

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 28, 2023

Primo Water Corporation

(Exact name of registrant as specified in its charter)

Ontario
(State or other jurisdiction of incorporation)

001-31410
(Commission File Number)

98-0154711
(IRS Employer Identification No.)

1150 Assembly Dr.
Suite 800
Tampa, Florida, United States
(Address of Principal Executive Offices)

33607
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares without nominal or par value	PRMW PRMW	New York Stock Exchange Toronto Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On December 28, 2023, Primo Water Corporation (the “**Company**”) and Osmosis Buyer Limited, a company incorporated in England and a subsidiary of the Culligan Group (“**Purchaser**”), entered into a Deed of Amendment (the “**Amendment**”) in respect of the previously announced Share Purchase Agreement (the “**Purchase Agreement**”) entered into between the Company and Purchaser on November 2, 2023 providing for the sale of the Company’s international business (excluding the Aimia Foods, United Kingdom, Portugal, and Israel businesses) (the “**Transaction**”). The Amendment amended certain defined terms and provides for the sharing and license of certain intellectual property.

The foregoing description of the Amendment does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Amendment, a copy of which is attached as Exhibit 2.1 hereto and is hereby incorporated by reference herein.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information set forth in Item 1.01 is incorporated herein by reference.

On December 29, 2023, the Company completed the previously announced Transaction. The Transaction valued the Company’s international business (excluding the Aimia Foods, United Kingdom, Portugal, and Israel businesses) at \$575.0 million. After application of locked box adjustments, the cash consideration paid to the Company was \$565.9 million. The Company’s unaudited pro forma condensed consolidated financial information giving effect to the completion of the Transaction is filed as Exhibit 99.2 hereto.

The foregoing description of the Transaction does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, a copy of which is attached as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2023, and is hereby incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

On January 2, 2024, the Company issued a press release announcing completion of the Transaction, a copy of which is furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(b) Unaudited Pro Forma Condensed Consolidated Financial Information.

The unaudited pro forma consolidated financial information of the Company specified in Article 11 of Regulation S-X giving effect to the completion of the Transaction is filed as Exhibit 99.2 hereto and incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
2.1	Deed of Amendment, dated December 28, 2023.
99.1	Press Release of Primo Water Corporation, dated January 2, 2024.
99.2	Primo Water Corporation Unaudited Pro Forma Condensed Consolidated Financial Information.
104	Cover Page Interactive Data (embedded within the Inline XBRL document).

SIGNATURES

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

January 2, 2024

Primo Water Corporation
(Registrant)

By: /s/ Marni Morgan Poe
Marni Morgan Poe
Chief Legal Officer and Secretary

28 December 2023

PRIMO WATER CORPORATION

AND

OSMOSIS BUYER LIMITED

AMENDMENT AGREEMENT

in respect of the Share Purchase Agreement relating to the sale and purchase of the issued and outstanding shares in the share capital of Carbon Luxembourg S.à.r.l. dated 2 November 2023

THIS AGREEMENT is made on 28 December 2023

BETWEEN

- (1) **PRIMO WATER CORPORATION** a company incorporated in Canada whose registered office is at 1200 Britannia Rd East Mississauga, Ontario, Canada L4W 4T5 (the *Seller*); and
- (2) **OSMOSIS BUYER LIMITED** a company incorporated in England whose registered office is at Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, United Kingdom, RG1 3BD (the *Purchaser*),

(each a *Party* and together, the *Parties*).

RECITALS

- (A) The Seller and the Purchaser entered into a share purchase agreement on 2 November 2023 (the *SPA*) relating to the acquisition by the Purchaser, from the Seller, of the entire issued and outstanding shares in the share capital of Carbon Luxembourg S.à.r.l. whose registered office is at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg with RCS Luxembourg number B263162 (the *Company*).
- (B) The Parties wish to amend the terms of the SPA in accordance with clause 19.6 (*Variation*) of the SPA, subject to and in accordance with the terms of this Agreement.

In consideration of the mutual undertakings each Party gives to the other in this Agreement, **IT IS HEREBY AGREED** as follows:

1. Interpretation

- 1.1. Terms used but not defined in this Agreement shall have the meanings given to them in the SPA.
- 1.2. Clauses 1.2 to 1.4 (inclusive) and 1.6 to 1.12 (inclusive) of the SPA shall apply to this Agreement as if references to “this Agreement” in such clauses were references to this Agreement.

2. Amendment of the SPA

- 2.1. The Parties agree that, with effect from the date of this Agreement:

- (a) the definition of “Agreed Purchase Price Adjustment” in clause 1.1 of the SPA shall be replaced by the following:

““**Agreed Purchase Price Adjustment**” means an amount equal to eighteen million three hundred forty-five thousand eight hundred sixteen United States Dollars and twenty cents (USD 18,345,816.20);”

(b) the definition of “Protected Territories” in Clause 1.1 of the SPA shall be replaced by the following:

“**Protected Territories**” means Belgium, Denmark, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Spain, Sweden, Switzerland;”

(c) the following definition shall be inserted in Clause 1.1 of the SPA:

“**Shared Marketing Materials IP**” means the Intellectual Property Rights (and other rights) in and to:

- (a) images and other materials created during, and derived from, marketing photo shoots arranged by, or carried out on behalf of, Primo Water Europe S.L.U;
- (b) the digital marketing campaign created by or on behalf of Primo Water Europe S.L.U, including all images, content and other materials created for that campaign; and
- (c) the TV marketing campaign created by or on behalf of Primo Water Europe S.L.U including all films, images, content or other materials created for that campaign,

in each case, that are owned by any of the Group Companies as at the Closing Date and that were used in both the business to be retained by the Seller’s Group (on the one hand) and the Business operated by the Group Companies (on the other hand) prior to Closing, excluding:

- (i) any Branding IP (including the Seller Marks and any Transferring Brand IP); and
- (ii) the Intellectual Property Rights in and to the App;”

(d) the following new sub-clauses 9.6A and 9.10 to 9.13 (inclusive) shall be inserted in Clause 9 of the SPA:

“9.6A Licence of certain software

Without prejudice to Clause 16, with effect from the Closing Date, the Purchaser hereby grants to the Seller, and shall procure the grant to the Seller by the relevant other members of the Purchaser’s Group of, a non-exclusive, perpetual, irrevocable, royalty-free, transferable and sublicensable licence to use, modify, decompile, adapt and improve the Intellectual Property Rights owned by any member of the Purchaser’s Group as at the Closing Date in:

- (a) the software application known as COM; and
- (b) any proprietary configurations, customisations, modifications or integrations of any third party software (including those relating to Drupal, Magento, SAP, Hyperion and Essbase) that have been created prior to Closing.

The Seller accepts that this licence is granted on an “as-is” basis and that no member of the Purchaser’s Group makes any warranty, representation or undertaking in relation to the condition or validity of the licensed Intellectual Property Rights.

9.10 Subject to Clauses 9.11 and 9.12, with effect from the Closing Date, the Purchaser hereby grants to the Seller, and shall procure the grant to the Seller by the Group Companies of, an exclusive, perpetual, irrevocable, royalty-free, transferable and sublicensable licence to use the Shared Marketing Materials IP, and to modify, adapt and improve the Shared Marketing Materials IP for use, in each case outside the Protected Territories.

9.11 Subject to Clause 16, the licence in Clause 9.10 shall include the right for the Seller and its sub-licensees to use the Shared Marketing Materials IP:

- (a) in relation to any online presence, including any website or app, for the purpose of advertising and/or promoting the products and/or services of the members of the Seller's Group to be provided outside the Protected Territories; and/or
- (b) to provide non-customer-facing services, including preparing, developing and printing advertising materials, in the Protected Territories for use outside the Protected Territories.

9.12 Nothing in Clause 9.10 shall prevent or restrict the Purchaser, the Group Companies or any of their licensees from using, and the Purchaser shall be entitled to use, and to permit the Group Companies and third parties to use, the Shared Marketing Materials IP:

- (a) in relation to any online presence, including any website or app, for the purpose of advertising and/or promoting the products and/or services of the Group Companies to be provided in the Protected Territories;
- (b) to provide non-customer-facing services, including preparing, developing and printing advertising materials, outside the Protected Territories for use in the Protected Territories; and/or
- (c) in order to exercise its rights to sell products in the webshop operated by the Business of the Group Companies on the websites located at the URLs www.maquinas-agua.pt and www.waterdispensers-primo.co.uk and the account operated by the Business of the Group Companies on www.amazon.co.uk.

9.13 The Seller hereby irrevocably and unconditionally waives its rights under Clause 9.8.2 to require the Purchaser to transfer or procure the transfer of the Shared Marketing Materials IP to the Seller or another member of the Seller's Group."

- (e) Part C of Schedule 12 of the SPA shall be amended to read as follows:

“Subject to Closing having occurred, the Seller shall indemnify and hold the Purchaser harmless, from and against, and the Seller hereby covenants to pay to the Purchaser, on demand, an amount equal to any and all Losses suffered or incurred by it or any Group Company **(and the term “Group Company” shall, for the purposes of this paragraph, include Pure CIT Ltd, an Israeli company with its registered address at 4 Odem, Petah Tikva, 4951787 Israel)** arising as a direct result of the Reorganisation whether prior to, on or after the completion of the Reorganisation.”; and

(f) Paragraph (1)(a) of Part B of Schedule 12 shall be amended as follows:

“an amount equal to any and all regulatory fines imposed on the Purchaser or any Group Company arising as a result of the use of (or any proceeding or investigation relating to the use of) borehole “F3” at the Tessieres Facility in contravention of applicable law or regulation prior to Closing, **provided that the Seller shall not be required to pay any amounts pursuant to this paragraph (a) if and only to the extent that the fines are caused, triggered, increased or have their timing accelerated by a disclosure made as a result of a voluntary audit, inspection, analysis, sampling or the like after Closing by or on behalf of the Buyer or any Group Company (excluding any disclosure that has been required or requested to be made under applicable law or regulation in connection with any steps contemplated by paragraph (b) below)**.”

- 2.2. The Seller and the Purchaser hereby acknowledge and agree that it is proposed that, following Closing, the Company (and/or any of its Subsidiaries) may transfer (i) its equity interests in Chateau D’Eau S.à.r.l. and (ii) its equity interests in Eden Springs (Nederland) B.V., and that such transfers may be taxable to the Company and may reasonably be expected to result in the Company suffering or incurring Luxembourg recapture tax by reference to amounts of interest, write-down or other expense incurred on or before Closing in respect of the participations held by the Company and Cott Luxembourg. The Seller hereby grants its permission to such transfers for the purposes of clause 13.8.1(b)(iii) of the SPA and, accordingly, any Specified Indemnity Claim under paragraph (b) of Part A of Schedule 12 to the SPA in respect of such transfers shall not be excluded under or pursuant to clause 13.8.1(b)(iii) of the SPA.
- 2.3. The Seller shall indemnify and hold the Purchaser harmless, from and against, and the Seller hereby covenants to pay to the Purchaser, on demand, an amount equal to any stamp duty and all registration and transfer taxes and duties or their equivalents in all jurisdictions where such taxes and duties are payable (including any reasonable costs incurred by the Purchaser and/or any Group Company in connection with the payment of such taxes and duties) in connection with the transfer by Eureau Sources (a French *société par actions simplifiée* registered at the trade and companies registry of Aurillac under number 440 874 923) of its shares in La Licorne Holding (a French *société par actions simplifiée* registered at the trade and companies registry of Romans under number 808 841 290) to the other shareholders of La Licorne Holding.
- 2.4. Each variation under this Agreement constitutes a variation pursuant to, and in accordance with clause 19.6 (*Variation*) of the SPA, with effect from the date of this Agreement.

- 2.5. Except as varied by the terms of this Agreement, the provisions of the SPA will remain in full force and effect.
- 2.6. Save as otherwise expressly provided in this Agreement, nothing in this Agreement shall constitute a waiver or discharge of any rights, benefits, obligations and/or liabilities of the Purchaser or the Seller under the SPA which have accrued immediately prior to execution of this Agreement.

3. Acknowledgements

- 3.1. The Seller and the Purchaser each acknowledge that (i) this Agreement constitutes a “Transaction Document” as defined in the SPA and (ii) all documents to which the Seller and the Purchaser are both a party which make reference to the SPA shall be deemed to refer to the SPA as amended by this Agreement.
- 3.2. Any reference in the SPA to the date of the SPA shall be a reference to 2 November 2023 rather than a reference to the date of this Agreement.

4. Warranties

Each Party (the *Warrantor*) warrants to each other Party that the statements set out below are true and accurate as at the date of this Agreement:

- (a) the Warrantor has obtained all corporate authorisations and all other governmental, statutory, regulatory or other consents, licences and authorisations required to empower it to enter into and perform its obligations under this Agreement; and
- (b) entry into and performance by the Warrantor of this Agreement will not:
- (i) breach any provision of its constitutional documents; or
 - (ii) result in a breach of any laws or regulations in its jurisdiction of incorporation or of any order, decree or judgment of any court or any governmental or regulatory authority,

where any such breach would adversely affect to a material extent its ability to enter into or perform its obligations under this Agreement.

5. Further Assurance

Each of the Parties agrees to execute, or procure the execution of, such further documents as may be required by law or be necessary to implement and give effect to this Agreement.

6. Whole Agreement

This Agreement sets out the whole agreement between the Parties in respect of the subject matter of this Agreement and supersedes any previous draft, agreement, arrangement or understanding between them, whether in writing or not, relating to it.

7. Costs

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement.

8. Counterparts

This Agreement may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment shall be an effective mode of delivery.

9. Variations

Any amendment to this Agreement shall be an amendment to the SPA and, as such, shall be governed by clause 19.6 (*Variation*) of the SPA.

10. Third Party Enforcement Rights

A person who is not a party to this Agreement or the SPA shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this Agreement or the SPA, except, in relation to the SPA (including following its amendment pursuant to this Agreement), as set out in clause 19 (*Third Party Rights*) of the SPA.

11. Arbitration

Any dispute arising out of or connected with this Agreement, including a dispute as to the validity, existence or termination of this Agreement or this clause 10 or any non-contractual obligation arising out of or in connection with this Agreement, shall be resolved by arbitration seated in London conducted in English by a single arbitrator pursuant to the LCIA Rules, save that unless the Parties agree otherwise, none of them shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the dispute. The tribunal sole arbitrator shall be nominated by agreement of the Parties to the dispute or, if the Parties fail to agree on a joint nomination within 30 calendar days of the date of service of the Response to the Request for Arbitration, he or she shall be selected and appointed by the LCIA.

12. Governing Law and Jurisdiction

- 12.1. This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by English law.
- 12.2. Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of England to support and assist the arbitration process pursuant to clause 10, including if necessary the grant of interlocutory relief pending the outcome of that process. The emergency arbitrator provisions in Article 9B of the LCIA Rules shall not apply.

- 12.3. The Seller shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be Eden Springs UK currently of The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, England, MK9 1FE and any claim form, judgment or other notice of legal process shall be sufficiently served on the Seller if delivered to such agent at its address for the time being. The Seller irrevocably undertakes not to revoke the authority of this agent and if, for any reason, the Purchaser requests the Seller to do so, it shall promptly appoint another such agent with an address in England and advise the Purchaser. If, following such a request, the Seller fails to appoint another agent, the Purchaser shall be entitled to appoint one on behalf of the Seller at the Seller's expense.

SIGNED
for and behalf of
PRIMO WATER CORPORATION

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/s/ Marni Morgan Poe

[Project Pure – SPA Amendment – Signature Page]

SIGNED
for and behalf of
OSMOSIS BUYER LIMITED

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/s/ Mark Blunden
Mark Blunden
Authorised Signatory

[Project Pure – SPA Amendment – Signature Page]



Press Release

PRIMO WATER ANNOUNCES CLOSING OF THE SALE OF SIGNIFICANT PORTION OF ITS INTERNATIONAL BUSINESS

Robbert Rietbroek Commences as Chief Executive Officer and Joins the Board Of Directors

TAMPA, FL., – January 2, 2024 – Primo Water Corporation (NYSE: PRMW) (TSX: PRMW) (the “Company” or “Primo Water”), a leading provider of sustainable drinking water solutions in North America, today announced that it has closed the previously announced sale of a significant portion of Primo Water’s International businesses in an all-cash transaction (the “Transaction”) for \$575 million. The Transaction excluded the Aimia Foods, United Kingdom, Portugal, and Israel businesses, but each of these will be sold across 2024.

"The completion of this transformative transaction simplifies and focuses Primo Water on our core pure-play North American water business. Our greater focus also comes with the enhanced financial flexibility to pursue organic growth, reduce leverage, return capital via share repurchases and dividends, accelerate accretive tuck-in acquisitions and engage in opportunities complementary and adjacent to our core North American water business," said David Hass, Chief Financial Officer, Primo Water. "I am pleased to confirm that as part of our renewed commitment to lower net adjusted leverage and to return capital to shareowners, we will repay the outstanding balance on our cash flow revolver and the board of directors increased our \$50 million share repurchase authorization to a total of \$75 million."

The simplified, proforma Primo Water will have:

- Greater focus on its pure-play North American water business where it enjoys national and local scale and is one of the leading players.
- An improved financial profile, accelerating the achievement of several previously announced 2024 targets, including improvements in adjusted gross margins and adjusted EBITDA margins, as well as adjusted free cash flow conversion.
- The financial flexibility to pursue organic growth, reduce leverage by repaying the cash flow revolver, return capital via share repurchases and dividends, accelerate accretive tuck-in acquisitions and engage in opportunities complementary and adjacent to its core North American water business.



Press Release

- A diversified business mix across key water channels including Water Dispensers, Water Direct, Water Exchange, Water Refill, and Water Filtration, as well as a balanced mix of residential and commercial customers.

ADVISORS

BMO Capital Markets Corp. acted as exclusive financial advisor and White & Case LLP served as legal advisors to Primo Water in the Transaction.

COMMENCEMENT OF NEW CEO

Primo Water also announced today that Robbert Rietbroek joined Primo Water as its Chief Executive Officer (“CEO”) on January 1, 2024. Mr. Rietbroek was also appointed to serve as a director on Primo Water’s Board of Directors.

In connection with the commencement of Robbert Rietbroek’s service, the Company issued its previously announced inducement equity award to Mr. Rietbroek. The award was made pursuant to the Company’s previously disclosed offer letter agreement with Mr. Rietbroek, and as a material inducement to his joining Primo Water as CEO and a member of the Board.

The inducement award is comprised of 232,558 restricted share units (“RSUs”) and is being made outside Primo Water’s existing equity incentive plans, but subject to the same terms and conditions as if granted under the Primo Water Corporation 2018 Equity Incentive Plan, as amended. Each RSU will entitle Mr. Rietbroek to receive one Primo Water common share for each RSU that vests. The RSUs will vest in equal installments on each of the first two anniversaries of the grant date, subject to Mr. Rietbroek’s continuous service through the applicable vesting dates. The RSUs were approved by the Board of Directors in reliance on the employment inducement exemption under the NYSE’s Listed Company Manual Rule 303A.08, which requires public announcement of the number of RSUs comprising the inducement award.



Press Release

ABOUT PRIMO WATER CORPORATION

Primo Water is a leading North America-focused pure-play water solutions provider that operates largely under a recurring revenue model in the large format water category (defined as 3 gallons or greater). This business strategy is commonly referred to as “razor-razorblade” because the initial sale of a product creates a base of users who frequently purchase complementary consumable products. The razor in Primo Water’s revenue model is its industry leading line-up of innovative water dispensers, which are sold through approximately 10,800 retail locations and online at various price points. The dispensers help increase household and business penetration which drives recurring purchases of Primo Water’s razorblade offering or water solutions. Primo Water’s razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo Water delivers sustainable hydration solutions direct to customers, whether at home or to businesses. Through its Water Exchange business, customers visit retail locations and purchase a pre-filled bottle of water. Once consumed, empty bottles are exchanged at our recycling center displays, which provide a ticket that offers a discount toward the purchase of a new bottle. Water Exchange is available in approximately 17,500 retail locations. Through its Water Refill business, customers refill empty bottles at approximately 23,500 self-service refill drinking water stations. Primo Water also offers water filtration units across North America.

Primo Water’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 Water is committed to its water stewardship standards and is proud to partner with the International Bottled Water Association (IBWA) in North America which ensures strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection.

Primo Water is headquartered in Tampa, Florida (USA). For more information, visit www.primowatercorp.com.



Press Release

Safe Harbor Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 conveying management's expectations as to the future based on plans, estimates and projections at the time Primo Water makes the statements. Forward-looking statements involve inherent risks and uncertainties and Primo Water cautions you that a number of important factors could cause actual results to differ materially from those contained in any such forward-looking statement. You can identify forward-looking statements by words such as "may," "will," "would," "should," "could," "expect," "aim," "anticipate," "believe," "estimate," "intend," "plan," "predict," "project," "seek," "potential," "opportunities," and other similar expressions and the negatives of such expressions. However, not all forward-looking statements contain these words. The forward-looking statements contained in this press release include, but are not limited to, statements related to the use of proceeds in the Transaction, the potential impact the Transaction will have on Primo Water and related matters, and the execution of our strategic priorities. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Management believes these assumptions to be reasonable but there is no assurance that they will prove to be accurate.

Factors that could cause actual results to differ materially from those described in this press release include, among others: risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects; the risk that disruptions from the transaction will harm Primo Water's business; and the effect of economic, competitive, legal, governmental and technological factors on Primo Water's business.

The foregoing list of factors is not exhaustive. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Readers are urged to carefully review and consider the various disclosures, including but not limited to risk factors contained in Primo Water's Annual Report on Form 10-K and its quarterly reports on Form 10-Q, as well as other filings with the securities commissions. Primo Water does not undertake to update or revise any of these statements in light of new information or future events, except as expressly required by applicable law.

CONTACTS:

Primo Water

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On December 29, 2023, Primo Water Corporation (the “Company”) completed the previously announced sale of a significant portion of the Company’s international business pursuant to the Share Purchase Agreement (as amended, the “Purchase Agreement”) entered into between the Company and Osmosis Buyer Limited, a company incorporated in England and a subsidiary of the Culligan Group (“Purchaser”) on November 2, 2023. The Purchaser acquired all of the issued and outstanding shares in the share capital of Carbon Luxembourg S.à.r.l. and certain of its subsidiaries comprising the Company’s European business (the “European Business”, the “Sale of the European Business” or the “Transaction”) as set forth in the Purchase Agreement. The Transaction excludes the Aimia Foods, United Kingdom, Portugal, and Israel businesses.

In connection with the Transaction, the Company and the Purchaser entered into a Transition Services Agreement (the “Transition Services Agreement”) pursuant to which the Purchaser will provide certain information technology and shared service center services to the Company for various service periods.

Basis of Pro Forma Information

The following unaudited pro forma condensed consolidated financial information is intended to show how the Transaction might have affected the historical financial statements of the Company if the Transaction had been completed at an earlier time indicated therein. The unaudited pro forma condensed consolidated financial information is derived from and should be read in conjunction with:

- the unaudited condensed consolidated financial statements of Primo Water Corporation as of and for the nine months ended September 30, 2023, included in the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”) on November 3, 2023;
- the audited consolidated financial statements of Primo Water Corporation as of December 31, 2022, and January 1, 2022 and for the three fiscal years in the period ended December 31, 2022, included in the Company’s Annual Report on Form 10-K filed with the SEC on March 1, 2023.

The unaudited pro forma condensed consolidated financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses” and Accounting Standards Codification 205, Presentation of Financial Statements, Discontinued Operations, Other Presentation Matters. The pro forma adjustments are described in the accompanying notes and are based upon information and assumptions available at the time of the filing of this Current Report on Form 8-K. The unaudited pro forma condensed consolidated balance sheet data as of September 30, 2023 gives effect to the Sale of the European Business as if it occurred on September 30, 2023. The unaudited pro forma condensed consolidated statements of operations data for the fiscal years ended December 31, 2022, January 1, 2022, January 2, 2021, and for the nine months ended September 30, 2023 assume that the Transaction was consummated on December 29, 2019.

Beginning in the fourth quarter of 2023, the Company determined the criteria for held for sale and discontinued operations were met, and the Company will present the European Business as discontinued operations in its Annual Report on Form 10-K for the fiscal year ended December 30, 2023. The Company believes that the adjustments included in the Sale of European Business columns of the unaudited pro forma condensed consolidated statements of operations and the unaudited pro forma condensed consolidated balance sheet are consistent with the guidance for discontinued operations under generally accepted accounting principles in the United States of America (“GAAP”). The Company’s current estimates on a held for sale and discontinued operations basis are preliminary and could change as the Company finalizes discontinued operations accounting to be reflected in the financial statements as of and for the fiscal year ended December 30, 2023 reported in its Annual Report on Form 10-K for the fiscal year ended December 30, 2023.

Article 11 of Regulation S-X requires that pro forma financial information include Transaction Accounting Adjustments that reflect only the application of required accounting for the Transaction. There are no Autonomous Entity Adjustments included in this unaudited pro forma condensed consolidated financial information.

In addition, Regulation S-X permits registrants to reflect adjustments that depict synergies and dis-synergies of the acquisitions and dispositions for which pro forma effect is being given in disclosures as Management Adjustments. Management has not identified any Management Adjustments which would enhance an understanding of the pro forma effects of the Transaction.

The Transaction Accounting Adjustments to reflect the Transaction in the unaudited pro forma condensed consolidated financial information include the following:

- the sale of the assets and liabilities of the European Business pursuant to the Purchase Agreement required to be presented on a discontinued operations basis in accordance with ASC 205-20, Presentation of Financial Statements – Discontinued Operations (“ASC 205-20”);
- adjustments required to record the estimated impact of the cash proceeds received in connection with the Transaction, net of transaction costs and income taxes;
- the recognition of the estimated gain on sale in retained earnings as if the Sale of the European Business had occurred on September 30, 2023; and
- the assumed voluntary repayment in full of the borrowings under the Company’s revolving credit facility with a portion of the cash proceeds.

The unaudited pro forma condensed consolidated financial information is provided for informational purposes only and is not necessarily indicative of the operating results of the Company that would have occurred if the Transaction had been completed as of the dates set forth above, nor is it indicative of the future results of the Company. The unaudited pro forma condensed consolidated financial information does not purport to project the future operating results or financial position of the Company following the closing of the Transaction. The unaudited pro forma condensed consolidated statements of operations data and the unaudited pro forma condensed consolidated balance sheet data are based on certain assumptions, described in the accompanying notes, which management believes are reasonable.

Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of September 30, 2023
(in millions of U.S. dollars)

	Transaction Accounting Adjustments				Pro Forma
	Historical	Sale of European Business 2(a)	Other Separation Adjustments		
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 97.8	\$ 552.3	2(b)	\$ (132.0)	3(a) \$ 489.9
		(28.2)		-	
Accounts receivable, net of allowance	277.5	(35.5)		-	242.0
Inventories	105.8	(18.0)		-	87.8
Prepaid expenses and other current assets	45.0	(2.8)		-	42.2
Total current assets	526.1	467.8		(132.0)	861.9
Property, plant and equipment, net	697.8	(85.2)		-	612.6
Operating lease right-of-use-assets	187.5	(15.0)		-	172.5
Goodwill	1,290.4	(176.7)		-	1,113.7
Intangibles assets, net	869.6	(89.9)		-	779.7
Other long-term assets	22.6	(1.3)		-	21.3
Total assets	\$ 3,594.0	\$ 99.7		\$ (132.0)	\$ 3,561.7
LIABILITIES AND EQUITY					
<i>Current Liabilities</i>					
Short-term borrowings	\$ 153.3	\$ -		\$ (132.0)	3(a) \$ 21.3
Current maturities of long-term debt	16.3	(2.6)		-	13.7
Accounts payable and accrued liabilities	420.3	(65.6)		-	357.7
		3.0	2(c)	-	
Current operating lease obligations	35.4	(5.2)		-	30.2
Total current liabilities	625.3	(70.4)		(132.0)	422.9
Long-term debt	1,269.8	(19.6)		-	1,250.2
Operating lease obligations	163.3	(9.8)		-	153.5
Deferred tax liabilities	175.8	(17.8)		-	158.0
Other long-term liabilities	69.1	(5.7)		-	63.4
Total liabilities	2,303.3	(123.3)		(132.0)	2,048.0
<i>Equity</i>					
Common shares	1,285.7	-		-	1,285.7
Additional paid-in capital	87.6	-		-	87.6
Retained earnings	3.7	237.9	2(d)	-	241.6
Accumulated other comprehensive loss	(86.3)	(14.9)	2(d)	-	(101.2)
Total equity	1,290.7	223.0		-	1,513.7
Total liabilities and equity	\$ 3,594.0	\$ 99.7		\$ (132.0)	\$ 3,561.7

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed consolidated financial information.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Nine Months Ended September 30, 2023
(in millions of U.S. dollars, except share and per share amounts)

	Transaction Accounting Adjustments				Pro Forma
	Historical	Sale of European Business 2(e)	Other Separation Adjustments		
Revenue, net	\$ 1,761.8	\$ (184.8)	\$ -		\$ 1,577.0
Cost of sales	678.7	(52.8)	-		625.9
Gross profit	1,083.1	(132.0)	-		951.1
Selling, general and administrative expenses	936.5	(115.8)	4.1	3(b)	824.8
Loss on disposal of property, plant and equipment, net	4.0	(0.1)	-		3.9
Acquisition and integration expenses	6.4	(0.4)	-		6.0
Gain on sale of property	(5.3)	-	-		(5.3)
Operating income	141.5	(15.7)	(4.1)		121.7
Other (income) expense, net	(4.2)	(0.8)	-		(5.0)
Interest expense, net	57.2	(1.4)	(11.5)	3(c)	44.3
Income from continuing operations before income taxes	88.5	(13.5)	7.4		82.4
Income tax expense	28.0	(4.9)	0.9	3(d)	24.0
Net income from continuing operations	<u>\$ 60.5</u>	<u>\$ (8.6)</u>	<u>\$ 6.5</u>		<u>\$ 58.4</u>
Net income from continuing operations per common share					
Basic	\$ 0.38				\$ 0.37 2(f)
Diluted	\$ 0.38				\$ 0.36 2(f)
Weighted average common shares outstanding (in thousands)					
Basic	159,446				159,446
Diluted	160,236				160,236

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed consolidated financial information.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2022
(in millions of U.S. dollars, except share and per share amounts)

	Transaction Accounting Adjustments				
	Historical	Sale of European Business 2(e)	Other Separation Adjustments		
Revenue, net	\$ 2,215.1	\$ (205.6)	\$ -		\$ 2,009.5
Cost of sales	921.7	(60.2)	-		861.5
Gross profit	1,293.4	(145.4)	-		1,148.0
Selling, general and administrative expenses	1,151.4	(142.3)	6.3	3(b)	1,015.4
Loss on disposal of property, plant and equipment, net	8.5	(0.4)	-		8.1
Acquisition and integration expenses	15.3	(3.2)	-		12.1
Impairment charges	29.1	(13.5)	-		15.6
Gain on sale of property	(38.8)	-	-		(38.8)
Operating income (loss)	127.9	14.0	(6.3)		135.6
Other expense (income), net	8.8	(13.6)	-		(4.8)
Interest expense, net	69.8	(1.9)	(9.3)	3(c)	58.6
Income (loss) from continuing operations before income taxes	49.3	29.5	3.0		81.8
Income tax expense (benefit)	19.7	0.6	0.9	3(d)	21.2
Net income (loss) from continuing operations	<u>\$ 29.6</u>	<u>\$ 28.9</u>	<u>\$ 2.1</u>		<u>\$ 60.6</u>
Net income from continuing operations per common share					
Basic	\$ 0.18				\$ 0.38 2(f)
Diluted	\$ 0.18				\$ 0.37 2(f)
Weighted average common shares outstanding (in thousands)					
Basic	160,763				160,763
Diluted	161,885				161,885

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed consolidated financial information.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended January 1, 2022
(in millions of U.S. dollars, except share and per share amounts)

	Historical	Transaction Accounting Adjustments Sale of European Business 2(e)	Pro Forma	
Revenue, net	\$ 2,073.3	\$ (182.7)	\$ 1,890.6	
Cost of sales	915.9	(52.8)	863.1	
Gross profit	1,157.4	(129.9)	1,027.5	
Selling, general and administrative expenses	1,034.3	(134.5)	899.8	
Loss on disposal of property, plant and equipment, net	9.3	(0.4)	8.9	
Acquisition and integration expenses	10.8	(1.6)	9.2	
Operating income (expense)	103.0	6.6	109.6	
Other expense, net	27.9	(1.5)	26.4	
Interest expense, net	68.8	(1.6)	67.2	
Income (loss) from continuing operations before income taxes	6.3	9.7	16.0	
Income tax expense	9.5	-	9.5	
Net (loss) income from continuing operations	\$ (3.2)	\$ 9.7	\$ 6.5	
Net (loss) income from continuing operations per common share				
Basic	\$ (0.02)		\$ 0.04	2(f)
Diluted	\$ (0.02)		\$ 0.04	2(f)
Weighted average common shares outstanding (in thousands)				
Basic	160,778		160,778	
Diluted	160,778		162,595	2(f)

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed consolidated financial information.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended January 2, 2021
(in millions of U.S. dollars, except share and per share amounts)

	Historical	Transaction Accounting Adjustments Sale of European Business 2(e)	Pro Forma	
Revenue, net	\$ 1,953.5	\$ (176.7)	\$ 1,776.8	
Cost of sales	839.6	(49.3)	790.3	
Gross profit	1,113.9	(127.4)	986.5	
Selling, general and administrative expenses	1,006.6	(130.4)	876.2	
Loss on disposal of property, plant and equipment, net	10.6	(0.5)	10.1	
Acquisition and integration expenses	33.7	(2.4)	31.3	
Impairment charges	115.2	(68.0)	47.2	
Operating (loss) income	(52.2)	73.9	21.7	
Other expense (income), net	18.7	2.0	20.7	
Interest expense, net	81.6	(1.0)	80.6	
Loss from continuing operations before income taxes	(152.5)	72.9	(79.6)	
Income tax expense (benefit)	4.3	2.6	6.9	
Net loss from continuing operations	\$ (156.8)	\$ 70.3	\$ (86.5)	
Net loss from continuing operations per common share				
Basic	\$ (1.01)		\$ (0.56)	2(f)
Diluted	\$ (1.01)		\$ (0.56)	2(f)
Weighted average common shares outstanding (in thousands)				
Basic	155,446		155,446	
Diluted	155,446		155,446	

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed consolidated financial information.

1. Basis of Presentation

The unaudited pro forma condensed consolidated financial information presented above gives effect to the Sale of the European Business, subject to the assumptions set out herein. The historical financial information of Primo Water Corporation is presented in accordance with GAAP. The Transaction qualifies for presentation as discontinued operations under ASC-205-20.

The historical financial information has been adjusted to give effect to matters that are directly attributable to the Sale of the European Business and factually supportable. The pro forma adjustments have been prepared to illustrate the estimated effect of the Transaction.

2. The Sale of the European Business

The following pro forma adjustments have been reflected in the unaudited pro forma condensed consolidated financial information.

- a. Represents the assets and liabilities of the European Business subject to sale under the Purchase Agreement as of September 30, 2023.
- b. Cash proceeds from the sale less anticipated transaction costs:

Cash proceeds from the sale	\$ 575.0
Less: Purchase price adjustment	(9.1)
Total consideration	565.9
Less: Estimated transaction costs	(13.6)
Net cash proceeds	\$ 552.3

Transaction costs will not recur in the Company's statement of operations beyond 12 months after the disposition date.

- c. The tax expense and related taxes payable associated with the Sale of the European Business are estimated at \$3.0 million and \$3.0 million, respectively. The tax expense and related taxes payable were calculated by considering (a) the cash proceeds in excess of the estimated Canadian tax basis of the shares sold, (b) tax-deductible transaction costs, (c) the existing Canadian tax attributes, and (d) the execution of the pre-divestiture restructuring. The taxable gain and the related taxes payable are subject to change.
- d. The estimated gain on the Sale of the European Business assuming we had completed the sale as of September 30, 2023 is as follows:

Net cash proceeds	\$ 552.3
Net assets sold	(326.3)
Accumulated other comprehensive income	14.9
Pre-tax gain on sale	240.9
Tax expense	(3.0)
Estimated after-tax gain on sale	\$ 237.9

The estimated gain on the Transaction includes the recognition of the accumulated other comprehensive income from the European Business, which includes \$12.8 million of currency translation adjustments and \$2.1 million related to pension actuarial net gains.

For purposes of the unaudited pro forma condensed consolidated balance sheet, the estimated gain recognized in retained earnings is based on the net carrying value of the European Business as of September 30, 2023, rather than as of the closing date of the Transaction. As a result, the estimated gain reflected herein may differ materially from the actual gain on the Sale of the European Business as of the closing because of the differences in the carrying value of assets and liabilities at the closing date.

- e. Represents the elimination of revenues and expenses associated with the European Business for the fiscal years ended December 31, 2022, January 1, 2022, and January 2, 2021, and the nine months ended September 30, 2023.
- f. Represents pro forma basic and diluted income (loss) per share for the fiscal years ended December 31, 2022, January 1, 2022, and January 2, 2021, and the nine months ended September 30, 2023. Additionally, pro forma diluted weighted average common shares outstanding for the fiscal year ended January 1, 2022 have been adjusted as a result of the change from reporting a net loss from continuing operations to pro forma net income from continuing operations for the period.

3. Other Separation Adjustments

- a. Adjustment to reflect anticipated use of cash proceeds from the Sale of the European Business to pay down the \$132.0 million balance on the Company's revolving credit facility as if the closing of the Transaction occurred on September 30, 2023. The principal balance of the revolving credit facility as of the payment date is expected to be approximately \$115.0 million.
 - b. The fiscal year ended December 31, 2022 and nine months ended September 30, 2023 have been adjusted to reflect costs incurred by the Company related to services provided by the Purchaser pursuant to the Transition Services Agreement assuming the closing of the Transaction occurred on January 2, 2022.
 - c. The fiscal year ended December 31, 2022 and nine months ended September 30, 2023 reflect reductions in historical interest expense incurred due to the anticipated voluntary paydown of the revolving credit facility described in Note 3(a) assuming the closing of the Transaction occurred on January 2, 2022.
 - d. Reflects an adjustment for the estimated tax effect of the increase in taxable income from the decrease in interest expense described in Note 3(c). The estimated tax effect of these adjustments was calculated using the historical statutory rate in effect for each period presented.
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