leading up to the dates of grant.

The Company's Board of Directors also reduced the Fiscal 2021 Board retainer fees by 50% and agreed to be compensated entirely in the Company's common shares during such period.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors, executive officers and corporate governance may be found under the captions “Election of Directors” and “Board of Directors and Corporate Governance” in our definitive proxy statement for our 2020 Annual Meeting of Shareholders (the “2020 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 2020 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 2020 Proxy Statement set forth under the captions “Ownership by Five Percent Shareholders,” “Ownership by Directors and Executive Officers” and “Equity Compensation Plan Information” is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the 2020 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 2020 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

	PAGE
(1) The following consolidated financial statements are included in Item 8:	
Consolidated statements of operations for the fiscal years ended February 1, 2020, February 2, 2019, and February 3, 2018	63
Consolidated statements of comprehensive income for the fiscal years ended February 1, 2020, February 2, 2019, and February 3, 2018	64
Consolidated balance sheets as of February 1, 2020 and February 2, 2019	65
Consolidated statements of cash flows for the fiscal years ended February 1, 2020, February 2, 2019, and February 3, 2018	66
Consolidated statements of shareholders' equity for the fiscal years ended February 1, 2020, February 2, 2019, and February 3, 2018	67
Notes to the consolidated financial statements	68

(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	Form of common share certificate of Signet Jewelers Limited (incorporated by reference to Exhibit 4.1 to Form 8-A).
4.2	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).
4.3	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*	Description of Signet Jewelers Limited Securities Registered Pursuant to Section 12 of the Securities and Exchange Act of 1934.
4.5	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).

4.6	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).
4.7	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 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 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 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 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed on June 15, 2018).
10.15†	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Time-Based Restricted Stock Unit Award Notice and Agreement (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 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).
10.17†	Form of Signet Jewelers Limited 2018 Omnibus Incentive Plan Performance Based Restricted Stock Unit Award Notice and Agreement (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed September 6, 2018).

10.18†	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).
10.19†	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).
10.20†	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).
10.21†	Separation and Release Agreement, dated August 28, 2018 between Sterling Jewelers Inc. and Michele Santana (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 30, 2018).
10.22†	Side Letter, dated March 13, 2019, between Sterling Jewelers Inc. and Michele Santana (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 15, 2019).
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.
10.32*†	Form of Termination and Protection Agreement for members of senior leadership of Signet Jewelers Limited, including its executive officers.
10.33†	Separation and Release Agreement, dated April 2, 2019, between Sterling Jewelers Inc. and Sebastian Hobbs (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 3, 2019).
21.1*	Subsidiaries of Signet Jewelers Limited.
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 26, 2020	By:	/s/ Joan Hilson
		Name:	**Joan Hilson**
		Title:	**Chief Financial Officer** **(Principal Financial Officer and Principal Accounting 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 26, 2020	By:	/s/ Virginia C. Drosos **Virginia C. Drosos**	Chief Executive Officer (Principal Executive Officer and Director)
March 26, 2020	By:	/s/ Joan Hilson **Joan Hilson**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
March 26, 2020	By:	/s/ H. Todd Stitzer **H. Todd Stitzer**	Chairman of the Board
March 26, 2020	By:	/s/ R. Mark Graf **R. Mark Graf**	Director
March 26, 2020	By:	/s/ Zackery A. Hicks **Zackery A. Hicks**	Director
March 26, 2020	By:	/s/ Helen E. McCluskey **Helen E. McCluskey**	Director
March 26, 2020	By:	/s/ Sharon L. McCollam **Sharon L. McCollam**	Director
March 26, 2020	By:	/s/ Jonathan Seiffer **Jonathan Seiffer**	Director
March 26, 2020	By:	/s/ Nancy A. Reardon **Nancy A. Reardon**	Director
March 26, 2020	By:	/s/ Jonathan Sokoloff **Jonathan Sokoloff**	Director
March 26, 2020	By:	/s/ Brian Tilzer **Brian Tilzer**	Director
March 26, 2020	By:	/s/ Eugenia M. Ulasewicz **Eugenia M. Ulasewicz**	Director

Exhibit 4.4

DESCRIPTION OF COMMON SHARES OF SIGNET JEWELERS LIMITED

Signet Jewelers Limited (the "Company" or "Signet") shares of Common Stock, par value $0.18 per share ("Common Shares") are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

The following description of the Common Shares may not be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Signet Jewelers Limited Memorandum of Association (the "Memorandum of Association") and the Signet Jewelers Limited Bye-laws (the "Bye-laws"). The description of the Memorandum of Association and Bye-laws contained herein is qualified in its entirety by reference to the full text of the Memorandum of Association and Bye-Laws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part.

General

Signet currently has 500,000,000 authorized Common Shares, of which 52,343,563 Common Shares were in issued and outstanding as of March 3, 2020. As of March 3, 2020, (i) 535,439 Common Shares are reserved for issuance in connection with outstanding time-based restricted shares of the Company, and (ii) 17,656,437 Common Shares are held in treasury. All of the issued Common Shares have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights.

Dividend Rights

Bermuda law does not permit the declaration or payment of dividends or distributions of contributed surplus by a company if there are reasonable grounds for believing that a company is, or after the payment is made would be, unable to pay its liabilities as they become due, or the realizable value of such company's assets would be less, as a result of the payment, than the aggregate of its liabilities. Holders of Common Shares are entitled to receive such dividends as lawfully may be declared from time to time by Signet's Board.

Rights of Repurchase

Signet, upon a resolution of its Board, may generally make purchases of Common Shares without shareholder approval. Any Common Shares repurchased by the Company would either be cancelled or held as treasury shares in accordance with the Bermuda Companies Act. In addition, Signet may only repurchase Common Shares if there are reasonable grounds for believing that the Company can pay its liabilities as they become due at the time of repurchase and thereafter.

Voting Rights

In general, and except as provided below, a shareholder who is present in person or by proxy and entitled to vote at a shareholders' meeting is entitled to one vote on a show of hands regardless of the number of Common Shares he or she holds. On a poll, each shareholder having the right to vote, including proxies for shareholders, is entitled to one vote for each Common Share held. Under the Bye-laws, subject to certain exceptions, including certain amendments to the Bye-laws and certain amalgamations (which require the affirmative votes of a majority of at least 75% of the outstanding Common Shares) and certain business combinations (which require the affirmative votes of a majority of at least 66 $^{2}/_{3}$% of the outstanding Common Shares), any resolutions at any general meeting are generally decided by a simple majority of the votes cast. No member is entitled to vote at a general meeting unless such member has paid all the calls on all Common Shares held by such member. Except as provided below under "-Amalgamations," at any general meeting, two or more members present in person or by proxy at the commencement of the meeting constitute a quorum for the transaction of business. The Bye-laws provide that resolutions put to a vote at any general meeting will be decided on a show of hands, unless a poll is demanded in accordance with the Bye-laws.

Under the Bye-laws, proxies of shareholders are entitled to attend, demand or to join in demanding a poll, and vote at shareholders' meetings.

Amendment of Bye-laws. Under the Bermuda Companies Act, a company's bye-laws may be amended only by both a resolution passed by the Board and a resolution passed by the shareholders. Under the Bye-laws, an affirmative vote of not less than 75% of the directors then in office and of the holders of 75% of the total combined voting power of all issued shares of the company is required to amend certain of the Bye-laws.

Amalgamations. The Bermuda Companies Act permits an amalgamation between two or more Bermuda companies, or between one or more Bermuda "exempted companies" and one or more foreign companies. Under Bermuda law, Signet is an "exempted company."

The Bye-laws provide that the Company will not amalgamate with any other company unless the amalgamation agreement relating thereto has been approved by: (1) a resolution passed by members holding at least 75% of the total voting rights attaching to all the issued shares in the capital of the Company entitled to vote on such a resolution and the quorum for a meeting convened to pass such a resolution is two or more persons present representing in person or by proxy in excess of 50% of such voting rights entitled to vote on such resolution and present throughout the meeting; or (2) in the case of an amalgamation agreement approved by Signet's Board prior to the commencement of the meeting, a resolution passed by simple majority of the votes cast by those members attending and voting at such meeting and the quorum for such a meeting is two or more persons present in person or by proxy.

Business Combinations. The Bye-laws provide that the Company is prohibited from engaging, under certain circumstances, in a "business combination" (as defined in the Bye-laws) with any "interested shareholder" (as defined in the Bye-laws) for three years following the date that the shareholder became an interested shareholder, unless the business combination is approved by the Board and authorized at a general meeting by the affirmative vote of at least 66 $^{2}/_{3}$% of the issued Common Shares that are not owned by the interested shareholder, subject to certain exceptions. A "business combination" is defined to include, among other things, a merger, amalgamation or consolidation involving the Company and the interested shareholder and a sale of 10 % or more of the Company's assets. In general, an "interested shareholder" is defined as any entity or person beneficially owning 15% or more of the Common Shares and any entity or person affiliated with or associated with that entity or person.

Other Transactions. As a Bermuda company, the Company may enter into certain business transactions with significant shareholders, including asset sales, in which a significant shareholder receives, or could receive, a financial benefit that is greater than that received, or to be received, by other shareholders with prior approval from the Board but without obtaining prior approval from the Company's shareholders.

Action by Written Consent. Under Bermuda law and subject to the Bye-laws, shareholders may take action by written consent; however, action by written consent under the Bye-laws requires the consent of all shareholders.

Liquidation Rights

The Bye-laws provide that in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary, holders of Common Shares will be entitled to the surplus assets of the Company.

If the Company is to be wound up, the liquidator may, with the sanction of a resolution of the shareholders, divide amongst the shareholders in specie or in kind the whole or any part of the Company's assets (whether they consist of property of the same kind or not) and may, for this purpose, set such value on these assets as the liquidator deems fair and may determine how such division shall be carried out as between shareholders or different classes of shareholders. However, no shareholder will be compelled to accept any shares or other securities or assets whereon there is any liability.

No Preemptive or Conversion Rights; No Redemption or Sinking Fund Provisions

Under Bermuda law, unless otherwise provided in a company's bye-laws, shareholders of a company are not entitled to pre-emptive rights. The Bye-laws do not provide for pre-emptive rights or any preferential rights to purchase any securities of Signet. Signet's Common Shares are not convertible into shares of any other class or series or subject to redemption either by Signet or the holder of the Common Shares. Signet's Common Shares have no sinking fund provisions.

Preference Shares

Subject to the Bye-laws and Bermuda law, the Board has the power to issue any of its unissued shares as it determines, including the issuance of any shares or class of shares with preferred, deferred or other special rights.

Subject to certain limitations contained in the Bye-laws and any limitations prescribed by applicable law, the Board is authorized to issue preference shares in one or more series and to fix the designation, powers, preferences and rights and the qualifications, limitations or restrictions of such shares, including but not limited to dividend rates, conversion rights, voting rights, terms of redemption/repurchase (including sinking fund provisions), redemption/repurchase prices and liquidation preferences, and the number of shares constituting, and the designation of, any such series, without further vote or action by shareholders.

Share Class Rights

The Bye-laws provide that the rights attached to any class may be amended with the written consent of the holders of 75% of the issued shares of the class being affected or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class.

Restrictions on Transfer

The Bye-laws provide that the Board may in its absolute discretion and without assigning any reason therefore refuse to register the transfer of a share which is not fully paid. The Board shall refuse to register a transfer unless all applicable consents, authorizations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the secretary of the Company shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

The Board may, in its absolute and unfettered discretion, decline to register the transfer of any shares if it believes that registration of such shares or transfer is required under the laws of any jurisdiction and such registration has not been effected, save that the Board may request and rely on an opinion of counsel to the transferor or transferee, in form and substance satisfactory to the Board, that no such registration is required.

See discussion below under the heading "Restrictions Applicable to Substantial Shareholders-Company Investigations into Interests in Shares."

Restrictions Applicable to Substantial Shareholders

Business Combinations. See discussion above under the heading "-Voting Rights-Business Combinations."

Amalgamations. See discussion above under the heading "-Voting Rights-Amalgamations."

Company Investigations into Interests in Shares. The Bye-laws provide that the Company may, by notice in writing, require a person whom it knows is, or has reasonable cause to believe to be, or to have been within the three preceding years, "interested" (as defined in the Bye-laws) in the Company's issued share capital to: (1) confirm whether this is or is not the case; and (2) if this is the case, to give further information that Signet requires relating to the person's interest or any other interest in shares of Signet of which the person is aware.

When the notice is served by the Company on a person who is or was interested in shares of the Company and that person fails to give any information required by the notice within 14 days following service thereof, that person may be subject to certain restrictions prohibiting, among other things:

a) any transfer of the shares;

b) the exercise of voting rights;

c) the issue of further shares; and

d) dividends and other payments (except on a winding-up of the Company).

Subject to exceptions in limited circumstances, Signet's Board may refuse to register a transfer of shares which are subject to restriction (a) above. In respect of an interest in shares that is less than 0.25% in nominal value of the issued shares of their class, the restrictions extend only to prohibition on attending and voting at shareholders' meetings.

Change of Control

The Bye-laws contain certain provisions that may impede or delay an unsolicited takeover of the Company under certain circumstances. For example, under the Bye-laws:

- the Company is prohibited from engaging, under certain circumstances, in a business combination with any interested shareholder for three years following the date that the shareholder became an interested shareholder (see discussion above under the heading "-Voting Rights-Business Combinations");
- the Company is not permitted to amalgamate with any other company without certain approvals of the amalgamation agreement relating thereto (see discussion above under the heading "-Voting Rights-Amalgamations");
- the Board, without further shareholder action, is permitted by the Bye-laws to issue preference shares, in one or more series, and determine by resolution any designations, preferences, qualifications, privileges, limitations, restrictions, or special or relative rights of additional series. The rights of preferred shareholders may supersede the rights of common shareholders;
- the Board is authorized to expand its size and fill vacancies;
- directors may only be removed by shareholders by the affirmative vote of a majority of at least 75% of the outstanding Common Shares or 75% of directors (other than the director in question);
- shareholder action by written consent requires the consent of all shareholders; and
- shareholders are required to comply with advance notice procedures to make nominations of candidates for election as directors or to bring other business before an annual meeting of our shareholders.

Bermuda Law

There are no limitations imposed by Bermuda law or the Bye-laws on the right of shareholders who are foreign owners and are not Bermuda residents to hold or to vote the Common Shares.

As an exempted company, Signet has been designated as non-resident of Bermuda for the purposes of the Exchange Control Act 1972 of Bermuda and, as a consequence, there are no Bermuda laws or regulations affecting the Company's ability to remit dividends or other payments to holders of Common Shares who are non-resident of Bermuda.

There is no income or other tax of Bermuda imposed by withholding or otherwise on any dividend paid by Signet to U.S. holders of the Common Shares.

There is no reciprocal tax treaty between Bermuda and the U.S. regarding withholding taxes.

FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT**, dated as of January 29, 2020 (this "*First Amendment*"), is entered into among **SIGNET JEWELERS LIMITED**, an exempted company incorporated under the Laws of Bermuda with registration number 42069 ("*Holdings*"), **SIGNET GROUP LIMITED**, a company incorporated in England and Wales with the company number 00477692 (the "*Lead Administrative Borrower*"), the other Borrowers (as defined in the Credit Agreement referred to below) party hereto, the Lenders (as defined below) party hereto, and **BANK OF AMERICA, N.A.**, as the Administrative Agent (as defined below) and the Collateral Agent (as defined below).

PRELIMINARY STATEMENTS

A. Reference is made to that certain Credit Agreement, dated as of September 27, 2019 (as amended, amended and restated, extended, supplemented or otherwise modified in writing from time to time and in effect immediately prior to the effectiveness of this First Amendment, the "*Existing Credit Agreement*", and the Existing Credit Agreement, as amended by this First Amendment, the "*Amended Credit Agreement*"), among (a) Holdings, (b) the Lead Administrative Borrower, (c) Signet Group Treasury Services, Inc., a Delaware corporation, Sterling Jewelers Inc., a Delaware corporation, Signet Trading Limited, a company incorporated in England and Wales with the company number 03768979, and Zale Canada Co., an unlimited company organized under the laws of the Province of Nova Scotia, each as a Lead Borrower and a Borrower, (d) Sterling Inc., an Ohio corporation, and Zale Delaware, Inc., a Delaware corporation, each as a Borrower, (e) each other Restricted Subsidiary of Holdings party thereto as a Lead Borrower or a Borrower, (f) the lenders from time to time party thereto (each a "*Lender*", and collectively, the "*Lenders*") and (g) Bank of America, N.A., as administrative agent (in such capacity, including any successor thereto, the "*Administrative Agent*") and as collateral agent and security trustee (in such capacity, including any successor thereto, the "*Collateral Agent*") under the Loan Documents.

B. The Borrowers have requested that the Lenders agree to amend certain of the terms and provisions of the Existing Credit Agreement as specifically set forth in this First Amendment.

C. The undersigned Lenders are prepared to amend the Existing Credit Agreement, subject to the conditions and in reliance on the representations set forth herein.

Accordingly, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Capitalized Terms. Capitalized terms used herein, including in preamble and the preliminary statements, and not otherwise defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement.

2. Amendments to Existing Credit Agreement.

(a) Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by inserting the following new defined term in the appropriate alphabetical order:

""*Specified Irish Subsidiary Guarantor*" means SJI Ireland Unlimited Company, an unlimited private company incorporated in Ireland with the company number 608185, and its successors."

(b) The defined term "Collateral and Guarantee Requirement" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended as follows:

(i) restating clause (d)(iii) therein in its entirety as follows:

"(iii) 65% of the issued and outstanding voting Equity Interests and 100% of the issued and outstanding non-voting Equity Interests of each direct Subsidiary of any Loan Party that is (A) not a Loan Party and (B)(I) a FSHCO or (II) a Foreign Subsidiary of a Domestic Subsidiary; and"

(ii) amending clause (a) and clause (b) of the paragraph beginning "Notwithstanding the other provisions" to insert the text ", the Specified Irish Subsidiary Guarantor" immediately after the text "any English Loan Party" appearing in each such clause.

(c) The defined term "*Covered Loan Party Jurisdiction*" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by restating such defined term in its entirety as follows:

"“*Covered Loan Party Jurisdiction*” means each of (a) the United States, any state thereof or the District of Columbia, (b) Bermuda, (c) Canada or any province or territory thereof, (d) England and Wales, and (e) solely with respect to the Specified Irish Subsidiary Guarantor, the Republic of Ireland."

(d) The defined term "*Debtor Relief Laws*" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by inserting the text "examinership," immediately after the text "receivership," appearing therein.

(e) The defined term "*Excluded Equity Interest*" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by restating clause (a) of such defined term in its entirety as follows:

"(a) other than with respect to the Equity Interest of any Loan Party, more than 65% of the issued and outstanding Equity Interests entitled to vote of each Subsidiary that is (i) not a Loan Party and (ii)(A) a FSHCO or (B) a Foreign Subsidiary of a Domestic Subsidiary;"

(f) The defined term "*Excluded Subsidiary*" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended as follows:

(i) deleting "." at the end of clause (n) therein and inserting ";" in lieu thereof, and

(ii) inserting the following text below clause (n) therein as follows:

"*provided* that, notwithstanding the foregoing or any other provision of any Loan Document to the contrary (x) the Specified Irish Subsidiary Guarantor shall be deemed not to be an "Excluded Subsidiary" so long as the Specified Irish Subsidiary Guarantor holds any Equity Interests of any other Loan Party (it being understood and agreed that joinder of the Specified Irish Subsidiary Guarantor as a Loan Party under the Loan Documents does not result in material adverse Tax consequences for any other Loan Party) and (y) no Loan Party shall subsequently be deemed to be an Excluded Subsidiary, unless the Lead Administrative Borrower shall have first complied with the provisions of *Section 7.4(b)*, to the extent applicable."

(g) The defined term "*Financial Officer*" set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by restating such defined term in its entirety as follows:

““*Financial Officer*” means, with respect to any Loan Party, the chief financial officer, treasurer or controller of such Loan Party or, with respect to an English Loan Party or the Specified Irish Subsidiary Guarantor, any statutory director of such English Loan Party or the Specified Irish Subsidiary Guarantor with duties consistent with the duties of a chief financial officer, treasurer or controller. Any document delivered hereunder that is signed by a Financial Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Financial Officer shall be conclusively presumed to have acted on behalf of such Loan Party.”

(h) The defined term “*Foreign Loan Party*” set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by restating such defined term in its entirety as follows:

““*Foreign Loan Party*” means any Loan Party that is not a U.S. Loan Party, including each English Loan Party, each Canadian Loan Party, the Specified Irish Subsidiary Guarantor and Holdings.”

(i) The defined term “*Responsible Officer*” set forth in Section 1.1 (Defined Terms) of the Existing Credit Agreement is hereby amended by (i) inserting the text “or the Specified Irish Subsidiary Guarantor” immediately after the text “statutory director of an English Loan Party” appearing therein and (ii) deleting the text “on the Closing Date” appearing therein and inserting the text “on or after the Closing Date” in lieu thereof.

(j) Clause (c) of Section 1.8 (Pro Forma Calculations) of the Existing Credit Agreement is hereby amended by restating sub-clauses (i) and (ii) therein as follows:

“(i) during the applicable Test Period or (ii) subsequent to the end of the applicable Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made, then the Consolidated Fixed Charge Coverage Ratio, the Interest Coverage Ratio, the Net Leverage Ratio and the Secured Leverage Ratio, as applicable, shall be calculated giving pro forma effect to such incurrence or repayment of Indebtedness, to the extent required, as if the same had occurred on the last day of the applicable Test Period (with respect to any calculation of the Net Leverage Ratio or the Secured Leverage Ratio) or the first day of the applicable Test Period (with respect to any calculation of the Consolidated Fixed Charge Coverage Ratio or the Interest Coverage Ratio).”

(k) Clause (e) of Section 2.14 (Joint and Several Liability; Additional Borrowers) of the Credit Agreement is hereby amended by deleting the text “(other than Bermuda)” and inserting the text “(other than Bermuda or the Republic of Ireland)” in lieu thereof.

(l) Clause (b) of Section 7.4 (Borrowing Base Certificates) of the Credit Agreement is hereby amended by (x) inserting the text “(A)” after the words “any Loan Party or any Restricted Subsidiary shall”, (y) inserting the text “or (B) any Loan Party is deemed to be an Excluded Subsidiary, as applicable, and in any case,” after the parenthetical “(or combination thereof)” and (z) inserting the text “(or other applicable events)” immediately after each reference to “series of related transactions” appearing in sub-clause (ii) therein.

(m) Clause (f) of Section 10.1 (Events of Default) is hereby amended by (i) inserting the text “examiner,” immediately after the text “interim receiver” appearing therein and (ii) inserting the text “or the Specified Irish Subsidiary Guarantor” immediately after each reference to “English Loan Party” appearing therein.

3. Conditions Precedent to First Amendment. This First Amendment shall become effective as of the date first written above (the "First Amendment Effective Date") upon the satisfaction of each of the following conditions precedent:

(a) *First Amendment*. The Administrative Agent shall have received this First Amendment, duly executed by Holdings, the Borrowers and the Requisite Lenders, and acknowledged by each Subsidiary Guarantors.

(b) *Collateral Matters*. The Collateral and Guarantee Requirement shall continue to be satisfied, both before and after giving effect to this First Amendment and the joinder of SJI Ireland Unlimited Company as a Subsidiary Guarantor as contemplated herein.

(c) *Joinder of SJI Ireland Unlimited Company*.

(i) The Administrative Agent shall have received (A) a Joinder Agreement, (B) a Guaranty Supplement (as defined in the Guaranty), (C) a Pledge Agreement Supplement with respect to the U.S. Pledge Agreement, (D) a deed of accession to the Irish Debenture, and (E) a joinder to the Intercompany Subordination Agreement, in each case, with respect to SJI Ireland Unlimited Company and properly executed by a Responsible Officer of SJI Ireland Unlimited Company.

(ii) The Administrative Agent shall have received a share charge governed by the laws of the Republic of Ireland with respect to the pledge by Sterling Jewelers Inc. of the Equity Interests of SJI Ireland Unlimited Company, properly executed by a Responsible Officer of SJI Ireland Unlimited Company.

(iii) The Administrative Agent shall have received (A) a copy of the Constituent Document of SJI Ireland Unlimited Company filed with any Governmental Authority in connection with SJI Ireland Unlimited Company's incorporation, including all amendments thereto, certified by a director of SJI Ireland Unlimited Company and (B) a certificate of a director of SJI Ireland Unlimited Company, dated the First Amendment Effective Date and certifying (1) that attached thereto is a true and complete copy of all Constituent Documents of SJI Ireland Unlimited Company as in effect on the First Amendment Effective Date and at all times since a date prior to the date of the resolutions described in *clause (2)* below, (2) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of SJI Ireland Unlimited Company authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (3) as to the incumbency and specimen signature of each Responsible Officer executing any Loan Document or any other document delivered in connection herewith on behalf of SJI Ireland Unlimited Company, and (4) as to certain other matters required for the purpose of the written opinion of counsel referred to in *clause (iv)(B)* below.

(iv) The Administrative Agent shall have received a customary written opinion (addressed to the Administrative Agent, the Collateral Agent and the Lenders and dated as of the First Amendment Effective Date) of (A) Weil, Gotshal & Manges LLP, counsel for the Loan Parties and (B) McCann Fitzgerald, Irish counsel to the Administrative Agent, in each case with respect to the joinder of SJI Ireland Unlimited Company as a Subsidiary Guarantor.

(v) The Lenders shall have received, at least three (3) Business Days prior to the First Amendment Effective Date, all documentation and other information about SJI Ireland Unlimited

Company required under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act and the Proceeds of Crime Act, in each case, that shall have been requested in writing at least ten (10) days prior to the First Amendment Effective Date.

(d) *Fees and Expenses*. The Administrative Agent shall have received reimbursement or payment of all out-of-pocket costs and expenses required to be reimbursed or paid by the Borrowers under the Existing Credit Agreement on or prior to the First Amendment Effective Date; *provided* that invoices for any costs and expenses to be reimbursed on the First Amendment Effective Date must be received at least three (3) Business Days prior to the First Amendment Effective Date (except as otherwise reasonably agreed by the Lead Administrative Borrower) or otherwise such costs and expenses shall be paid no later than ten (10) days after the First Amendment Effective Date.

4. Representations and Warranties. Holdings and each Borrower hereby represents and warrants to the Administrative Agent and the Lenders as of the First Amendment Effective Date as follows:

(a) *Authorization; No Contravention*. (i) The execution, delivery and performance by each Loan Party of this First Amendment has been duly authorized by all necessary corporate or other organizational action, and (ii) neither the execution, delivery and performance by each Loan Party of this First Amendment nor the consummation of the transactions contemplated by this First Amendment will (A) contravene the terms of any of such Person's Constituent Documents, (B) result in any breach or contravention of, or the creation of any Lien upon any of the property or assets of such Person or any of the Restricted Subsidiaries (other than as permitted under *Section 9.1* of the Credit Agreement) under (1) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (C) violate any applicable Law; except with respect to any breach, contravention or violation (but not creation of Liens) referred to in *clauses (B)* and *(C)*, to the extent that such breach, contravention or violation would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) *Binding Effect*. This First Amendment has been duly executed and delivered by each Loan Party that is party hereto. This First Amendment constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws and by general principles of equity and principles of good faith and fair dealing.

(c) *Governmental Authorization*. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this First Amendment, except for (i) filings necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings that have been duly obtained, taken, given or made and are in full force and effect and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) *Representations and Warranties; No Default*. The following statements shall be true on the First Amendment Effective Date, both immediately before and immediately after giving effect to this First Amendment and the consummation of the transactions contemplated by this First Amendment taking place on or about the First Amendment Effective Date:

(i) The representations and warranties of each Loan Party contained in *Article V* of the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the First Amendment Effective Date; *provided* that, to the extent that any such representation or warranty specifically refers to an earlier date, such representation or warranty shall be true and correct in all material respects as of such earlier date; *provided*, *further* that any representation or warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates; and

(ii) no Default or Event of Default shall exist.

5. Survival of Representations and Warranties. All representations and warranties made by Holdings or any Borrower (in each case, on behalf of itself or the other Loan Parties) in this First Amendment or other document delivered pursuant to this First Amendment or in connection herewith shall survive the execution and delivery hereof. Such representations and warranties have been or will be relied upon by the Agents, each Issuer and each Lender, regardless of any investigation made by the Agents, any Issuer or any Lender or on their behalf and notwithstanding that any Agent, any Issuer or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

6. First Amendment as a Loan Document. This First Amendment constitutes a "Loan Document" under the Amended Credit Agreement.

7. Effect on Loan Documents. After giving effect to this First Amendment on the First Amendment Effective Date, the Amended Credit Agreement and the other Loan Documents shall be and remain in full force and effect in accordance with their terms and are hereby ratified and confirmed by Holdings and the Borrowers in all respects. The execution, delivery, and performance of this First Amendment shall not operate as a waiver of any right, power, or remedy of any Agent or the Lenders under the Existing Credit Agreement or the other Loan Documents. Holdings and the Borrowers hereby acknowledge and agree that, after giving effect to this First Amendment, all of its obligations and liabilities under the Existing Credit Agreement and the other Loan Documents to which it is a party, as such obligations and liabilities have been amended by this First Amendment, are reaffirmed and remain in full force and effect. All references to the Existing Credit Agreement in any Loan Document or other document or instrument delivered in connection therewith shall be deemed to refer to the Amended Credit Agreement. Nothing contained herein shall be construed as a novation of the Obligations outstanding under and as defined in the Existing Credit Agreement, which shall remain in full force and effect, except as modified hereby.

8. Reaffirmation of Grant of Security Interests. Each of Holdings and each Borrower hereby reaffirms its grant to the Collateral Agent, for the benefit of the Secured Parties, of a continuing security interest in and Lien upon the Collateral of such Person, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Collateral Documents, and Holdings and each Borrower hereby reaffirms that the Obligations are and shall continue to be secured by the continuing security interest and Lien granted by such Person to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Collateral Documents.

9. Limited Effect. This First Amendment relates only to the specific matters expressly covered herein, shall not be considered to be an amendment or waiver of any rights or remedies that any Agent or any Lender may have under the Existing Credit Agreement or any other Loan Document (except as expressly

set forth herein) or under applicable law, and shall not be considered to create a course of dealing or to otherwise obligate in any respect any Agent or any Lender to execute similar or other amendments or waivers or grant any amendments or waivers under the same or similar or other circumstances in the future.

10. GOVERNING LAW. THIS FIRST AMENDMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS FIRST AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

11. Counterparts. This First Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or other electronic imaging means (*e.g.*, “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this First Amendment.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Credit Agreement to be executed and delivered as of the date first above written.

SIGNET JEWELERS LIMITED,
as Holdings

By: /s/ Joan Hilson
Name: Joan Hilson
Title: Chief Financial Officer

SIGNET GROUP LIMITED,
incorporated in England and Wales with company number 00477692, as the Lead Administrative Borrower and a Borrower

By: /s/ Joan Hilson
Name: Joan Hilson
Title: Director

SIGNET GROUP TREASURY SERVICES INC.,
as a Borrower

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

STERLING JEWELERS INC.,
as a Borrower

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

SIGNET TRADING LIMITED,
incorporated in England and Wales with company number 03768979, as a Borrower

By: /s/ Benjamin Harris
Name: Benjamin Harris
Title: Director

ZALE CANADA CO.,
as a Borrower

By: /s/ J. Lynn Dennison
Name: J. Lynn Dennison
Title: President

STERLING INC.,
as a Borrower

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

ZALE DELAWARE, INC.,
as a Borrower

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Loan Lender, a Lender and an Issuer

By: /s/ Brian Lindblom
Name: Brian Lindblom
Title: Senior Vice President

By: /s/ Matthew Potter
Name: Matthew Potter
Title: Senior Vice President

BANK OF AMERICA, N.A. (acting through its Canada branch), as a Swing Loan Lender, a Lender and an Issuer

By: /s/ Sylvia Durkiewicz
Name: Sylwia Durkiewicz
Title: Vice President

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
as a Lender and an Issuer

By: /s/ Robert M. Lucas
Name: Robert M. Lucas
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender and an Issuer

By: /s/ Brendan Korb
Name: Brendan Korb
Title: Vice President

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as a Lender and an Issuer

By: /s/ Michael Tam
Name: Michael Tam
Title: Authorized Officer

PNC BANK, NATIONAL ASSOCIATION,
as a Lender and an Issuer

By: /s/ Heather Hayes
Name: Heather Hayes
Title: Vice President

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Jamie Minieri
Name: Jamie Minieri
Title: Authorized Signatory

REGIONS BANK,
as a Lender

By: /s/ Kevin R. Rogers
Name: Kevin R. Rogers
Title: Managing Director

CITIZENS BANK, N.A.,
as a Lender

By: /s/ Christine Scott
Name: Christine Scott
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Carol Anderson
Name: Carol Anderson
Title: Vice President

BANK OF MONTREAL, **CHICAGO BRANCH,**
as a Lender

By: /s/ Kara Goodwin
Name: Kara Goodwin
Title: Managing Director

BANK OF MONTREAL,
as a Lender

By: /s/ Helen Alvarez-Hernandez
Name: Helen Alvarez-Hernandez
Title: Managing Director

BANK OF MONTREAL, LONDON BRANCH,
as a Lender

By: /s/ Richard Couzens
Name: Richard Couzens
Title: Managing Director

By: /s/ Scott Matthews
Name: Scott Matthews
Title: Managing Director, CFO International
BMO Financial Group

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael Mondazzi
Name: Michael Mondazzi
Title: Vice President

ING CAPITAL LLC,
as a Lender

By: /s/ Jean V. Grasso
Name: Jean V. Grasso
Title: Managing Director

By: /s/ Tyler M. Bowman
Name: Tyler M. Bowman
Title: Vice President

BARCLAYS BANK PLC,
as a Lender

By: /s/ Komal Ramkirath

Name: Komal Ramkirath
Title: Assistant Vice President

[Signature Page to First Amendment to Credit Agreement]

Acknowledgment, Ratification and Reaffirmation of Subsidiary Guarantors

January 29, 2020

Each Subsidiary Guarantor acknowledges that its consent to this First Amendment is not required, but each of the undersigned nevertheless does hereby agree and consent to this First Amendment and to the documents and agreements referred to herein. Each Subsidiary Guarantor agrees and acknowledges that (i) notwithstanding the effectiveness of this First Amendment, such Subsidiary Guarantor's guarantee of the Obligations pursuant to the Guaranty shall remain in full force and effect without modification thereto and (ii) nothing herein shall in any way limit any of the terms or provisions of such Subsidiary Guarantor's guarantee of the Obligations pursuant to the Guaranty or any Subsidiary Guarantor's obligations under any other Loan Document to which it is a party (as the same may be amended from time to time), all of which are hereby ratified, confirmed and affirmed in all respects. Each Subsidiary Guarantor hereby further acknowledges that the Borrowers, the Administrative Agent and the Lenders may from time to time enter into any further amendments, modifications, terminations and/or amendments of any provisions of the Amended Credit Agreement or any other Loan Documents without notice to or consent from such Subsidiary Guarantor and without affecting the validity or enforceability of such Subsidiary Guarantor's guarantee of the Obligations pursuant to the Guaranty or giving rise to any reduction, limitation, impairment, discharge or termination of such Subsidiary Guarantor's guarantee of the Obligations pursuant to the Guaranty.

Each Subsidiary Guarantor hereby reaffirms its grant to the Collateral Agent, for the benefit of the Secured Parties, of a continuing security interest in and Lien upon the Collateral of such Subsidiary Guarantor, whether now owned or hereafter acquired or arising, and wherever located, all as provided in the Collateral Documents, and each Subsidiary Guarantor hereby reaffirms that the Obligations are and shall continue to be secured by the continuing security interest and Lien granted by such Subsidiary Guarantor to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Collateral Documents.

[*Signature Pages Follow*]

The undersigned Subsidiary Guarantors are signatories to this Acknowledgment, Ratification and Reaffirmation in their capacity as Subsidiary Guarantors.

SIGNET HOLDINGS LIMITED,
incorporated in England and Wales with company number 03769622

By: /s/ Joan Hilson
Name: Joan Hilson
Title: Director

SIGNET US HOLDINGS, INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

SIGNET SERVICE PLANS, INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

STERLING ECOMM LLC

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

SIGNET GROUP SERVICES US INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

SIGNET U.S. SERVICES INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

SIGNET UK FINANCE PLC,
incorporated in England and Wales with company number 09002729

By: /s/ Joan Hilson
Name: Joan Hilson

Title: Director

ZALE CORPORATION

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

R2NET INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

R2NET MANUFACTURING INC.

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

TXDC, L.P.

By: Zale Delaware, Inc., as General Partner

By: /s/ Stash Ptak
Name: Stash Ptak
Title: Secretary

H SAMUEL LIMITED,
incorporated in England and Wales with company number 001465701

By: /s/ Benjamin Harris
Name: Benjamin Harris
Title: Director

ERNEST JONES LIMITED,
incorporated in England and Wales with company number 03768966

By: /s/ Benjamin Harris
Name: Benjamin Harris
Title: Director

TERMINATION PROTECTION AGREEMENT

THIS TERMINATION PROTECTION AGREEMENT (as hereinafter amended from time to time, this "Agreement") is made and entered into by and among Sterling Jewelers Inc., a Delaware corporation (the "Company") and [] (the "Executive"), dated as of [].

W I T N E S S E T H

WHEREAS, the Company and its affiliates are engaged in the business of operating chains of retail jewelry stores in the United States, the United Kingdom and Canada;

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed, as []of Signet Jewelers Limited, a Bermuda corporation ("Signet," and, together with its subsidiaries, the "Signet Group", which for purposes of this Agreement is an affiliate of the Company), effective as of [], subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the Company and the Executive (individually a "Party" and together the "Parties"), intending to be legally bound, agree as follows:

Agreement

1. Definitions

(a) "Annual Bonus" means an annual cash bonus award in accordance with the annual short-term incentive plan then in effect for executive officers of Signet, as approved by the Compensation Committee or its designee.

(b) "Board" means the Board of Directors of Signet.

(c) "Business" shall mean the operation of a retail jewelry business that sells to the public jewelry, watches and associated services including through e-commerce.

(d) "Cause" means (A) fraud, embezzlement, gross insubordination or any act of moral turpitude or misconduct, in each case, on the part of the Executive; (B) conviction of or the entry of a plea of nolo contendere by the Executive for any felony; or (C) (x) a material breach by the Executive of Executive's duties, responsibilities or obligations under this Agreement or the attached Schedule 1, or (y) the willful failure or refusal by the Executive to perform and discharge a specific lawful directive issued to Executive by the Board within a reasonable period of time, not to be less than five (5) business days, following written notice thereof to the Executive by the Company or the Board.

(e) "Change of Control" means the occurrence of any of the following events:

(i) any consolidation, amalgamation, or merger of Signet with or into any other Person, or any other corporate reorganization, business combination, transaction or transfer of securities of Signet by its stockholders, or a series of transactions (including the acquisitions of capital stock of Signet), whether or not Signet is a party thereto, in which the stockholders of Signet immediately prior to such consolidation, merger, reorganization, business combination or transaction, collectively have beneficial ownership (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended), directly or indirectly, of capital stock representing directly, or indirectly through one or more entities, less than fifty (50%) of the equity (measured by economic value or voting power (by contract, share ownership or otherwise) of Signet or other surviving entity immediately after such consolidation, merger, reorganization, business combination or transaction;

(ii) the sale or disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of Signet to any Person;

(iii) during any period of twelve consecutive months, individuals who as of the beginning of such period constituted the entire Board (together with any new directors whose election by such Board or nomination for election by Signet's shareholders was approved by a vote of at least two-thirds of the directors of Signet, then still in office, who were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority thereof; of

(iv) approval by the shareholders of Signet of a complete liquidation or dissolution of Signet.

(f) "Compensation Committee" means the compensation committee of the Board.

(g) "Disability" means any physical or mental disability during the term of the Executive's Employment that renders the Executive incapable of performing the services required of the Executive for any period or periods aggregating six months during any twelve- month period. For purposes of the foregoing, the Executive's physical or mental disability shall be determined in accordance with any disability plan of or applicable to the Company that is then in effect.

(h) "Good Reason" means within one (1) year following a Change of Control and without the Executive's prior written consent: (A) any material reduction in Executive's target or maximum potential annual compensation opportunities as set forth on the attached Schedule 1; (B) a material diminution in Executive's authority, duties or responsibilities as set forth on Schedule 1; (C) any requirement that the Executive relocate Executive's principal place of employment by more than fifty miles from Akron, Ohio and from Executive's principal residence; or (D) a material breach by the Company of its payment obligations to the Executive as set forth on Schedule 1, which breach remains uncured for thirty days following written notice thereof provided by the Executive to the Company; provided that, no event described in clauses (A) - (D) shall constitute Good Reason unless (i) Executive has given the Company written notice of the termination, setting forth the conduct of the Company that is alleged to constitute Good Reason, within ninety 90 days following the first occurrence of such event, and (ii) Executive has provided the Company at least thirty (30) days following the date on which such notice is provided to cure such conduct and the Company has failed to do so.

(i) "Long Term Incentive Plan" means the long-term incentive plan then in effect, as approved by the Compensation Committee or its designee.

(j) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

2. Termination. The Executive's employment with the Company is "at-will" and shall continue until terminated either by the Company at any time by notifying the Executive in writing or by the Executive at any time upon at least three hundred and sixty (360) days' prior written notice to the Company. The provisions of this Agreement exclusively shall govern the Executive's rights upon termination of employment with the Company and its affiliates.

(a) Termination By the Company For Cause; Resignation by the Executive. If the Executive's employment with the Company is terminated by the Company for Cause (as defined below) or if the Executive resigns for any reason or no reason, the Executive shall be entitled to receive solely the following: (i) base salary and accrued and unused vacation through the date of termination in accordance with the Company's normal payroll practices; (ii) any Annual Bonus or Long Term Incentive

Plan payment that has been earned by the Executive for a completed fiscal year (or with respect to a Long Term Incentive Plan payment, a completed performance cycle) ending prior to the effective date of the Executive's date of termination but which remains unpaid as of such date payable in accordance with the applicable Plan; and (iii) any vested benefits to which the Executive is entitled under the employee benefit plans of the Company, payable pursuant to the terms and conditions of such benefit plans (the amounts described in clauses (i), (ii), and (iii) being referred to as the "Accrued Rights").

(b) Termination By the Company Without Cause or Resignation by the Executive for Good Reason. If the Executive's employment hereunder is terminated by the Company without Cause or if the Executive resigns for Good Reason, the Executive shall be entitled to receive solely the following in addition to the Accrued Rights, subject to Section 2(g) and the Executive's continued compliance with the provisions of Sections 3, 4 and 5:

(i) continued payment of the Executive's Base Salary in effect on the last date of the Executive's employment for twelve (12) months following such last date of employment, in accordance with the Company's standard payroll practices for executive officers;

(ii) a lump sum amount equal to the Annual Bonus the Executive would otherwise have received for the fiscal year in which the Executive's termination of employment occurred, based on actual performance, payable in a lump sum during the period commencing on the 15th of April and ending on the 31st of May following the end of the applicable fiscal year of Signet; and

(iii) in respect of each then-ongoing performance cycle under the Long Term Incentive Plan as of the date of termination, (1) with respect to awards that vest in whole or in part based on performance, at the end of each completed performance cycle for each such award, vesting shall be calculated by multiplying (A) the total number of awards that would have vested based on actual performance during the full performance cycle and (B) the quotient obtained from dividing the number of calendar days worked during the applicable performance cycle through the date of termination by the number of calendar days in such performance cycle, payable upon the conclusion of the applicable performance cycle in accordance with the Long Term Incentive Plan (but no later than the "short-term deferral" period under Section 409A (defined below)), and (2) with respect to awards that vest solely based on the provision of services, vesting, as of the date of termination of employment, shall be calculated by multiplying (A) the total number of awards that would have vested if the Executive had remained employed during the full performance cycle and (B) the quotient obtained from dividing the number of calendar days worked during the applicable performance cycle through the date of termination by the number of calendar days in such performance cycle, payable in accordance with the Long Term Incentive Plan; and

(iv) if Executive timely elects coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), a cash payment equal to the employer contribution to the premium payment for actively employed senior executives with the same level of coverage, payable monthly in accordance with the Company's standard payroll practices for twelve (12) months or until such earlier termination of COBRA coverage, with the first payment within seventy-two (72) days of the date of Executive's termination of employment as determined solely by the Company;

For the avoidance of doubt, all payments under this Section 2(b) shall cease upon the Executive's breach of the provisions of Sections 3, 4 or 5 of this Agreement.

(c) Automatic Termination Upon the Executive's Death. In the event of the Executive's death during the term of the Executive's employment, the Executive's employment and this Agreement shall automatically terminate and, in addition to the Accrued Rights and subject to Section 2(g), the Company shall pay to Executive's estate Executive's Base Salary in effect on the last date of the Executive's employment for six (6) months following such last date of employment, in accordance with the Company's standard payroll practices for executive officers and a lump sum amount equal to the pro-rata portion of the Annual Bonus (if any) for which the

Executive would have been eligible had the Executive remained employed with the Company through the end of the fiscal year in which employment terminated, based on actual performance and calculated by multiplying such amount by the quotient obtained by dividing the number of calendar days worked during the applicable fiscal year in which termination occurred by the number of calendar days in such fiscal year (which amount shall be paid during the period commencing on the 15th of April and ending on the 31st of May following the end of the applicable fiscal year of Signet). In addition, in respect of each then-ongoing performance cycle under the Long Term Incentive Plan as of the date of termination, (1) with respect to awards that vest in whole or in part based on performance, vesting, as of the date of death, shall be calculated by multiplying (A) the number of awards that would have vested upon achievement of target performance by (B) the quotient obtained from dividing the number of calendar days worked during the applicable performance cycle through the date of Executive's death by the number of calendar days in such performance cycle, payable in accordance with the Long Term Incentive Plan (but no later than the "short-term deferral" period under Section 409A (defined below)) and (2) with respect to awards that vest solely based on the provision of services, vesting, as of the date of death, shall be calculated by multiplying (A) the total number of awards that would have vested if the Executive remained employed during the full performance cycle and (B) the quotient obtained from dividing the number of calendar days worked during the applicable performance cycle through the date of Executive's death by the number of calendar days in such performance cycle, payable in accordance with the Long Term Incentive Plan.

(d) Termination due to Disability. In the event of the Executive's Disability during the term of the Executive's employment, the Company shall have the right, upon written notice to the Executive, to terminate the Executive's employment hereunder, effective upon the giving of such notice (or such later date as shall be specified in such notice). Upon such termination, in addition to the Accrued Rights, subject to Section 2(g) and the Executive's continued compliance with the provisions of Sections 3, 4 and 5, the Company shall have no further obligations hereunder beyond payment to the Executive of the pro-rata portion of the Annual Bonus (if any) for which the Executive would have been eligible had the Executive remained employed with the Company through the end of the fiscal year in which employment terminated, based on actual performance and calculated by multiplying such Annual Bonus by the quotient obtained by dividing the number of calendar days worked during the applicable fiscal year in which termination occurred by the number of calendar days in such fiscal year (which amount shall be paid during the period commencing on the 15th of April and ending on the 31st of May following the end of the applicable fiscal year of Signet). Executive's Long Term Incentive Plan awards shall be paid in accordance with the Long Term Incentive Plan and applicable award agreements. For the avoidance of doubt, all payments under this Section 2(d) shall cease upon the Executive's breach of the provisions of Sections 3, 4 or 5 of this Agreement.

(e) Notice of Termination. Any purported termination of employment by the Company or by the Executive (other than due to the Executive's death) shall be communicated by written Notice of Termination to the other Party hereto in accordance with Section 10(f).

(f) Board/Committee Resignation. Upon termination of the Executive's employment for any reason, the Executive agrees to resign at the direction of the Board or shall be deemed to have resigned, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) of any of the Company's subsidiaries or affiliates.

(g) Waiver and Release; Timing of Payments. Notwithstanding anything herein to the contrary, as a condition precedent to receiving any payments under this Section 2 (other than those amounts already accrued prior to the date of termination, including the Accrued Rights), Executive (or the Executive's estate, as applicable) shall have executed, within twenty-one days, or if required for an effective release, forty-five days, following the Executive's termination of employment, a waiver and release in substantially the form attached hereto as Exhibit A (the "Release"), which Release may be updated by the Company from time to time to reflect changes in law, and the seven-day revocation period of such Release shall have expired. Subject to Section 7(b) and the execution of the Release pursuant to this Section 2(g), all payments under this Section 2 shall be payable as described above; provided, that any payments due prior to the sixtieth day after the Executive's termination of employment shall be made on such sixtieth day.

3. Confidentiality; Ownership of Developments.

(a) During the term of the Executive's employment with the Company or any of its subsidiaries or affiliates and for all time thereafter, the Executive shall keep secret and retain in strictest confidence and not divulge, disclose, discuss, copy or otherwise use or suffer to be used in any manner, except in connection with the Business of the Company and of any of the subsidiaries or affiliates of the Company, any trade secrets, confidential or proprietary information and documents or materials owned, developed or possessed by or for the Company or any of the subsidiaries or affiliates of the Company pertaining to the Business of the Company or any of the subsidiaries or affiliates of the Company; provided that such information referred to in this Section 3(a) shall not include information that is or has become generally known to the public or the jewelry trade without violation of this Section 3.

(b) The Executive acknowledges that all developments, including, without limitation, inventions (patentable or otherwise), discoveries, improvements, patents, trade secrets, designs, reports, computer software, flow charts and diagrams, data, documentation, writings and applications thereof (collectively, "Works") relating to the Business or planned business of the Company or any of the subsidiaries or affiliates of the Company that, alone or jointly with others, the Executive may create, make, develop or acquire during the term of Executive's employment with the Company or any of its subsidiaries or affiliates (collectively, the "Developments") are works made for hire and shall remain the sole and exclusive property of the Company and its subsidiaries and affiliates and the Executive hereby assigns to the Company all of Executive's right, title and interest in and to all such Developments and Executive shall take any action reasonably necessary to achieve the foregoing result. Notwithstanding any provision of this Agreement to the contrary, "Developments" shall not include any Works that do not relate to the Business or planned business of the Company or any of the subsidiaries or affiliates of the Company.

(c) The Executive is hereby notified, in accordance with the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b), that: (i) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (iii) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order. Notwithstanding anything herein to the contrary, nothing in this Agreement shall: (i) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation; or (ii) require notification or prior approval by the Company of any reporting described in clause (i).

(d) The Executive further understands that this Agreement does not limit the Executive's ability to communicate with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange

Commission or any other federal, state or local governmental agency or commission ("Government Agencies") or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit the Executive's right to receive an award for information provided to any Government Agency.

4. Covenants Not to Solicit and Not to Compete. The Executive agrees that Executive shall not, directly or indirectly, without the prior written consent of the Company:

(a) during Executive's employment with the Company or any of its subsidiaries or affiliates and for a period of one year commencing upon termination of the Executive's employment, solicit, entice, persuade or induce any employee, consultant, agent or independent contractor of the Company or of any of the subsidiaries or affiliates of the Company to terminate his or her employment or engagement with the Company or such subsidiary or affiliate, to become employed by any person, firm or corporation other than the Company or such subsidiary or affiliate or approach any such employee, consultant, agent or independent contractor for any of the foregoing purposes; or

(b) during Executive's employment with the Company or any of its subsidiaries or affiliates and for a period of one year commencing upon termination of the Executive's employment, directly or indirectly own, manage, control, invest or participate in any way in, consult with or render services to or for any person or entity (other than for the Company or any of the subsidiaries or affiliates of the Company) which is materially engaged in the Business ("materially" meaning deriving more than 25% of its revenue from the sale of jewelry and watches per year as of the applicable date); provided that the Executive shall be entitled to own up to 1% of any class of outstanding securities of any company whose common stock is listed on a national securities exchange or included for trading on the NASDAQ Stock Market.

5. Non-Defamation and Non-Disparagement. The Executive shall not at any time, publicly or privately, verbally or in writing, directly or indirectly, make or cause to be made any defaming and/or disparaging, derogatory, misleading or false statement about the Company or its products, or any current or former directors, officers, employees, or agents of the Company, or the business strategy, plans, policies, practices or operations of the Company to any person or entity, including members of the investment community, press, customers, competitors, employees and advisors of the Company. Truthful disclosure to any government agency regarding possible violations of federal law or regulation in accordance with any whistleblower protection provisions of state or federal law or regulation shall not be deemed to violate this paragraph. Executive recognizes that the breach of this Section 5 will cause serious and irreparable injury to the Company.

6. Specific Performance. The Executive acknowledges that the services to be rendered by the Executive are of a special, unique and extraordinary character and, in connection with such services, the Executive will have access to confidential information vital to the Business of the Company and the subsidiaries and affiliates of the Company. By reason of this, the Executive consents and agrees that if the Executive violates any of the provisions of Sections 3, 4 or 5 hereof, the Company and the subsidiaries and affiliates of the Company would sustain irreparable injury and that monetary damages will not provide adequate remedy to the Company and that the Company shall be entitled to have Sections 3, 4 or 5 specifically enforced by any court having equity jurisdiction. Nothing contained herein shall be construed as prohibiting the Company or any of the subsidiaries or affiliates of the Company from pursuing any other remedies available to it for such breach or threatened breach, including, without limitation, the recovery of damages from the Executive or cessation of payments hereunder without requirement for posting a bond. In addition, to the extent allowed by law, the Executive shall be required to return to the Company any termination payments and benefits paid pursuant to Section 2 less two hundred fifty dollars ($250.00) if the Executive violates Section 3, 4 or 5.

7. Section 409A.

(a) The intent of the parties is that payments and benefit under this Agreement comply with or be exempt from Internal Revenue Code of 1986, as amended (the "Code") Section 409A and the regulations and guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith or exempt therefrom, as applicable. If any other payments of money or other benefits due to the Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, the Company may (i) adopt such amendments to the Agreement, including amendments with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Agreement and/or (ii) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Section 409A and the payment thereof prior to a "separation from service" would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then, notwithstanding any other provision herein, with regard to any payment or the provision of any benefit that is considered nonqualified deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided prior to the date which is the earlier of (A) the expiration of the six-month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7(b) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum on the first business day following the Delay Period, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(c) (i) All expenses or other reimbursements as provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event any reimbursements that are non-qualified deferred compensation subject to Section 409A of the Code shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive; (ii) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchanged for another benefit.

(d) For purposes of Section 409A, the Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(e) Nothing contained in this Agreement shall constitute any representation or warranty by the Company regarding compliance with Section 409A. The Company has no obligation to take any action to prevent the assessment of any additional income tax, interest or penalties under Section 409A on any person and the Company, its subsidiaries and affiliates, and each of their employees and representatives shall not have any liability to the Executive with respect thereto.

8. Compliance with Board Policies.

(a) The Executive shall be required to build a holding of shares of Signet common stock ("Shares") equal to a specified level as set by the Board from time to time (the "Share Ownership

Requirement") pursuant to the terms of any stock ownership policy or guidelines approved by the Board or a committee of the Board and provided to the Executive. The Share Ownership Requirement shall be required for so long as the Executive is an executive officer of the Signet Group.

(b) The Executive shall be subject to the written policies of the Board applicable to executives, including without limitation any Board policy relating to claw back of compensation, as they exist from time to time during the Executive's employment with the Company or any of its affiliates.

9. Governing Law; Jurisdiction.

(a) This Agreement shall be subject to, and governed by, the laws of the State of Ohio applicable to contracts made and to be performed therein, without regard to conflict of laws principles thereof.

(b) Any action to enforce any of the provisions of this Agreement shall be brought in a court of the State of Ohio located in Summit County or in a Federal court located in Cleveland, Ohio. The parties consent to the jurisdiction of such courts and to the service of process in any manner provided by Ohio law. Each Party irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such court and any claim that such suit, action, or proceeding brought in such court has been brought in an inconvenient forum and agrees that service of process in accordance with the foregoing sentences shall be deemed in every respect effective and valid personal service of process upon such Party.

EXECUTIVE ACKNOWLEDGES THAT, BY SIGNING THIS AGREEMENT, HE IS WAIVING ANY RIGHT THAT HE MAY HAVE TO A JURY TRIAL RELATED TO THIS AGREEMENT.

10. Miscellaneous.

(a) Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the subject matter hereto and supersedes any and all prior agreements (whether written or oral) between the Parties with respect thereto, including, without limitation, []. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(b) No Waiver. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such Party's rights or deprive such Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(c) Severability. The provisions of this Agreement are severable and the invalidity, illegality or unenforceability of any one or more provisions shall not affect the validity, legality or enforceability of any other provision. In the event that a court of competent jurisdiction shall determine that any provision of this Agreement or the application thereof is unenforceable in whole or in part because of the duration or scope thereof, the parties hereto agree that said court in making such determination shall have the power to reduce the duration and scope of such provision to the extent necessary to make it enforceable, and that the Agreement in its reduced form shall be valid and enforceable to the full extent permitted by law.

(d) Assignment. This Agreement and all of the Executive's rights and duties hereunder shall not be assignable or delegable by the Executive. Any purported assignment or delegation by the Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by the Company to, or assumed by, a person or entity which is an affiliate of the Company or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(e) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. In the event of the Executive's death, all amounts payable hereunder to the Executive that are then unpaid, shall be paid to the Executive's beneficiary designated by him in writing to the Company or, in the absence of such designation, to Executive's estate.

(f) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Sterling Jewelers Inc.
375 Ghent Road
Akron, Ohio 44333
Attn: Chief Legal, Risk & Corporate Affairs Officer

with copies to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153-0119
Attn: Michael J. Aiello

If to the Executive:

To Executive's last address set forth on the payroll records of the Company

(g) Cooperation. The Executive shall be reasonably available to assist and otherwise advise and consult with the Company in transitioning responsibilities to other employees of the Company. The Executive shall provide full and continued cooperation in good faith with the Company, its subsidiaries and affiliates and its legal counsel, as may be necessary or appropriate: (i) to respond truthfully to any inquiries that may arise with respect to matters that the Executive was responsible for or involved with during the Executive's employment with the Company; (ii) to furnish to the Company, as reasonably requested by the Company, from time to time, the Executive's honest and good faith advice, information, judgment and knowledge with respect to all practices at the Company, and employees of the Company; (iii) in connection with any defense, prosecution or investigation of any and all actual, threatened, potential or pending court or administrative proceedings or other legal matters in which the Executive may be involved as a party and/or in which the Company determines, in its sole discretion, that the Executive is a relevant witness and/or possesses relevant information; and (iv) in connection with any and all legal matters relating to the Company, its subsidiaries and affiliates, and each of their respective past and present employees, managers, directors, officers, administrators, shareholders, members, agents, and attorneys, in which the Executive may be called as an involuntary witness (by subpoena or other compulsory process) served by any third-party, including, without limitation, providing the Company with written notice of any subpoena or other compulsory process served on the Executive within forty-eight (48) hours of its occurrence.

In connection with the matters described in this Section 10(g), the Executive agrees to notify, truthfully communicate and be represented by, and provide requested information to, the Company's counsel, to fully cooperate and work in good faith with such counsel with respect to, and in preparation for, any response to a subpoena or other compulsory process served upon the Executive, any depositions, interviews, responses, appearances or other legal matters, and to testify truthfully and honestly with respect to all matters. For the avoidance of doubt, the Company has no obligation to provide the Executive with separate counsel in connection with any such matter. The Company shall reimburse the Executive for reasonable expenses, such as travel, lodging and meal expenses, incurred by the Executive pursuant to this Section 10(g) at the Company's request, and consistent with the Company's policies for employee expenses.

The Executive further acknowledges that all documents prepared by the Company pertaining to the affairs of the Company or any legal matter relating to the Company, which may be provided to the Executive or to which the Executive may be given access pursuant to this Section 10(g) in connection with the Executive's cooperation hereunder with respect to any legal matter relating to the Company, are, and shall remain, the property of the Company at all times. Except as required by applicable law or court order, the Executive shall not disclose any information or materials received in connection with any legal matter relating to the Company.

All communications by the Company, its subsidiaries and/or affiliates, and its lawyers to the Executive and all communications by the Executive to the Company, its subsidiaries and/or affiliates and its lawyers, in connection with any legal matter relating to the Company, its subsidiaries and/or affiliates, shall, to the fullest extent permitted by law, be privileged and confidential and subject to the work product doctrine. No such communication, information, or work product shall be divulged by the Executive to any person or entity, except at the specific direction of an authorized representative of the Company and its lawyers.

The Executive further agrees that the Executive must also: (i) complete any outstanding performance evaluations; (ii) repay any outstanding bills, advances, debts, etc., due to the Company, as of the date of Executive's termination of employment; and (iii) cooperate with the Company in performing all transition and other matters required by the Company prior to the date of Executive's termination of employment.

Executive recognizes that the breach of this Section 10(g) will cause serious and irreparable injury to the Company. In addition, to the extent allowed by law, the Executive shall be required to return to the Company any termination payments and benefits paid pursuant to Section 2 less two hundred fifty dollars ($250.00) if the Executive violates this Section 10(g).

(h) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(i) Survival. The provisions of Sections 3, 4, 5, 6, 8, 9 and 10 of this Agreement shall survive the expiration or termination of this Agreement and the Executive's employment hereunder, irrespective of the reason for any termination

(j) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the last date written below.

STERLING JEWELERS INC.

By:______________________
Name:
Title:
Date:

EXECUTIVE

____

[]

Date:

SCHEDULE 1

EMPLOYMENT TERMS, DUTIES AND ENTITLEMENTS

Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Termination Protection Agreement, dated as of [], by and among Sterling Jewelers Inc. (the "Company") and [] (the "Executive") to which this Schedule 1 is attached (the "Agreement").

Position	[]
Reporting Line	Executive shall report to []
Location	[]
Duties	[]
Annual Base Salary	[]
Annual Bonus	[]
Long Term Incentive Plan	[]
Employee Benefits	Eligible for all Company health, life and disability insurance and other welfare, and retirement, savings, deferred compensation and fringe employee benefit plans, as in effect from time to time, on the same basis as those benefits are generally made available to senior executives of the Company. Eligible for reimbursement of reasonable business expenses incurred by the Executive during employment in the performance of the Executive's duties, in accordance with Company policies and subject to timely submission of reimbursement requests.
Time Off	Executive shall be entitled to time off as provided under the Signet US Time Off Program, as in effect from time to time.
Director and Officer Insurance	The Company shall keep in force for the Executive coverage under a directors and officers liability insurance policy, such coverage to be at a level no less than that maintained for substantially all of the executive officers of the Company or Signet (during the period the Executive is an executive officer of Signet) and substantially all of the members of the Board of Directors Signet (during any period the Executive is a member of the Board of Directors of Signet).
Executive Representations	Executive represents and warrants to the Company that the performance by Executive of the duties set forth on the Agreement and this Schedule 1 shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which the Executive is a party or otherwise bound.

EXHIBIT A

RELEASE

This RELEASE (“Release”) dated as of ___________, 20__ between Sterling Jewelers Inc., a Delaware corporation (the “Company”), and [] (the “Executive”).

WHEREAS, the Company and the Executive previously entered into that certain Termination Protection Agreement dated [] (the “Agreement”); and

WHEREAS, the Executive's employment with the Company has terminated effective ______ __, 20__ (“Termination Date”);

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein and in the Agreement, the Company and the Executive agree as follows:

1. Capitalized terms not defined herein shall have the meaning as defined under the Agreement.
2. In consideration of the Executive’s release under Paragraph 3 hereof, the Company shall pay to the Executive or provide benefits to the Executive as set forth in Section 2, as applicable, of the Agreement, which is attached hereto and made a part hereof.
3. The Executive, on Executive’s own behalf and on behalf of Executive’s heirs, estate and beneficiaries, does hereby release the Company, and in such capacities, any of its parent corporations, subsidiaries, or affiliates, and each past or present officer, director, agent, employee, shareholder, and insurer of any such entities (collectively, the “Released Parties”), from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, from the beginning of time, including those that arose as a consequence of Executive’s employment with the Company or any of the Release Parties, or arising out of the termination of such employment relationship, or arising out of any act committed or omitted during or after the existence of such employment relationship, all up through and including the date on which this Release is executed, including, without limitation, any tort and/or contract claims, common law or statutory claims, claims under any local, state or federal wage and hour law, wage collection law or labor relations law, claims under any common law or other statute, ordinances and regulations, claims of age, race, sex, sexual orientation, marital status, parental status, veteran status, religious, disability, national origin, ancestry, citizenship, retaliation or any other claim of employment discrimination or harassment, including, but not limited to under Title VII of the Civil Rights Acts of 1964 and 1991, as amended (42 U.S.C. §§ 2000e *et seq.*), the Age Discrimination in Employment Act, as amended (29 U.S.C. §§ 621, *et seq.*), the Americans with Disabilities Act (42 U.S.C. §§ 12101 *et seq.*), the Rehabilitation Act of 1973 (29 U.S.C. §§ 701 *et seq.*), the Family and Medical Leave Act (29 U.S.C. §§ 2601 *et seq.*), the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. §§ 1001 *et seq.*), the Worker Adjustment and Retraining Notification Act (29 U.S.C. §§ 2101 *et seq.*), the Ohio Civil Rights Act (Ohio Rev. Code. Ann. §§ 4112.01-4112.99), the Ohio Whistleblower’s Protection Statute (Ohio Rev. Code Ann. §§ 4113.51-4113.53), and any other law (including any federal, state or local law or ordinance) prohibiting employment discrimination or relating to employment, retaliation in employment, termination of employment, wages, benefits or otherwise that may legally be waived and released. Nothing in this Release shall be construed to prohibit the Executive from filing a charge with or participating in any investigation or proceeding by a government agency charged with enforcement of any law. Notwithstanding, the Executive agrees to waive the Executive’s right to recover monetary damages in any charge, complaint, or lawsuit filed by the Executive or by anyone else on the Executive’s behalf, except that nothing in this Release shall be construed to limit the Executive’s right to receive any monetary award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934. The Executive relinquishes any right to future employment with the Company or any of the Released Parties, and agrees not to seek future re-employment with the Company or any of the Released Parties. The Executive acknowledges that the Company shall have the right to refuse to re-employ the Executive without liability of the Company or any of the

Released Parties. The Executive acknowledges and agrees that even though claims and facts in addition to those now known or believed by him to exist may subsequently be discovered, it is the intention of the Executive and the Company in executing this Release that the general release in this Paragraph 3 shall be effective as a full and final accord and satisfaction, and release of and from all liabilities, disputes, claims and matters covered under the general release in this Paragraph 3, known or unknown, suspected or unsuspected. The furnishing of termination payments and/or benefits under the Agreement will not be deemed an admission of liability or wrongdoing by the Company.

4. The Company and the Executive acknowledge and agree that the release contained in Paragraph 3 does not, and shall not be construed to, release or limit the scope of any existing obligation of the Company and/or any of its subsidiaries or affiliates (i) to indemnify the Executive for Executive's acts as an officer or director of Company in accordance with the Certificate of Incorporation and all agreements thereunder, (ii) to pay any amounts or benefits pursuant to Paragraph 2 of this Release or any Accrued Rights (as defined in the Agreement) to which the Executive is entitled under the Agreement, (iii) with respect to the Executive's rights as a shareholder of the Company, Signet or any of their subsidiaries, (iv) to pay wages that are undisputedly due or to become due, or (v) for claims that cannot lawfully be waived.

5. The Executive acknowledges that pursuant to the general release set forth in Paragraph 3 above, the Executive is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that Executive's waiver and release of such rights is knowing and voluntary. The Executive acknowledges that the consideration given for the ADEA waiver and release under this Release is in addition to anything of value to which Executive was already entitled. The Executive further acknowledges that he has been advised by this writing that:

(i) Executive should consult with an attorney prior to executing this Release and has had an opportunity to do so;

(ii) Executive has twenty-one (21) days within which to consider this ADEA waiver and release;

(iii) Executive has seven (7) days following Executive's execution of this Release to revoke this ADEA waiver and release, but only by providing written notice of such revocation to the Company in accordance with the "Notice" provision in Section 10(f) of the Agreement;

(iv) the ADEA waiver and release shall not be effective until the seven (7) day revocation period has expired; and

(v) the twenty-one (21) day period set forth above shall run from the date Executive receives this Release. The Parties agree that any modifications made to this Release prior to its execution shall not restart, or otherwise affect, this twenty-one day (21) period.

It is the intention of the parties in executing this Release that this Release shall be effective as a full and final accord and satisfaction and release of and from all liabilities, disputes, claims and matters covered under this Release, known or unknown, suspected or unsuspected.

6. This Release shall become effective on the first (1st) day following the day that this Release becomes irrevocable under Paragraph 5. All payments due to the Executive shall be payable in accordance with the terms of the Agreement.

[remainder of page intentionally blank]

[SIGNATURE PAGE TO RELEASE]

IN WITNESS WHEREOF, the parties have executed this Release on the date first above written.

STERLING JEWELERS INC.

By:

Name:
Title:

[]

SCHEDULE 10.32

Name	**Agreement Date**	**Notable Variations (if any)**
Bill Brace	November 26, 2018	
Lynn Dennison	October 15, 2015, as amended March 20, 2017	Omits Section 5, Non-Defamation and Non-Disparagement
Mary Liz Finn	November 29, 2018	
Joan Hilson	March 11, 2019	Provides for a 90-day prior notice for an “at will” termination by the Company under Section 2 instead of the standard 360 day prior notice. Provides for mutual non-defamation and non-disparagement under Section 5.
Steve Lovejoy	December 21, 2018	
Bill Luth	February 20, 2018	
Howard Melnick	February 4, 2018	
Jamie Singleton	October 17, 2018	

SUBSIDIARIES OF REGISTRANT

The following is a list of subsidiaries of the Company as of February 1, 2020 omitting subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

NAME	WHERE INCORPORATED
Sterling Inc.	Ohio, USA
Signet Service Plans, Inc.	Ohio, USA
Sterling Jewelers Inc.	Delaware, USA
Signet US Holdings Inc.	Delaware, USA
Signet Group Treasury Services Inc.	Delaware, USA
Zale Corporation	Delaware, USA
Zale Delaware, Inc.	Delaware, USA
Zale Canada Co.	Canada
Signet Group Limited	England
Signet UK Finance plc	England
Signet Holdings Limited	England
Signet Trading Limited	England
Signet Bermuda Finance Limited	Bermuda
Signet Global Insurance Services Limited	Bermuda
Signet Bermuda Limited	Bermuda
Signet Malta Finance Limited	Malta
Signet Ireland Finance Limited	Ireland
SJI Ireland Limited	Ireland

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Signet Jewelers Limited:

We consent to the incorporation by reference in the registration statement (Nos. 333-159987, 333-153435, 333-09634, 333-134192, 333-12304, 333-153422, 333-08964, and 333-225653) on Forms S-8 and (Nos. 333-195865-18 and 333-214462) on Forms S-3 of Signet Jewelers Limited of our report dated March 26, 2020, with respect to the consolidated balance sheets of Signet Jewelers Limited and subsidiaries as of February 1, 2020 and February 2, 2019, the related consolidated statements of operations, statements of comprehensive income, statements of cash flows, and statements of shareholders' equity for the 52 week periods ended February 1, 2020 and February 2, 2019, and the 53 week period ended February 3, 2018, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of February 1, 2020, which report appears in the February 1, 2020 annual report on Form 10-K of Signet Jewelers Limited.

Our report on the consolidated financial statements refers to a change to the accounting for leases due to the adoption of ASU 2016-02, *Leases (Topic 842)* and ASU 2018-11, *Leases (Topic 842)*: Targeted Improvements, and a change to the accounting for revenue recognition due to the adoption of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

/s/ KPMG LLP

Cleveland, Ohio
March 26, 2020

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 26, 2020

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 26, 2020

By:	/s/ Joan Hilson
Name:	Joan Hilson
Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting 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 February 1, 2020, 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 26, 2020

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 February 1, 2020, 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 26, 2020

By:	/s/ Joan Hilson
Name:	Joan Hilson
Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)