

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

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**FORM 10-Q**

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

For the quarterly period ended: **October 1, 2022**

**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: **001-31410**

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**PRIMO WATER CORPORATION**

(Exact name of registrant as specified in its charter)

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<b>Ontario</b> (State or Other Jurisdiction of Incorporation or Organization)	<b>98-0154711</b> (IRS Employer Identification No.)
<b>1150 Assembly Dr.</b>	
<b>Suite 800</b>	
<b>Tampa, Florida</b>	<b>33607</b>
<b>United States</b> (Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(813) 544-8515**

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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, no par value per share	PRMW	New York Stock Exchange Toronto Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at November 7, 2022</u>
Common Shares, no par value per share	159,788,402

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

**Primo Water Corporation**  
**Consolidated Statements of Operations**  
*(in millions of U.S. dollars, except share and per share amounts)*  
 Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
<b>Revenue, net</b>	\$ 584.6	\$ 550.8	\$ 1,682.1	\$ 1,555.3
Cost of sales	236.4	242.4	702.0	685.2
<b>Gross profit</b>	<b>348.2</b>	<b>308.4</b>	<b>980.1</b>	<b>870.1</b>
Selling, general and administrative expenses	297.3	263.6	867.2	771.5
Loss on disposal of property, plant and equipment, net	2.6	—	4.4	5.4
Acquisition and integration expenses	3.3	2.6	12.5	6.3
Impairment charges	—	—	29.1	—
<b>Operating income</b>	<b>45.0</b>	<b>42.2</b>	<b>66.9</b>	<b>86.9</b>
Other expense, net	21.2	4.3	34.6	29.5
Interest expense, net	17.4	16.7	51.3	53.4
<b>Income (loss) before income taxes</b>	<b>6.4</b>	<b>21.2</b>	<b>(19.0)</b>	<b>4.0</b>
Income tax expense	5.1	3.1	8.9	4.4
<b>Net income (loss)</b>	<b>\$ 1.3</b>	<b>\$ 18.1</b>	<b>\$ (27.9)</b>	<b>\$ (0.4)</b>
<b>Net income (loss) per common share</b>				
Basic	\$ 0.01	\$ 0.11	\$ (0.17)	\$ —
Diluted	\$ 0.01	\$ 0.11	\$ (0.17)	\$ —
<b>Weighted average common shares outstanding (in thousands)</b>				
Basic	161,117	160,481	161,064	160,892
Diluted	161,988	161,932	161,064	160,892

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

**Primo Water Corporation**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
*(in millions of U.S. dollars)*  
*Unaudited*

	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net income (loss)	\$ 1.3	\$ 18.1	\$ (27.9)	\$ (0.4)
Other comprehensive income:				
Currency translation adjustment	3.4	1.2	5.1	9.7
<b>Comprehensive income (loss)</b>	<b>\$ 4.7</b>	<b>\$ 19.3</b>	<b>\$ (22.8)</b>	<b>\$ 9.3</b>

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

**Primo Water Corporation**  
**Consolidated Balance Sheets**  
*(in millions of U.S. dollars, except share amounts)*  
*Unaudited*

	<u>October 1, 2022</u>	<u>January 1, 2022</u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 95.5	\$ 128.4
Accounts receivable, net of allowance of \$21.2 (\$20.8 as of January 1, 2022)	287.4	261.6
Inventories	113.5	94.6
Prepaid expenses and other current assets	47.4	25.2
<b>Total current assets</b>	<b>543.8</b>	<b>509.8</b>
Property, plant and equipment, net	693.5	718.1
Operating lease right-of-use-assets	178.9	177.4
Goodwill	1,267.1	1,321.4
Intangible assets, net	890.6	969.8
Other long-term assets, net	27.0	26.9
<b>Total assets</b>	<b>\$ 3,600.9</b>	<b>\$ 3,723.4</b>
<b>LIABILITIES AND EQUITY</b>		
<i>Current liabilities</i>		
Short-term borrowings	\$ 248.1	\$ 222.1
Current maturities of long-term debt	16.2	17.7
Accounts payable and accrued liabilities	425.3	437.7
Current operating lease obligations	30.5	32.3
<b>Total current liabilities</b>	<b>720.1</b>	<b>709.8</b>
Long-term debt	1,239.3	1,321.1
Operating lease obligations	152.7	148.7
Deferred tax liabilities	160.6	158.8
Other long-term liabilities	65.5	64.9
<b>Total liabilities</b>	<b>2,338.2</b>	<b>2,403.3</b>
<i>Shareholders' Equity</i>		
Common shares, no par value - 160,435,322 (January 1, 2022 - 160,732,552) shares issued	1,286.6	1,286.9
Additional paid-in-capital	90.4	85.9
(Accumulated deficit) retained earnings	(50.3)	16.4
Accumulated other comprehensive loss	(64.0)	(69.1)
<b>Total shareholders' equity</b>	<b>1,262.7</b>	<b>1,320.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,600.9</b>	<b>\$ 3,723.4</b>

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

**Primo Water Corporation**  
**Consolidated Statements of Cash Flows**  
*(in millions of U.S. dollars)*  
*Unaudited*

	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 1.3	\$ 18.1	\$ (27.9)	\$ (0.4)
<b>Adjustments to reconcile net income (loss) to cash flows from operating activities of continuing operations:</b>				
Depreciation and amortization	59.6	53.3	181.0	158.4
Amortization of financing fees	0.8	0.8	2.5	2.5
Share-based compensation expense	3.2	3.8	10.7	10.0
Provision for deferred income taxes	3.7	1.9	5.2	1.3
Loss on extinguishment of debt	—	—	—	27.2
Gain on sale of business	—	—	(0.4)	—
Impairment charges	—	—	29.1	—
Loss on disposal of property, plant and equipment, net	2.6	—	4.4	5.4
Other non-cash items	21.9	3.9	35.0	2.9
Change in operating assets and liabilities, net of acquisitions:				
Accounts receivable	(12.9)	(3.3)	(46.1)	(65.2)
Inventories	(7.4)	(9.6)	(26.5)	(12.7)
Prepaid expenses and other current assets	4.3	3.6	(0.9)	(0.6)
Other assets	(0.2)	0.1	(0.2)	0.4
Accounts payable and accrued liabilities and other liabilities	15.8	10.8	17.1	42.5
Net cash provided by operating activities from continuing operations	92.7	83.4	183.0	171.7
<b>Cash flows from investing activities of continuing operations:</b>				
Acquisitions, net of cash received	(5.3)	(12.9)	(12.7)	(13.2)
Additions to property, plant and equipment	(70.0)	(37.5)	(155.2)	(99.3)
Additions to intangible assets	(4.0)	(2.6)	(8.9)	(6.7)
Proceeds from sale of property, plant and equipment	0.6	0.7	1.6	1.4
Other investing activities	(2.1)	(1.2)	(1.7)	(1.2)
Net cash used in investing activities from continuing operations	(80.8)	(53.5)	(176.9)	(119.0)

<b>Cash flows from financing activities of continuing operations:</b>				
Payments of long-term debt	(4.2)	(3.5)	(13.9)	(760.5)
Issuance of long-term debt	—	—	—	750.0
Proceeds from short-term borrowings	12.0	38.2	22.0	83.2
Payments on short-term borrowings	—	(18.0)	—	(28.0)
Premiums and costs paid upon extinguishment of long-term debt	—	—	—	(20.6)
Issuance of common shares	0.5	3.4	2.1	19.1
Common shares repurchased and canceled	(11.0)	(29.3)	(13.0)	(45.6)
Financing fees	—	—	—	(11.3)
Dividends paid to common shareholders	(11.3)	(9.6)	(34.2)	(29.2)
Payment of deferred consideration for acquisitions	(2.2)	—	(2.3)	(1.8)
Other financing activities	1.4	1.1	6.0	5.4
Net cash used in financing activities from continuing operations	(14.8)	(17.7)	(33.3)	(39.3)
<b>Cash flows from discontinued operations:</b>				
Operating activities of discontinued operations	—	0.1	—	(1.7)
Investing activities of discontinued operations	—	—	—	—
Financing activities of discontinued operations	—	—	—	—
Net cash provided by (used in) discontinued operations	—	0.1	—	(1.7)
Effect of exchange rate changes on cash	(3.8)	(1.2)	(5.7)	(1.5)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(6.7)</b>	<b>11.1</b>	<b>(32.9)</b>	<b>10.2</b>
Cash and cash equivalents and restricted cash, beginning of period	102.2	114.2	128.4	115.1
Cash and cash equivalents and restricted cash, end of period	\$ 95.5	\$ 125.3	\$ 95.5	\$ 125.3
<b>Supplemental Non-cash Investing and Financing Activities:</b>				
Accrued deferred financing fees	\$ —	\$ 0.2	\$ —	\$ 0.2
Dividends payable issued through accounts payable and accrued liabilities	0.1	0.1	0.5	0.2
Additions to property, plant and equipment through accounts payable and accrued liabilities and other liabilities	22.8	22.4	24.7	29.7
Financing lease right-of-use assets obtained in exchange for lease obligations	2.0	2.1	5.4	8.0
Operating lease right-of-use assets obtained in exchange for lease obligations	23.6	2.5	39.4	20.7
<b>Supplemental Disclosures of Cash Flow Information:</b>				
Cash paid for interest	\$ 4.3	\$ 2.6	\$ 37.2	\$ 42.8
Cash paid for income taxes, net	1.2	1.5	3.7	7.7

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

**Primo Water Corporation**  
**Consolidated Statements of Equity**  
*(in millions of U.S. dollars, except share and per share amounts)*  
*Unaudited*

	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid- in-Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Balance at July 2, 2022</b>	161,209	\$ 1,292.6	\$ 87.3	\$ (35.7)	\$ (67.4)	\$ 1,276.8
Net income	—	—	—	1.3	—	1.3
Other comprehensive income, net of tax	—	—	—	—	3.4	3.4
Common shares dividends (\$0.07 per common share)	—	—	—	(11.5)	—	(11.5)
Share-based compensation	—	—	3.2	—	—	3.2
Common shares repurchased and canceled	(814)	(6.6)	—	(4.4)	—	(11.0)
Common shares issued - Equity Incentive Plan	7	0.2	(0.1)	—	—	0.1
Common shares issued - Employee Stock Purchase Plan	33	0.4	—	—	—	0.4
<b>Balance at October 1, 2022</b>	<b>160,435</b>	<b>\$ 1,286.6</b>	<b>\$ 90.4</b>	<b>\$ (50.3)</b>	<b>\$ (64.0)</b>	<b>\$ 1,262.7</b>

	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid- in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Balance at January 1, 2022</b>	160,732	\$ 1,286.9	\$ 85.9	\$ 16.4	\$ (69.1)	\$ 1,320.1
Net loss	—	—	—	(27.9)	—	(27.9)
Other comprehensive income, net of tax	—	—	—	—	5.1	5.1
Common shares dividends (\$0.21 per common share)	—	—	—	(34.4)	—	(34.4)
Share-based compensation	—	—	10.7	—	—	10.7
Common shares repurchased and canceled	(949)	(8.6)	—	(4.4)	—	(13.0)
Common shares issued - Equity Incentive Plan	559	6.9	(6.0)	—	—	0.9
Common shares issued - Dividend Reinvestment Plan	1	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	92	1.4	(0.2)	—	—	1.2
<b>Balance at October 1, 2022</b>	<b>160,435</b>	<b>\$ 1,286.6</b>	<b>\$ 90.4</b>	<b>\$ (50.3)</b>	<b>\$ (64.0)</b>	<b>\$ 1,262.7</b>

	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid- in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Balance at July 3, 2021</b>	161,604	\$ 1,287.7	\$ 80.1	\$ 36.4	\$ (78.2)	\$ 1,326.0
Net income	—	—	—	18.1	—	18.1
Other comprehensive income, net of tax	—	—	—	—	1.2	1.2
Common shares dividends (\$0.06 per common share)	—	—	—	(9.7)	—	(9.7)
Share-based compensation	—	—	3.8	—	—	3.8
Common shares repurchased and canceled	(1,783)	(14.2)	—	(15.1)	—	(29.3)
Common shares issued - Equity Incentive Plan	289	3.9	(0.8)	—	—	3.1
Common shares issued - Employee Stock Purchase Plan	25	0.4	(0.1)	—	—	0.3
<b>Balance at October 2, 2021</b>	<b>160,135</b>	<b>\$ 1,277.8</b>	<b>\$ 83.0</b>	<b>\$ 29.7</b>	<b>\$ (77.0)</b>	<b>\$ 1,313.5</b>

	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid- in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Balance at January 2, 2021</b>	160,406	\$ 1,268.0	\$ 84.5	\$ 81.1	\$ (86.7)	\$ 1,346.9
Net loss	—	—	—	(0.4)	—	(0.4)
Other comprehensive income, net of tax	—	—	—	—	9.7	9.7
Common shares dividends (\$0.18 per common share)	—	—	—	(29.2)	—	(29.2)
Share-based compensation	—	—	10.0	—	—	10.0
Common shares repurchased and canceled	(2,765)	(23.8)	—	(21.8)	—	(45.6)
Common shares issued - Equity Incentive Plan	2,408	32.2	(11.3)	—	—	20.9
Common shares issued - Dividend Reinvestment Plan	1	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	85	1.4	(0.2)	—	—	1.2
<b>Balance at October 2, 2021</b>	<b>160,135</b>	<b>\$ 1,277.8</b>	<b>\$ 83.0</b>	<b>\$ 29.7</b>	<b>\$ (77.0)</b>	<b>\$ 1,313.5</b>

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



**Primo Water Corporation**  
**Notes to the Consolidated Financial Statements**  
**Unaudited**

**Note 1—Business and Recent Accounting Pronouncements**

***Description of Business***

As used herein, “Primo,” “the Company,” “our Company,” “Primo Water Corporation,” “we,” “us,” or “our” refers to Primo Water Corporation, together with its consolidated subsidiaries. Primo is a leading provider of sustainable drinking water solutions in North America and Europe. Primo operates largely under a recurring razor/razorblade revenue model. The razor in Primo’s revenue model is its industry leading line-up of sleek and innovative water dispensers, which are sold through retailers and online at various price points. The dispensers help increase household penetration, which drives recurring purchases of Primo’s razorblade offering. Primo’s razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo delivers sustainable hydration solutions across its 21-country footprint direct to the customer’s door, whether at home or to businesses. Through its Water Exchange and Water Refill businesses, Primo offers pre-filled and reusable containers at over 14,000 locations, water dispenser sales at approximately 10,000 locations and water refill units at approximately 24,000 locations, respectively. Primo also offers water filtration units across its 21-country footprint.

Primo’s water solutions expand consumer access to purified, spring and mineral water to promote a healthier, more sustainable lifestyle while simultaneously reducing plastic waste and pollution. Primo is committed to its water stewardship standards and is proud to partner with the International Bottled Water Association in North America as well as with Watercoolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection. Environmental stewardship is a part of who we are, and we have worked to progressively achieve carbon neutrality throughout our organization. Our European operations have maintained carbon neutrality for more than ten years, and our U.S. operations achieved carbon neutral certification in 2020 under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. In 2021, the Company achieved carbon neutrality on a global basis. In late 2021, Primo announced its planned exit from the North American small-format retail water business. This business is relatively small and uses predominantly single-use plastic bottles. The exit from this category is estimated to reduce single-use retail water bottles from our production environment by more than 400 million, annually, while also improving overall margins. The exit was completed during the second quarter of 2022.

During the second quarter of 2022, our Board of Directors approved the exit of our business in Russia. Accordingly, we recorded an impairment charge of \$11.2 million during the second quarter to reduce the carrying value of the assets to the estimated fair value less costs to sell. Separately, we reviewed and realigned our reporting segments, as further described in "Changes in Presentation" below. The decision to exit our business in Russia and the realignment of segments resulted in a triggering event for goodwill and intangible assets with indefinite lives requiring quantitative assessments for the combined Eden business immediately before the realignment of segments and for the Eden Europe and Israel businesses upon realignment of segments. These assessments resulted in recording a goodwill impairment charge of \$11.2 million due to a decrease in cash flows associated with the exit of our business in Russia and recording a trademark impairment charge of \$6.7 million primarily due to a decrease in the royalty rate used in the quantitative analysis. These impairment charges, along with the impairment charge of \$11.2 million to reduce the carrying value of the Russia business to its estimated fair value less costs to sell, resulted in total impairment charges of \$29.1 million which are included within impairment charges on the Consolidated Statements of Operations for the nine months ended October 1, 2022. All impairment charges are included in the Europe reporting segment. During the three months ended October 1, 2022, we did not identify any triggering events, and thus, there were no impairment charges recorded during the third quarter of 2022. The exit of our business in Russia was completed on July 19, 2022 and there was no material change to the charges recorded during the second quarter upon sale.

During the second quarter of 2022, our Board of Directors approved the sale of four of our owned real properties. The sales are expected to be completed within the next year. Accordingly, we classified the land and buildings as held for sale (assets held for sale of \$21.6 million are included within prepaid expenses and other current assets).

### ***Basis of Presentation***

The accompanying interim unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. The Consolidated Balance Sheet as of January 1, 2022 included herein was derived from the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2022 (our "2021 Annual Report"). This Quarterly Report on Form 10-Q should be read in conjunction with the annual audited Consolidated Financial Statements and accompanying notes in our 2021 Annual Report. The accounting policies used in these interim Consolidated Financial Statements are consistent with those used in the annual Consolidated Financial Statements.

The presentation of these interim Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes.

### ***Changes in Presentation***

During the second quarter of 2022, we reviewed and realigned our reporting segments to reflect how the business will be managed and evaluated by the Chief Executive Officer, who is the Company's chief operating decision maker. Following such review, certain of our businesses previously included in the Rest of World segment (now renamed "Europe") were realigned between the Europe reporting segment and the Other category. Our two reporting segments are as follows: North America (which includes our DS Services of America, Inc. ("DSS"), Aquaterra Corporation ("Aquaterra"), Mountain Valley Spring Company ("Mountain Valley") and Legacy Primo businesses) and Europe (which includes the European business of Eden Springs Netherlands B.V. ("Eden Europe"), Decantae Mineral Water Limited ("Decantae") and Fonthill Waters Ltd ("Fonthill") businesses). The Other category includes the Israel business of Eden ("Eden Israel"), Aimia Foods Limited ("Aimia") and John Farrer & Company Limited ("Farrers") businesses, as well as our corporate oversight function and other miscellaneous expenses. Segment reporting results have been recast to reflect these changes for all periods presented.

### ***COVID-19 Pandemic***

In response to the novel coronavirus ("COVID-19") pandemic, certain government authorities have enacted programs which provide various economic stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll and other tax remittances to future years and wage subsidies as reimbursement for a portion of certain furloughed employees' salaries. During the three and nine months ended October 1, 2022, we received wage subsidies under these programs totaling nil and \$0.3 million, respectively, compared to \$0.2 million and \$2.4 million, for the three and nine months ended October 2, 2021, respectively. We review our eligibility for these programs for each qualifying period and account for such wage subsidies on an accrual basis when the conditions for eligibility are met. We have adopted an accounting policy to present wage subsidies as a reduction of selling, general and administrative ("SG&A") expenses. In addition, deferred payroll and other taxes totaling \$7.5 million were included in accounts payable and accrued liabilities on our Consolidated Balance Sheets as of October 1, 2022 and January 1, 2022.

### ***Significant Accounting Policies***

Included in Note 1 of our 2021 Annual Report is a summary of the Company's significant accounting policies. Provided below is a summary of additional accounting policies that are significant to the financial results of the Company.

#### ***Cost of sales***

We record costs associated with the manufacturing of our products in cost of sales. Shipping and handling costs incurred to store, prepare and move products between production facilities or from production facilities to branch locations or storage facilities are recorded in cost of sales. Shipping and handling costs incurred to deliver products from our branch locations to the end-user consumer of those products are recorded in SG&A expenses. All other costs incurred in the shipment of products from our production facilities to customer locations are reflected in cost of sales. Shipping and handling costs included in SG&A expenses were \$140.0 million and \$404.6 million for the three and nine months ended October 1, 2022, respectively, and \$125.0 million and \$353.7 million for the three and nine months ended October 2, 2021, respectively. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

## Goodwill

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. We test goodwill for impairment at least annually on the first day of the fourth quarter, based on our reporting unit carrying values, calculated as total assets less non-interest bearing liabilities, as of the end of the third quarter, or more frequently if we determine a triggering event has occurred during the year. During the second quarter of 2022, our Board of Directors approved the exit of our business in Russia and our reporting segments were realigned. In connection therewith, we identified a triggering event indicating possible impairment of goodwill and intangible assets, as further described below. We did not identify impairment of our property, plant and equipment, lease-related right-of-use assets, or long-lived assets except as noted above related to the Russia assets.

The Company operates through four operating segments: North America, Europe, Eden Israel, and Aimia. The North America and Europe operating segments are reportable operating segments, and Eden Israel and Aimia are nonreportable operating segments within our Other category. We evaluate goodwill for impairment on a reporting unit basis, which is an operating segment or a level below an operating segment, referred to as a component. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. However, two or more components of an operating segment can be aggregated and deemed a single reporting unit if the components have similar economic characteristics. Our North America operating segment was determined to have three components: DSS, Mountain Valley, and Aquaterra. We have determined that DSS and Aquaterra have similar economic characteristics and have aggregated them as a single reporting unit for the purpose of testing goodwill for impairment ("DSSAqua"). Our Europe operating segment was determined to have three components: Eden Europe, Decantae, and Fonthill, none of which have similar economic characteristics. Our Aimia operating segment was determined to have two components: Aimia and Farrers, neither of which have similar economic characteristics. Our Eden Israel operating segment was determined to be a single component. We have thus determined our reporting units are DSSAqua, Mountain Valley, Eden Europe, Eden Israel, Aimia, Decantae, Farrers and Fonthill.

Due to the triggering events identified above arising from the exit of the Russia business and the triggering event arising as a result of the realignment of segments, we were required to perform an impairment test. We elected to bypass the qualitative assessment and performed an interim quantitative impairment test as of May 10, 2022. The interim quantitative impairment test was performed both (1) on a pre-realignment basis on the combined Eden reporting unit (which, prior to realignment, included the Eden Europe and Eden Israel businesses), and (2) on a post-realignment basis, on the Eden Europe and Eden Israel reporting units separately.

We determined the fair value of the reporting units being evaluated using a mix of the income approach (which is based on the discounted cash flows of the reporting unit) and the guideline public company approach. We weighted the income approach and the guideline public company approach at 50% each to determine the fair value of the reporting unit. We believe using a combination of these approaches provides a more accurate valuation because it incorporates the expected cash generation of the Company in addition to how a third-party market participant would value the reporting unit. As the business is assumed to continue in perpetuity, the discounted future cash flows include a terminal value. Critical assumptions used in our valuation of reporting units included the anticipated future cash flows, a weighted-average terminal growth rate of 1.5%, a discount rate of 9.0%, and the comparable company multiples. The anticipated future cash flows assumption reflects projected revenue growth rates, SG&A expenses and capital expenditures. The terminal growth rate assumption incorporated into the discounted cash flow calculation reflects our long-term view of the market and industry, projected changes in the sale of our products, pricing of such products and operating profit margins. The discount rate was determined using various factors and sensitive assumptions, including bond yields, size premiums and tax rates. This rate was based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. The comparable company multiples were based on operating data from guideline publicly traded companies and provide an indication of how much a knowledgeable investor in the marketplace would be willing to pay for a company. These multiples were evaluated and adjusted based on specific characteristics of the reporting units relative to the selected guideline companies and applied to the reporting units' operating data to arrive at an indication of value. These assumptions are considered significant unobservable inputs and represent our best estimate of assumptions that market participants would use to determine the fair value of the respective reporting units. The key inputs into the discounted cash flow analysis were consistent with market data, where available, indicating that the assumptions used were in a reasonable range of observable market data.

Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we determined that, (1) on a pre-realignment basis, goodwill was impaired for the combined Eden reporting unit and, as a result, we recognized an impairment charge of \$11.2 million (which is included in impairment charges in the Consolidated Statement of Operations for the nine months ended October 1, 2022), and (2) on a post-realignment basis, the estimated fair value of each of the Eden Europe and Eden Israel reporting units equaled their respective carrying values (therefore, no goodwill impairment charges were recorded for these two reporting units). During the three months ended October 1, 2022, we did not identify any triggering events, and thus, there were no impairment charges recorded during the third quarter of 2022.

The changes in the carrying amount of goodwill on a reporting segment basis for the nine months ended October 1, 2022, are as follows:

	Reporting Segment			Total
	North America	Europe	Other	
<b>(in millions of U.S. dollars)</b>				
Balance at January 1, 2022				
Goodwill	\$ 994.1	\$ 377.6	\$ 53.8	\$ 1,425.5
Accumulated impairment losses	—	(103.6)	(0.5)	(104.1)
	<u>\$ 994.1</u>	<u>\$ 274.0</u>	<u>\$ 53.3</u>	<u>\$ 1,321.4</u>
Goodwill acquired during the year	1.1	1.3	—	2.4
Measurement period adjustments	1.1	3.4	—	4.5
Impairment charges	—	(11.2)	—	(11.2)
Segment realignment allocation	—	(63.3)	63.3	—
Foreign exchange	(2.8)	(34.5)	(12.7)	(50.0)
Balance at October 1, 2022				
Goodwill	993.5	284.5	104.4	1,382.4
Accumulated impairment losses	—	(114.8)	(0.5)	(115.3)
	<u>\$ 993.5</u>	<u>\$ 169.7</u>	<u>\$ 103.9</u>	<u>\$ 1,267.1</u>

#### Intangible Assets

Our intangible assets with indefinite lives relate to trademarks acquired in the acquisition of businesses, and there are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of these intangible assets. Our trademarks with indefinite lives are not amortized, but rather are tested for impairment at least annually or more frequently if we determine a triggering event has occurred during the year.

As a result of the triggering events described above arising from the exit of our Russia business and realignment of segments, we also performed recoverability tests on the trademarks with an indefinite life acquired in the acquisition of Eden ("Eden Trademarks") as of May 10, 2022. We elected to bypass the qualitative assessment and performed an interim quantitative impairment test as of May 10, 2022 on the Eden Trademarks. The interim quantitative impairment test was performed for the Eden Trademarks, including the Eden Europe and Eden Israel trademarks, to identify any impairment immediately prior to the segment realignment. The interim quantitative impairment test was then performed for the trademarks with indefinite lives associated with the Eden Europe and Eden Israel businesses upon segment realignment.

To determine the fair value of the trademarks being evaluated, we use a relief from royalty method of the income approach, which calculates a fair value royalty rate that is applied to revenue forecasts associated with the trademark. The resulting cash flows are discounted using a rate to reflect the risk of achieving the projected royalty savings attributable to the trademark. The assumptions used to estimate the fair value of the trademark are subjective and require significant management judgment, including estimated future revenues, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the trademarks) and the risk adjusted discount rate. Based on our impairment test, we determined that, (1) on a pre-realignment basis, the estimated fair value of the Eden Trademarks exceeded the carrying value by approximately 9.0% (therefore, no impairment charge was recorded for this trademark), and (2) on a post-realignment basis, the estimated fair value of the trademarks with indefinite lives associated with our Eden Israel business exceeded the carrying value by approximately 103.0% (therefore, no impairment charge was recorded for this trademark), and the trademarks with indefinite lives associated with our Eden Europe business were impaired and recognized an impairment charge of \$6.7 million. The impairment charge is included in impairment charges in the Consolidated Statement of Operations for the nine months ended October 1, 2022. The impairment charge is due primarily to the decrease in the royalty rate used in the quantitative assessment. During the three months ended October 1, 2022, we did not identify any triggering events, and thus, there were no impairment charges recorded during the third quarter of 2022.

#### **Recently adopted accounting pronouncements**

##### *Update ASU 2021-10- Government Assistance (Topic 832)*

In November 2021, the Financial Accounting Standards Board ("FASB") issued guidance that requires business entities to disclose information about certain government assistance they receive. The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted. An entity should apply the amendments in this Update either (1) prospectively to all transactions within the scope of the amendments that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or (2) retrospectively to those transactions. Adoption of the new standard did not result in additional disclosures within our unaudited Consolidated Financial Statements.

#### **Recently issued accounting pronouncements**

##### *Update ASU 2020-04 – Reference Rate Reform (Topic 848)*

In March 2020, the FASB issued guidance which provides optional expedients and exceptions to account for contracts, hedging relationships and other transactions that reference LIBOR or any other reference rates expected to be discontinued because of reference rate reform. This guidance is effective as of March 12, 2020 through December 31, 2022 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. We are currently evaluating our contracts and do not expect a material impact at this time. We elected to apply the debt agreement expedient and therefore will account for debt agreement amendments as if the modification was not substantial and thus a continuation of the existing contract. Additional elections of expedients and exceptions provided under the guidance will be made when contract modifications in response to reference rate reform commence.

##### *Update ASU 2021-08- Business Combinations (Topic 805)*

In October 2021, the FASB issued guidance that requires entities to use principles in ASC 606 to recognize and measure contract assets and liabilities in revenue contracts acquired in a business combination rather than fair value. For public entities, this guidance is effective after December 15, 2022 for annual and interim periods. Early adoption is permitted, including adoption in an interim period. If early adopted, the amendments are applied retrospectively to all business combinations for which the acquisition date occurred during the fiscal year of adoption. We are currently assessing the impact of adoption of this standard on our Consolidated Financial Statements.

## Note 2—Revenue

Our principal sources of revenue are from bottled water delivery direct to consumers primarily in North America and Europe and from providing multi-gallon purified bottled water, self-service refill drinking water and water dispensers through retailers in North America. Revenue is recognized, net of sales returns, when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. We measure revenue based on the consideration specified in the customer arrangement, and revenue is recognized when the performance obligations in the customer arrangement are satisfied. A performance obligation is a contractual promise to transfer a distinct service to the customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when the customer receives the benefit of the performance obligation. Customers typically receive the benefit of our services as they are performed. Substantially all our customer contracts require that we be compensated for services performed to date. This may be upon shipment of goods or upon delivery to the customer, depending on contractual terms. Shipping and handling costs paid by the customer to us are included in revenue and costs incurred by us for shipping and handling activities that are performed after a customer obtains control of the product are accounted for as fulfillment costs. In addition, we exclude from net revenue and cost of sales taxes assessed by governmental authorities on revenue-producing transactions. Although we occasionally accept returns of products from our customers, historically returns have not been material.

### Contract Estimates

The nature of certain of our contracts give rise to variable consideration including cash discounts, volume-based rebates, point of sale promotions, and other promotional discounts to certain customers. For all promotional programs and discounts, we estimate the rebate or discount that will be granted to the customer and record an accrual upon invoicing. These estimated rebates or discounts are included in the transaction price of our contracts with customers as a reduction to net revenues and are included as accrued sales incentives in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Accrued sales incentives were \$6.3 million and \$8.0 million on October 1, 2022 and January 1, 2022, respectively.

We do not disclose the value of unsatisfied performance obligations for contracts (i) with an original expected length of one year or less or (ii) for which we recognize revenue at the amount in which it has the right to invoice as the product is delivered.

### Contract Balances

Contract liabilities relate primarily to advances received from our customers before revenue is recognized. These amounts are recorded as deferred revenue and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. The advances are expected to be earned as revenue within one year of receipt. Deferred revenues at October 1, 2022 and January 1, 2022 were \$13.2 million and \$12.6 million, respectively. The amount of revenue recognized in the nine months ended October 1, 2022 that was included in the January 1, 2022 deferred revenue balance was \$10.6 million.

The Company does not have any material contract assets as of October 1, 2022 and January 1, 2022.

### Disaggregated Revenue

In general, our business segmentation is aligned according to the nature and economic characteristics of our products and customer relationships and provides meaningful disaggregation of each business segment's results of operations.

Further disaggregation of net revenue to external customers by geographic area based on customer location is as follows:

(in millions of U.S. dollars)	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
United States	\$ 428.8	\$ 395.2	\$ 1,230.4	\$ 1,123.2
United Kingdom	35.0	40.1	109.8	115.0
Canada	18.2	18.5	50.7	53.0
All other countries	102.6	97.0	291.2	264.1
Total	\$ 584.6	\$ 550.8	\$ 1,682.1	\$ 1,555.3

### Note 3—Acquisitions

#### SipWell Acquisition

On December 30, 2021, Eden Springs Netherlands B.V., a wholly-owned subsidiary of the Company ("Eden"), completed the acquisition of Sip-Well NV, the leading distributor of water solutions in Belgium (the "SipWell Acquisition"). The total cash consideration paid by Eden in the SipWell Acquisition was \$53.1 million, subject to adjustments for any non-permitted leakage since a locked box date. The SipWell Acquisition was funded through a combination of incremental borrowings under the Company's Revolving Credit Facility and cash on hand.

The SipWell Acquisition strengthens the Company's presence in Western and Central Europe. The Company has accounted for this transaction as a business combination which requires that assets acquired and liabilities assumed be measured at their acquisition date fair values.

A preliminary allocation of the total cash consideration paid of \$53.1 million has been made to the major categories of assets acquired and liabilities assumed based on management's estimates of their fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

The table below presents the preliminary total cash consideration allocation of the estimated acquisition date fair values of the assets acquired and liabilities assumed:

<b>(in millions of U.S. dollars)</b>	<b>Originally Reported</b>	<b>Measurement Period Adjustments</b>	<b>Acquired Value</b>
Cash and cash equivalents	\$ 6.8	\$ —	\$ 6.8
Accounts receivables	1.3	0.4	1.7
Inventories	0.1	—	0.1
Prepaid expenses and other current assets	0.2	—	0.2
Property, plant and equipment	21.7	(3.0)	18.7
Operating lease right-of-use-assets	0.4	1.1	1.5
Goodwill	38.1	2.7	40.8
Intangible assets	20.0	—	20.0
Current maturities of long-term debt	(1.6)	0.7	(0.9)
Accounts payable and accrued liabilities	(9.9)	—	(9.9)
Current operating lease obligations	(0.4)	(0.3)	(0.7)
Long-term debt	(17.7)	2.3	(15.4)
Operating lease obligations	—	(0.8)	(0.8)
Deferred tax liabilities	(5.9)	—	(5.9)
Other long-term liabilities	—	(3.1)	(3.1)
Total	\$ 53.1	\$ —	\$ 53.1

Measurement period adjustments recorded during the nine months ended October 1, 2022 include an adjustment to accounts receivable based on a review of the fair value, an adjustment to other long-term liabilities for uncertain tax positions and adjustments to operating and financing lease right-of-use assets and obligations based on a review of acquired leases. The measurement period adjustments did not have a material effect on our results of operations in prior periods.

The assets and liabilities acquired with the SipWell Acquisition are recorded at their estimated fair values per preliminary valuations and management estimates and are subject to change when formal valuations and other studies are finalized. Estimated fair values for deferred tax balances are preliminary and are also subject to change based on the final valuation results. In addition, consideration for potential loss contingencies are still under review.

#### Note 4—Share-based Compensation

During the nine months ended October 1, 2022, we granted 76,480 common shares with an aggregate grant date fair value of approximately \$1.2 million to the non-management members of our Board of Directors under the Amended and Restated Primo Water Corporation Equity Incentive Plan. The common shares were issued in consideration of the directors' annual board retainer fee and are fully vested upon issuance.

## Note 5—Income Taxes

Income tax expense was \$5.1 million on pre-tax income of \$6.4 million for the three months ended October 1, 2022, as compared to income tax expense of \$3.1 million on pre-tax income of \$21.2 million in the comparable prior year period. Income tax expense was \$8.9 million on pre-tax loss of \$19.0 million for the nine months ended October 1, 2022, as compared to income tax expense of \$4.4 million on pre-tax income of \$4.0 million in the comparable prior year period. The effective income tax rates for the three and nine months ended October 1, 2022 were 79.7% and (46.8)%, respectively, compared to 14.6% and 110.0% in the comparable prior year periods.

The effective tax rate for the three months ended October 1, 2022 varied from the effective tax rate in the comparable prior year period due to foreign exchange losses incurred in the third quarter of 2022 in tax jurisdictions for which no tax benefit is recognized due to existing valuation allowances. The effective tax rate for the nine months ended October 1, 2022 varied from the effective tax rate in the comparable prior year period due primarily to impairment charges incurred in the second quarter of 2022 for which minimal tax benefit is recognized.

The effective tax rate for the three and nine months ended October 1, 2022 varied from the statutory tax rate primarily due to impairment charges incurred in the second quarter of 2022 for which minimal tax benefit is recognized, losses in tax jurisdictions for which no tax benefit is recognized due to existing valuation allowances, and income in tax jurisdictions with tax rates lower than the Canadian statutory tax rate.

## Note 6—Common Shares and Net Income (Loss) per Common Share

### Common Shares

On August 9, 2022, our Board of Directors approved a share repurchase program for up to \$100.0 million of our outstanding common shares over a 12-month period commencing on August 15, 2022. For both the three and nine months ended October 1, 2022, we repurchased 812,696 common shares for approximately \$10.9 million through open market transactions under the repurchase plan. Shares purchased under the repurchase plan were subsequently canceled. There can be no assurance as to the precise number of common shares, if any, that will be repurchased under the repurchase plan in the future, or the aggregate dollar amount of common shares to be purchased in future periods. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

On May 4, 2021, our Board of Directors approved a share repurchase program for up to \$50.0 million of our outstanding common shares over a 12-month period commencing on May 10, 2021. We did not repurchase any outstanding common shares under the plan for the nine months ended October 1, 2022 and the program has now expired. In total, we repurchased 2,646,831 common shares for \$43.5 million under this share repurchase program which were subsequently canceled.

### Net Income (Loss) per Common Share

Basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the periods presented. Diluted net income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, performance-based RSUs, and time-based RSUs during the periods presented. The components of weighted average basic and diluted shares outstanding are below:

	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Weighted average common shares outstanding - basic	161,117	160,481	161,064	160,892
Dilutive effect of Stock Options	161	919	—	—
Dilutive effect of Performance-based RSUs	215	214	—	—
Dilutive effect of Time-based RSUs	495	318	—	—
Weighted average common shares outstanding - diluted	161,988	161,932	161,064	160,892



The following table summarizes anti-dilutive securities excluded from the computation of diluted net income (loss) per common share for the periods indicated:

(in thousands)	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Stock Options	3,838	1,606	4,587	5,445
Performance-based RSUs <sup>1</sup>	725	511	1,189	870
Time-based RSUs <sup>2</sup>	—	1	867	469

<sup>1</sup> Performance-based RSUs represent the number of shares expected to be issued based primarily on the estimated achievement of performance targets for these awards.

<sup>2</sup> Time-based RSUs represent the number of shares expected to be issued based on known employee retention information.

#### Note 7—Segment Reporting

Our broad portfolio of products includes bottled water, water dispensers, self-service refill drinking water, filtration units, premium spring, sparkling and flavored water, mineral water, and coffee.

During the second quarter of 2022, we reviewed and realigned our reporting segments to reflect how the business will be managed and results will be evaluated. Following such review, certain of our businesses previously included in the Rest of World segment were realigned between the Europe reporting segment and the Other category. Our two reporting segments are as follows: North America (which includes our DSS, Aquaterra, Mountain Valley and Legacy Primo businesses) and Europe (which includes our Eden Europe, Decantae and Fonhill businesses). The Other category includes our Eden Israel, Aimia and Farrers businesses, as well as our corporate oversight function and other miscellaneous expenses. Segment reporting results have been recast to reflect these changes for all periods presented.

(in millions of U.S. dollars)	North America		Europe		Other		Eliminations		Total	
<b>For the Three Months Ended October 1, 2022</b>										
Revenue, net	\$	446.8	\$	71.4	\$	66.4	\$	—	\$	584.6
Depreciation and amortization		44.2		9.5		5.9		—		59.6
Operating income (loss)		52.6		5.1		(12.7)		—		45.0
Additions to property, plant and equipment		54.8		8.4		6.8		—		70.0
<b>For the Nine Months Ended October 1, 2022</b>										
Revenue, net	\$	1,280.6	\$	205.6	\$	195.9	\$	—	\$	1,682.1
Depreciation and amortization		133.8		29.4		17.8		—		181.0
Operating income (loss)		129.2		(27.6)		(34.7)		—		66.9
Additions to property, plant and equipment		117.1		21.5		16.6		—		155.2

(in millions of U.S. dollars)	North America	Europe	Other	Eliminations	Total
<b>For the Three Months Ended October 2, 2021</b>					
Revenue, net <sup>1</sup>	\$ 413.3	\$ 67.2	\$ 70.4	\$ (0.1)	\$ 550.8
Depreciation and amortization	37.8	9.8	5.7	—	53.3
Operating income (loss)	48.6	1.6	(8.0)	—	42.2
Additions to property, plant and equipment	27.1	7.6	2.8	—	37.5
<b>For the Nine Months Ended October 2, 2021</b>					
Revenue, net <sup>1</sup>	\$ 1,175.5	\$ 187.1	\$ 193.7	\$ (1.0)	\$ 1,555.3
Depreciation and amortization	112.1	29.4	16.9	—	158.4
Operating income (loss)	114.8	(3.4)	(24.5)	—	86.9
Additions to property, plant and equipment	71.4	18.9	9.0	—	99.3

<sup>1</sup> Intersegment revenue between the Other category and the Europe reporting segment was \$0.1 million for three months ended October 2, 2021 and \$1.0 million for the nine months ended October 2, 2021.

Revenues by channel by reporting segment were as follows:

(in millions of U.S. dollars)	For the Three Months Ended October 1, 2022				
<u>Revenue, net</u>	North America	Europe	Other	Eliminations	Total
Water Direct/Water Exchange	\$ 334.1	\$ 55.6	\$ 12.5	\$ —	\$ 402.2
Water Refill/Water Filtration	52.6	8.2	0.8	—	61.6
Other Water	9.6	0.5	22.3	—	32.4
Water Dispensars	23.7	—	—	—	23.7
Other	26.8	7.1	30.8	—	64.7
<b>Total</b>	<b>\$ 446.8</b>	<b>\$ 71.4</b>	<b>\$ 66.4</b>	<b>\$ —</b>	<b>\$ 584.6</b>

**For the Nine Months Ended October 1, 2022**

(in millions of U.S. dollars)	North America	Europe	Other	Eliminations	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 933.5	\$ 157.5	\$ 35.0	\$ —	\$ 1,126.0
Water Refill/Water Filtration	142.1	24.6	2.0	—	168.7
Other Water	65.8	1.3	59.8	—	126.9
Water Dispensers	56.4	—	—	—	56.4
Other	82.8	22.2	99.1	—	204.1
<b>Total</b>	<b>\$ 1,280.6</b>	<b>\$ 205.6</b>	<b>\$ 195.9</b>	<b>\$ —</b>	<b>\$ 1,682.1</b>

**For the Three Months Ended October 2, 2021**

(in millions of U.S. dollars)	North America	Europe	Other	Eliminations <sup>1</sup>	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 281.9	\$ 50.3	\$ 12.0	\$ —	\$ 344.2
Water Refill/Water Filtration	47.0	8.4	0.2	—	55.6
Other Water	42.6	0.4	23.8	—	66.8
Water Dispensers	16.1	—	—	—	16.1
Other	25.7	8.1	34.4	(0.1)	68.1
<b>Total</b>	<b>\$ 413.3</b>	<b>\$ 67.2</b>	<b>\$ 70.4</b>	<b>\$ (0.1)</b>	<b>\$ 550.8</b>

**For the Nine Months Ended October 2, 2021**

(in millions of U.S. dollars)	North America	Europe	Other	Eliminations <sup>1</sup>	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 785.6	\$ 138.3	\$ 30.9	\$ —	\$ 954.8
Water Refill/Water Filtration	137.2	24.1	0.4	—	161.7
Other Water	125.7	1.0	61.0	—	187.7
Water Dispensers	48.7	—	—	—	48.7
Other	78.3	23.7	101.4	(1.0)	202.4
<b>Total</b>	<b>\$ 1,175.5</b>	<b>\$ 187.1</b>	<b>\$ 193.7</b>	<b>\$ (1.0)</b>	<b>\$ 1,555.3</b>

<sup>1</sup> Intersegment revenue between the Other category and the Europe reporting segment was \$0.1 million for three months ended October 2, 2021 and \$1.0 million for the nine months ended October 2, 2021.

**Note 8—Inventories**

The following table summarizes inventories as of October 1, 2022 and January 1, 2022:

(in millions of U.S. dollars)	October 1, 2022	January 1, 2022
Raw materials	\$ 69.9	\$ 56.7
Finished goods	30.8	27.0
Resale items	11.4	9.1
Other	1.4	1.8
<b>Total</b>	<b>\$ 113.5</b>	<b>\$ 94.6</b>

**Note 9—Accumulated Other Comprehensive (Loss) Income**

Changes in accumulated other comprehensive (loss) income (“AOCI”) by component for the three and nine months ended October 1, 2022 and October 2, 2021 were as follows:

<u>(in millions of U.S. dollars)</u> <sup>1</sup>	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance July 2, 2022	\$ (1.7)	\$ (65.7)	\$ (67.4)
OCI before reclassifications	—	3.8	3.8
Amounts reclassified from AOCI	—	(0.4)	(0.4)
Net current-period OCI	—	3.4	3.4
Ending balance October 1, 2022	<u>\$ (1.7)</u>	<u>\$ (62.3)</u>	<u>\$ (64.0)</u>
Beginning balance January 1, 2022	\$ (1.7)	\$ (67.4)	\$ (69.1)
OCI before reclassifications	—	5.5	5.5
Amounts reclassified from AOCI	—	(0.4)	(0.4)
Net current-period OCI	—	5.1	5.1
Ending balance October 1, 2022	<u>\$ (1.7)</u>	<u>\$ (62.3)</u>	<u>\$ (64.0)</u>
Beginning balance July 3, 2021	\$ (1.1)	\$ (77.1)	\$ (78.2)
OCI before reclassifications	—	1.2	1.2
Amounts reclassified from AOCI	—	—	—
Net current-period OCI	—	1.2	1.2
Ending Balance October 2, 2021	<u>\$ (1.1)</u>	<u>\$ (75.9)</u>	<u>\$ (77.0)</u>
Beginning balance January 2, 2021	\$ (1.1)	\$ (85.6)	\$ (86.7)
OCI before reclassifications	—	9.7	9.7
Amounts reclassified from AOCI	—	—	—
Net current-period OCI	—	9.7	9.7
Ending Balance October 2, 2021	<u>\$ (1.1)</u>	<u>\$ (75.9)</u>	<u>\$ (77.0)</u>

<sup>1</sup> All amounts are net of tax. Amounts in parentheses indicate debits.

During the three and nine months ended October 1, 2022, \$0.4 million of foreign currency translation adjustment was reclassified from AOCI. The effect of the foreign currency translation adjustment was included in the impairment charges recorded on the Consolidated Statements of Operations during the second quarter. There were no amounts reclassified from AOCI for the three and nine months ended October 2, 2021.

**Note 10—Commitments and Contingencies**

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on our financial position, results of operations, or cash flow.

We had \$58.6 million in standby letters of credit outstanding as of October 1, 2022 (\$59.4 million as of January 1, 2022).

## Guarantees

After the sale of our legacy carbonated soft drink and juice business in January 2018, we have continued to provide contractual payment guarantees to two third-party lessors of certain real property used in these businesses. The leases were conveyed to the buyer as part of the sale, but our guarantee was not released by the landlord. The two lease agreements mature in 2027 and 2028. The maximum potential amount of undiscounted future payments under the guarantee is approximately \$14.1 million as of October 1, 2022, which was calculated based on the minimum lease payments of the leases over the remaining term of the agreements. The sale documents require the buyer to pay all post-closing obligations under these conveyed leases, and to reimburse us if the landlord calls on a guarantee. The buyer has also agreed to a covenant to negotiate with the landlords for a release of our guarantees. We currently do not believe it is probable we would be required to perform under any of these guarantees or any of the underlying obligations.

## Note 11—Fair Value Measurements

FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

## Fair Value of Financial Instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, receivables, payables, short-term borrowings, and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of October 1, 2022 and January 1, 2022 were as follows:

(in millions of U.S. dollars)	October 1, 2022		January 1, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
3.875% senior notes due in 2028 <sup>1,2</sup>	\$ 432.5	\$ 350.5	\$ 502.7	\$ 516.2
4.375% senior notes due in 2029 <sup>1,2</sup>	741.1	615.9	740.0	735.8
Total	\$ 1,173.6	\$ 966.4	\$ 1,242.7	\$ 1,252.0

<sup>1</sup> The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 2 financial instruments.

<sup>2</sup> Carrying value of our significant outstanding debt is net of unamortized debt issuance costs as of October 1, 2022 and January 1, 2022.

## Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis. These assets can include goodwill, intangible assets, property, plant and equipment, lease-related right-of-use assets, and long-lived assets that have been reduced to fair value when they are held for sale. If certain triggering events occur, or if an annual impairment test is required, we would evaluate these non-financial assets for impairment. If an impairment were to occur, the asset would be recorded at the estimated fair value, using primarily Level 2 or unobservable Level 3 inputs.

During the second quarter of 2022, the assets held for sale of our business in Russia were measured at the lower of carrying value or fair value less costs to sell as discussed in more detail in Note 1 - Business and Recent Accounting Pronouncements. The Company's measurement of fair value less costs to sell was based on the total consideration expected to be received by the Company as outlined in the disposition agreement which is a Level 2 input.

During the second quarter of 2022, as a result of the exit of our Russia business and realignment of segments, we identified a triggering event indicating possible impairment of goodwill and intangible assets. See Note 1 to the Consolidated Financial Statements for additional information on goodwill and intangible asset impairment. The determination of the estimated fair values of the reporting units included unobservable Level 3 inputs. We did not identify impairment of our property, plant and equipment, lease-related right-of-use assets, or long-lived assets except as noted above related to the Russia assets held for sale.

**Note 12—Subsequent Events**

Subsequent to October 1, 2022, we repurchased 854,926 common shares for approximately \$11.6 million through open market transactions under the Repurchase Plan. Shares purchased under the Repurchase Plan were subsequently canceled.

On November 8, 2022, our Board of Directors declared a dividend of \$0.07 per share on common shares, payable in cash on December 9, 2022, to shareowners of record at the close of business on November 29, 2022.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to further the reader's understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended January 1, 2022 (our "2021 Annual Report"). These historical financial statements may not be indicative of our future performance. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks referred to under "Risk Factors" in Part I, Item 1A in our 2021 Annual Report. As used herein, "Primo," "the Company," "Primo Water Corporation," "we," "us," or "our" refers to Primo Water Corporation, together with its consolidated subsidiaries.

### Overview

Primo is a leading provider of sustainable drinking water solutions in North America and Europe. Primo operates largely under a recurring razor/razorblade revenue model. The razor in Primo's revenue model is its industry leading line-up of sleek and innovative water dispensers, which are sold through retailers and online at various price points. The dispensers help increase household penetration, which drives recurring purchases of Primo's razorblade offering. Primo's razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo delivers sustainable hydration solutions across its 21-country footprint direct to the customer's door, whether at home or to businesses. Through its Water Exchange and Water Refill businesses, Primo offers pre-filled and reusable containers at over 14,000 locations, water dispenser sales at approximately 10,000 locations and water refill units at approximately 24,000 locations, respectively. Primo also offers water filtration units across its 21-country footprint.

Primo's water solutions expand consumer access to purified, spring and mineral water to promote a healthier, more sustainable lifestyle while simultaneously reducing plastic waste and pollution. Primo is committed to its water stewardship standards and is proud to partner with the International Bottled Water Association in North America as well as with Watercoolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection. Environmental stewardship is a part of who we are, and we have worked to progressively achieve carbon neutrality throughout our organization. Our European operations have maintained carbon neutrality for more than ten years, and our U.S. operations achieved carbon neutral certification in 2020 under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. In 2021, the Company achieved carbon neutrality on a global basis. In late 2021, we announced our planned exit from the North American small-format retail water business. This business is relatively small and uses predominantly single-use plastic bottles. The exit from this category is estimated to reduce single-use retail water bottles from our production environment by more than 400 million, annually, while also improving overall margins. The exit was completed during the second quarter of 2022.

The markets in which we operate are subject to some seasonal variations. Our water delivery sales are generally higher during the warmer months. Our purchases of raw materials and related accounts payable fluctuate based upon the demand for our products. The seasonality of our sales volume causes our working capital needs to fluctuate throughout the year.

We conduct operations in countries involving transactions denominated in a variety of currencies. We are subject to currency exchange risks to the extent that our costs are denominated in currencies other than those in which we earn revenues. As our financial statements are denominated in U.S. dollars, fluctuations in currency exchange rates between the U.S. dollar and other currencies have had and will continue to have an impact on our results of operations.

During the second quarter of 2022, our Board of Directors approved the exit from our business in Russia. Accordingly, we recorded an impairment charge of \$11.2 million during the second quarter to reduce the carrying value of the assets to the estimated fair value less costs to sell. Separately, we reviewed our reporting segments, and following such review, certain of our businesses previously included in the Rest of World segment (now renamed "Europe") were realigned between the Europe reporting segment and the Other category. Our two reporting segments are as follows: North America (which includes our DS Services of America, Inc. ("DSS"), Aquaterra Corporation ("Aquaterra"), Mountain Valley Spring Company ("Mountain Valley") and Legacy Primo businesses) and Europe (which includes the European business of Eden Springs Netherlands B.V. ("Eden Europe"), Decantae Mineral Water Limited ("Decantae") and Fonthill Waters Ltd ("Fonthill") businesses). The Other category includes the Israel business of Eden ("Eden Israel"), Aimia Foods Limited ("Aimia") and John Farrer & Company Limited ("Farrers") businesses, as well as our corporate oversight function and other miscellaneous expenses. Segment reporting results have been recast to reflect these changes for all periods presented.

The decision to exit our business in Russia and the realignment of segments resulted in a triggering event for goodwill and intangible assets with indefinite lives requiring quantitative assessments for the combined Eden business immediately before the realignment of segments and for the Eden Europe and Israel businesses upon realignment of segments. These assessments resulted in recording a goodwill impairment charge of \$11.2 million due to a decrease in cash flows associated with the exit of our business in Russia and recording a trademark impairment charge of \$6.7 million primarily due to a decrease in the royalty rate used in the quantitative analysis. These impairment charges, along with the impairment charge of \$11.2 million to reduce the carrying value of the Russia business to its estimated fair value less costs to sell, resulted in total impairment charges of \$29.1 million which are included within impairment charges on the Consolidated Statements of Operations for the three and nine months ended October 1, 2022. All impairment charges are included in the Europe reporting segment. During the three months ended October 1, 2022, we did not identify any triggering events, and thus, there were no impairment charges recorded during the third quarter of 2022. The exit of our business in Russia was completed on July 19, 2022 and there was no material change to the charges recorded during the second quarter upon sale.

During the second quarter of 2022, our Board of Directors approved the sale of four of our properties. The sales are expected to be completed within the next year. Accordingly, we classified the land and buildings as held for sale (assets held for sale of \$21.6 million are included within prepaid expenses and other current assets).

#### **Impact of the COVID-19 Pandemic and General Economic Conditions**

Our global operations expose us to risks associated with the coronavirus (“COVID-19”) pandemic, which has resulted in challenging operating environments. COVID-19 has spread across the globe to all of the countries in which we operate. The measures taken by authorities in many jurisdictions, including travel restrictions, quarantines, shelter in place orders, and business shutdowns have impacted and will further impact us, our customers, employees, distributors, suppliers and other third parties with whom we do business. These measures, and any future measures, may result in further changes in demand for our services and products, further increases in operating costs (whether as a result of changes to our supply chain, increases in employee costs, general economy-wide inflation or otherwise), and further impacts on our supply chain, each or all of which can impact our ability to make, manufacture, distribute and sell our products. In addition, measures that impact our ability to access our offices, plants, warehouses, distribution centers or other facilities, or that impact the ability of our customers, employees, distributors, suppliers and other third parties to do the same, may impact the availability of our and their employees, many of whom are not able to perform their job functions remotely.

While we continually review and modify our health and safety protocols, business continuity plans and crisis management protocols as needed and have taken other operational actions in an effort to try to mitigate the negative impact of COVID-19 on our employees and our business, the extent of the impact will depend on numerous evolving factors that we are not able to accurately predict and that all will vary by market, including the duration and scope of the pandemic, the emergence of new variants of the virus and the efficacy of vaccines against such variants, global economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary. Moreover, disruptions in the global supply chain, the effects of the Russia/Ukraine war, labor shortages, inflation, and rising interest rates further exacerbate challenging economic conditions from the pandemic or otherwise.

As we deliver bottled water to residential and business customers across a 21-country footprint and provide multi-gallon bottled water, self-service refill drinking water and water dispensers to customers through major retailers in North America, the profile of the services we provide and the products we sell, and the amount of revenue attributable to such services and products, varies by jurisdiction. Changes in demand as a result of COVID-19 will vary in scope and timing across these markets. Any continued economic uncertainty can adversely affect our customers’ financial condition, resulting in an inability to pay for our services or products, reduced or canceled orders of our services or products, or our suppliers’ inability to supply us with the items necessary for us to make, manufacture, distribute or sell our products. Such adverse changes in our customers’ or suppliers’ financial condition may also result in our recording impairment charges for our inability to recover or collect any accounts receivable. In addition, economic uncertainty associated with COVID-19 pandemic has resulted in volatility in the global capital and credit markets, which can impair our ability to access these markets on terms commercially acceptable to us, or at all. Although we have operated in the COVID-19 environment for more than two years, the full extent of the COVID-19 pandemic and its impacts on our business and the markets served by the Company’s operations continues to be highly uncertain as conditions continue to fluctuate around the world, with vaccine administration rising in certain regions and spikes in infections (including the spread of variants) also being experienced.



In response to COVID-19, certain government authorities have enacted programs which provide various economic stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll and other tax remittances to future years and wage subsidies as reimbursement for a portion of certain furloughed employees' salaries. During the three and nine months ended October 1, 2022, we received wage subsidies under these programs totaling nil and \$0.3 million, respectively, compared to \$0.2 million and \$2.4 million, for the three and nine months ended October 2, 2021, respectively. We review our eligibility for these programs for each qualifying period and account for such wage subsidies on an accrual basis when the conditions for eligibility are met. We have adopted an accounting policy to present wage subsidies as a reduction of selling, general and administrative ("SG&A") expenses. In addition, deferred payroll and other taxes totaling \$7.5 million were included in accounts payable and accrued liabilities on our Consolidated Balance Sheets as of October 1, 2022 and January 1, 2022.

#### **Divestiture, Acquisition and Financing Transactions**

During the second quarter of 2022, our Board of Directors approved the exit from our business in Russia. Accordingly, we recorded an impairment charge of \$11.2 million during the second quarter to reduce the carrying value of the assets to the estimated fair value less costs to sell. The exit of our business in Russia was completed on July 19, 2022 and there was no material change to the charges recorded during the second quarter upon sale.

On November 4, 2021, as part of our overall strategy to increase profitability and further reduce our environmental footprint, we announced a plan to exit the North America single-use retail bottled water category, which consists primarily of 1-gallon, 2.5 gallon and case-pack water. The plan does not affect our large format exchange, refill, and dispenser business or our Mountain Valley brand, which sells products primarily in glass bottles. On an annualized basis, these products have accounted for revenue of approximately \$140 million. The unwinding of this business was completed during the second quarter of 2022.

On December 30, 2021, Eden Springs Netherlands B.V., a wholly-owned subsidiary of the Company ("Eden"), completed the acquisition of Sip-Well NV, the leading distributor of water solutions in Belgium (the "SipWell Acquisition"). The total cash consideration paid by Eden in the SipWell Acquisition was \$53.1 million, subject to adjustments for any non-permitted leakage since a locked box date. The SipWell Acquisition was funded through a combination of incremental borrowings under the Company's Revolving Credit Facility and cash on hand.

On April 30, 2021, we issued \$750.0 million of 4.375% senior notes due April 30, 2029 ("2029 Notes") to qualified purchasers in a private placement offering under the Securities Act, and outside the United States to non-U.S. purchasers pursuant to Regulation S under the Securities Act and other applicable laws. The 2029 Notes were issued by our wholly-owned subsidiary Primo Water Holdings Inc. The 2029 Notes are guaranteed by the Company and certain subsidiaries that are currently obligors under the Revolving Credit Facility and the €450.0 million of 3.875% senior notes due October 31, 2028. The 2029 Notes will mature on April 30, 2029 and interest is payable semi-annually on April 30th and October 31st of each year commencing on October 31, 2021. The proceeds of the 2029 Notes, along with available cash on hand, were used to redeem in full the \$750.0 million of 5.500% senior notes due April 1, 2025 ("2025 Notes") and pay related premiums, fees and expenses.

We incurred approximately \$11.2 million of financing fees for the issuance of the 2029 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2029 Notes.

The redemption of the 2025 Notes included \$20.6 million in premium payments, accrued interest of \$3.6 million, and the write-off of \$6.6 million in deferred financing fees.

#### **Forward-Looking Statements**

In addition to historical information, this report, and any documents incorporated in this report by reference, may contain statements relating to future events and future results. These statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation and involve known and unknown risks, uncertainties, future expectations and other factors that may cause actual results, performance or achievements of Primo Water Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements that relate to projections of sales, cash flows, capital expenditures or other financial items, statements regarding our intentions to pay regular quarterly dividends on our common shares, and discussions of estimated future revenue enhancements and cost savings. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. Generally, words such as "anticipate," "believe," "continue," "could," "endeavor," "estimate," "expect," "intend," "may," "will," "plan," "predict," "project," "should" and similar terms and phrases are used to identify forward-looking statements in this report and any documents incorporated in this report by reference. These forward-looking statements reflect current expectations regarding future events and operating performance and are made only as of the date of this report.

The forward-looking statements are not guarantees of future performance or events and, by their nature, are based on certain estimates and assumptions regarding interest and foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective income tax rates, which are subject to inherent risks and uncertainties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in forward-looking statements may include, but are not limited to, assumptions regarding management's current plans and estimates. Although we believe the assumptions underlying these forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could prove to be incorrect. Our operations involve risks and uncertainties, many of which are outside of our control, and any one or any combination of these risks and uncertainties could also affect whether the forward-looking statements ultimately prove to be correct. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A "Risk Factors" in our 2021 Annual Report and those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission ("SEC") and Canadian securities regulatory authorities.

The following are some of the factors that could affect our financial performance, including but not limited to, sales, earnings and cash flows, or could cause actual results to differ materially from estimates contained in or underlying the forward-looking statements:

- our ability to compete successfully in the markets in which we operate;
- fluctuations in commodity prices and our ability to pass on increased costs to our customers or hedge against such rising costs, and the impact of those increased prices on our volumes;
- our ability to manage our operations successfully;
- our ability to protect our intellectual property;
- the seasonal nature of our business and the effect of adverse weather conditions;
- the impact of national, regional and global events, including those of a political, economic, business and competitive nature;
- our ability to fully realize the potential benefit of transactions or other strategic opportunities that we pursue;
- our ability to realize revenue and cost synergies of our acquisitions due to integration difficulties and other challenges;
- our exposure to intangible asset risk;
- the impact of the spread of COVID-19, related government actions and the Company's strategy in response thereto on our business, financial condition and results of operations;
- currency fluctuations that adversely affect the exchange between the U.S. dollar and the British pound sterling, the exchange between the Euro, the Canadian dollar and other currencies and the exchange between the British pound sterling and the Euro;
- our ability to maintain favorable arrangements and relationships with our suppliers;
- our ability to manage supply chain disruptions and cost increases related to inflation;
- our ability to meet our obligations under our debt agreements, and risks of further increases to our indebtedness;
- our ability to maintain compliance with the covenants and conditions under our debt agreements;
- fluctuations in interest rates, which could increase our borrowing costs;
- our ability to recruit, retain and integrate new management;
- the impact of increased labor costs on our business;
- our ability to renew our collective bargaining agreements on satisfactory terms;
- the impact on our financial results from uncertainty in the financial markets and other adverse changes in general economic conditions;
- any disruption to production at our manufacturing facilities;
- our ability to maintain access to our water sources;
- compliance with product health and safety standards;
- liability for injury or illness caused by the consumption of contaminated products;
- liability and damage to our reputation as a result of litigation or legal proceedings;

- changes in the legal and regulatory environment in which we operate;
- our ability to adequately address the challenges and risks associated with our international operations and address difficulties in complying with laws and regulations including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010;
- our ability to utilize tax attributes to offset future taxable income;
- the impact on our tax obligations and effective tax rate arising from changes in local tax laws or countries adopting more aggressive interpretations of tax laws;
- disruptions in our information systems;
- our ability to securely maintain our customers' confidential or credit card information, or other private data relating to our employees or our company;
- our ability to maintain our quarterly dividend; or
- credit rating changes.

We undertake no obligation to update any information contained in this report or to publicly release the results of any revisions to forward-looking statements to reflect events or circumstances of which we may become aware of after the date of this report. Undue reliance should not be placed on forward-looking statements, and all future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

#### **Non-GAAP Measures**

In this report, we supplement our reporting of financial measures determined in accordance with U.S. generally accepted accounting principles ("GAAP") by utilizing certain non-GAAP financial measures that exclude certain items to make period-over-period comparisons for our underlying operations before material changes. We exclude these items to better understand trends in the business. We exclude the impact of foreign exchange to separate the impact of currency exchange rate changes from our results of operations.

We also utilize earnings (loss) before interest expense, taxes, depreciation and amortization ("EBITDA"), which is GAAP net income (loss) before interest expense, net, expense (benefit) for income taxes and depreciation, and amortization. We consider EBITDA to be an indicator of operating performance. We also use EBITDA, as do analysts, lenders, investors, and others, because it excludes certain items that can vary widely across different industries or among companies within the same industry. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We also utilize adjusted EBITDA, which is EBITDA excluding acquisition and integration costs, share-based compensation costs, COVID-19 costs, goodwill and intangible asset impairment charges, foreign exchange and other (gains) losses, net, loss on disposal of property, plant and equipment, net, loss on extinguishment of long-term debt, gain on sale of business and other adjustments, net, as the case may be ("Adjusted EBITDA"). We consider Adjusted EBITDA to be an indicator of our operating performance that enhances comparability between periods.

Because we use these adjusted financial results in the management of our business and to understand underlying business performance, we believe this supplemental information is useful to investors for their independent evaluation and understanding of our business performance and the performance of our management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report reflect our judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

#### **Summary Financial Results**

Net income for the three months ended October 1, 2022 (the "third quarter") and net loss for the nine months ended October 1, 2022 (the "first nine months" or "year to date") was \$1.3 million or \$0.01 per diluted common share, and \$27.9 million or \$0.17 per diluted common share, respectively, compared with net income of \$18.1 million or \$0.11 per diluted common share, and net loss of \$0.4 million or \$0.00 per diluted common share for the three and nine months ended October 2, 2021, respectively.

#### *The following items of significance affected our financial results for the first nine months of 2022:*

- Net revenue increased \$126.8 million, or 8.2%, from the prior year period due primarily to customer growth and increased demand for products and services from residential and business-to-business customers of \$96.4 million, pricing initiatives of \$121.8 million, partially offset by the exit from the single-use retail bottled water business in North America of \$69.7 million and the impact of unfavorable foreign exchange rates of \$36.9 million;

- Gross profit increased to \$980.1 million from \$870.1 million in the prior year period. Gross profit as a percentage of net revenue was 58.3% compared to 55.9% in the prior year period. The 240 basis point increase is due primarily to increased demand and pricing initiatives, partially offset by the impact of unfavorable foreign exchange rates;
- SG&A expenses increased to \$867.2 million from \$771.5 million in the prior year period due primarily to higher selling and operating costs that supported volume and revenue growth which included inflationary labor and transportation cost increases, which increased by \$62.5 million and \$20.6 million, respectively, from the prior year period, partially offset by the favorable impact of foreign exchange rates of \$20.6 million. SG&A expenses as a percentage of net revenue was 51.6% compared to 49.6% in the prior year period;
- Acquisition and integration expenses increased to \$12.5 million from \$6.3 million in the prior year period due primarily to increased tuck-in activity, costs associated with the exit from the single-use retail bottled water business in North America and ongoing integration costs incurred in connection with the acquisition of Primo Water Corporation ("Legacy Primo" and such transaction, the "Legacy Primo Acquisition") compared to the prior year period. Acquisition and integration expenses as a percentage of revenue was 0.7% compared to 0.4% in the prior year period;
- Impairment charges increased to \$29.1 million from nil in the prior year period due to the non-cash impairment charges resulting from the exit of our business in Russia and realignment of our segments. The charges include an asset impairment charge of \$11.2 million, a goodwill impairment charge of \$11.2 million and a trademark impairment charge of \$6.7 million in the current year.
- Other expense, net was \$34.6 million compared to other expense, net of \$29.5 million in the prior year period due primarily to unrealized foreign exchange losses in the current year period and costs to redeem our 2025 Notes incurred in the prior year period.
- Income tax expense was \$8.9 million on pre-tax loss of \$19.0 million compared to income tax expense of \$4.4 million on pre-tax income of \$4.0 million in the prior year period due primarily to impairment charges incurred in the second quarter of 2022 for which minimal tax benefit is recognized;
- Adjusted EBITDA increased to \$312.8 million compared to \$281.6 million in the prior year period due to the items listed above; and
- Cash flows provided by operating activities from continuing operations was \$183.0 million compared to \$171.7 million in the prior year period. The \$11.3 million increase was due primarily to improved earnings, excluding non-cash charges, partially offset by an increase in cash used for working capital relative to the prior year period.

## Results of Operations

The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for the three and nine months ended October 1, 2022 and October 2, 2021:

(in millions of U.S. dollars)	For the Three Months Ended				For the Nine Months Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
	\$	%	\$	%	\$	%	\$	%
<b>Revenue, net</b>	<b>584.6</b>	<b>100.0</b>	550.8	100.0	<b>1,682.1</b>	<b>100.0</b>	1,555.3	100.0
Cost of sales	236.4	40.4	242.4	44.0	702.0	41.7	685.2	44.1
<b>Gross profit</b>	<b>348.2</b>	<b>59.6</b>	308.4	56.0	<b>980.1</b>	<b>58.3</b>	870.1	55.9
Selling, general and administrative expenses	297.3	50.9	263.6	47.9	867.2	51.6	771.5	49.6
Loss on disposal of property, plant and equipment, net	2.6	0.4	—	—	4.4	0.3	5.4	0.3
Acquisition and integration expenses	3.3	0.6	2.6	0.5	12.5	0.7	6.3	0.4
Impairment charges	—	—	—	—	29.1	1.7	—	—
<b>Operating income</b>	<b>45.0</b>	<b>7.7</b>	42.2	7.7	<b>66.9</b>	<b>4.0</b>	86.9	5.6
Other expense, net	21.2	3.6	4.3	0.8	34.6	2.1	29.5	1.9
Interest expense, net	17.4	3.0	16.7	3.0	51.3	3.0	53.4	3.4
<b>Income (loss) before income taxes</b>	<b>6.4</b>	<b>1.1</b>	21.2	3.8	<b>(19.0)</b>	<b>(1.1)</b>	4.0	0.3
Income tax expense	5.1	0.9	3.1	0.6	8.9	0.5	4.4	0.3
<b>Net income (loss)</b>	<b>1.3</b>	<b>0.2</b>	18.1	3.3	<b>(27.9)</b>	<b>(1.7)</b>	(0.4)	—
Depreciation & amortization	59.6	10.2	53.3	9.7	181.0	10.8	158.4	10.2

The following tables summarize the change in revenue by reporting segment for the three and nine months ended October 1, 2022:

(in millions of U.S. dollars, except percentage amounts)	For the Three Months Ended October 1, 2022				
	North America	Europe	Other	Eliminations	Total
Change in revenue	\$ 33.5	\$ 4.2	\$ (4.0)	\$ 0.1	\$ 33.8
Impact of foreign exchange <sup>1</sup>	0.6	12.0	6.5	—	19.1
Change excluding foreign exchange	\$ 34.1	\$ 16.2	\$ 2.5	\$ 0.1	\$ 52.9
Percentage change in revenue	8.1 %	6.3 %	(5.7)%	(100.0)%	6.1 %
Percentage change in revenue excluding foreign exchange	8.3 %	24.1 %	3.6 %	(100.0)%	9.6 %

<sup>1</sup> Impact of foreign exchange is the difference between the current period revenue translated utilizing the current period average foreign exchange rates less the current period revenue translated utilizing the prior period average foreign exchange rates.

**For the Nine Months Ended October 1, 2022**

<b>(in millions of U.S. dollars, except percentage amounts)</b>	<b>North America</b>	<b>Europe</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Change in revenue	\$ 105.1	\$ 18.5	\$ 2.2	\$ 1.0	\$ 126.8
Impact of foreign exchange <sup>1</sup>	1.3	25.1	10.5	—	36.9
Change excluding foreign exchange	\$ 106.4	\$ 43.6	\$ 12.7	\$ 1.0	\$ 163.7
Percentage change in revenue	8.9 %	9.9 %	1.1 %	(100.0)%	8.2 %
Percentage change in revenue excluding foreign exchange	9.1 %	23.3 %	6.6 %	(100.0)%	10.5 %

<sup>1</sup> Impact of foreign exchange is the difference between the current period revenue translated utilizing the current period average foreign exchange rates less the current period revenue translated utilizing the prior period average foreign exchange rates.

The following tables summarize the change in gross profit by reporting segment for the three and nine months ended October 1, 2022:

**For the Three Months Ended October 1, 2022**

<b>(in millions of U.S. dollars, except percentage amounts)</b>	<b>North America</b>	<b>Europe</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Change in gross profit	\$ 39.5	\$ 2.6	\$ (2.3)	\$ —	\$ 39.8
Impact of foreign exchange <sup>1</sup>	0.4	8.2	1.7	—	10.3
Change excluding foreign exchange	\$ 39.9	\$ 10.8	\$ (0.6)	\$ —	\$ 50.1
Percentage change in gross profit	17.0 %	5.7 %	(7.8)%	— %	12.9 %
Percentage change in gross profit excluding foreign exchange	17.1 %	23.5 %	(2.0)%	— %	16.2 %

<sup>1</sup> Impact of foreign exchange is the difference between the current period gross profit translated utilizing the current period average foreign exchange rates less the current period gross profit translated utilizing the prior period average foreign exchange rates.

**For the Nine Months Ended October 1, 2022**

<b>(in millions of U.S. dollars, except percentage amounts)</b>	<b>North America</b>	<b>Europe</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Change in gross profit	\$ 101.8	\$ 11.0	\$ (2.8)	\$ —	\$ 110.0
Impact of foreign exchange <sup>1</sup>	0.8	17.4	1.9	—	20.1
Change excluding foreign exchange	\$ 102.6	\$ 28.4	\$ (0.9)	\$ —	\$ 130.1
Percentage change in gross profit	15.4 %	8.6 %	(3.6)%	— %	12.6 %
Percentage change in gross profit excluding foreign exchange	15.5 %	22.2 %	(1.1)%	— %	15.0 %

<sup>1</sup> Impact of foreign exchange is the difference between the current period gross profit translated utilizing the current period average foreign exchange rates less the current period gross profit translated utilizing the prior period average foreign exchange rates.

Our corporate oversight function is not treated as a segment; it includes certain general and administrative costs that are disclosed in the Other category.

The following table summarizes our net revenue, gross profit, SG&A expenses and operating income (loss) by reporting segment for the three and nine months ended October 1, 2022 and October 2, 2021:

<u>(in millions of U.S. dollars)</u>	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
<u>Revenue, net</u>				
North America	\$ 446.8	\$ 413.3	\$ 1,280.6	\$ 1,175.5
Europe	71.4	67.2	205.6	187.1
Other	66.4	70.4	195.9	193.7
Eliminations	—	(0.1)	—	(1.0)
Total	<u>\$ 584.6</u>	<u>\$ 550.8</u>	<u>\$ 1,682.1</u>	<u>\$ 1,555.3</u>
<u>Gross profit</u>				
North America	\$ 272.5	\$ 233.0	\$ 764.9	\$ 663.1
Europe	48.6	46.0	139.2	128.2
Other	27.1	29.4	76.0	78.8
Total	<u>\$ 348.2</u>	<u>\$ 308.4</u>	<u>\$ 980.1</u>	<u>\$ 870.1</u>
<u>Selling, general and administrative expenses</u>				
North America	\$ 215.7	\$ 183.6	\$ 624.0	\$ 540.0
Europe	42.4	44.0	134.5	131.1
Other	39.2	36.0	108.7	100.4
Total	<u>\$ 297.3</u>	<u>\$ 263.6</u>	<u>\$ 867.2</u>	<u>\$ 771.5</u>
<u>Operating income (loss)</u>				
North America	\$ 52.6	\$ 48.6	\$ 129.2	\$ 114.8
Europe	5.1	1.6	(27.6)	(3.4)
Other	(12.7)	(8.0)	(34.7)	(24.5)
Total	<u>\$ 45.0</u>	<u>\$ 42.2</u>	<u>\$ 66.9</u>	<u>\$ 86.9</u>

The following tables summarize net revenue by channel for the three and nine months ended October 1, 2022 and October 2, 2021:

<u>(in millions of U.S. dollars)</u>	For the Three Months Ended October 1, 2022				
	North America	Europe	Other	Eliminations	Total
<u>Revenue, net</u>					
Water Direct/Water Exchange	\$ 334.1	\$ 55.6	\$ 12.5	\$ —	\$ 402.2
Water Refill/Water Filtration	52.6	8.2	0.8	—	61.6
Other Water	9.6	0.5	22.3	—	32.4
Water Dispensers	23.7	—	—	—	23.7
Other	26.8	7.1	30.8	—	64.7
Total	<u>\$ 446.8</u>	<u>\$ 71.4</u>	<u>\$ 66.4</u>	<u>\$ —</u>	<u>\$ 584.6</u>

For the Nine Months Ended October 1, 2022					
(in millions of U.S. dollars)	North America	Europe	Other	Eliminations	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 933.5	\$ 157.5	\$ 35.0	\$ —	\$ 1,126.0
Water Refill/Water Filtration	142.1	24.6	2.0	—	168.7
Other Water	65.8	1.3	59.8	—	126.9
Water Dispensers	56.4	—	—	—	56.4
Other	82.8	22.2	99.1	—	204.1
<b>Total</b>	<b>\$ 1,280.6</b>	<b>\$ 205.6</b>	<b>\$ 195.9</b>	<b>\$ —</b>	<b>\$ 1,682.1</b>

For the Three Months Ended October 2, 2021					
(in millions of U.S. dollars)	North America	Europe	Other	Eliminations	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 281.9	\$ 50.3	\$ 12.0	\$ —	\$ 344.2
Water Refill/Water Filtration	47.0	8.4	0.2	—	55.6
Other Water	42.6	0.4	23.8	—	66.8
Water Dispensers	16.1	—	—	—	16.1
Other	25.7	8.1	34.4	(0.1)	68.1
<b>Total</b>	<b>\$ 413.3</b>	<b>\$ 67.2</b>	<b>\$ 70.4</b>	<b>\$ (0.1)</b>	<b>\$ 550.8</b>

For the Nine Months Ended October 2, 2021					
(in millions of U.S. dollars)	North America	Europe	Other	Eliminations	Total
<i>Revenue, net</i>					
Water Direct/Water Exchange	\$ 785.6	\$ 138.3	\$ 30.9	\$ —	\$ 954.8
Water Refill/Water Filtration	137.2	24.1	0.4	—	161.7
Other Water	125.7	1.0	61.0	—	187.7
Water Dispensers	48.7	—	—	—	48.7
Other	78.3	23.7	101.4	(1.0)	202.4
<b>Total</b>	<b>\$ 1,175.5</b>	<b>\$ 187.1</b>	<b>\$ 193.7</b>	<b>\$ (1.0)</b>	<b>\$ 1,555.3</b>



The following table summarizes our EBITDA and Adjusted EBITDA for the three and nine months ended October 1, 2022 and October 2, 2021:

(in millions of U.S. dollars)	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net income (loss)	\$ 1.3	\$ 18.1	\$ (27.9)	\$ (0.4)
Interest expense, net	17.4	16.7	51.3	53.4
Income tax expense	5.1	3.1	8.9	4.4
Depreciation and amortization	59.6	53.3	181.0	158.4
<b>EBITDA</b>	<b>\$ 83.4</b>	<b>\$ 91.2</b>	<b>\$ 213.3</b>	<b>\$ 215.8</b>
Acquisition and integration costs	3.3	2.6	12.5	6.3
Share-based compensation costs	3.2	3.8	10.7	10.0
COVID-19 costs	—	0.8	—	2.0
Impairment charges	—	—	29.1	—
Foreign exchange and other losses, net	21.3	5.7	36.7	4.6
Loss on disposal of property, plant and equipment, net	2.6	—	4.4	5.4
Loss on extinguishment of long-term debt	—	—	—	27.2
Other adjustments, net	3.1	1.8	6.1	10.3
<b>Adjusted EBITDA</b>	<b>\$ 116.9</b>	<b>\$ 105.9</b>	<b>\$ 312.8</b>	<b>\$ 281.6</b>

### Three Months Ended October 1, 2022 Compared to Three Months Ended October 2, 2021

#### Revenue, Net

Net revenue increased \$33.8 million, or 6.1%, in the third quarter from the prior year period.

North America net revenue increased \$33.5 million, or 8.1%, in the third quarter from the prior year period due primarily to customer growth and increased demand for products and services from residential and business-to-business customers of \$31.2 million and pricing initiatives of \$35.6 million, partially offset by the effects of exit from the single-use retail bottled water business of \$37.3 million.

Europe net revenue increased \$4.2 million, or 6.3%, in the third quarter from the prior year period due primarily to customer growth and increased demand for products and services from residential and business-to-business customers of \$11.4 million, pricing initiatives of \$4.9 million, partially offset by the sale of the Russia business of \$2.7 million and unfavorable impact of foreign exchange rates of \$12.0 million.

Other net revenue decreased \$4.0 million, or 5.7%, in the third quarter from the prior year period due primarily to the unfavorable impact of foreign exchange rates of \$6.5 million.

#### Gross Profit

Gross profit increased to \$348.2 million in the third quarter from \$308.4 million in the prior year period. Gross profit as a percentage of revenue was 59.6% in the third quarter compared to 56.0% in the prior year period.

North America gross profit increased to \$272.5 million in the third quarter from \$233.0 million in the prior year period, and gross profit as a percentage of revenue was 61.0% in the third quarter compared to 56.4% in the prior year period. The 460 basis point increase is due primarily to increased demand and pricing initiatives.

Europe gross profit increased to \$48.6 million in the third quarter from \$46.0 million in the prior year period, and gross profit as a percentage of revenue remained relatively flat at 68.1% in the third quarter compared to 68.5% in the prior year period.

Other gross profit decreased to \$27.1 million in the third quarter from \$29.4 million in the prior year period, and gross profit as a percentage of revenue was 40.8% in the third quarter compared to 41.8% in the prior year. The 100 basis point decrease is due primarily to the unfavorable impact of foreign exchange rates of \$1.7 million.

***Selling, General and Administrative Expenses***

SG&A expenses increased to \$297.3 million in the third quarter from \$263.6 million in the prior year period. SG&A expenses as a percentage of revenue was 50.9% in the third quarter compared to 47.9% in the prior year period.

North America SG&A expenses increased to \$215.7 million in the third quarter from \$183.6 million in the prior year period due primarily to higher selling and operating costs that supported volume and revenue growth which included inflationary labor and transportation cost increases, which increased by \$14.9 million and \$5.6 million, respectively, from the prior year period.

Europe SG&A expenses decreased to \$42.4 million in the third quarter from \$44.0 million in the prior year period due primarily to the favorable impact of foreign exchange rates of \$6.8 million, partially offset by higher selling and operating costs that supported volume and revenue growth which included inflationary labor and transportation cost increases, which increased by \$4.2 million and \$0.7 million, respectively, from the prior year period.

Other SG&A expenses increased to \$39.2 million in the third quarter from \$36.0 million in the prior year period due primarily to labor cost increases, which increased by \$5.2 million from the prior year period, partially offset by the favorable impact of foreign exchange rates of \$2.8 million.

***Acquisition and Integration Expenses***

Acquisition and integration expenses increased to \$3.3 million in the third quarter from \$2.6 million in the prior year period. Acquisition and integration expenses as a percentage of revenue was 0.6% in the third quarter compared to 0.5% in the prior year period.

North America acquisition and integration expenses increased to \$2.4 million in the third quarter from \$0.8 million in the prior year period due primarily to costs associated with the exit from the single-use retail bottled water business in North America and ongoing integration costs incurred in connection with the Legacy Primo Acquisition.

Europe acquisition and integration expenses remained relatively flat at \$0.8 million in the third quarter compared to \$0.5 million in the prior year period.

Other acquisition and integration expenses decreased to \$0.1 million in the third quarter from \$1.3 million in the prior year period due to lower acquisition and integration costs primarily related to the Legacy Primo business.

***Impairment Charges***

There were no impairment charges in the third quarter or prior year.

***Operating Income (Loss)***

Operating income increased to \$45.0 million in the third quarter from operating income of \$42.2 million in the prior year period.

North America operating income increased to \$52.6 million in the third quarter from \$48.6 million in the prior year period due to the items discussed above.

Europe operating income increased to \$5.1 million in the third quarter from \$1.6 million in the prior year period due to the items discussed above.

Other operating loss increased to \$12.7 million in the third quarter from \$8.0 million in the prior year period due to the items discussed above.

***Other Expense, Net***

Other expense, net was \$21.2 million for the third quarter compared to other expense, net of \$4.3 million in the prior year period due primarily to higher unrealized foreign exchange losses in the current year period.

### ***Income Taxes***

Income tax expense was \$5.1 million in the third quarter compared to income tax expense of \$3.1 million in the prior year period. The effective tax rate for the third quarter was 79.7% compared to 14.6% in the prior year period.

The effective tax rate for the third quarter varied from the effective tax rate from the prior year period due primarily to foreign exchange losses in tax jurisdictions for which no tax benefit is recognized due to existing valuation allowances.

### **Nine Months Ended October 1, 2022 Compared to Nine Months Ended October 2, 2021**

#### ***Revenue, Net***

Net revenue increased \$126.8 million, or 8.2%, for the year to date from the prior year period.

North America net revenue increased \$105.1 million, or 8.9%, for the year to date from the prior year period due primarily to customer growth and increased demand for products and services from residential and business-to-business customers of \$61.3 million and pricing initiatives of \$102.6 million, partially offset by the exit from the single-use retail bottled water business in the second quarter of \$69.7 million.

Europe net revenue increased \$18.5 million, or 9.9%, for the year to date from the prior year period due primarily to customer growth and increased demand for products and services from residential and business-to-business customers of \$33.1 million, pricing initiatives of \$10.8 million, partially offset by the sale of the Russia business of \$2.6 million and unfavorable impact of foreign exchange rates of \$25.1 million.

Other net revenue increased \$2.2 million, or 1.1%, for the year to date from the prior year period due primarily to increased demand for our products and services from residential and business-to-business customers of \$2.0 million and pricing initiatives of \$8.4 million, offset by the unfavorable impact of foreign exchange rates of \$10.5 million.

#### ***Gross Profit***

Gross profit increased to \$980.1 million for the year to date from \$870.1 million in the prior year period. Gross profit as a percentage of revenue was 58.3% year to date compared to 55.9% in the prior year period.

North America gross profit increased to \$764.9 million for the year to date from \$663.1 million in the prior year period, and gross profit as a percentage of revenue was 59.7% in the third quarter compared to 56.4% in the prior year period. The 330 basis point increase is due primarily to increased demand and pricing initiatives.

Europe gross profit increased to \$139.2 million for the year to date from \$128.2 million in the prior year period, and gross profit as a percentage of revenue was 67.7% in the third quarter compared to 68.5% in the prior year period. The 80 basis point decrease is due primarily to the unfavorable impact of foreign exchange rates of \$17.4 million.

Other gross profit decreased to \$76.0 million for the year to date from \$78.8 million in the prior year, and gross profit as a percentage of revenue was 38.8% in the third quarter compared to 40.7% in the prior year period. The 190 basis point decrease is due primarily to the unfavorable impact of foreign exchange rates of \$1.9 million.

#### ***Selling, General and Administrative Expenses***

SG&A expenses increased to \$867.2 million for the year to date from \$771.5 million in the prior year period. SG&A expenses as a percentage of revenue was 51.6% year to date compared to 49.6% in the prior year period.

North America SG&A expenses increased to \$624.0 million for the year to date from \$540.0 million in the prior year period due primarily to higher selling and operating costs that supported volume and revenue growth which included inflationary labor and transportation cost increases, which increased by \$37.5 million and \$18.3 million, respectively, from the prior year period.

Europe SG&A expenses increased to \$134.5 million for the year to date from \$131.1 million in the prior year period due primarily to higher selling and operating costs that supported volume and revenue growth which included inflationary labor and transportation cost increases, which increased by \$13.0 million and \$2.3 million, respectively, from the prior year period, offset by the favorable impact of foreign exchange rates of \$15.3 million.

Other SG&A expenses increased to \$108.7 million for the year to date from \$100.4 million in the prior year period due primarily to inflationary labor cost increases, which increased by \$12.0 million from the prior year period, partially offset by the favorable impact of foreign exchange rates of \$4.5 million.

**Acquisition and Integration Expenses**

Acquisition and integration expenses increased to \$12.5 million for the year to date from \$6.3 million in the prior year period. Acquisition and integration expenses as a percentage of revenue was 0.7% year to date compared to 0.4% in the prior year period.

North America acquisition and integration expenses increased to \$8.2 million for the year to date from \$2.8 million in the prior year period due primarily to costs associated with the exit from the single-use retail bottled water business in North America and ongoing integration costs incurred in connection with the Legacy Primo Acquisition.

Europe acquisition and integration expenses increased to \$3.0 million for the year to date from \$0.5 million in the prior year period due primarily to costs associated with tuck-in acquisitions.

Other acquisition and integration expenses decreased to \$1.3 million for the year to date from \$3.0 million in the prior year period due primarily to lower acquisition and integration costs of the Legacy Primo business.

**Impairment Charges**

Impairment charges increased to \$29.1 million for the year to date from nil in the prior year period. Impairment charges as a percentage of revenue was 1.7% year to date compared to nil in the prior year period.

There were no North America impairment charges in the first nine months of 2022 or 2021.

Europe impairment charges increased to \$29.1 million for the year to date from nil in the prior year period due to the non-cash impairment charges resulting from the exit of our business in Russia and realignment of our segments. The charges include an asset impairment charge of \$11.2 million, a goodwill impairment charge of \$11.2 million and a trademark impairment charge of \$6.7 million, all in the second quarter.

There were no Other impairment charges in the first nine months of 2022 or 2021.

**Operating Income (Loss)**

Operating income was \$66.9 million for the year to date compared to operating income of \$86.9 million in the prior year period.

North America operating income increased to \$129.2 million for the year to date from \$114.8 million in the prior year period due to the items discussed above.

Europe operating loss increased to \$27.6 million for the year to date from \$3.4 million in the prior year period due to the items discussed above.

Other operating loss increased to \$34.7 million for the year to date from \$24.5 million in the prior year period due to the items discussed above.

**Other Expense, Net**

Other expense, net was \$34.6 million for the year to date compared to \$29.5 million in the prior year period due primarily to unrealized foreign exchange losses in the current year period and costs to redeem our 2025 Notes incurred in the prior year period.

**Income Taxes**

Income tax expense was \$8.9 million for the year to date compared to income tax expense of \$4.4 million in the prior year period. The effective tax rate for the year to date was (46.8)% compared to 110.0% in the prior year period.

The effective tax rate for the year to date varied from the effective tax rate from the prior year period due primarily to impairment charges incurred in the second quarter of 2022 for which minimal tax benefit is recognized.

**Liquidity and Capital Resources**

As of October 1, 2022, we had total debt of \$1,503.6 million and \$95.5 million of cash and cash equivalents compared to \$1,560.9 million of debt and \$128.4 million of cash and cash equivalents as of January 1, 2022.

The COVID-19 pandemic has continued to disrupt our business. The extent and duration of the impact of the COVID-19 pandemic on our business and financial results will depend on numerous evolving factors that we are not able to accurately predict and that all will vary by market. These factors include the duration and scope of the pandemic, the emergence of new variants of the virus and the efficacy of vaccines against such variants, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary. Moreover, disruptions in the global supply chain, the effects of the Russia/Ukraine war, labor shortages, inflation, and rising interest rates further exacerbate challenging economic conditions from the pandemic or otherwise.

We believe that our level of resources, which includes cash on hand, borrowings under our Revolving Credit Facility and funds provided by our operations, will be adequate to fund cash outflows that have both a short- and long-term component. These cash flows will support our growth platform and include our expenses, capital expenditures, anticipated dividend payments, and debt service obligations. The Company regularly assesses its cash requirements and the available resources to fund these needs. Our ability to generate cash to meet our current expenses and debt service obligations will depend on our future performance. If we do not have enough cash to pay our debt service obligations, or if the Revolving Credit Facility or our outstanding notes were to become currently due, either at maturity or as a result of a breach, we may be required to take actions such as amending our Credit Agreement or the indentures governing our outstanding notes, refinancing all or part of our existing debt, selling assets, incurring additional indebtedness or raising equity. If we need to seek additional financing, there is no assurance that this additional financing will be available on favorable terms or at all.

As of October 1, 2022, our outstanding borrowings under the Revolving Credit Facility were \$233.0 million and outstanding letters of credit totaled \$58.6 million resulting in total utilization under the Revolving Credit Facility of \$291.6 million. Accordingly, unused availability under the Revolving Credit Facility as of October 1, 2022 amounted to \$58.4 million.

We earn substantially all of our consolidated operating income in subsidiaries located outside of Canada. We have not provided for federal, state, and foreign deferred income taxes on the undistributed earnings of our non-Canadian subsidiaries. We expect that these earnings will be permanently reinvested by such subsidiaries except in certain instances where repatriation attributable to current earnings results in minimal or no tax consequences.

We expect our existing cash and cash equivalents, cash flows and the issuance of debt to continue to be sufficient to fund our operating, investing, and financing activities. In addition, we expect our existing cash and cash equivalents and cash flows outside of Canada to continue to be sufficient to fund the operating activities of our subsidiaries.

A future change to our assertion that foreign earnings will be permanently reinvested could result in additional income taxes and/or withholding taxes payable, where applicable. Therefore, a higher effective tax rate could occur during the period of repatriation.

We may, from time to time, depending on market conditions, including without limitation whether our outstanding notes are then trading at a discount to their face amount, repurchase our outstanding notes for cash and/or in exchange for our common shares, warrants, preferred shares, debt, or other consideration, in each case in open market purchases and/or privately negotiated transactions. The amounts involved in any such transactions, individually or in the aggregate, may be material. However, the covenants in our Revolving Credit Facility subject such purchases to certain limitations and conditions.

A dividend of \$0.07 per common share was declared during each quarter of 2022 for an aggregate dividend payment of approximately \$34.4 million.

The following table summarizes our cash flows for the three and nine months ended October 1, 2022 and October 2, 2021, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

<i>(in millions of U.S. dollars)</i>	For the Three Months Ended		For the Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net cash provided by operating activities from continuing operations	\$ 92.7	\$ 83.4	\$ 183.0	\$ 171.7
Net cash used in investing activities from continuing operations	(80.8)	(53.5)	(176.9)	(119.0)
Net cash used in financing activities from continuing operations	(14.8)	(17.7)	(33.3)	(39.3)
<b>Cash flows from discontinued operations:</b>				
Net cash provided by (used in) discontinued operations	—	0.1	—	(1.7)
Effect of exchange rate changes on cash	(3.8)	(1.2)	(5.7)	(1.5)
Net (decrease) increase in cash, cash equivalents and restricted cash	(6.7)	11.1	(32.9)	10.2
Cash and cash equivalents and restricted cash, beginning of period	102.2	114.2	128.4	115.1
Cash and cash equivalents and restricted cash, end of period	\$ 95.5	\$ 125.3	\$ 95.5	\$ 125.3

#### **Operating Activities**

Cash provided by operating activities from continuing operations was \$183.0 million year to date compared to \$171.7 million in the prior year period. The \$11.3 million increase was due primarily to improved earnings, excluding non-cash charges, partially offset by an increase in cash used for working capital relative to the prior year period.

#### **Investing Activities**

Cash used in investing activities from continuing operations was \$176.9 million year to date compared to \$119.0 million in the prior year period. The \$57.9 million increase was due primarily to an increase in additions to property, plant and equipment relative to the prior year period.

#### **Financing Activities**

Cash used in financing activities from continuing operations was \$33.3 million year to date compared to \$39.3 million in the prior year period. The \$6.0 million decrease was due primarily to a decrease in cash used for financing transactions and share repurchases, partially offset by a decrease in cash provided by net short-term borrowings, a decrease in issuance of common shares and an increase in dividends paid to common shareholders.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements as of October 1, 2022.

#### **Contractual Obligations**

There were no material changes to our outstanding contractual obligations from amounts previously disclosed in our 2021 Annual Report.

#### **Credit Ratings and Covenant Compliance**

##### **Credit Ratings**

We have no material changes to the disclosure on this matter made in our 2021 Annual Report.

## **Covenant Compliance**

### *Indentures governing our outstanding notes*

Under the indentures governing our outstanding notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries' ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. The covenants are substantially similar across the series of notes. As of October 1, 2022, we were in compliance with all of the covenants under each series of notes. There have been no amendments to any such covenants of our outstanding notes since the date of their issuance.

### *Revolving Credit Facility*

Under the Credit Agreement governing the Revolving Credit Facility, we and our restricted subsidiaries are subject to a number of business and financial covenants, including a consolidated secured leverage ratio and an interest coverage ratio. The consolidated secured leverage ratio must not be more than 3.50 to 1.00, with an allowable temporary increase to 4.00 to 1.00 for the quarter in which we consummate a material acquisition with a price not less than \$125.0 million, for three quarters. The interest coverage ratio must not be less than 3.00 to 1.00. We were in compliance with these financial covenants as of October 1, 2022.

In addition, the Credit Agreement has certain non-financial covenants, such as covenants regarding indebtedness, investments, and asset dispositions. We were in compliance with all of the applicable covenants as of October 1, 2022.

## **Issuer Purchases of Equity Securities**

### *Common Share Repurchase Program*

On August 9, 2022, our Board of Directors approved a new share repurchase program for up to \$100.0 million of our outstanding common shares over a 12-month period commencing on August 15, 2022. During the third quarter of 2022, we repurchased 812,696 common shares for approximately \$10.9 million through open market transactions. Repurchased shares were subsequently cancelled. Please refer to the table in Part II, Item 2 of this Quarterly Report on Form 10-Q.

We are unable to predict the number of common shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of common shares to be purchased in future periods. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

### *Tax Withholding*

In the third quarter of 2022, an aggregate of 1,827 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards. In the third quarter of 2021, an aggregate of 1,481 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards.

Please refer to the table in Part II, Item 2 of this Quarterly Report on Form 10-Q.

## **Capital Structure**

Since January 1, 2022, our equity has decreased by \$57.4 million. The decrease was due to a net loss of \$27.9 million, common shares repurchased and canceled of \$13.0 million, and common share dividend payments of \$34.4 million, partially offset by other comprehensive income, net of tax of \$5.1 million, the issuance of common shares of \$2.1 million, and share-based compensation costs of \$10.7 million.

## **Dividend Payments**

### *Common Share Dividend*

On August 9, 2022, the Board of Directors declared a dividend of \$0.07 per share on common shares, payable in cash on September 7, 2022 to shareowners of record at the close of business on August 24, 2022. On November 8, 2022, the Board of Directors declared a dividend of \$0.07 per share on common shares, payable in cash on December 9, 2022, to shareowners of record at the close of business on November 29, 2022. We intend to pay a regular quarterly dividend on our common shares subject to, among other things, the best interests of our shareowners, our results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants set forth in the Revolving Credit Facility and indentures governing our outstanding notes, as well as other factors that the Board of Directors may deem relevant from time to time.

**Critical Accounting Policies**

Our critical accounting policies require management to make estimates and assumptions that affect the reported amounts in the Consolidated Financial Statements and the accompanying notes. These estimates are based on historical experience, the advice of external experts or on other assumptions management believes to be reasonable. Where actual amounts differ from estimates, revisions are included in the results for the period in which actual amounts become known. Historically, differences between estimates and actual amounts have not had a significant impact on our Consolidated Financial Statements.

Critical accounting policies and estimates used to prepare the Consolidated Financial Statements are discussed with the Audit Committee of our Board of Directors as they are implemented and on an annual basis.

We have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2021 Annual Report.

**Recent Accounting Pronouncements**

See Note 1 to the Consolidated Financial Statements for a discussion of recent accounting guidance.



### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

In the ordinary course of business, we are exposed to foreign currency, interest rate and commodity price risks. We hedge firm commitments or anticipated transactions and do not enter into derivatives for speculative purposes. We do not hold financial instruments for trading purposes. Other than the risk below, we have no material changes to our Quantitative and Qualitative Disclosures about Market Risk as filed in our 2021 Annual Report.

#### ***Inflation and Supply Chain Disruption Risk***

We have experienced inflationary cost increases in our underlying expenses, including transportation and labor costs. We have also been impacted by global supply chain disruption, which has increased ocean freight voyage lead times for the shipment of our water dispensers to our branch locations and has increased freight costs.

While transportation and labor costs have on aggregate increased by \$49.2 million, offset by favorable impact of foreign exchange rates of \$4.6 million, in the third quarter of 2022 compared to the third quarter of 2021, the Company has been able to mitigate the impacts of inflation and supply chain disruptions. Our mitigation strategies, such as price increases and cost control efforts, have provided us the necessary flexibility to respond to the risks.

While we have taken steps to minimize the impact of these increased costs, global supply chain disruption may deteriorate and inflationary pressures may increase, which could adversely affect our business, financial condition, results of operations and cash flows.

### **Item 4. Controls and Procedures**

#### **Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of October 1, 2022. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of October 1, 2022, the Company's disclosure controls and procedures are functioning effectively to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In addition, our management carried out an evaluation, as required by Rule 13a-15(d) of the Exchange Act, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations, income taxes, and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on our financial position or results of operations.

Pursuant to SEC rules, we will disclose any proceeding in which a government authority is a party and that arises under any federal, state or local provisions enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment only where we believe that such proceedings, individually or in the aggregate, will result in monetary sanctions on us, exclusive of interest and costs, above \$500,000 or is otherwise material to our financial position, results of operations, or cash flows.

### Item 1A. Risk Factors

Other than the risk factor below, there have been no material changes to our risk factors since January 1, 2022. Please refer to our 2021 Annual Report.

#### ***Supply chain disruptions and cost increases related to inflation are having, and could continue to have, an adverse effect on our business, operating results, and financial condition.***

We have experienced inflationary cost increases in our underlying expenses, including transportation and labor costs. We have also been impacted by global supply chain disruption, which has increased ocean freight voyage lead times for the shipment of our water dispensers to our branch locations and has increased freight costs.

To date, the Company has been able to largely mitigate the impacts of inflation and supply chain disruptions. Our mitigation strategies, such as price increases and cost control efforts, have provided us the necessary flexibility to respond to the risks.

While we have taken steps to minimize the impact of these increased costs, global supply chain disruption may deteriorate and inflationary pressures may increase, which could adversely affect our business, financial condition, results of operations and cash flows.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Share Repurchases

On May 4, 2021, our Board of Directors approved a share repurchase program for up to \$50.0 million of our outstanding common shares over a 12-month period commencing on May 10, 2021. We did not repurchase any outstanding common shares under the plan during the third quarter of 2022 and the program has now expired.

On August 9, 2022, our Board of Directors approved a share repurchase program for up to \$100.0 million of our outstanding common shares over a 12-month period commencing on August 15, 2022.

The following table summarizes the repurchase activity under the Repurchase Plan during the third quarter of 2022:

	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Dollar Value) of Common Shares that May Yet Be Purchased Under the Plans or Programs
July 3, 2022-July 31, 2022	—	\$ —	—	\$ —
August 1, 2022-August 31, 2022	—	\$ —	—	\$ —
September 1, 2022-October 1, 2022	812,696	\$ 13.45	812,696	\$ 89,069,239
<b>Total</b>	<b>812,696</b>			

### Tax Withholding

The following table contains information about common shares that we withheld from delivering to employees during the third quarter of 2022 to satisfy their respective tax obligations related to share-based awards.

	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Common Shares that May Yet Be Purchased Under the Plans or Programs
July 3, 2022-July 31, 2022	923	\$ 13.13	N/A	N/A
August 1, 2022-August 31, 2022	369	\$ 13.67	N/A	N/A
September 1, 2022-October 1, 2022	535	\$ 13.93	N/A	N/A
<b>Total</b>	<b>1,827</b>			

## Item 5. Other Information

The information set forth below is included herein for purposes of providing the disclosure required under “Item 5.03 - Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year” of Form 8-K.

Effective November 8, 2022, the Board of Directors (the “Board”) of Primo Water Corporation (the “Company”) adopted Amended and Restated By-Law No. 1 (the “Amended and Restated By-Laws”). The amendments effected by the Amended and Restated By-laws clarify certain procedural and information requirements for shareowners to make director nominations and address certain matters resulting from the Securities and Exchange Commission’s “universal proxy” rules, including:

- to require nominating shareowners to submit certain information regarding the nominee and to respond to information requests from the Company germane to the nomination;
- to require nominating shareowners to make certain representations regarding their intent to comply with applicable proxy rules, to provide reasonable evidence of compliance with those rules in advance of the meeting, and to notify the Company in the event of a change in plans to solicit proxies; and

- to provide that any proxies in favor of a nomination that is withdrawn by the nominating shareowner or disregarded due to failure to comply with applicable proxy rules or the procedures set forth in the Amended and Restated By-Laws will be treated as abstentions.

The Amended and Restated By-Laws expand the group of persons authorized to determine whether a nomination has been made in accordance with the Amended and Restated By-laws in order to allow the Company to respond appropriately to questions as they arise throughout the nomination and solicitation process.

The Amended and Restated By-Laws also incorporate ministerial, clarifying and conforming changes, including revisions to reflect changes to the *Business Corporations Act* (Ontario).

The Amended and Restated By-Laws will be placed before shareowners for ratification and confirmation at the Company's 2023 annual meeting of shareowners. The foregoing summary is subject to the complete text of the Amended and Restated By-Laws, a copy of which is attached to this Form 10-Q as Exhibit 3.1, and is qualified in its entirety by reference thereto. A copy marked to show the amendments is attached as Exhibit 3.2.

**Item 6. Exhibits**

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	Exhibit	Filing Date	File No.	
3.1	<a href="#">Amended and Restated By-Laws of Primo Water Corporation</a>					*
3.2	<a href="#">Amended and Restated By-Laws of Primo Water Corporation (redline)</a>					*
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended October 1, 2022.</a>					*
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended October 1, 2022.</a>					*
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended October 1, 2022.</a>					*
32.2	<a href="#">Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended October 1, 2022.</a>					*
101	The following financial statements from Primo Water Corporation's Quarterly Report on Form 10-Q for the quarter ended October 1, 2022, filed November 10, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to the Consolidated Financial Statements.					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					*

**SIGNATURES**

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

PRIMO WATER CORPORATION  
(Registrant)

Date: November 10, 2022

*/s/ Jay Wells*

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Jay Wells  
Chief Financial Officer  
(On behalf of the Company)

Date: November 10, 2022

*/s/ Jason Ausher*

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Jason Ausher  
Chief Accounting Officer  
(Principal Accounting Officer)

**AMENDED AND RESTATED BY-LAW NO. 1**

**Business Corporations Act (Ontario)**

**A by-law relating generally to the regulation of the business and affairs of**

**PRIMO WATER CORPORATION**

**(the “Corporation”)**

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**PRIMO WATER CORPORATION**

**BY-LAW NO. 1**

being a by-law relating generally to the transaction of the business and affairs of the Corporation,

**ARTICLE ONE**

**INTERPRETATION**

SECTION 1.01 DEFINITIONS. In the by-laws of the Corporation, unless the context otherwise requires:

“Act” means the *Business Corporations Act* (Ontario) and all regulations made pursuant to it, and any statute and regulations that may be substituted therefor, as from time to time amended;

“appoint” includes “elect” and vice versa;

“articles” means the articles of continuance of the Corporation attached to the certificate of continuance dated July 7, 2021, as from time to time amended or restated;

“board” means the board of directors of the Corporation;

“by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“Corporation” means Primo Water Corporation, a corporation continued under the laws of Ontario;

“electronic document” means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

“Exchange Act” means the Securities Exchange Act of 1934, as amended;

“information system” means a system used to generate, send, receive, store, or otherwise process an electronic document;

“meeting of shareowners” means an annual meeting of shareowners or a special meeting of shareowners;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

“recorded address” means in the case of a shareowner its latest address as recorded in the securities register; and in the case of joint shareowners the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, such person’s latest address as shown in the records of the Corporation;

“SEC Regulation 14A” means Regulation 14A under the Exchange Act;

“signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.02, or by a resolution passed pursuant thereto;

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save as aforesaid, words and expressions defined in the Act have the same meanings when used herein or in any other by-law; and

words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations; and a reference to a section means that section in the by-laws in which such section appears.

In the case of any conflict between the articles and the provisions of this or any other by-law the provisions of the articles shall prevail.

## **ARTICLE TWO**

### **BUSINESS OF THE CORPORATION**

**SECTION 2.01 REGISTERED OFFICE.** Until changed in accordance with the Act, the address of the registered office of the Corporation will be within the place specified in the articles or within articles of amendment changing the place in which its registered office is situated.

**SECTION 2.02 EXECUTION OF INSTRUMENTS.** Deeds, documents, bonds, debentures, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any one of the directors or officers of the Corporation. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

**SECTION 2.03 BANKING AND FINANCIAL ARRANGEMENTS.** The banking and financial business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking and financial business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

**SECTION 2.04 VOTING RIGHTS IN OTHER BODIES CORPORATE.** The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

**SECTION 2.05 WITHHOLDING INFORMATION FROM SHAREOWNERS.** Subject to the provisions of the Act, no shareowner shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareowners or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareowners and no shareowner shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareowners.

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SECTION 2.06 DECLARATIONS. Any officer of the Corporation or any other person appointed for the purpose by resolution of the board is authorized and empowered to appear and make answer for, on behalf and in the name of the Corporation, to writs, orders and interrogatories upon articulated facts issued out of any court and to declare for, on behalf and in the name of the Corporation, any answer to writs of attachment by way of garnishment or otherwise and to make all affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings. Such officers and persons may make demands of abandonment or petitions for winding-up or bankruptcy orders upon any debtor of the Corporation, may attend and vote at all meetings of creditors of the Corporation's debtors and grant proxies in connection therewith, and may generally do all such things in respect thereof as they deem to be in the best interests of the Corporation.

### ARTICLE THREE

#### BORROWING AND SECURITIES

SECTION 3.01 BORROWING POWER. Without limiting the borrowing powers of the Corporation as set forth in the Act or in the articles, the board may from time to time:

- (a) borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give guarantees on behalf of the Corporation to secure performance of an obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the real or personal, moveable or immoveable property of the Corporation, currently owned or subsequently acquired, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt or liability of the Corporation, including any bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue. Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

SECTION 3.02 DELEGATION. The board may from time to time delegate to such one or more of the directors or officers of the Corporation as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

### ARTICLE FOUR

#### DIRECTORS

SECTION 4.01 NUMBER OF DIRECTORS AND QUORUM. Until changed in accordance with the Act, the board shall consist of such fixed number, or minimum and maximum number, of directors as may be set out in the articles.

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The directors may, from time to time, fix by resolution the quorum for meetings of directors, but until otherwise fixed, a majority of the directors in office from time to time shall constitute a quorum. Any meeting of directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the by-laws of the Corporation for the time being vested in or exercisable by the directors generally.

Subject to the Act and to the articles of the Corporation, the directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareowners, but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareowners.

**SECTION 4.02 QUALIFICATION.** No person shall be qualified for election as a director if such person is less than eighteen (18) years of age; if such person is of unsound mind and has been so found by a court in Canada or elsewhere; if such person is not an individual; or if such person has the status of a bankrupt. A director need not be a shareowner.

**SECTION 4.03 ELECTION AND TERM.** The election of directors shall take place at each annual meeting of shareowners at which time all the directors then in office shall cease to hold office, but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareowners otherwise determine. The election shall be by resolution. If an election of directors is not held at any such meeting of shareowners, the incumbent directors shall continue in office until their successors are elected.

**SECTION 4.04 VACATION OF OFFICE.** A director ceases to hold office when such director dies; when such director is removed from office by the shareowners in accordance with the provisions of the Act; when such director ceases to be qualified for election as a director; or when such director's written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

**SECTION 4.05 VACANCIES.** Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareowners to elect the number or minimum number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareowners to elect the number or minimum number of directors, the board may call a special meeting of shareowners to fill the vacancy. If the board fails to call such meeting or if there are no such directors then in office, any shareowner may call the meeting. Where there is a vacancy in the board, the remaining directors may exercise all the authorities, powers and discretions of the board so long as a quorum remains in office.

**SECTION 4.06 MEETINGS BY TELEPHONE ELECTRONIC OR OTHER COMMUNICATION FACILITY.** A director may, to the extent and in the manner permitted by law, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, but only if all the directors of the Corporation have consented to that form of participation. A director participating in such a meeting by such means is deemed for the purposes of the Act to be present at that meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

**SECTION 4.07 PLACE OF MEETINGS.** Meetings of the board may be held at any place in or outside Canada.

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SECTION 4.08 CALLING OF MEETINGS. Meetings of the board shall be held from time to time and at such place as the board, the chairperson of the board, the chief executive officer, or any two directors may determine.

SECTION 4.09 NOTICE OF MEETING. Notice of the time and place of each meeting of the board shall be given in the manner provided in section 13.01 to each director not less than twenty-four (24) hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may waive notice of or otherwise consent to a meeting of the board. Such a waiver of notice may be sent in any manner, including as an electronic document and at any time before, during or after a meeting of the board. No action taken at any meeting of the board shall be invalidated by the accidental failure to give notice or sufficient notice thereof to any director.

SECTION 4.10 FIRST MEETING OF NEW BOARD. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareowners at which such board is elected.

SECTION 4.11 ADJOURNED MEETING. Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

SECTION 4.12 REGULAR MEETINGS. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

SECTION 4.13 CHAIRPERSON. The chairperson of any meeting of the board shall be the chairperson of the board, or any other director chosen by the directors present if (a) the chairperson of the board is not present at the meeting within 15 minutes after the time set for holding the meeting; (b) the chairperson of the board is not willing to chair the meeting; or (c) the chairperson of the board has advised the secretary, if any, or any other director, that they will not be present at the meeting.

SECTION 4.14 VOTES TO GOVERN. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairperson of the meeting shall be entitled to a second or casting vote.

SECTION 4.15 REMUNERATION AND EXPENSES. The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## **ARTICLE FIVE**

### **COMMITTEES**

SECTION 5.01 COMMITTEES OF DIRECTORS. The board may appoint a committee or committees of directors, however designated, and delegate to such committee or committees any of the powers of the board except those which, under the Act, a committee of directors has no authority to exercise.

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SECTION 5.02 AUDIT COMMITTEE. The board shall elect from among its number an audit committee to be composed of at least three (3) directors of whom the majority shall not be officers or employees of the Corporation or its affiliates. Members of the audit committee shall remain in office at the pleasure of the board and while still directors.

SECTION 5.03 TRANSACTION OF BUSINESS. Subject to the provisions of section 4.06, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of a committee of directors may be held at any place in or outside Canada.

SECTION 5.04 PROCEDURE. Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairperson and to regulate its procedure.

## **ARTICLE SIX**

### **OFFICERS**

SECTION 6.01 APPOINTMENT. The board may from time to time appoint a chairperson of the board, a chief executive officer, a chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to section 6.02, an officer may but need not be a director and one person may hold more than one office.

SECTION 6.02 CHAIRPERSON OF THE BOARD. The chairperson of the board shall be chosen from among the directors and, if appointed, shall have such powers and duties as the board may specify.

SECTION 6.03 CHIEF EXECUTIVE OFFICER. Unless the directors otherwise determine, the chief executive officer shall be appointed by the directors and shall have general management of its business and affairs.

SECTION 6.04 VICE-PRESIDENT OR VICE-PRESIDENTS. The vice-president or vice-presidents shall have such powers and duties as the board may specify.

SECTION 6.05 SECRETARY. Except as may be otherwise determined from time to time by the board, the secretary shall attend and be the secretary of all meetings of the board, shareowners and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; they shall give or cause to be given, as and when instructed, all notices to shareowners, directors, officers, auditors and members of committees of the board; they shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and they shall have such other powers and duties as the board or the chief executive officer may specify.

SECTION 6.06 POWERS AND DUTIES OF OTHER OFFICERS. The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant

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has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

**SECTION 6.07 VARIATION OF POWERS AND DUTIES.** The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

**SECTION 6.08 TERM OF OFFICE.** The board, in its discretion, may remove and discharge any or all the officers of the Corporation either with or without cause at any meeting called for that purpose and may elect or appoint others in their place or places. Any officer or employee of the Corporation, not being a member of the board, may also be removed and discharged, either with or without cause, by the chairperson of the board. If, however, there be a contract with an officer or employee derogating from the provisions of this section such removal or discharge shall be subject to the provisions of such contract. Otherwise each officer appointed by the board shall hold office until such officer's successor is appointed.

**SECTION 6.09 TERMS OF EMPLOYMENT AND REMUNERATION.** The terms of employment and the remuneration of officers appointed by the board shall be settled by it from time to time.

**SECTION 6.10 AGENTS AND ATTORNEYS.** The board, the chairperson of the board or any person delegated by any of them shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

## **ARTICLE SEVEN**

### **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

**SECTION 7.01 LIMITATION OF LIABILITY.** No director or officer shall be liable for the acts, receipts, neglects or defaults of any other person including any director or officer or employee or agent, or for joining in any receipt or acts for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, delictual, quasi-delictual or tortious acts of any person with whom any of the moneys, securities or other property of the Corporation shall be deposited or for any loss occasioned by an error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune whatever which may arise out of the execution of the duties of the office of such director or officer or in relation thereto, unless the same are occasioned by the wilful neglect or default of such director or officer; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the mandatory provisions of the Act or from liability for any breach thereof.

**SECTION 7.02 INDEMNIFICATION.** Without in any manner derogating from or limiting the mandatory provisions of the Act but subject to the conditions in this by-law, the Corporation shall indemnify each director and officer of the Corporation, each former director and officer of the Corporation and each individual who acts or acted at the Corporation's request as a director or officer, or each individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

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SECTION 7.03 ADVANCE OF COSTS. The Corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.04.

SECTION 7.04 LIMITATION IN INDEMNITY. The Corporation's indemnity applies, however, only to the extent that the individual seeking indemnity:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

SECTION 7.05 INSURANCE. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the board may from time to time determine.

## ARTICLE EIGHT

### SHARES

SECTION 8.01 ALLOTMENT. Subject to the articles, shares of the Corporation may be issued at such times and to such persons and for such consideration as the board may determine and the board may from time to time allot or grant options or other rights to purchase any of the shares of the Corporation at such times and to such persons and for such consideration as the board shall determine.

SECTION 8.02 COMMISSIONS. Subject to the provisions of the Act, the board may from time to time authorize the Corporation to pay a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

SECTION 8.03 REGISTRATION OF TRANSFER. Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by such holder's attorney or successor duly appointed, or upon proper instructions from the holder of uncertificated shares, in each case with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time require, and upon payment of all applicable taxes and any fees required by the board.

SECTION 8.04 TRANSFER AGENTS, REGISTRARS AND DIVIDEND DISBURSING AGENTS. The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. The board may also from time to time appoint a dividend disbursing agent to disburse dividends. One person may be appointed to any number of the aforesaid positions. The board may at any time terminate any such appointment.

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SECTION 8.05 CONCLUSIVENESS OF SECURITIES REGISTER. Subject to the provisions of the Act, the Corporation shall treat the person in- whose name any share is registered in the securities register as absolute owner of such share with full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

SECTION 8.06 SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated. Every holder of one or more shares of the Corporation shall be entitled, at such holder's option, to a share certificate, or to a non-transferable written acknowledgement of such holder's right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown on the securities register. Share certificates and acknowledgements of a shareowner's right to a share certificate respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with section 2.02 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless counter-signed by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

SECTION 8.07 REPLACEMENT OF SHARE CERTIFICATES. The board or any officer or agent designated by the board may in its discretion direct the issue of a new share certificate in lieu and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken upon payment of such fee, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

SECTION 8.08 JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION 8.09 DECEASED SHAREOWNERS. In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon or other distributions in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

## ARTICLE NINE

### DIVIDENDS AND RIGHTS

SECTION 9.01 DIVIDENDS. Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareowners according to their respective rights and

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interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

**SECTION 9.02 DIVIDEND WIRE TRANSFERS OR CHEQUES.** A dividend payable in money shall be paid, at the Corporation's option, by (a) wire transfer, or (b) cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared, and (i) sent, if by wire transfer, to such registered holder as per the wire instructions provided by such holder in the Corporation's securities register, or (ii) mailed by prepaid ordinary mail, if by cheque, to such registered holder at the address of such holder in the Corporation's securities register, unless such holder otherwise directs. In the case of joint holders, the wire transfer or cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and transferred to them as per the wire instructions, or mailed to them at their recorded address. The issuance of the wire transfer or the mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

**SECTION 9.03 NON-RECEIPT OF WIRE TRANSFERS OR CHEQUES.** In the event of non-receipt of any dividend wire transfer or cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a wire transfer or a cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors may from time to time prescribe, whether generally or in any particular case.

**SECTION 9.04 UNCLAIMED DIVIDENDS.** To the extent permitted by applicable law, any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **ARTICLE TEN**

### **MEETINGS OF SHAREOWNERS**

**SECTION 10.01 ANNUAL MEETINGS.** The annual meeting of shareowners shall be held at such time in each year and, subject to section 10.03, at such place as the board or failing it, the chairperson of the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

**SECTION 10.02 SPECIAL MEETINGS.** Subject to compliance with the Act, the board or the chairperson of the board shall have power to call a special meeting of shareowners at any time.

**SECTION 10.03 PLACE OF MEETINGS.** Meetings of shareowners of the Corporation may be held at such place inside or outside of Canada, as the directors may from time to time determine.

**SECTION 10.04 MEETINGS BY TELEPHONE, ELECTRONIC OR OTHER COMMUNICATION FACILITY.** Any person entitled to attend a meeting of shareowners may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareowners of the Corporation who call a meeting of shareowners pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a

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telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

**SECTION 10.05 NOTICE OF MEETINGS.** Subject to compliance with the Act, notice of the time and place of each meeting of shareowners shall be given in the manner provided in section 13.01 not less than twenty-one (21) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareowner who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. A shareowner may in any manner either before, during or after a meeting of shareowners waive notice of or otherwise consent to a meeting of shareowners.

**SECTION 10.06 CHAIRPERSON, SECRETARY AND SCRUTINEERS.** The chairperson of any meeting of shareowners shall be (a) the chairperson of the board, if any; (b) if the chairperson of the board is absent or unwilling to act as chairperson of the meeting of shareowners, the lead independent director; or (c) if neither the chairperson of the board nor the lead independent director is present, or willing to act, the chief executive officer or president and if no such person is present within fifteen (15) minutes after the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be the chairperson. If the secretary and each assistant-secretary of the Corporation is absent, the chairperson shall appoint some person, who need not be a shareowner, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareowners, may be appointed by a resolution or by the chairperson of the meeting.

**SECTION 10.07 PERSONS ENTITLED TO BE PRESENT.** The only persons entitled to be present at a meeting of shareowners shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

**SECTION 10.08 QUORUM.** Except as otherwise provided by law or by the articles, a quorum for the transaction of business at any meeting of shareowners shall be not less than two persons present in person, each being a shareowner entitled to vote thereat or a duly appointed proxy for an absent shareowner so entitled, and holding or representing the holder or holders of shares carrying not less than a majority of the voting power of all issued and outstanding shares of the Corporation entitled to vote on a particular matter to be acted on at the meeting, except that, when specified business is to be voted on by one or more classes or series of shares voting as a class, unless otherwise provided by law, regulatory authority or by the articles, the holders of not less than a majority of the voting power of the shares of such classes or series shall constitute a quorum for the transaction of such matter. If a quorum is present at the opening of the meeting of shareowners, the shareowners present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

If a quorum is not present at the opening of a meeting of shareowners, the shareowners present in person and entitled to be counted for the purpose of forming a quorum shall have power to adjourn the meeting from time to time to a fixed time and place without notice other than announcement at the meeting until a quorum shall be present, subject to the provisions of the Act, the articles and section 10.16 of this by-law. At any such adjourned meeting, provided a quorum is present, any business may be transacted which might have been transacted at the meeting adjourned.

**SECTION 10.09 RIGHT TO VOTE.** The shareowners entitled to vote at any meeting of shareowners shall be determined in accordance with the provisions of the Act and the articles.

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SECTION 10.10 PROXIES. Every shareowner entitled to vote at a meeting of shareowners may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareowners, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareowner or such shareowner's attorney and shall conform with the requirements of the Act and applicable law.

SECTION 10.11 TIME FOR DEPOSIT OF PROXIES. The board may specify in a notice calling a meeting of shareowners a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting.

SECTION 10.12 JOINT SHAREOWNERS. If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareowners may, in the absence of the other or others, vote the shares; but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

SECTION 10.13 VOTES TO GOVERN. At any meeting of shareowners every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the chairperson of the meeting shall be entitled to a second or casting vote.

SECTION 10.14 SHOW OF HANDS. Subject to the provisions of the Act, any question at a meeting of shareowners shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareowners upon the said question.

SECTION 10.15 BALLOTS. On any question proposed for consideration at a meeting of shareowners, and whether or not a show of hands has been taken thereon, any shareowner or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareowners upon the said question.

SECTION 10.16 ADJOURNMENT. Subject to the articles, if a meeting of shareowners is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned. If a meeting of shareowners is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for required by the Act.

SECTION 10.17 ELECTRONIC VOTING BY SHAREOWNERS. Any vote at a meeting of the shareowners may be held, to the extent and in the manner permitted by law, entirely by means of

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a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareowners by electronic means as provided in section 10.04 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

## ARTICLE ELEVEN

### ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

SECTION 11.01 NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the provisions of this by-law shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareowners, or at any special meeting of shareowners called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareowners pursuant to a proposal submitted to the Corporation in accordance with applicable laws or a requisition of meeting submitted to the directors in accordance with applicable laws, or
- (c) by any person (a "nominating shareowner") who, at the close of business on the date of the giving of the notice provided for below and on the record date for determining shareowners entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and complies with the notice and other procedures set forth in this by-law.

SECTION 11.02 TIMELY NOTICE. In addition to any other requirements in this by-law and under applicable laws, for a nomination to be made by a nominating shareowner, the nominating shareowner must have given timely notice thereof in proper written form to the secretary of the Corporation. To be timely, a nominating shareowner's notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareowners, not less than 30 days prior to the date of the annual meeting of shareowners; provided, however, that if the annual meeting of shareowners is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareowner may be made not later than the close of business on the 10<sup>th</sup> day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation; and
- (b) in the case of a special meeting of shareowners (which is not also an annual meeting of shareowners), not later than the close of business on the 15<sup>th</sup> day following the day on which the public announcement of the date of the special meeting of shareowners is first made by the Corporation.

SECTION 11.03 PROPER WRITTEN FORM. To be in proper written form, a nominating shareowner's notice to the Secretary must set forth and include:

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- (a) as to each person whom the nominating shareowner proposes to nominate for election as a director:
    - (i) the name, age, business address and residential address of the nominee,
    - (ii) the principal occupation or employment of the nominee,
    - (iii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareowners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,
    - (iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareowner, any person acting jointly or in concert with the nominating shareowner or any of their respective affiliates,
    - (v) a completed director questionnaire in the same form that nominees of the Corporation are required to complete, and
    - (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
  - (b) as to the nominating shareowner giving the notice,
    - (i) the name and record address of the nominating shareowner,
    - (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareowner as of the record date for the meeting of shareowners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,
    - (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareowners' interests in the Corporation,
    - (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareowner has a right to vote any shares of the Corporation,
    - (v) whether the nominating shareowner intends to deliver a proxy circular and form of proxy to any shareowners of the Corporation in connection with the election of directors,
    - (vi) a representation that such nominating shareowner who intends to solicit proxies in support of a nominee will:
      - (A) solicit proxies from shareowners of the Corporation representing at least 67% of the voting power of the shares of the Corporation
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entitled to vote on the election of directors in compliance with SEC Regulation 14A;

(B) include a statement to that effect in its dissident proxy circular and/or form of proxy;

(C) otherwise comply with SEC Regulation 14A;

(D) no later than five days before the meeting of shareowners (or any adjournment, postponement or rescheduling thereof), provide the Corporation with reasonable documentary evidence (as determined by the Corporation in good faith) that such nominating shareowner has complied with such representations, and

(vii) any other information relating to the nominating shareowner that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee in any proxy circular for the applicable meeting and any associated proxy card and to serve as a director, if elected. Reference to "nominating shareowner" in this section 11.03 shall be deemed to refer to each shareowner that nominates a person for election as director in the case of a nomination proposal where more than one shareowner is involved in making such nomination proposal.

The form of questionnaire may be requested from the Corporation at any time in advance of the deadline for timely notice. In addition, following receipt of the notice, the Corporation may request additional information in respect of the nominee and the nominating shareowner must provide responses within five business days following receipt of such request (subject to extension with the consent of the Corporation, which consent shall not be unreasonably withheld), provided that any such additional request by the Corporation must, in the reasonable discretion of the Corporation, be relevant for shareowners to make an informed decision with respect to director elections, including, without limitation, as to the qualifications, experience, economic or voting interests and independence of any such nominee. Any information produced by a nominating shareowner to the Corporation in response to a request from the Corporation shall be subsequently provided to all shareowners.

For the avoidance of doubt, given that the Corporation is regulated under the Exchange Act, in the case of a nominating shareowner that intends to solicit proxies, the nominating shareowner's notice, including all of the foregoing proper written form requirements, must be received by the Corporation within the time period in which notice of nominees must be received in compliance with SEC Regulation 14A. Unless otherwise required by law, if any shareowner (i) provides notice in compliance with Section 11.03(b) and (ii) subsequently fails to comply with any requirements of Rule 14a-19 promulgated under the Exchange Act or any other rules or regulations thereunder, then the Corporation shall disregard any proxies or votes solicited for such nominees and such nomination shall be disregarded in accordance with Section 11.05.

SECTION 11.04 ADDITIONAL REQUIREMENTS. In addition to the notice requirements described above, a nominating shareowner must:

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- (a) notify the Corporation within five days following any decision to no longer solicit proxies in accordance with SEC Regulation 14A and the representations set forth in the notice, and
- (b) no later than five days before the meeting of shareowners (or any adjournment, postponement or rescheduling thereof), provide the Corporation with reasonable documentary evidence (as determined by the Corporation in good faith) that such nominating shareowner has complied with the representations set forth in the notice, if applicable.

**SECTION 11.05 DETERMINATION OF ELIGIBILITY.** Any of (i) the board of directors of the Corporation, (ii) a committee of the board of directors of the Corporation, (iii) an authorized officer of the Corporation or (iv) the chair of the meeting of shareowners at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded, with no vote taken with respect to such nomination (notwithstanding any proxies with respect to such nomination having been received by the Corporation). In the event that the Corporation receives proxies for any disqualified or withdrawn nominee, such votes shall be treated as abstentions. The Board may, in its sole discretion, waive any requirement in this by-law.

**SECTION 11.06 DISCUSSION PERMITTED.** Nothing in this by-law shall be deemed to preclude discussion by a shareowner (as distinct from the nomination of directors) at a meeting of shareowners of any matter it is entitled to discuss pursuant to the Act.

**SECTION 11.07 MEANING OF PUBLIC ANNOUNCEMENT.** For purposes of this by-law, “public announcement” shall mean disclosure in a press release reported by a national news service in Canada or the United States or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) or the Electronic Data Gathering, Analysis and Retrieval system at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

**SECTION 11.08 NOTICE.** Notwithstanding any other provision of the by-laws of the Corporation, notice given to the secretary pursuant to this by-law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

## **ARTICLE TWELVE**

### **DIVISIONS AND DEPARTMENTS**

**SECTION 12.01 CREATION AND CONSOLIDATION OF DIVISIONS.** The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

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SECTION 12.02 NAME OF DIVISIONS. Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name.

## ARTICLE THIRTEEN

### NOTICES

SECTION 13.01 METHOD OF SENDING NOTICE. Subject to compliance with all applicable laws, any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareowner, director, officer, auditor or member of a committee of the board shall be sufficiently sent if (i) delivered personally to the person to whom it is to be sent, (ii) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail (iii) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication or (iv) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means- of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. The secretary or assistant secretary may change or cause to be changed the recorded address of any shareowner, director, officer or auditor or member of a committee of the board in accordance with any information believed by him to be reliable. The recorded address of a director shall be such director's latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current.

SECTION 13.02 ELECTRONIC DOCUMENTS. A requirement under this by-law to provide a person with a notice, document or other information is satisfied by providing an electronic document in compliance with the Act and the regulations thereunder.

SECTION 13.03 NOTICE TO JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them. The address to be used for the purpose of giving notices shall be the recorded address.

SECTION 13.04 COMPUTATION OF TIME. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

SECTION 13.05 UNDELIVERED NOTICES. If any notice given to a shareowner pursuant to section 13.01 is returned on three (3) consecutive occasions because such shareowner cannot be found, the Corporation shall not be required to give any further notices to such shareowner until such shareowner informs the Corporation in writing of its new address.

SECTION 13.06 OMISSIONS AND ERRORS. The accidental omission to give any notice to any shareowner, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

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SECTION 13.07 PERSONS ENTITLED TO SHARES BY DEATH OR OPERATION OF LAW. Every person who, by operation of law, transfer, death of a shareowner or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareowner from whom such shareowner derives its title to such share prior to such shareowner's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such shareowner became so entitled) and prior to such shareowner furnishing to the Corporation the proof of authority or evidence of its entitlement as provided in the Act.

SECTION 13.08 WAIVER OF NOTICE. Any shareowner (or its duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareowners or of the board or committee thereof which may be given in any manner.

#### **ARTICLE FOURTEEN**

##### **FISCAL YEAR**

SECTION 14.01 FISCAL YEAR. The fiscal period of the Corporation shall terminate on such day in each year as the board of directors may from time to time determine.

#### **ARTICLE FIFTEEN**

##### **EFFECTIVE DATE**

SECTION 15.01 EFFECTIVE DATE. This by-law is effective from the date of the resolution of the directors adopting same and shall continue to be effective unless amended by the directors until the next meeting of shareowners of the Corporation, whereat if same is confirmed or confirmed as amended, this by-law shall continue in effect in the form in which it was so confirmed.

SECTION 15.02 REPEAL. Upon the date of this by-law coming into force, By-Law No. 1 of the Corporation, as amended, shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal.

All officers and persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareowners or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

This by-law was approved by the directors of the Corporation at a meeting held on the 8<sup>th</sup> day of November 2022.

This by-law of the Corporation is signed by an officer of the Corporation and hereby made.

**DATED** as of the 8<sup>th</sup> day of November, 2022.

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/s/ Marni Morgan Poe

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**Marni Morgan Poe**  
**Corporate Secretary**

**AMENDED AND RESTATED BY-LAW NO. 1**

**Business Corporations Act (Ontario)**

**A by-law relating generally to the regulation of the business and affairs of**

**PRIMO WATER CORPORATION**

**(the “Corporation”)**



## PRIMO WATER CORPORATION

### BY-LAW NO. 1

being a by-law relating generally to the transaction of the business and affairs of the Corporation,

### ARTICLE ONE

#### INTERPRETATION

SECTION 1.0 DEFINITIONS. In the by-laws of the Corporation, unless the context otherwise requires:

“Act” means the *Business Corporations Act* (Ontario) and all regulations made pursuant to it, and any statute and regulations that may be substituted therefor, as from time to time amended;

“appoint” includes “elect” and vice versa;

“articles” means the articles of continuance of the Corporation attached to the certificate of continuance dated July 7, 2021, as from time to time amended or restated;

“board” means the board of directors of the Corporation;

“by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“Corporation” means Primo Water Corporation, a corporation continued under the laws of Ontario;

“electronic document” means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

[“Exchange Act” means the Securities Exchange Act of 1934, as amended;](#)

“information system” means a system used to generate, send, receive, store, or otherwise process an electronic document;

“meeting of shareowners” means an annual meeting of shareowners or a special meeting of shareowners;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

“recorded address” means in the case of a shareowner [his](#) latest address as recorded in the securities register; and in the case of joint shareowners the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, [his](#) [such person’s](#) latest address as shown in the records of the Corporation;

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“SEC Regulation 14A” means Regulation 14A under the Exchange Act;

“signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.02, or by a resolution passed pursuant thereto;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein or in any other by-law; and

words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations; and a reference to a section means that section in the by-laws in which such section appears.

In the case of any conflict between the articles and the provisions of this or any other by-law the provisions of the articles shall prevail.

## ARTICLE TWO

### BUSINESS OF THE CORPORATION

~~SECTION 2.01~~ REGISTERED OFFICE. Until changed in accordance with the Act, the address of the registered office of the Corporation will be within the place specified in the articles or within articles of amendment changing the place in which its registered office is situated.

~~SECTION 2.02~~ EXECUTION OF INSTRUMENTS. Deeds, documents, bonds, debentures, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any one of the directors or officers of the Corporation. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

~~SECTION 2.03~~ BANKING AND FINANCIAL ARRANGEMENTS. The banking and financial business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking and financial business or any part thereof shall be ~~trans-acted~~ transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

~~SECTION 2.04~~ VOTING RIGHTS IN OTHER BODIES CORPORATE. The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

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SECTION 2.05 WITHHOLDING INFORMATION FROM SHAREOWNERS. Subject to the provisions of the Act, no shareowner shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareowners or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareowners and no shareowner shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareowners.

SECTION 2.06 DECLARATIONS. Any officer of the Corporation or any other person appointed for the purpose by resolution of the board is authorized and empowered to appear and make answer for, on behalf and in the name of the Corporation, to writs, orders and interrogatories upon articulated facts issued out of any court and to declare for, on behalf and in the name of the Corporation, any answer to writs of attachment by way of garnishment or otherwise and to make all affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings. Such officers and persons may make demands of abandonment or petitions for winding-up or bankruptcy orders upon any debtor of the Corporation, may attend and vote at all meetings of creditors of the Corporation's debtors and grant proxies in connection therewith, and may generally do all such things in respect thereof as they deem to be in the best interests of the Corporation.

### **ARTICLE THREE**

#### **BORROWING AND SECURITIES**

SECTION 3.01 BORROWING POWER. Without limiting the borrowing powers of the Corporation as set forth in the Act or in the articles, the board may from time to time:

- (a) borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give guarantees on behalf of the Corporation to secure performance of an obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the real or personal, moveable or immoveable property of the Corporation, currently owned or subsequently acquired, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt or liability of the Corporation, including any

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bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue. Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

SECTION 3.02 ~~DELEGATION~~. The board may from time to time delegate to such one or more of the directors or officers of the Corporation as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

## ARTICLE FOUR

### DIRECTORS

SECTION 4.01 ~~NUMBER OF DIRECTORS AND QUORUM~~. Until changed in accordance with the Act, the board shall consist of such fixed number, or minimum and maximum number, of directors as may be set out in the articles.

The directors may, from time to time, fix by resolution the quorum for meetings of directors, but until otherwise fixed, a majority of the directors in office from time to time shall constitute a quorum. Any meeting of directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the by-laws of the Corporation for the time being vested in or exercisable by the directors generally.

Subject to the Act and to the articles of the Corporation, the directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareowners, but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareowners.

SECTION 4.02 ~~QUALIFICATION~~. No person shall be qualified for election as a director if [hesuch person](#) is less than eighteen (18) years of age; if [hesuch person](#) is of unsound mind and has been so found by a court in Canada or elsewhere; if [hesuch person](#) is not an individual; or if [hesuch person](#) has the status of a bankrupt. A director need not be a shareowner. ~~To the extent required by the Act, at least 25% of the directors shall be resident Canadians, provided however, that, if the Corporation has fewer than four directors, at least one director shall be a resident Canadian.~~

SECTION 4.03 ~~ELECTION AND TERM~~. The election of directors shall take place at each annual meeting of shareowners at which time all the directors then in office shall cease to hold office, but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareowners otherwise determine. The election shall be by resolution. If an election of directors is not held at any such meeting of shareowners, the incumbent directors shall continue in office until their successors are elected.

SECTION 4.04 ~~VACATION OF OFFICE~~. A director ceases to hold office when [hesuch director](#) dies; when [hesuch director](#) is removed from office by the shareowners in accordance with the

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provisions of the Act; when ~~he~~such director ceases to be qualified for election as a director; or when ~~his~~such director's written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

~~SECTION 4.05~~VACANCIES. Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareowners to elect the number or minimum number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareowners to elect the number or minimum number of directors, the board may call a special meeting of shareowners to fill the vacancy. If the board fails to call such meeting or if there are no such directors then in office, any shareowner may call the meeting. Where there is a vacancy in the board, the remaining directors may exercise all the authorities, powers and discretions of the board so long as a quorum remains in office.

~~SECTION 4.06~~MEETINGS BY TELEPHONE ELECTRONIC OR OTHER COMMUNICATION FACILITY. A director may, to the extent and in the manner permitted by law, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, but only if all the directors of the Corporation have consented to that form of participation. A director participating in such a meeting by such means is deemed for the purposes of the Act to be present at that meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

~~SECTION 4.07~~PLACE OF MEETINGS. Meetings of the board may be held at any place in or outside Canada.

~~SECTION 4.08~~CALLING OF MEETINGS. Meetings of the board shall be held from time to time and at such place as the board, the chairperson of the board, the chief executive officer, or any two directors may determine.

~~SECTION 4.09~~NOTICE OF MEETING. Notice of the time and place of each meeting of the board shall be given in the manner provided in section 13.01 to each director not less than twenty-four (24) hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may waive notice of or otherwise consent to a meeting of the board. Such a waiver of notice may be sent in any manner, including as an electronic document and at any time before, during or after a meeting of the board. No action taken at any meeting of the board shall be invalidated by the accidental failure to give notice or sufficient notice thereof to any director.

~~SECTION 4.10~~FIRST MEETING OF NEW BOARD. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareowners at which such board is elected.

~~SECTION 4.11~~ADJOURNED MEETING. Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

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SECTION 4.1~~2~~REGULAR MEETINGS. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

SECTION 4.1~~3~~CHAIRPERSON. The chairperson of any meeting of the board shall be the chairperson of the board, or any other director chosen by the directors present if (a) the chairperson of the board is not present at the meeting within 15 minutes after the time set for holding the meeting; (b) the chairperson of the board is not willing to chair the meeting; or (c) the chairperson of the board has advised the secretary, if any, or any other director, that they will not be present at the meeting.

SECTION 4.1~~4~~VOTES TO GOVERN. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairperson of the meeting shall be entitled to a second or casting vote.

SECTION 4.1~~5~~REMUNERATION AND EXPENSES. The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## ARTICLE FIVE

### COMMITTEES

SECTION 5.0~~1~~COMMITTEES OF DIRECTORS. The board may appoint a committee or committees of directors, however designated, and delegate to such committee or committees any of the powers of the board except those which, under the Act, a committee of directors has no authority to exercise.

SECTION 5.0~~2~~AUDIT COMMITTEE. The board shall elect from among its number an audit committee to be composed of at least three (3) directors of whom the majority shall not be officers or employees of the Corporation or its affiliates. Members of the audit committee shall remain in office at the pleasure of the board and while still directors.

SECTION 5.0~~3~~TRANSACTION OF BUSINESS. Subject to the provisions of section 4.06, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of a committee of directors may be held at any place in or outside Canada.

SECTION 5.0~~4~~PROCEDURE. Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairperson and to regulate its procedure.

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## ARTICLE SIX

### OFFICERS

SECTION 6.01~~APPOINTMENT~~. The board may from time to time appoint a chairperson of the board, a chief executive officer, a chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to section 6.02, an officer may but need not be a director and one person may hold more than one office.

SECTION 6.02~~CHAIRPERSON OF THE BOARD~~. The chairperson of the board shall be chosen from among the directors and, if appointed, shall have such powers and duties as the board may specify.

SECTION 6.03~~CHIEF EXECUTIVE OFFICER~~. Unless the directors otherwise determine, the chief executive officer shall be appointed by the directors and shall have general management of its business and affairs.

SECTION 6.04~~VICE-PRESIDENT OR VICE-PRESIDENTS~~. The vice-president or vice-presidents shall have such powers and duties as the board may specify.

SECTION 6.05~~SECRETARY~~. Except as may be otherwise determined from time to time by the board, the secretary shall attend and be the secretary of all meetings of the board, shareowners and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; they shall give or cause to be given, as and when instructed, all notices to shareowners, directors, officers, auditors and members of committees of the board; they shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and they shall have such other powers and duties as the board or the chief executive officer may specify.

SECTION 6.06~~POWERS AND DUTIES OF OTHER OFFICERS~~. The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

SECTION 6.07~~VARIATION OF POWERS AND DUTIES~~. The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

SECTION 6.08~~TERM OF OFFICE~~. The board, in its discretion, may remove and discharge any or all the officers of the Corporation either with or without cause at any meeting called for that purpose and may elect or appoint others in their place or places. Any officer or employee of the Corporation, not being a member of the board, may also be removed and discharged, either with

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or without cause, by the chairperson of the board. If, however, there be a contract with an officer or employee derogating from the provisions of this section such removal or discharge shall be subject to the provisions of such contract. Otherwise each officer appointed by the board shall hold office until ~~his~~such officer's successor is appointed.

SECTION 6.09~~TERMS OF EMPLOYMENT AND REMUNERATION.~~ The terms of employment and the remuneration of officers appointed by the board shall be settled by it from time to time.

SECTION 6.10~~AGENTS AND ATTORNEYS.~~ The board, the chairperson of the board or any person delegated by any of them shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

## ARTICLE SEVEN

### PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 7.01~~LIMITATION OF LIABILITY.~~ No director or officer shall be liable for the acts, receipts, neglects or defaults of any other person including any director or officer or employee or agent, or for joining in any receipt or acts for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, delictual, quasi-delictual or tortious acts of any person with whom any of the moneys, securities or other property of the Corporation shall be deposited or for any loss occasioned by an error of judgment or oversight on ~~his~~the part of such director or officer, or for any other loss, damage or misfortune whatever which may arise out of the execution of the duties of ~~his~~the office of such director or officer or in relation thereto, unless the same are occasioned by ~~his own~~the wilful neglect or default of such director or officer; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the mandatory provisions of the Act or from liability for any breach thereof.

SECTION 7.02~~INDEMNIFICATION.~~ Without in any manner derogating from or limiting the mandatory provisions of the Act but subject to the conditions in this by-law, the Corporation shall indemnify each director and officer of the Corporation, each former director and officer of the Corporation and each individual who acts or acted at the Corporation's request as a director or officer, or each individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

SECTION 7.03~~ADVANCE OF COSTS.~~ The Corporation may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.04.

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SECTION 7.04~~LIMITATION IN INDEMNITY~~. The Corporation's indemnity applies, however, only to the extent that the individual seeking indemnity:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

SECTION 7.05~~INSURANCE~~. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the board may from time to time determine.

## ARTICLE EIGHT

### SHARES

SECTION 8.01~~ALLOTMENT~~. Subject to the articles, shares of the Corporation may be issued at such times and to such persons and for such consideration as the board may determine and the board may from time to time allot or grant options or other rights to purchase any of the shares of the Corporation at such times and to such persons and for such consideration as the board shall determine.

SECTION 8.02~~COMMISSIONS~~. Subject to the provisions of the Act, the board may from time to time authorize the Corporation to pay a commission to any person in consideration of ~~his~~such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

SECTION 8.03~~REGISTRATION OF TRANSFER~~. Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by ~~his~~such holder's attorney or successor duly appointed, or upon proper instructions from the holder of uncertificated shares, in each case with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time require, and upon payment of all applicable taxes and any fees required by the board.

SECTION 8.04~~TRANSFER AGENTS, REGISTRARS AND DIVIDEND DISBURSING AGENTS~~. The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. The board may also from time to time appoint a dividend disbursing agent to disburse dividends. One person may be appointed to any number of the aforesaid positions. The board may at any time terminate any such appointment.

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SECTION 8.05 CONCLUSIVENESS OF SECURITIES REGISTER. Subject to the provisions of the Act, the Corporation shall treat the person in- whose name any share is registered in the securities register as absolute owner of such share with full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

SECTION 8.06 SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated. Every holder of one or more shares of the Corporation shall be entitled, at ~~his~~such holder's option, to a share certificate, or to a non-transferable written acknowledgement of ~~his~~such holder's right to obtain a share certificate, stating the number and class or series of shares held by ~~him~~such holder as shown on the securities register. Share certificates and acknowledgements of a shareowner's right to a share certificate respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with section 2.02 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless counter-signed by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

SECTION 8.07 REPLACEMENT OF SHARE CERTIFICATES. The board or any officer or agent designated by the board may in its ~~or his~~ discretion direct the issue of a new share certificate in lieu and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken upon payment of such fee, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

SECTION 8.08 JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION 8.09 DECEASED SHAREOWNERS. In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon or other distributions in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

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## ARTICLE NINE

### DIVIDENDS AND RIGHTS

SECTION 9.01 DIVIDENDS. Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareowners according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

SECTION 9.02 DIVIDEND WIRE TRANSFERS OR CHEQUES. A dividend payable in money shall be paid, at the Corporation's option, by (a) wire transfer, or (b) cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared, and (i) sent, if by wire transfer, to such registered holder as per the wire instructions provided by such holder in the Corporation's securities register, or (ii) mailed by prepaid ordinary mail, if by cheque, to such registered holder at the address of such holder in the Corporation's securities register, unless such holder otherwise directs. In the case of joint holders, the wire transfer or cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and transferred to them as per the wire instructions, or mailed to them at their recorded address. The issuance of the wire transfer or the mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

SECTION 9.03 NON-RECEIPT OF WIRE TRANSFERS OR CHEQUES. In the event of non-receipt of any dividend wire transfer or cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a wire transfer or a cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors may from time to time prescribe, whether generally or in any particular case.

SECTION 9.04 UNCLAIMED DIVIDENDS. To the extent permitted by applicable law, any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## ARTICLE TEN

### MEETINGS OF SHAREOWNERS

SECTION 10.01 ANNUAL MEETINGS. The annual meeting of shareowners shall be held at such time in each year and, subject to section 10.03, at such place as the board or failing it, the chairperson of the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

SECTION 10.02 SPECIAL MEETINGS. Subject to compliance with the Act, the board or the chairperson of the board shall have power to call a special meeting of shareowners at any time.

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SECTION 10.03 PLACE OF MEETINGS. Meetings of shareowners of the Corporation may be held at such place inside or outside of Canada, as the directors may from time to time determine.

SECTION 10.04 MEETINGS BY TELEPHONE, ELECTRONIC OR OTHER COMMUNICATION FACILITY. Any person entitled to attend a meeting of shareowners may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareowners of the Corporation who call a meeting of shareowners pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

SECTION 10.05 NOTICE OF MEETINGS. Subject to compliance with the Act, notice of the time and place of each meeting of shareowners shall be given in the manner provided in section 13.01 not less than twenty-one (21) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareowner who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. A shareowner may in any manner either before, during or after a meeting of shareowners waive notice of or otherwise consent to a meeting of shareowners.

SECTION 10.06 CHAIRPERSON, SECRETARY AND SCRUTINEERS. The chairperson of any meeting of shareowners shall be (a) the chairperson of the board, if any; (b) if the chairperson of the board is absent or unwilling to act as chairperson of the meeting of shareowners, the lead independent director; or (c) if neither the chairperson of the board nor the lead independent director is present, or willing to act, the chief executive officer or president and if no such person is present within fifteen (15) minutes after the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be the chairperson. If the secretary and each assistant-secretary of the Corporation is absent, the chairperson shall appoint some person, who need not be a shareowner, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareowners, may be appointed by a resolution or by the chairperson of the meeting.

SECTION 10.07 PERSONS ENTITLED TO BE PRESENT. The only persons entitled to be present at a meeting of shareowners shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

SECTION 10.08 QUORUM. Except as otherwise provided by law or by the articles, a quorum for the transaction of business at any meeting of shareowners shall be not less than two persons present in person, each being a shareowner entitled to vote thereat or a duly appointed proxy for an absent shareowner so entitled, and holding or representing the holder or holders of

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shares carrying not less than a majority of the voting power of all issued and outstanding shares of the Corporation entitled to vote on a particular matter to be acted on at the meeting, except that, when specified business is to be voted on by one or more classes or series of shares voting as a class, unless otherwise provided by law, regulatory authority or by the articles, the holders of not less than a majority of the voting power of the shares of such classes or series shall constitute a quorum for the transaction of such matter. If a quorum is present at the opening of the meeting of shareowners, the shareowners present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

If a quorum is not present at the opening of a meeting of shareowners, the shareowners present in person and entitled to be counted for the purpose of forming a quorum shall have power to adjourn the meeting from time to time to a fixed time and place without notice other than announcement at the meeting until a quorum shall be present, subject to the provisions of the Act, the articles and section 10.16 of this by-law. At any such adjourned meeting, provided a quorum is present, any business may be transacted which might have been transacted at the meeting adjourned.

SECTION 10.09 RIGHT TO VOTE. The shareowners entitled to vote at any meeting of shareowners shall be determined in accordance with the provisions of the Act and the articles.

SECTION 10.10 PROXIES. Every shareowner entitled to vote at a meeting of shareowners may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareowners, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareowner or ~~his~~[such shareowner's](#) attorney and shall conform with the requirements of the Act and applicable law.

SECTION 10.11 TIME FOR DEPOSIT OF PROXIES. The board may specify in a notice calling a meeting of shareowners a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting.

SECTION 10.12 JOINT SHAREOWNERS. If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareowners may, in the absence of the other or others, vote the shares; but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

SECTION 10.13 VOTES TO GOVERN. At any meeting of shareowners every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the chairperson of the meeting shall be entitled to a second or casting vote.

SECTION 10.14 SHOW OF HANDS. Subject to the provisions of the Act, any question at a meeting of shareowners shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and

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entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareowners upon the said question.

SECTION 10.15 BALLOTS. On any question proposed for consideration at a meeting of shareowners, and whether or not a show of hands has been taken thereon, any shareowner or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which ~~he~~such person is entitled to ~~votes~~vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareowners upon the said question.

SECTION 10.16 ADJOURNMENT. Subject to the articles, if a meeting of shareowners is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned. If a meeting of shareowners is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for required by the Act.

~~SECTION 10.17 — RESOLUTION IN WRITING. A resolution in writing signed by all the shareowners entitled to vote on that resolution at a meeting of shareowners is as valid as if it had been passed at a meeting of the shareowners unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.~~

SECTION 10.17 ~~SECTION 10.18~~ ELECTRONIC VOTING BY SHAREOWNERS. Any vote at a meeting of the shareowners may be held, to the extent and in the manner permitted by law, entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareowners by electronic means as provided in section 10.04 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

## ARTICLE ELEVEN

### ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

SECTION 11.01 NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the provisions of this by-law shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareowners, or at any special meeting of shareowners called for the purpose of

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electing directors as set forth in the Corporation's notice of such special meeting, may only be made:

- (a) by or at the direction of the board of directors of the Corporation, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareowners pursuant to a proposal submitted to the Corporation in accordance with applicable laws or a requisition of meeting submitted to the directors in accordance with applicable laws, or
- (c) by any person (a "nominating shareowner") who, at the close of business on the date of the giving of the notice provided for below and on the record date for determining shareowners entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and complies with the notice and other procedures set forth in this by-law.

SECTION 11.02 TIMELY NOTICE. In addition to any other requirements in this by-law and under applicable laws, for a nomination to be made by a nominating shareowner, the nominating shareowner must have given timely notice thereof in proper written form to the secretary of the Corporation. To be timely, a nominating shareowner's notice must be received by the Secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareowners, not less than 30 days prior to the date of the annual meeting of shareowners; provided, however, that if the annual meeting of shareowners is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareowner may be made not later than the close of business on the 10<sup>th</sup> day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation; and
- (b) in the case of a special meeting of shareowners (which is not also an annual meeting of shareowners), not later than the close of business on the 15<sup>th</sup> day following the day on which the public announcement of the date of the special meeting of shareowners is first made by the Corporation.

SECTION 11.03 PROPER WRITTEN FORM. To be in proper written form, a nominating shareowner's notice to the Secretary must set forth and include:

- (a) as to each person whom the nominating shareowner proposes to nominate for election as a director:
  - (i) the name, age, business address and residential address of the nominee,
  - (ii) the principal occupation or employment of the nominee,
  - (iii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareowners (if such date shall then

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have been made publicly available and shall have occurred) and as of the date of such notice,

- (iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareowner, any person acting jointly or in concert with the nominating shareowner or any of their respective affiliates.
  - (v) a completed director questionnaire in the same form that nominees of the Corporation are required to complete, and
  - (vi) ~~(v)~~ any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
- (b) as to the nominating shareowner giving the notice,
- (i) the name and record address of the nominating shareowner,
  - (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareowner as of the record date for the meeting of shareowners (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,
  - (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareowners' interests in the Corporation,
  - (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareowner has a right to vote any shares of the Corporation,
  - (v) whether the nominating shareowner intends to deliver a proxy circular and form of proxy to any shareowners of the Corporation in connection with the election of directors,
  - (vi) a representation that such nominating shareowner who intends to solicit proxies in support of a nominee will:
    - (A) solicit proxies from shareowners of the Corporation representing at least 67% of the voting power of the shares of the Corporation entitled to vote on the election of directors in compliance with SEC Regulation 14A;
    - (B) include a statement to that effect in its dissident proxy circular and/or form of proxy;

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- (C) otherwise comply with SEC Regulation 14A;
  - (D) no later than five days before the meeting of shareowners (or any adjournment, postponement or rescheduling thereof), provide the Corporation with reasonable documentary evidence (as determined by the Corporation in good faith) that such nominating shareowner has complied with such representations, and
- (vii) ~~(vi)~~ any other information relating to the nominating shareowner that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee in any proxy circular for the applicable meeting and any associated proxy card and to serve as a director, if elected. Reference to "nominating shareowner" in this section 11.03 shall be deemed to refer to each shareowner that nominates a person for election as director in the case of a nomination proposal where more than one shareowner is involved in making such nomination proposal.

The form of questionnaire may be requested from the Corporation at any time in advance of the deadline for timely notice. In addition, following receipt of the notice, the Corporation may request additional information in respect of the nominee and the nominating shareowner must provide responses within five business days following receipt of such request (subject to extension with the consent of the Corporation, which consent shall not be unreasonably withheld), provided that any such additional request by the Corporation must, in the reasonable discretion of the Corporation, be relevant for shareowners to make an informed decision with respect to director elections, including, without limitation, as to the qualifications, experience, economic or voting interests and independence of any such nominee. Any information produced by a nominating shareowner to the Corporation in response to a request from the Corporation shall be subsequently provided to all shareowners.

For the avoidance of doubt, given that the Corporation is regulated under the Exchange Act, in the case of a nominating shareowner that intends to solicit proxies, the nominating shareowner's notice, including all of the foregoing proper written form requirements, must be received by the Corporation within the time period in which notice of nominees must be received in compliance with SEC Regulation 14A. Unless otherwise required by law, if any shareowner (i) provides notice in compliance with Section 11.03(b) and (ii) subsequently fails to comply with any requirements of Rule 14a-19 promulgated under the Exchange Act or any other rules or regulations thereunder, then the Corporation shall disregard any proxies or votes solicited for such nominees and such nomination shall be disregarded in accordance with Section 11.05.

SECTION 11.04      ADDITIONAL REQUIREMENTS. In addition to the notice requirements described above, a nominating shareowner must:

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- (a) notify the Corporation within five days following any decision to no longer solicit proxies in accordance with SEC Regulation 14A and the representations set forth in the notice, and
- (b) no later than five days before the meeting of shareowners (or any adjournment, postponement or rescheduling thereof), provide the Corporation with reasonable documentary evidence (as determined by the Corporation in good faith) that such nominating shareowner has complied with the representations set forth in the notice, if applicable.

SECTION 11.05     ~~SECTION 11.04~~ DETERMINATION OF ELIGIBILITY. ~~The~~ Any of (i) the board of directors of the Corporation, (ii) a committee of the board of directors of the Corporation, (iii) an authorized officer of the Corporation or (iv) the chair of the meeting of shareowners at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded ~~-, with no vote taken with respect to such nomination (notwithstanding any proxies with respect to such nomination having been received by the Corporation).~~ In the event that the Corporation receives proxies for any disqualified or withdrawn nominee, such votes shall be treated as abstentions. The Board may, in its sole discretion, waive any requirement in this by-law.

SECTION 11.06     ~~SECTION 11.05~~ DISCUSSION PERMITTED. Nothing in this by-law shall be deemed to preclude discussion by a shareowner (as distinct from the nomination of directors) at a meeting of shareowners of any matter it is entitled to discuss pursuant to the Act.

SECTION 11.07     ~~SECTION 11.06~~ MEANING OF PUBLIC ANNOUNCEMENT. For purposes of this by-law, “public announcement” shall mean disclosure in a press release reported by a national news service in Canada or the United States or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) or the Electronic Data Gathering, Analysis and Retrieval system at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

SECTION 11.08     ~~SECTION 11.07~~ NOTICE. Notwithstanding any other provision of the by-laws of the Corporation, notice given to the secretary pursuant to this by-law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

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## ARTICLE TWELVE

### DIVISIONS AND DEPARTMENTS

SECTION 12.01 CREATION AND CONSOLIDATION OF DIVISIONS. The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

SECTION 12.02 NAME OF DIVISIONS. Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name.

## ARTICLE THIRTEEN

### NOTICES

SECTION 13.01 METHOD OF SENDING NOTICE. Subject to compliance with all applicable laws, any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareowner, director, officer, auditor or member of a committee of the board shall be sufficiently sent if (i) delivered personally to the person to whom it is to be sent, (ii) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail (iii) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication or (iv) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means- of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. The secretary or assistant secretary may change or cause to be changed the recorded address of any shareowner, director, officer or auditor or member of a committee of the board in accordance with any information believed by him to be reliable. The recorded address of a director shall be ~~his~~such director's latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current.

SECTION 13.02 ELECTRONIC DOCUMENTS. A requirement under this by-law to provide a person with a notice, document or other information is satisfied by providing an electronic document in compliance with the Act and the regulations thereunder.

SECTION 13.03 NOTICE TO JOINT SHAREOWNERS. If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders

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but notice to one of such persons shall be sufficient notice to all of them. The address to be used for the purpose of giving notices shall be the recorded address.

SECTION 13.04 COMPUTATION OF TIME. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

SECTION 13.05 UNDELIVERED NOTICES. If any notice given to a shareowner pursuant to section 13.01 is returned on three (3) consecutive occasions because [hesuch shareowner](#) cannot be found, the Corporation shall not be required to give any further notices to such shareowner until [hesuch shareowner](#) informs the Corporation in writing of [hisits](#) new address.

SECTION 13.06 OMISSIONS AND ERRORS. The accidental omission to give any notice to any shareowner, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

SECTION 13.07 PERSONS ENTITLED TO SHARES BY DEATH OR OPERATION OF LAW. Every person who, by operation of law, transfer, death of a shareowner or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareowner from whom [hesuch shareowner](#) derives [hisits](#) title to such share prior to [hisuch shareowner's](#) name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which [hesuch shareowner](#) became so entitled) and prior to [hisuch shareowner](#) furnishing to the Corporation the proof of authority or evidence of [hisits](#) entitlement as provided in the Act.

SECTION 13.08 WAIVER OF NOTICE. Any shareowner (or [hisits](#) duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareowners or of the board or committee thereof which may be given in any manner.

## ARTICLE FOURTEEN

### FISCAL YEAR

SECTION 14.01 FISCAL YEAR. The fiscal period of the Corporation shall terminate on such day in each year as the board of directors may from time to time determine.

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**ARTICLE FIFTEEN**

**EFFECTIVE DATE**

SECTION 15.01 EFFECTIVE DATE. This by-law is effective from the date of the resolution of the directors adopting same and shall continue to be effective unless amended by the directors until the next meeting of shareowners of the Corporation, whereat if same is confirmed or confirmed as amended, this by-law shall continue in effect in the form in which it was so confirmed.

SECTION 15.02 REPEAL. Upon the date of this by-law coming into force, ~~Second Amended and Restated~~ By-Law No. ~~2002-1~~ of the Corporation, as amended, shall be repealed, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal.

All officers and persons acting under any by-law so repealed shall continue to act as appointed under the provisions of this by-law and all resolutions of the shareowners or board or committee thereof with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

This by-law was approved by the directors of the Corporation at a meeting held on the ~~23<sup>rd</sup>~~ [●] day of ~~February 2021~~ [●] 20[22].

This by-law of the Corporation is signed by an officer of the Corporation and hereby made.

**DATED** as of the ~~28<sup>th</sup>~~ \_\_\_\_\_ day of ~~July, 2021~~ \_\_\_\_\_, 20[22].

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**Marni Morgan Poe**  
**Corporate Secretary**

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Description	GOODMANS-#7319057-v1-Primo_Water_Corporation_-_Bylaw_Amendment
Document 2 ID	PowerDocs://GOODMANS/7319057/3
Description	GOODMANS-#7319057-v3-Primo_Water_Corporation_-_Bylaw_Amendment
Rendering set	Standard

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Statistics:	
	Count
Insertions	80
Deletions	52
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	132

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## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Harrington, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Primo Water Corporation;
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 registrant as of, and for, the periods presented in this report;
4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

/s/ Thomas J. Harrington

Thomas J. Harrington  
Chief Executive Officer  
Dated: November 10, 2022

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Primo Water Corporation;
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 registrant as of, and for, the periods presented in this report;
4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

*/s/ Jay Wells*

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Jay Wells  
Chief Financial Officer

Dated: November 10, 2022

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002.**

The undersigned, Thomas J. Harrington, Chief Executive Officer of Primo Water Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2022 (the "Report").

The undersigned hereby certifies that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 10<sup>th</sup> day of November, 2022.

*/s/ Thomas J. Harrington*

Thomas J. Harrington

Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION  
906 OF THE SARBANES-OXLEY ACT OF 2002.**

The undersigned, Jay Wells, Chief Financial Officer of Primo Water Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2022 (the "Report").

The undersigned hereby certifies that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 10<sup>th</sup> day of November, 2022.

*/s/ Jay Wells*

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Jay Wells

Chief Financial Officer