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

FORM 10-Q

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

For the quarterly period ended: April 2, 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

PRIMO WATER CORPORATION
(Exact name of registrant as specified in its charter)

Ontario	**98-0154711**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
4221 West Boy Scout Boulevard **Suite 400** **Tampa, Florida** **United States**	**33607**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (813) 313-1732

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

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

Indicate by check mark whether the registrant 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.

Class	Outstanding at May 9, 2022
Common Shares, no par value per share	161,119,639

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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	
	April 2, 2022	**April 3, 2021**
Revenue, net	**$ 526.1**	$ 478.4
Cost of sales	**226.5**	213.9
Gross profit	**299.6**	264.5
Selling, general and administrative expenses	**278.3**	248.0
Loss on disposal of property, plant and equipment, net	**1.7**	2.1
Acquisition and integration expenses	**4.3**	1.3
Operating income	**15.3**	13.1
Other expense (income), net	**2.7**	(0.4)
Interest expense, net	**16.9**	19.0
Loss before income taxes	**(4.3)**	(5.5)
Income tax expense	**2.4**	4.7
Net loss	**$ (6.7)**	$ (10.2)
Net loss per common share		
Basic	**$ (0.04)**	$ (0.06)
Diluted	**$ (0.04)**	$ (0.06)
Weighted average common shares outstanding (in thousands)		
Basic	**160,928**	160,634
Diluted	**160,928**	160,634

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

Primo Water Corporation

Condensed Consolidated Statements of Comprehensive Loss
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended	
	April 2, 2022	**April 3, 2021**
Net loss	**$ (6.7)**	$ (10.2)
Other comprehensive (loss) income:		
Currency translation adjustment	**(0.1)**	6.5
Comprehensive loss	**$ (6.8)**	$ (3.7)

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

	April 2, 2022	January 1, 2022
ASSETS		
Current assets		
Cash and cash equivalents	**$ 98.0**	$ 128.4
Accounts receivable, net of allowance of $21.4 ($20.8 as of January 1, 2022)	**270.5**	261.6
Inventories	**105.2**	94.6
Prepaid expenses and other current assets	**31.3**	25.2
Total current assets	**505.0**	509.8
Property, plant and equipment, net	**710.6**	718.1
Operating lease right-of-use-assets	**173.0**	177.4
Goodwill	**1,317.7**	1,321.4
Intangible assets, net	**944.1**	969.8
Other long-term assets, net	**29.4**	26.9
Total assets	**$ 3,679.8**	$ 3,723.4
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	**$ 225.8**	$ 222.1
Current maturities of long-term debt	**17.1**	17.7
Accounts payable and accrued liabilities	**424.7**	437.7
Current operating lease obligations	**33.6**	32.3
Total current liabilities	**701.2**	709.8
Long-term debt	**1,307.4**	1,321.1
Operating lease obligations	**142.8**	148.7
Deferred tax liabilities	**159.3**	158.8
Other long-term liabilities	**64.6**	64.9
Total liabilities	**2,375.3**	2,403.3
Shareholders' Equity		
Common shares, no par value - 161,075,550 (January 1, 2022 - 160,732,552) shares issued	**1,291.6**	1,286.9
Additional paid-in-capital	**83.9**	85.9
(Accumulated deficit) retained earnings	**(1.8)**	16.4
Accumulated other comprehensive loss	**(69.2)**	(69.1)
Total shareholders' equity	**1,304.5**	1,320.1
Total liabilities and shareholders' equity	**$ 3,679.8**	$ 3,723.4

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	
	April 2, 2022	**April 3, 2021**
Cash flows from operating activities:		
Net loss	**$ (6.7)**	$ (10.2)
Adjustments to reconcile net loss to cash flows from operating activities of continuing operations:		
Depreciation and amortization	**61.2**	53.1
Amortization of financing fees	**0.9**	0.8
Share-based compensation expense	**3.3**	2.4
Provision for deferred income taxes	**1.6**	3.6
Gain on sale of business	**(0.4)**	—
Loss on disposal of property, plant and equipment, net	**1.7**	2.1
Other non-cash items	**2.1**	0.2
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	**(11.9)**	(9.7)
Inventories	**(11.1)**	3.2
Prepaid expenses and other current assets	**(6.2)**	(2.2)
Other assets	**(0.7)**	0.1
Accounts payable and accrued liabilities and other liabilities	**(10.2)**	(14.7)
Net cash provided by operating activities from continuing operations	**23.6**	28.7
Cash flows from investing activities of continuing operations:		
Acquisitions, net of cash received	**(0.3)**	—
Additions to property, plant and equipment	**(38.6)**	(27.0)
Additions to intangible assets	**(2.5)**	(2.3)
Proceeds from sale of property, plant and equipment	**0.4**	0.1
Other investing activities	**0.5**	—
Net cash used in investing activities from continuing operations	**(40.5)**	(29.2)

Cash flows from financing activities of continuing operations:		
Payments of long-term debt	**(4.5)**	(3.4)
Issuance of common shares	**1.2**	1.0
Common shares repurchased and canceled	**(1.8)**	(3.1)
Financing fees	**—**	(0.7)
Dividends paid to common shareholders	**(11.3)**	(9.7)
Payment of deferred consideration for acquisitions	**(0.1)**	(1.7)
Other financing activities	**3.9**	5.2
Net cash used in financing activities from continuing operations	**(12.6)**	(12.4)
Cash flows from discontinued operations:		
Operating activities of discontinued operations	**—**	0.8
Investing activities of discontinued operations	**—**	—
Financing activities of discontinued operations	**—**	—
Net cash provided by discontinued operations	**—**	0.8
Effect of exchange rate changes on cash	**(0.9)**	(0.8)
Net decrease in cash, cash equivalents and restricted cash	**(30.4)**	(12.9)
Cash and cash equivalents and restricted cash, beginning of period	**128.4**	115.1
Cash and cash equivalents and restricted cash, end of period	**$ 98.0**	$ 102.2
Supplemental Non-cash Investing and Financing Activities:		
Accrued deferred financing fees	**$ —**	$ 0.1
Dividends payable issued through accounts payable and accrued liabilities	**0.2**	0.1
Additions to property, plant and equipment through accounts payable and accrued liabilities and other liabilities	**24.2**	17.9
Financing lease right-of-use assets obtained in exchange for lease obligations	**2.7**	2.6
Operating lease right-of-use assets obtained in exchange for lease obligations	**5.5**	6.7
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	**$ 3.5**	$ 23.3
Cash paid for income taxes, net	**1.0**	1.9

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 *(In thousands)*	Common Shares	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 2, 2021	**160,406**	**$ 1,268.0**	**$ 84.5**	**$ 81.1**	**$ (86.7)**	**$ 1,346.9**
Net loss	—	—	—	(10.2)	—	(10.2)
Other comprehensive income, net of tax	—	—	—	—	6.5	6.5
Common shares dividends ($0.06 per common share)	—	—	—	(9.8)	—	(9.8)
Share-based compensation	—	—	2.4	—	—	2.4
Common shares repurchased and canceled	(179)	(3.1)	—	—	—	(3.1)
Common shares issued - Equity Incentive Plan	565	8.9	(5.3)	—	—	3.6
Common shares issued - Employee Stock Purchase Plan	26	0.4	—	—	—	0.4
Balance at April 3, 2021	**160,818**	**$ 1,274.2**	**$ 81.6**	**$ 61.1**	**$ (80.2)**	**$ 1,336.7**

	Number of Common Shares (In thousands)	Common Shares	Additional Paid-in-Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 1, 2022	**160,732**	**$ 1,286.9**	**$ 85.9**	**$ 16.4**	**$ (69.1)**	**$ 1,320.1**
Net loss	—	—	—	(6.7)	—	(6.7)
Other comprehensive loss, net of tax	—	—	—	—	(0.1)	(0.1)
Common shares dividends ($0.07 per common share)	—	—	—	(11.5)	—	(11.5)
Share-based compensation	—	—	3.3	—	—	3.3
Common shares repurchased and canceled	(114)	(1.8)	—	—	—	(1.8)
Common shares issued - Equity Incentive Plan	432	6.1	(5.3)	—	—	0.8
Common shares issued - Employee Stock Purchase Plan	25	0.4	—	—	—	0.4
Balance at April 2, 2022	**161,075**	**$ 1,291.6**	**$ 83.9**	**$ (1.8)**	**$ (69.2)**	**$ 1,304.5**

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 22-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 13,000 locations and water refill units at approximately 23,000 locations, respectively. Primo also offers water filtration units across its 22-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. During 2020, our U.S. operations achieved a carbon neutral certification under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. This certification is in addition to the certifications in our European operations where we have maintained carbon neutrality for the past ten consecutive years in many of our markets. 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 production of plastic water bottles by more than 400 million, annually, while also improving overall margins. The exit is anticipated to be completed by the middle of 2022.

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.

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 months ended April 2, 2022 and April 3, 2021, we received wage subsidies under these programs totaling $0.3 million and $1.4 million, 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 was included in accounts payable and accrued liabilities on our Consolidated Balance Sheets as of April 2, 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 North America and Rest of World reporting segment 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 $127.3 million and $110.1 million for the three months ended April 2, 2022 and April 3, 2021, respectively. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Recently adopted accounting pronouncements

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

In November 2021, the Financial Accounting Standards Board ("FASB") issued guidance which 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 ASU 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 $7.5 million and $8.0 million on April 2, 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 April 2, 2022 and January 1, 2022 were $15.9 million and $12.6 million, respectively. The amount of revenue recognized in the three months ended April 2, 2022 that was included in the January 1, 2022 deferred revenue balance was $8.6 million.

The Company does not have any material contract assets as of April 2, 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:

	For the Three Months Ended	
(in millions of U.S. dollars)	April 2, 2022	April 3, 2021
United States	**$ 381.8**	$ 349.9
United Kingdom	**41.4**	36.7
Canada	**15.4**	15.9
All other countries	**87.5**	75.9
Total	**$ 526.1**	$ 478.4

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:

(in millions of U.S. dollars)	Originally Reported	Measurement Period Adjustments	Acquired Value
Cash and cash equivalents	$ 6.8	$ —	$ 6.8
Accounts receivable	1.3	0.4	1.7
Inventory	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	(0.4)	37.7
Intangible assets	20.0	—	20.0
Current maturities of long-term debt	(1.6)	0.8	(0.8)
Accounts payable and accrued liabilities	(9.9)	—	(9.9)
Current operating lease obligations	(0.4)	(0.3)	(0.7)
Long-term debt	(17.7)	2.2	(15.5)
Operating lease obligations	—	(0.8)	(0.8)
Deferred tax liabilities	(5.9)	—	(5.9)
Total	$ 53.1	$ —	$ 53.1

Measurement period adjustments recorded during the three months ended April 2, 2022 include an adjustment to accounts receivable based on a review of the fair value 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—Income Taxes

Income tax expense was $2.4 million on pre-tax loss of $4.3 million for the three months ended April 2, 2022, as compared to income tax expense of $4.7 million on pre-tax loss of $5.5 million in the comparable prior year period. The effective income tax rate for the three months ended April 2, 2022 was (55.8)%, compared to (85.5)% in the comparable prior year period.

The effective tax rate for the three months ended April 2, 2022 varied from the effective tax rate in the comparable prior year period due primarily to decreased earnings in taxable jurisdictions.

The effective tax rate for the three months ended April 2, 2022 varied from the statutory tax rate primarily due to losses in tax jurisdictions for which no tax benefit is recognized due to existing valuation allowances, as well as income in tax jurisdictions with tax rates lower than the Canadian statutory tax rate.

Note 5—Common Shares and Net Loss per Common Share

Common Shares

On May 4, 2021, our Board of Directors approved a new 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 first quarter of 2022. 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.

Net Loss per Common Share

Basic net loss per common share is calculated by dividing net loss by the weighted average number of common shares outstanding during the periods presented. Diluted net loss per common share is calculated by dividing net 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	
	April 2, 2022	**April 3, 2021**
Weighted average common shares outstanding - basic	**160,928**	160,634
Dilutive effect of Stock Options	—	—
Dilutive effect of Performance-based RSUs	—	—
Dilutive effect of Time-based RSUs	—	—
Weighted average common shares outstanding - diluted	**160,928**	160,634

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

	For the Three Months Ended	
(in thousands)	**April 2, 2022**	**April 3, 2021**
Stock Options	**4,715**	7,206
Performance-based RSUs [1]	**1,201**	838
Time-based RSUs [2]	**887**	485

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

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

Note 6—Segment Reporting

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

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
For the Three Months Ended April 2, 2022				
Revenue, net	**$ 397.1**	**$ 129.0**	**$ —**	**$ 526.1**
Depreciation and amortization	**45.3**	**15.5**	**0.4**	**61.2**
Operating income (loss)	**28.3**	**(3.2)**	**(9.8)**	**15.3**
Additions to property, plant and equipment	**26.6**	**11.7**	**0.3**	**38.6**

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
For the Three Months Ended April 3, 2021				
Revenue, net	$ 365.5	$ 112.9	$ —	$ 478.4
Depreciation and amortization	37.8	14.9	0.4	53.1
Operating income (loss)	26.1	(3.6)	(9.4)	13.1
Additions to property, plant and equipment	20.2	6.7	0.1	27.0

Revenues by channel by reporting segment were as follows:

	For the Three Months Ended April 2, 2022			
(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
Revenue, net				
Water Direct/Water Exchange	**$ 278.3**	**$ 59.0**	**$ —**	**$ 337.3**
Water Refill/Water Filtration	**42.2**	**8.7**	**—**	**50.9**
Other Water	**34.0**	**16.4**	**—**	**50.4**
Water Dispensers	**14.2**	**—**	**—**	**14.2**
Other	**28.4**	**44.9**	**—**	**73.3**
Total	**$ 397.1**	**$ 129.0**	**$ —**	**$ 526.1**

	For the Three Months Ended April 3, 2021			
(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
Revenue, net				
Water Direct/Water Exchange	$ 238.8	$ 48.8	$ —	$ 287.6
Water Refill/Water Filtration	45.1	7.9	—	53.0
Other Water	40.9	15.4	—	56.3
Water Dispensers	15.0	—	—	15.0
Other	25.7	40.8	—	66.5
Total	$ 365.5	$ 112.9	$ —	$ 478.4

Note 7—Inventories

The following table summarizes inventories as of April 2, 2022 and January 1, 2022:

(in millions of U.S. dollars)	April 2, 2022	January 1, 2022
Raw materials	**$ 63.1**	$ 56.7
Finished goods	**30.2**	27.0
Resale items	**10.1**	9.1
Other	**1.8**	1.8
Total	**$ 105.2**	$ 94.6

Note 8—Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income ("AOCI") by component for the three months ended April 2, 2022 and April 3, 2021 were as follows:

(in millions of U.S. dollars) [1]	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance January 2, 2021	$ —	$ (1.1)	$ (85.6)	$ (86.7)
OCI before reclassifications	—	—	6.5	6.5
Amounts reclassified from AOCI	—	—	—	—
Net current-period OCI	—	—	6.5	6.5
Ending balance April 3, 2021	$ —	$ (1.1)	$ (79.1)	$ (80.2)
Beginning balance January 1, 2022	$ —	$ (1.7)	$ (67.4)	$ (69.1)
OCI before reclassifications	—	—	(0.1)	(0.1)
Amounts reclassified from AOCI		—	—	—
Net current-period OCI	—	—	(0.1)	(0.1)
Ending balance April 2, 2022	$ —	$ (1.7)	$ (67.5)	$ (69.2)

1 All amounts are net of tax. Amounts in parentheses indicate debits.

There were no amounts reclassified from AOCI for the three months ended April 2, 2022 and April 3, 2021, respectively.

Note 9—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 $59.4 million in standby letters of credit outstanding as of April 2, 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 $15.7 million as of April 2, 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 10—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 April 2, 2022 and January 1, 2022 were as follows:

	April 2, 2022		January 1, 2022	
(in millions of U.S. dollars)	Carrying Value	Fair Value	Carrying Value	Fair Value
3.875% senior notes due in 2028 [1, 2]	**$ 493.6**	**$ 461.4**	$ 502.7	$ 516.2
4.375% senior notes due in 2029 [1,2]	**740.4**	**671.8**	740.0	735.8
Total	**$ 1,234.0**	**$ 1,133.2**	$ 1,242.7	$ 1,252.0

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1 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.

2 Carrying value of our significant outstanding debt is net of unamortized debt issuance costs as of April 2, 2022 and January 1, 2022.

Note 11—Subsequent Events

On May 10, 2022, our Board of Directors declared a dividend of $0.07 per share on common shares, payable in cash on June 22, 2022, to shareowners of record at the close of business on June 10, 2022.

On May 10, 2022, our Board of Directors approved the exit from our business in Russia. Primo has a small presence in Russia, with 2021 revenues of approximately $13.6 million, representing less than 1% of 2021 consolidated revenues. We are currently assessing the impact of the exit of this business on our Consolidated Financial Statements.

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 22-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 13,000 locations and water refill units at approximately 23,000 locations, respectively. Primo also offers water filtration units across its 22-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. During 2020, our U.S. operations achieved a carbon neutral certification under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. This certification is in addition to the certifications in our European operations where we have maintained carbon neutrality for the past ten consecutive years in many of our markets. 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 production of plastic water bottles by more than 400 million, annually, while also improving overall margins. The exit is anticipated to be completed by the middle of 2022.

The market in which we operate is 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.

Impact of the COVID-19 Pandemic

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.

For our associates, we have implemented safety protocols, including implementing social distancing guidelines, staggering employee shifts, providing our associates with personal protective equipment, and continuing to allow members of our team to work from home where possible. We have been working and will continue to work closely with our business partners on contingency planning in an effort to maintain supply. To date, we have not experienced a material disruption to our operations or supply chain.

While we continue to develop and implement health and safety protocols, business continuity plans and crisis management protocols and have taken other operational actions in an effort to try to mitigate the negative impact of COVID-19 to our employees and our business, the extent of the impact of the 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, 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, including disruptions in the global supply chain, inflation and labor shortages, 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.

As we deliver bottled water to residential and business customers across a 22-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. The full extent of the COVID-19 pandemic and its impact on 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 months ended April 2, 2022 and April 3, 2021, we received wage subsidies under these programs totaling $0.3 million and $1.4 million, 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. The Company has 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 was included in accounts payable and accrued liabilities on our Consolidated Balance Sheet as of April 2, 2022, and January 1, 2022.

Divestiture, Acquisition and Financing Transactions

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 nor 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. Unwinding of this business is expected to be completed by the middle of 2022 and we do not expect the costs incurred to exit this business to have a material impact on our operating results.

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 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 loss for the three months ended April 2, 2022 (the "first quarter") was $6.7 million or $(0.04) per diluted common share, compared with $10.2 million or $(0.06) per diluted common share for the three months ended April 3, 2021.

The following items of significance affected our financial results for the first three months of 2022:

- Net revenue increased $47.7 million or 10.0%, from the prior year period due primarily to customer growth, increased demand across our customer base, pricing initiatives, and benefit from tuck-in acquisitions, partially offset by the planned exit from the single-use retail bottled water business in North America and the impact of unfavorable foreign exchange rates;
- Gross profit increased to $299.6 million from $264.5 million in the prior year period due primarily to pricing initiatives, increased Water Direct volume, and the exit from the single-use retail bottled water business in North America, partially offset by the impact of unfavorable foreign exchange rates. Gross profit as a percentage of net revenue was 56.9% compared to 55.3% in the prior year period;
- SG&A expenses increased to $278.3 million from $248.0 million in the prior year period due primarily to higher selling and operating costs that supported volume and revenue growth as well as inflationary cost increases. SG&A expenses as a percentage of net revenue was 52.9% compared to 51.8% in the prior year period;
- Acquisition and integration expenses increased to $4.3 million from $1.3 million in the prior year period due primarily to integration costs incurred in connection with the acquisition of Primo Water Corporation ("Legacy Primo" and such transaction, the "Legacy Primo Acquisition") and increased tuck-in activity compared to the prior year period;
- Other expense, net was $2.7 million compared to other income, net of $0.4 million in the prior year period due primarily to an increase in foreign exchange losses in the current year period as compared to the prior year period.
- Income tax expense was $2.4 million on pre-tax loss of $4.3 million compared to income tax expense of $4.7 million on pre-tax loss of $5.5 million in the prior year period due primarily to decreased earnings in taxable jurisdictions;
- Adjusted EBITDA increased to $87.9 million compared to $76.2 million in the prior year period due to the items listed above; and
- Cash flows provided by operating activities from continuing operations was $23.6 million compared to $28.7 million in the prior year period. The $5.1 million decrease was due primarily to an increase in inventory 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 months ended April 2, 2022 and April 3, 2021:

	For the Three Months Ended			
	April 2, 2022		April 3, 2021	
(in millions of U.S. dollars)	$	%	$	%
Revenue, net	**526.1**	**100.0**	478.4	100.0
Cost of sales	**226.5**	**43.1**	213.9	44.7
Gross profit	**299.6**	**56.9**	264.5	55.3
Selling, general and administrative expenses	**278.3**	**52.9**	248.0	51.8
Loss on disposal of property, plant and equipment, net	**1.7**	**0.3**	2.1	0.4
Acquisition and integration expenses	**4.3**	**0.8**	1.3	0.3
Operating income	**15.3**	**2.9**	13.1	2.7
Other expense (income), net	**2.7**	**0.5**	(0.4)	(0.1)
Interest expense, net	**16.9**	**3.2**	19.0	4.0
Loss before income taxes	**(4.3)**	**(0.8)**	(5.5)	(1.1)
Income tax expense	**2.4**	**0.5**	4.7	1.0
Net loss	**(6.7)**	**(1.3)**	(10.2)	(2.1)
Depreciation & amortization	**61.2**	**11.6**	53.1	11.1

The following tables summarize the change in revenue by reporting segment for the three months ended April 2, 2022:

	For the Three Months Ended April 2, 2022			
(in millions of U.S. dollars, except percentage amounts)	North America	Rest of World	All Other	Total
Change in revenue	$ 31.6	$ 16.1	$ —	$ 47.7
Impact of foreign exchange [1]	—	4.6	—	4.6
Change excluding foreign exchange	$ 31.6	$ 20.7	$ —	$ 52.3
Percentage change in revenue	8.6 %	14.3 %	— %	10.0 %
Percentage change in revenue excluding foreign exchange	8.6 %	18.3 %	— %	10.9 %

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1 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 months ended April 2, 2022:

	For the Three Months Ended April 2, 2022			
(in millions of U.S. dollars, except percentage amounts)	**North America**	**Rest of World**	**All Other**	**Total**
Change in gross profit	$ 27.5	$ 7.6	$ —	$ 35.1
Impact of foreign exchange [1]	—	2.8	—	2.8
Change excluding foreign exchange	$ 27.5	$ 10.4	$ —	$ 37.9
Percentage change in gross profit	13.4 %	12.7 %	— %	13.3 %
Percentage change in gross profit excluding foreign exchange	13.4 %	17.3 %	— %	14.3 %

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1 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 All Other category.

The following table summarizes our net revenue, gross profit, SG&A expenses and operating income (loss) by reporting segment for the three months ended April 2, 2022 and April 3, 2021:

	For the Three Months Ended	
(in millions of U.S. dollars)	**April 2, 2022**	**April 3, 2021**
Revenue, net		
North America	**$ 397.1**	$ 365.5
Rest of World	**129.0**	112.9
All Other	**—**	—
Total	**$ 526.1**	$ 478.4
Gross profit		
North America	**$ 232.0**	$ 204.5
Rest of World	**67.6**	60.0
All Other	**—**	—
Total	**$ 299.6**	$ 264.5
Selling, general and administrative expenses		
North America	**$ 199.7**	$ 175.8
Rest of World	**69.4**	63.3
All Other	**9.2**	8.9
Total	**$ 278.3**	$ 248.0
Operating income (loss)		
North America	**$ 28.3**	$ 26.1
Rest of World	**(3.2)**	(3.6)
All Other	**(9.8)**	(9.4)
Total	**$ 15.3**	$ 13.1

The following tables summarize net revenue by channel for the three months ended April 2, 2022 and April 3, 2021:

	For the Three Months Ended April 2, 2022			
(in millions of U.S. dollars)	**North America**	**Rest of World**	**All Other**	**Total**
Revenue, net				
Water Direct/Water Exchange	**$ 278.3**	**$ 59.0**	**$ —**	**$ 337.3**
Water Refill/Water Filtration	**42.2**	**8.7**	**—**	**50.9**
Other Water	**34.0**	**16.4**	**—**	**50.4**
Water Dispensers	**14.2**	**—**	**—**	**14.2**
Other	**28.4**	**44.9**	**—**	**73.3**
Total	**$ 397.1**	**$ 129.0**	**$ —**	**$ 526.1**

(in millions of U.S. dollars)	For the Three Months Ended April 3, 2021			
	North America	Rest of World	All Other	Total
Revenue, net				
Water Direct/Water Exchange	$ 238.8	$ 48.8	$ —	$ 287.6
Water Refill/Water Filtration	45.1	7.9	—	53.0
Other Water	40.9	15.4	—	56.3
Water Dispensers	15.0	—	—	15.0
Other	25.7	40.8	—	66.5
Total	$ 365.5	$ 112.9	$ —	$ 478.4

The following table summarizes our EBITDA and Adjusted EBITDA for the three months ended April 2, 2022 and April 3, 2021:

(in millions of U.S. dollars)	For the Three Months Ended	
	April 2, 2022	April 3, 2021
Net loss	**$ (6.7)**	$ (10.2)
Interest expense, net	**16.9**	19.0
Income tax expense	**2.4**	4.7
Depreciation and amortization	**61.2**	53.1
EBITDA	**$ 73.8**	$ 66.6
Acquisition and integration costs	**4.3**	1.3
Share-based compensation costs	**3.3**	2.4
COVID-19 costs	—	0.7
Foreign exchange and other losses (gains), net	**3.9**	(0.1)
Loss on disposal of property, plant and equipment, net	**1.7**	2.1
Other adjustments, net	**0.9**	3.2
Adjusted EBITDA	**$ 87.9**	$ 76.2

Three Months Ended April 2, 2022 Compared to Three Months Ended April 3, 2021

Revenue, Net

Net revenue increased $47.7 million, or 10.0%, in the first quarter from the comparable prior year period.

North America net revenue increased $31.6 million, or 8.6%, in the first quarter from the comparable prior year period due primarily to customer growth, pricing initiatives, and increased demand for products and services from residential and business-to-business customers, partially offset by the planned exit from the single-use retail bottled water business and lower revenue from water refill and water dispenser sales.

Rest of World net revenue increased $16.1 million, or 14.3%, in the first quarter from the comparable prior year period due primarily to increased demand for our products and services from residential and business-to-business customers and tuck-in acquisitions, partially offset by the unfavorable impact of foreign exchange rates.

Gross Profit

Gross profit increased to $299.6 million in the first quarter from $264.5 million in the comparable prior year period. Gross profit as a percentage of revenue was 56.9% in the first quarter compared to 55.3% in the comparable prior year period.

North America gross profit increased to $232.0 million in the first quarter from $204.5 million in the comparable prior year period due primarily to increased demand for products and services from residential and business-to-business customers, pricing initiatives, and the exit from the single-use retail bottled water business in North America.

Rest of World gross profit increased to $67.6 million in the first quarter from $60.0 million in the comparable prior year period due primarily to increased demand for products and services from residential and business-to-business customers, partially offset by the unfavorable impact of foreign exchange rates.

Selling, General and Administrative Expenses

SG&A expenses increased to $278.3 million in the first quarter from $248.0 million in the comparable prior year period. SG&A expenses as a percentage of revenue was 52.9% in the first quarter compared to 51.8% in the comparable prior year period.

North America SG&A expenses increased to $199.7 million in the first quarter from $175.8 million in the comparable prior year period due primarily to higher selling and operating costs that supported volume and revenue growth as well as inflationary cost increases.

Rest of World SG&A expenses increased to $69.4 million in the first quarter from $63.3 million in the comparable prior year period due primarily to higher selling and operating costs that supported volume and revenue growth as well as inflationary cost increases, partially offset by the favorable impact of foreign exchange rates.

All Other SG&A expenses increased to $9.2 million in the first quarter from $8.9 million in the comparable prior year period.

Acquisition and Integration Expenses

Acquisition and integration expenses increased to $4.3 million in the first quarter from $1.3 million in the comparable prior year period. Acquisition and integration expenses as a percentage of revenue was 0.8% in the first quarter compared to 0.3% in the comparable prior year period.

North America acquisition and integration expenses increased to $2.5 million in the first quarter from $0.7 million in the comparable prior year period due primarily to integration costs incurred in connection with the acquisition of Legacy Primo.

Rest of World acquisition and integration expenses increased to $1.2 million in the first quarter from $0.1 million in the comparable prior year period due primarily to costs associated with tuck-in acquisitions.

All Other acquisition and integration expenses increased to $0.6 million in the first quarter from $0.5 million in the comparable prior year period.

Operating Income

Operating income increased to $15.3 million in the first quarter from operating income of $13.1 million in the comparable prior year period.

North America operating income increased to $28.3 million in the first quarter from $26.1 million in the comparable prior year period due to the items discussed above.

Rest of World operating loss decreased to $3.2 million in the first quarter from $3.6 million in the comparable prior year period due to the items discussed above.

All Other operating loss increased to $9.8 million in the first quarter from $9.4 million in the comparable prior year period due to the items discussed above.

Other Expense (Income), Net

Other expense, net was $2.7 million for the first quarter compared to other income, net of $0.4 million in the comparable prior year period due primarily to an increase in foreign exchange losses in the current year period as compared to the prior year period.

Income Taxes

Income tax expense was $2.4 million in the first quarter compared to income tax expense of $4.7 million in the comparable prior year period. The effective tax rate for the first quarter was (55.8)% compared to (85.5)% in the comparable prior year period.

The effective tax rate for the first quarter varied from the effective tax rate from the comparable prior year period due primarily to decreased earnings in taxable jurisdictions.

Liquidity and Capital Resources

As of April 2, 2022, we had total debt of $1,550.3 million and $98.0 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, global economic conditions during and after the pandemic, including disruptions in the global supply chain, inflation and labor shortage 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.

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 April 2, 2022, our outstanding borrowings under the Revolving Credit Facility were $211.0 million and outstanding letters of credit totaled $59.4 million resulting in total utilization under the Revolving Credit Facility of $270.4 million. Accordingly, unused availability under the Revolving Credit Facility as of April 2, 2022 amounted to $79.6 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 the first quarter of 2022 for an aggregate dividend payment of approximately $11.5 million.

The following table summarizes our cash flows for the three months ended April 2, 2022 and April 3, 2021, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

(in millions of U.S. dollars)	For the Three Months Ended April 2, 2022	For the Three Months Ended April 3, 2021
Net cash provided by operating activities from continuing operations	**$ 23.6**	$ 28.7
Net cash used in investing activities from continuing operations	**(40.5)**	(29.2)
Net cash used in financing activities from continuing operations	**(12.6)**	(12.4)
Cash flows from discontinued operations:		
Net cash provided by operating activities from discontinued operations	**—**	0.8
Effect of exchange rate changes on cash	**(0.9)**	(0.8)
Net decrease in cash, cash equivalents and restricted cash	**(30.4)**	(12.9)
Cash and cash equivalents and restricted cash, beginning of period	**128.4**	115.1
Cash and cash equivalents and restricted cash, end of period	**$ 98.0**	$ 102.2

Operating Activities

Cash provided by operating activities from continuing operations was $23.6 million year to date compared to $28.7 million in the comparable prior year period. The $5.1 million decrease was due primarily to an increase in inventory relative to the prior year period.

Investing Activities

Cash used in investing activities from continuing operations was $40.5 million year to date compared to $29.2 million in the comparable prior year period. The $11.3 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 $12.6 million year to date compared to $12.4 million in the comparable prior year period. The $0.2 million increase was due primarily to an increase in dividends paid year to date as compared to the prior year period, partially offset by a decrease in common share repurchases year to date as compared to the prior year period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of April 2, 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 April 2, 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 April 2, 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 April 2, 2022.

Issuer Purchases of Equity Securities

In the first quarter of 2022, an aggregate of 113,527 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards. In the first quarter of 2021, an aggregate of 179,413 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 $15.6 million. The decrease was due to a net loss of $6.7 million, common shares repurchased and canceled of $1.8 million, common share dividend payments of $11.5 million and other comprehensive loss, net of tax of $0.1 million, partially offset by the issuance of common shares of $1.2 million, and share-based compensation costs of $3.3 million.

Dividend Payments

Common Share Dividend

On February 23, 2022, the Board of Directors declared a dividend of $0.07 per share on common shares, payable in cash on March 28, 2022 to shareowners of record at the close of business on March 11, 2022. On May 10, 2022, the Board of Directors declared a dividend of $0.07 per share on common shares, payable in cash on June 22, 2022, to shareowners of record at the close of business on June 10, 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. We have no material changes to our Quantitative and Qualitative Disclosures about Market Risk as filed in our 2021 Annual Report.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Due to the COVID-19 pandemic, a significant portion of our employees are now working from home, as states and municipalities have imposed varying levels of restriction on normal in-person business operations. Established business continuity plans were activated in order to mitigate the impact to our control environment, operating procedures, data and internal controls. The design of our processes and controls allows for remote execution with accessibility to secure data.

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 April 2, 2022. Based upon this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that, as of April 2, 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

There have been no material changes to our risk factors since January 1, 2022. Please refer to our 2021 Annual Report.

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

Tax Withholding

The following table contains information about common shares that we withheld from delivering to employees during the first 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
January 2, 2022- January 31, 2022	**256**	**$ 17.63**	**N/A**	**N/A**
February 1, 2022-February 28, 2022	**103,978**	**$ 16.20**	**N/A**	**N/A**
March 1, 2022-April 2, 2022	**9,293**	**$ 13.86**	**N/A**	**N/A**
Total	**113,527**			

Item 6. Exhibits

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	Exhibit	Filing Date	File No.	
3.1	Articles of Continuance of Primo Water Corporation	10-Q	3.1	8/6/2021	0011-31410	
3.2	By-laws of Primo Water Corporation, as amended	10-Q	3.2	8/6/2021	0011-31410	
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 2, 2022.					*
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 2, 2022.					*
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 2, 2022.					*
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 2, 2022.					*
101	The following financial statements from Primo Water Corporation's Quarterly Report on Form 10-Q for the quarter ended April 2, 2022, filed May 12, 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).					*

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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: May 12, 2022

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

Date: May 12, 2022

/s/ Jason Ausher
Jason Ausher
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT 31.1

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: May 12, 2022

EXHIBIT 31.2

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

Jay Wells
Chief Financial Officer
Dated: May 12, 2022

EXHIBIT 32.1

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

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 April 2, 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 12th day of May, 2022.

/s/ Thomas J. Harrington
Thomas J. Harrington
Chief Executive Officer

EXHIBIT 32.2

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

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 April 2, 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 12th day of May, 2022.

/s/ Jay Wells
Jay Wells
Chief Financial Officer