

PRIMO WATER CORP /CN/

FORM 10-Q (Quarterly Report)

Filed 08/06/20 for the Period Ending 06/27/20

Address	4221 W. BOY SCOUT BLVD. SUITE 400 TAMPA, FL, 33607
Telephone	813-313-1732
CIK	0000884713
Symbol	PRMW
SIC Code	2086 - Bottled and Canned Soft Drinks and Carbonated Waters
Industry	Non-Alcoholic Beverages
Sector	Consumer Non-Cyclicals
Fiscal Year	12/02

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: **June 27, 2020**

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

For the transition period from _____ to _____

Commission File Number: **001-31410**

PRIMO WATER CORPORATION

(Exact name of registrant as specified in its charter)

Canada (State or Other Jurisdiction of Incorporation or Organization)	98-0154711 (IRS Employer Identification No.)
4221 West Boy Scout Boulevard Suite 400 Tampa, Florida United States (Address of principal executive offices)	33607 (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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

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

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

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

<u>Class</u>	<u>Outstanding at August 3, 2020</u>
Common Shares, no par value per share	160,085,667

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Revenue, net	\$ 456.8	\$ 455.6	\$ 931.0	\$ 883.3
Cost of sales	202.1	184.0	403.0	368.6
Gross profit	254.7	271.6	528.0	514.7
Selling, general and administrative expenses	246.7	245.7	501.8	481.5
Loss on disposal of property, plant and equipment, net	2.5	1.7	3.9	3.6
Acquisition and integration expenses	4.3	2.7	25.1	7.4
Goodwill and intangible asset impairment charges	115.2	—	115.2	—
Operating (loss) income	(114.0)	21.5	(118.0)	22.2
Other (income) expense, net	(1.6)	(2.2)	5.4	3.3
Interest expense, net	20.7	18.8	40.4	38.1
(Loss) income from continuing operations before income taxes	(133.1)	4.9	(163.8)	(19.2)
Income tax (benefit) expense	(1.4)	2.2	(4.7)	0.8
Net (loss) income from continuing operations	\$ (131.7)	\$ 2.7	\$ (159.1)	\$ (20.0)
Net (loss) income from discontinued operations, net of income taxes	(4.3)	1.7	26.6	4.7
Net (loss) income	\$ (136.0)	\$ 4.4	\$ (132.5)	\$ (15.3)
Net (loss) income per common share				
Basic:				
Continuing operations	\$ (0.82)	\$ 0.02	\$ (1.06)	\$ (0.15)
Discontinued operations	\$ (0.03)	\$ 0.01	\$ 0.18	\$ 0.04
Net (loss) income	\$ (0.85)	\$ 0.03	\$ (0.88)	\$ (0.11)
Diluted:				
Continuing operations	\$ (0.82)	\$ 0.02	\$ (1.06)	\$ (0.15)
Discontinued operations	\$ (0.03)	\$ 0.01	\$ 0.18	\$ 0.04
Net (loss) income	\$ (0.85)	\$ 0.03	\$ (0.88)	\$ (0.11)
Weighted average common shares outstanding (in thousands)				
Basic	159,931	135,569	150,535	135,758
Diluted	159,931	137,306	150,535	135,758

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

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

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net (loss) income	\$ (136.0)	\$ 4.4	\$ (132.5)	\$ (15.3)
Other comprehensive (loss) income:				
Currency translation adjustment	8.4	(3.5)	(10.3)	7.1
Income (loss) on derivative instruments, net of tax ^{1,2}	—	12.5	(11.2)	7.0
Comprehensive (loss) income	\$ (127.6)	\$ 13.4	\$ (154.0)	\$ (1.2)

¹ Net of the effect of \$3.0 million tax benefit for the six months ended June 27, 2020 and \$4.9 million and \$3.3 million tax expense for the three and six months ended June 29, 2019, respectively.

² Net of \$1.3 million of associated tax impact that resulted in a decrease to the gain on sale of discontinued operations for the six months ended June 27, 2020.

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

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

	<u>June 27, 2020</u>	<u>December 28, 2019</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 211.1	\$ 156.9
Accounts receivable, net of allowance of \$12.9 (\$8.8 as of December 28, 2019)	223.3	216.7
Inventories	73.2	62.9
Prepaid expenses and other current assets	23.5	19.1
Current assets of discontinued operations	—	186.7
Total current assets	531.1	642.3
Property, plant and equipment, net	693.1	558.1
Operating lease right-of-use-assets	179.5	185.7
Goodwill	1,244.9	1,047.5
Intangible assets, net	980.7	597.0
Other long-term assets, net	24.4	20.5
Long-term assets of discontinued operations	—	339.8
Total assets	\$ 3,653.7	\$ 3,390.9
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	\$ 217.7	\$ 92.4
Current maturities of long-term debt	9.9	6.9
Accounts payable and accrued liabilities	410.4	370.6
Current operating lease obligations	37.9	36.5
Current liabilities of discontinued operations	—	101.2
Total current liabilities	675.9	607.6
Long-term debt	1,282.2	1,259.1
Operating lease obligations	147.5	155.2
Deferred tax liabilities	138.3	90.6
Other long-term liabilities	61.6	58.7
Long-term liabilities of discontinued operations	—	53.5
Total liabilities	2,305.5	2,224.7
<i>Shareholders' Equity</i>		
Common shares, no par value - 160,019,274 (December 28, 2019 - 134,803,211) shares issued	1,263.3	892.3
Additional paid-in-capital	75.2	77.4
Retained earnings	99.7	265.0
Accumulated other comprehensive loss	(90.0)	(68.5)
Total shareholders' equity	1,348.2	1,166.2
Total liabilities and shareholders' equity	\$ 3,653.7	\$ 3,390.9

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

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

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Cash flows from operating activities of continuing operations:				
Net (loss) income	\$ (136.0)	\$ 4.4	\$ (132.5)	\$ (15.3)
Net (loss) income from discontinued operations, net of income taxes	(4.3)	1.7	26.6	4.7
Net (loss) income from continuing operations	(131.7)	2.7	(159.1)	(20.0)
Adjustments to reconcile net (loss) income from continuing operations to cash flows from operating activities:				
Depreciation and amortization	52.8	42.9	97.8	82.6
Amortization of financing fees	0.9	0.9	1.8	1.7
Share-based compensation expense	4.9	3.2	7.3	6.5
Benefit for deferred income taxes	(0.9)	(0.9)	(4.4)	(6.1)
(Gain) loss on sale of business	(0.6)	0.6	(0.6)	6.0
Goodwill and intangible asset impairment	115.2	—	115.2	—
Loss on disposal of property, plant and equipment, net	2.5	1.7	3.9	3.6
Other non-cash items	(1.5)	(3.8)	4.5	(3.6)
Change in operating assets and liabilities, net of acquisitions:				
Accounts receivable	39.0	(20.4)	10.1	(21.7)
Inventories	3.1	(1.5)	2.5	(4.3)
Prepaid expenses and other current assets	1.9	1.9	0.4	0.3
Other assets	(1.3)	0.6	(0.6)	1.2
Accounts payable and accrued liabilities and other liabilities	(18.8)	(26.7)	(8.6)	(29.9)
Net cash provided by operating activities from continuing operations	65.5	1.2	70.2	16.3
Cash flows from investing activities of continuing operations:				
Acquisitions, net of cash received	(11.9)	(21.8)	(434.5)	(25.5)
Additions to property, plant and equipment	(28.7)	(24.3)	(63.6)	(46.3)
Additions to intangible assets	(2.4)	(0.9)	(5.4)	(2.8)
Proceeds from sale of property, plant and equipment	0.5	0.8	0.8	1.9
Proceeds from sale of business, net of cash sold	—	—	—	50.5
Other investing activities	1.1	—	1.1	—
Net cash used in investing activities from continuing operations	(41.4)	(46.2)	(501.6)	(22.2)

Cash flows from financing activities of continuing operations:

Payments of long-term debt	(2.6)	(1.3)	(5.3)	(2.8)
Proceeds from short-term borrowings	188.0	37.9	323.9	62.9
Payments on short-term borrowings	(100.0)	(9.1)	(209.9)	(61.9)
Issuance of common shares	0.2	0.3	0.8	0.7
Common shares repurchased and canceled	(0.2)	(20.0)	(32.1)	(31.0)
Financing fees	(0.3)	—	(2.8)	—
Equity issuance fees	—	—	(1.1)	—
Dividends paid to common shareholders	(10.5)	(8.0)	(20.3)	(16.2)
Payment of deferred consideration for acquisitions	(1.0)	(0.2)	(1.2)	(0.2)
Other financing activities	2.4	2.0	11.2	3.4
Net cash provided by (used in) financing activities from continuing operations	76.0	1.6	63.2	(45.1)

Cash flows from discontinued operations:

Operating activities of discontinued operations	(0.7)	7.1	(18.0)	15.6
Investing activities of discontinued operations	(1.6)	(4.1)	392.9	(23.2)
Financing activities of discontinued operations	—	(0.2)	(0.1)	(0.2)
Net cash (used in) provided by discontinued operations	(2.3)	2.8	374.8	(7.8)
Effect of exchange rate changes on cash	1.1	0.1	(1.0)	1.4

Net increase (decrease) in cash, cash equivalents and restricted cash

	98.9	(40.5)	5.6	(57.4)
Cash and cash equivalents and restricted cash, beginning of period	112.2	153.9	205.5	170.8
Cash and cash equivalents and restricted cash, end of period	211.1	113.4	211.1	113.4
Cash and cash equivalents and restricted cash from discontinued operations, end of period	—	32.0	—	32.0
Cash and cash equivalents and restricted cash from continuing operations, end of period	\$ 211.1	\$ 81.4	\$ 211.1	\$ 81.4

Supplemental Non-cash Investing and Financing Activities:

Shares issued in connection with business combination	\$ —	\$ —	\$ 377.6	—
Accrued deferred financing fees	—	—	0.6	\$ —
Dividends payable issued through accounts payable and accrued liabilities	—	0.1	0.2	0.1
Additions to property, plant and equipment through accounts payable and accrued liabilities and other liabilities	9.0	13.9	12.7	20.9

Supplemental Disclosures of Cash Flow Information:

Cash paid for interest	\$ 23.0	\$ 35.2	\$ 38.6	\$ 50.3
Cash paid for income taxes, net	0.3	4.1	2.7	5.1

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 March 28, 2020	159,826	\$ 1,262.7	\$ 71.5	\$ 244.9	\$ (98.4)	\$ 1,480.7
Cumulative effect of changes in accounting principle, net of taxes	—	—	—	0.7	—	0.7
Net loss	—	—	—	(136.0)	—	(136.0)
Other comprehensive income, net of tax	—	—	—	—	8.4	8.4
Common shares dividends (\$0.06 per common share)	—	—	—	(9.9)	—	(9.9)
Share-based compensation	—	—	4.2	—	—	4.2
Common shares repurchased and canceled	(20)	(0.3)	—	—	—	(0.3)
Common shares issued - Equity Incentive Plan	175	0.6	(0.4)	—	—	0.2
Common shares issued - Dividend Reinvestment Plan	1	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	37	0.3	(0.1)	—	—	0.2
Balance at June 27, 2020	160,019	\$ 1,263.3	\$ 75.2	\$ 99.7	\$ (90.0)	\$ 1,348.2

	Number of Common Shares (In thousands)	Common Shares	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 28, 2019	134,803	\$ 892.3	\$ 77.4	\$ 265.0	\$ (68.5)	\$ 1,166.2
Cumulative effect of changes in accounting principle, net of taxes	—	—	—	(3.6)	—	(3.6)
Net loss	—	—	—	(132.5)	—	(132.5)
Other comprehensive loss, net of tax	—	—	—	—	(21.5)	(21.5)
Common shares dividends (\$0.12 per common share)	—	—	—	(19.5)	—	(19.5)
Share-based compensation	—	—	7.3	—	—	7.3
Common shares issued in connection with business combination and assumed vested awards, net of equity issuance costs of \$1.1 million	26,497	376.5	2.9	—	—	379.4
Common shares repurchased and canceled	(2,796)	(22.5)	—	(9.7)	—	(32.2)
Common shares issued - Equity Incentive Plan	1,452	16.3	(12.2)	—	—	4.1
Common shares issued - Dividend Reinvestment Plan	1	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	62	0.7	(0.2)	—	—	0.5
Balance at June 27, 2020	160,019	\$ 1,263.3	\$ 75.2	\$ 99.7	\$ (90.0)	\$ 1,348.2

	Number of Common Shares (In thousands)	Common Shares	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at March 30, 2019	135,966	\$ 899.0	\$ 71.3	\$ 277.3	\$ (96.6)	\$ 1,151.0
Net income	—	—	—	4.4	—	4.4
Other comprehensive income, net of tax	—	—	—	—	9.0	9.0
Common shares dividends (\$0.06 per common share)	—	—	—	(8.1)	—	(8.1)
Share-based compensation	—	—	3.3	—	—	3.3
Common shares repurchased and canceled	(1,441)	(9.5)	—	(10.5)	—	(20.0)

Common shares issued - Equity Incentive Plan	86	0.2	(0.2)	—	—	—
Common shares issued - Dividend Reinvestment Plan	3	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	24	0.3	—	—	—	0.3
Balance at June 29, 2019	134,638	\$ 890.0	\$ 74.4	\$ 263.1	\$ (87.6)	\$ 1,139.9

	Number of Common Shares (In thousands)	Common Shares	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 29, 2018	136,195	\$ 899.4	\$ 73.9	\$ 298.8	\$ (101.7)	\$ 1,170.4
Cumulative effect of changes in accounting principle, net of taxes	—	—	—	10.5	—	10.5
Net loss	—	—	—	(15.3)	—	(15.3)
Other comprehensive income, net of tax	—	—	—	—	14.1	14.1
Common shares dividends (\$0.12 per common share)	—	—	—	(16.3)	—	(16.3)
Share-based compensation	—	—	6.8	—	—	6.8
Common shares repurchased and canceled	(2,211)	(16.4)	—	(14.6)	—	(31.0)
Common shares issued - Equity Incentive Plan	605	6.3	(6.3)	—	—	—
Common shares issued - Dividend Reinvestment Plan	3	—	—	—	—	—
Common shares issued - Employee Stock Purchase Plan	46	0.7	—	—	—	0.7
Balance at June 29, 2019	134,638	\$ 890.0	\$ 74.4	\$ 263.1	\$ (87.6)	\$ 1,139.9

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

On March 2, 2020, Cott Corporation completed the acquisition of Primo Water Corporation (“Legacy Primo” and such transaction, the “Legacy Primo Acquisition”). In connection with the closing of the Legacy Primo Acquisition, Cott Corporation changed its corporate name to Primo Water Corporation and its ticker symbol on the New York Stock Exchange and Toronto Stock Exchange to “PRMW”. The Legacy Primo Acquisition is consistent with our strategy of transitioning to a pure-play water solutions provider.

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 pure-play water solutions provider in North America, Europe and Israel. 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 major retailers and online at various price points or leased to customers. The dispensers help increase household penetration, which drives recurring purchases of Primo’s razorblade offering. Primo’s razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo delivers sustainable hydration solutions across its 21-country footprint direct to the customer’s door, whether at home or to commercial 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 22,000 locations, respectively. Primo also offers water filtration units across its 21-country footprint representing a top five position.

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 Water coolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection.

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 December 28, 2019 included herein was derived from the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019 (our “2019 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 2019 Annual Report. The accounting policies used in these interim Consolidated Financial Statements are consistent with those used in the annual Consolidated Financial Statements.

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

Changes in Presentation

On February 28, 2020, we completed the sale of our coffee, tea and extract solutions business, S. & D. Coffee, Inc. (“S&D”) for consideration of \$405.0 million paid at closing in cash, with customary post-closing working capital adjustments, which were resolved in June 2020 by payment of \$1.5 million from the Company to the purchasers of S&D. As a result of this transaction representing a strategic shift in our operations, the Company has reclassified the financial results of our discontinued operations to net (loss) income from discontinued operations, net of income taxes in the Consolidated Statements of Operations for the three and six months ended June 29, 2019. The assets and liabilities associated with S&D have been reflected as current and long-term assets and liabilities of discontinued operations in the Consolidated Balance Sheet as of December 28, 2019. Cash flows from our discontinued operations are presented in the Consolidated Statements of Cash Flows for the three and six months ended June 29, 2019. The Notes to the Consolidated Financial Statements are presented on a continuing operations basis unless otherwise noted. See Note 2 to the Consolidated Financial Statements for additional information on discontinued operations.

On March 2, 2020, we completed the Legacy Primo Acquisition. This business was added to our North America reporting segment (described below).

During the second quarter of 2020, we implemented a restructuring program intended to optimize synergies from the Company's transition to a pure-play water company following the Legacy Primo Acquisition and, as a result, reorganized into two reporting segments: North America (which includes our DS Services of America, Inc. ("DSS"), Aquaterra Corporation ("Aquaterra"), Mountain Valley Spring Company ("Mountain Valley") and Legacy Primo businesses) and Rest of World (which includes our Eden Springs Nederland B.V. ("Eden"), Aimia Foods Limited ("Aimia"), Decantae Mineral Water Limited ("Decantae") and John Farrer & Company Limited ("Farrers") businesses). Our corporate oversight function and other miscellaneous expenses are aggregated and included in the All Other category. Segment reporting results have been recast to reflect these changes for all periods presented.

Impact of the COVID-19 Pandemic

The outbreak of the novel coronavirus ("COVID-19") had a significant impact on our business, financial condition, results of operations and cash flows for the three and six months ended June 27, 2020. In response to COVID-19, authorities in many of the markets in which we operate have implemented numerous measures to stall the spread of COVID-19, including travel bans and restrictions, quarantines, curfews, shelter in place orders, and business shutdowns. These measures have impacted and will further impact us, our customers, employees, distributors, suppliers and other third parties with whom we do business. There is considerable uncertainty regarding how these measures and future measures in response to the pandemic will impact our business in the future, including whether they will 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 or increases in employee costs or otherwise), and how they will further impact 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.

In response to COVID-19, certain government authorities have enacted programs which provide various economic stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll and other tax remittances to future years and wage subsidies as reimbursement for a portion of certain furloughed employees' salaries. During the three and six months ended June 27, 2020, we received wage subsidies under these programs totaling \$3.4 million. 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 \$6.3 million were included in accounts payable and accrued liabilities and \$2.9 million were included in other long-term liabilities on our Consolidated Balance Sheet as of June 27, 2020.

During the three months ended June 27, 2020, we recorded a total of \$115.2 million of non-cash impairment charges related to goodwill and intangible assets. See goodwill and intangible asset impairment information below. The impairment charges were primarily driven by the impact of the COVID-19 pandemic and revised projections of future operating results.

In addition, on June 11, 2020, we announced that our Board of Directors approved a plan intended to optimize synergies from the Company's transition to a pure-play water company following the Legacy Primo Acquisition and to mitigate the negative financial and operational impacts of the COVID-19 pandemic, including implementing headcount reductions and furloughs in our North America and Rest of World reporting segments ("2020 Restructuring Plan"). When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. In connection with the 2020 Restructuring Plan, we expect to incur approximately \$19.0 million in severance costs, all of which are expected to result in cash expenditures and are expected to be fully paid by the end of 2020. All costs incurred by the 2020 Restructuring Plan are included in SG&A expenses for the three and six months ended June 27, 2020.

The following table summarizes restructuring charges for the three and six months ended June 27, 2020:

(in millions of U.S. dollars)	For the Three Months Ended	For the Six Months Ended
	June 27, 2020	June 27, 2020
North America	\$ 2.3	\$ 2.3
Rest of World	6.6	6.6
Total	\$ 8.9	\$ 8.9

The following table summarizes our restructuring liability as of June 27, 2020, along with charges to costs and expenses and cash payments:

(in millions of U.S. dollars)	Restructuring Liability			Balance at June 27, 2020
	Balance at December 28, 2019	Charges to Costs and Expenses	Cash Payments	
North America	\$ —	\$ 2.3	\$ (2.3)	\$ —
Rest of World	—	6.6	(0.8)	5.8
Total	\$ —	\$ 8.9	\$ (3.1)	\$ 5.8

During the three and six months ended June 27, 2020 we also incurred \$6.6 million and \$7.9 million, respectively, in other COVID-19 related costs. Other COVID-19 related costs primarily include front-line incentives paid and costs incurred for supplies.

Significant Accounting Policies

Included in Note 1 of our 2019 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 \$99.8 million and \$219.8 million for the three and six months ended June 27, 2020, respectively, and \$120.5 million and \$235.5 million for the three and six months ended June 29, 2019, respectively. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Allowance for Credit Losses

We estimate an allowance for credit losses based on historical loss experience, adverse situations that may affect a customer's ability to pay, current conditions, reasonable and supportable forecasts and current economic outlook. Customer demographics, such as large commercial customers as compared to small businesses or individual customers, and the customer's geographic market are also considered when estimating credit losses. Historical loss experience was based on actual loss rates over a one year period. Additionally, we evaluate current conditions and review third-party economic forecasts on a quarterly basis to determine the impact on the allowance for credit losses. The assumptions used in determining an estimate of credit losses are inherently subjective and actual results may differ significantly from estimated reserves.

Goodwill

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. We test goodwill for impairment at least annually on the first day of the fourth quarter, based on our reporting unit carrying values, calculated as total assets less non-interest bearing liabilities, as of the end of the third quarter, or more frequently if we determine a triggering event has occurred during the year. During the second quarter of 2020, given the general deterioration in economic and market conditions in which we operate arising from the COVID-19 pandemic, we identified a triggering event indicating possible impairment of goodwill and intangible assets, as further described below. We did not identify impairment of our property, plant and equipment, lease-related right-of-use assets, or long-lived assets.

The Company operates through two operating segments: North America and Rest of World. These two operating segments are also reportable segments. We evaluate goodwill for impairment on a reporting unit basis, which is an operating segment or a level below an operating segment, referred to as a component. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. However, two or more components of an operating segment can be aggregated and deemed a single reporting unit if the components have similar economic characteristics. Our North America operating segment was determined to have three components: DSS, Mountain Valley, and Aquaterra. We have determined that DSS and Aquaterra have similar economic characteristics and have aggregated them as a single reporting unit for the purpose of testing goodwill for impairment (“DSSAqua”). Our Rest of World operating segment was determined to have four components: Eden, Aimia, Decantae, and Farrers, none of which have similar economic characteristics. We have thus determined our reporting units are DSSAqua, Mountain Valley, Eden, Aimia, Decantae, and Farrers.

Due to the triggering event identified above arising from the impact of the COVID-19 pandemic, we first performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of these reporting units exceeded their respective carrying values. Based on this qualitative assessment, we determined that it was more likely than not that the fair value of our Eden, Aimia, Decantae, and Farrers reporting units did not exceed their respective carrying values. As a result, we performed an interim quantitative impairment test as of June 27, 2020 on these reporting units.

We determined the fair value of the reporting units being evaluated using a mix of the income approach (which is based on the discounted cash flows of the reporting unit) and the guideline public company approach. We weighted the income approach and the guideline public company approach at 50% each to determine the fair value of the reporting unit. We believe using a combination of these approaches provides a more accurate valuation because it incorporates the expected cash generation of the Company in addition to how a third-party market participant would value the reporting unit. As the business is assumed to continue in perpetuity, the discounted future cash flows includes a terminal value. Critical assumptions used in our valuation of the Eden reporting unit included the anticipated future cash flows, a weighted-average terminal growth rate of 1.5% and a discount rate of 9.5%. Critical assumptions used in our valuation of the Aimia, Decantae, and Farrers reporting units included a weighted-average terminal growth rate of 2.0% and a discount rate of 11.5%. The anticipated future cash flows assumption reflects projected revenue growth rates, operating profit margins and capital expenditures. The terminal growth rate assumption incorporated into the discounted cash flow calculation reflects our long-term view of the market and industry, projected changes in the sale of our products, pricing of such products and operating profit margins. The discount rate was determined using various factors and sensitive assumptions, including bond yields, size premiums and tax rates. This rate was based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. These assumptions are considered significant unobservable inputs and represent our best estimate of assumptions that market participants would use to determine the fair value of the respective reporting units. The key inputs into the discounted cash flow analysis were consistent with market data, where available, indicating that the assumptions used were in a reasonable range of observable market data.

Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we noted that the estimated fair value of the Aimia reporting unit exceeded its carrying value by approximately 23.5%. Therefore, no goodwill impairment charge was recorded for the Aimia reporting unit. Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we determined that goodwill was impaired for the Eden, Decantae, and Farrers reporting units and recognized impairment charges of \$103.3 million, \$0.3 million and \$0.5 million, respectively. The impairment charges are included in goodwill and intangible asset impairment charge expense in the Consolidated Statements of Operations for the three and six months ended June 27, 2020.

The changes in the carrying amount of goodwill on a reporting segment basis for the six months ended June 27, 2020, are as follows:

(in millions of U.S. dollars)	Reporting Segment		Total
	North America	Rest of World	
Balance at December 28, 2019			
Goodwill	\$ 673.0	\$ 374.5	\$ 1,047.5
Accumulated impairment losses	—	—	—
	<u>\$ 673.0</u>	<u>\$ 374.5</u>	<u>\$ 1,047.5</u>
Goodwill acquired during the year	337.5	5.6	343.1
Measurement period adjustments	(42.3)	1.2	(41.1)
Impairment losses	—	(104.1)	(104.1)
Foreign exchange	(1.2)	0.7	(0.5)
Balance at June 27, 2020			
Goodwill	967.0	382.0	1,349.0
Accumulated impairment losses	—	(104.1)	(104.1)
	<u>\$ 967.0</u>	<u>\$ 277.9</u>	<u>\$ 1,244.9</u>

Intangible Assets

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

As a result of the triggering event described above arising from the impact of the COVID-19 pandemic, we also performed recoverability tests on our intangible assets, primarily trademarks, within each of our reporting segments as of June 27, 2020. We assessed qualitative factors to determine whether the existence of events or circumstances indicated that it was more likely than not that the fair value of our trademarks with indefinite lives were less than their respective carrying value. The qualitative factors we assessed included macroeconomic conditions, industry and market considerations, cost factors that would have a negative effect on earnings and cash flows, overall financial performance compared with forecasted projections in prior periods, and other relevant events, the impact of which are all significant judgments and estimates. Based on this qualitative assessment, we determined that impairment was more likely than not with the trademarks with indefinite lives associated with our Eden and Aquaterra businesses. As a result, we performed an interim quantitative impairment test as of June 27, 2020 on these intangible assets.

To determine the fair value of the trademarks with indefinite lives associated with our Eden and Aquaterra businesses, we use a relief from royalty method of the income approach, which calculates a fair value royalty rate that is applied to revenue forecasts associated with those trademarks. The resulting cash flows are discounted using a rate to reflect the risk of achieving the projected royalty savings attributable to the trademarks. The assumptions used to estimate the fair value of these trademarks are subjective and require significant management judgment, including estimated future revenues, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the trademarks) and the risk adjusted discount rate. Based on our impairment test, we determined the trademarks with indefinite lives associated with our Eden and Aquaterra businesses were impaired and recognized impairment charges of \$9.9 million and \$1.2 million, respectively. The impairment charges are included in goodwill and intangible asset impairment charge expense in the Consolidated Statements of Operations for the three and six months ended June 27, 2020.

Recently adopted accounting pronouncements

Update ASU 2016-13 – Financial Instruments—Credit Losses (Topic 326), Update ASU 2019-05 – Financial Instruments—Credit Losses—Targeted Transition Relief (Topic 326) and Update ASU 2019-11 – Codification Improvements to Financial Instruments—Credit Losses (Topic 326)

In June 2016, the Financial Accounting Standards Board (“FASB”) amended its guidance to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. The amended guidance also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity’s portfolio. In May 2019, the FASB amended the original guidance by providing an option to irrevocably elect the fair value option for certain financial instruments previously measured at amortized cost basis. In November 2019, the FASB provided additional guidance around how to report expected recoveries. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted.

Effective December 29, 2019, we adopted the guidance in this amendment using the modified retrospective transition method. The adoption of this new standard, with the impact being the increase in allowance for doubtful accounts related to our trade accounts receivable, resulted in a cumulative-effect adjustment of \$3.6 million recognized to the opening balance of retained earnings. The Company will continue to actively monitor the impact of the COVID-19 pandemic on expected credit losses.

Update ASU 2018-13 – Fair Value Measurement (Topic 820)

In August 2018, the FASB amended its guidance on disclosure requirements for fair value measurement. The update amends existing fair value measurement disclosure requirements by adding, changing, or removing certain disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. The standard also allows for early adoption of any removed or modified disclosures upon issuance of this update while delaying adoption of the additional disclosures until their effective date. We adopted the guidance in this amendment effective December 29, 2019 prospectively. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Update ASU 2018-15 – Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)

In August 2018, the FASB amended its guidance on a customer’s accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. This update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This update also requires customers to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. We adopted the guidance in this amendment effective December 29, 2019. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Update ASU 2019-04 – Codification Improvements to Topic 326—Financial Instruments—Credit Losses, Topic 815—Derivative and Hedging, and Topic 825—Financial Instruments

In April 2019, the FASB amended its guidance to clarify and provide narrow-scope amendments for these three recent standards related to financial instruments accounting. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We adopted the guidance in this amendment effective December 29, 2019. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Update ASU 2019-12 – Income Taxes—Simplifying the Accounting for Income Taxes (Topic 740)

In December 2019, the FASB amended its guidance to remove certain exceptions to the general principles in Topic 740 and improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments in this update are effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We adopted the guidance in this amendment effective December 29, 2019. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Update ASU 2020-03 – Codification Improvements to Financial Instruments

In March 2020, the FASB amended its guidance to clarify or improve the financial instrument topics in the existing guidance. These amendments make the guidance easier to understand and apply by eliminating inconsistencies and providing clarifications. Certain amendments in this update are effective upon issuance of this update. The remaining amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. We adopted the guidance in this amendment effective December 29, 2019. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Recently issued accounting pronouncements

Update ASU 2018-14 – Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20)

In August 2018, the FASB amended its guidance on disclosure requirements for defined benefit plans. The update amends existing annual disclosure requirements applicable to all employers that sponsor defined benefit pension and other postretirement plans by adding, removing, and clarifying certain disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2020, with early adoption permitted, and are to be applied on a retrospective basis to all periods presented. We are currently assessing the impact of adoption of this standard on our Consolidated Financial Statements.

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. The Company has not adopted any of the optional expedients or exceptions through June 27, 2020, but will continue to evaluate the possible adoption of any such expedients or exceptions during the effective period as circumstances evolve.

Note 2—Discontinued Operations

On February 28, 2020, the Company completed the sale of S&D to Westrock Coffee Company, LLC, a Delaware limited liability company (“Westrock”), pursuant to which Westrock acquired all of the issued and outstanding equity of S&D from the Company (“S&D Divestiture”). The consideration was \$405.0 million paid at closing in cash, with customary post-closing working capital adjustments, which were resolved in June 2020 by payment of \$1.5 million from the Company to Westrock.

The Company used the proceeds of the S&D Divestiture to finance a portion of the Legacy Primo Acquisition. See Note 5 to the Consolidated Financial Statements for additional information on the Legacy Primo Acquisition.

The major components of net (loss) income from discontinued operations, net of income taxes in the accompanying Consolidated Statements of Operations include the following:

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Revenue, net ¹	\$ —	\$ 150.0	\$ 97.1	\$ 298.0
Cost of sales	—	108.5	71.1	216.7
Operating income (loss) from discontinued operations	—	3.1	(0.5)	6.5
(Loss) gain on sale of discontinued operations	(5.6)	—	54.9	—
Net (loss) income from discontinued operations, before income taxes	(5.5)	3.0	54.3	6.4
Income tax (benefit) expense ²	(1.2)	1.3	27.7	1.7
Net (loss) income from discontinued operations, net of income taxes	\$ (4.3)	\$ 1.7	\$ 26.6	\$ 4.7

¹ Includes related party sales to continuing operations of \$1.0 million for the six months ended June 27, 2020, and \$1.5 million and \$3.1 million for the three and six months ended June 29, 2019, respectively.

² The S&D Divestiture resulted in tax expense on the gain on sale of \$28.0 million and will utilize a significant portion of the existing U.S. net operating loss carry forwards.

Note 3—Leases

We have operating and finance leases for manufacturing and production facilities, branch distribution and warehouse facilities, vehicles and machinery and equipment. The remaining terms on our finance leases range from 1 year to 8 years while our operating leases range from 1 year to 22 years, some of which may include options to extend the leases generally between 1 year and 10 years, and some of which may include options to terminate the leases within 1 year.

The components of lease expense for the three and six months ended June 27, 2020 and June 29, 2019, respectively, is shown in the table below:

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Operating lease cost	\$ 11.5	\$ 11.3	\$ 24.0	\$ 22.9
Short-term lease cost	1.7	0.4	4.0	1.3
Finance lease cost				
Amortization of right-of-use assets	\$ 2.6	\$ 2.0	\$ 4.3	\$ 2.7
Interest on lease liabilities	0.8	0.1	1.8	0.3
Total finance lease cost	\$ 3.4	\$ 2.1	\$ 6.1	\$ 3.0
Sublease income	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.5

Supplemental cash flow information related to leases for the three and six months ended June 27, 2020 and June 29, 2019, respectively, is shown in the tables below:

(in millions of U.S. dollars)	For the Three Months Ended	
	June 27, 2020	June 29, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 11.3	\$ 11.3
Operating cash flows from finance leases	0.8	0.2
Financing cash flows from finance leases	2.4	1.1
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 7.6	\$ 6.7
Finance leases	2.3	4.2

(in millions of U.S. dollars)	For the Six Months Ended	
	June 27, 2020	June 29, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 23.9	\$ 24.2
Operating cash flows from finance leases	1.7	0.3
Financing cash flows from finance leases	\$ 3.8	\$ 1.8
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 14.9	\$ 8.0
Finance leases	24.0	13.4

Supplemental balance sheet information related to leases as of June 27, 2020 and December 28, 2019, respectively, is shown in the table below:

(in millions of U.S. dollars, except lease term and discount rate)	June 27, 2020	December 28, 2019
Operating leases		
Operating lease right-of-use assets	\$ 179.5	\$ 185.7
Current operating lease obligations	37.9	36.5
Operating lease obligations	147.5	155.2
Total operating lease obligations	\$ 185.4	\$ 191.7
Financing leases		
Property, plant and equipment, net	\$ 42.1	\$ 30.4
Current maturities of long-term debt	9.6	5.7
Long-term debt	39.6	23.7
Total finance lease obligations	\$ 49.2	\$ 29.4
Weighted Average Remaining Lease Term		
Operating leases	8.3	8.7
Finance leases	5.5	5.6
Weighted Average Discount Rate		
Operating leases	6.2 %	6.2 %
Finance leases	5.3 %	6.3 %

Maturities of operating lease obligations were as follows:

(in millions of U.S. dollars)	June 27, 2020	December 28, 2019
Remainder of 2020	\$ 27.0	\$ 47.8
2021	41.2	38.4
2022	31.7	29.6
2023	27.2	25.3
2024	22.0	20.6
Thereafter	94.9	93.5
Total lease payments	244.0	255.2
Less imputed interest	(58.6)	(63.5)
Present value of lease obligations	\$ 185.4	\$ 191.7

Maturities of finance lease obligations were as follows:

(in millions of U.S. dollars)	June 27, 2020	December 28, 2019
Remainder of 2020	\$ 7.5	\$ 6.8
2021	11.3	6.1
2022	10.2	5.7
2023	8.9	5.4
2024	7.4	4.6
Thereafter	11.7	6.4
Total lease payments	57.0	35.0
Less imputed interest	(7.8)	(5.6)
Present value of lease obligations	\$ 49.2	\$ 29.4

Note 4—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 major 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 client arrangement, and revenue is recognized when the performance obligations in the client 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. Clients typically receive the benefit of our services as they are performed. Substantially all our client contracts require that we be compensated for services performed to date. This may be upon shipment of goods or upon delivery to the customer, depending on contractual terms. Shipping and handling costs paid by the customer to us are included in revenue and costs incurred by us for shipping and handling activities that are performed after a customer obtains control of the product are accounted for as fulfillment costs. In addition, we exclude from net revenue and cost of sales taxes assessed by governmental authorities on revenue-producing transactions. Although we occasionally accept returns of products from our customers, historically returns have not been material.

Contract Estimates

The nature of certain of our contracts give rise to variable consideration including cash discounts, volume-based rebates, point of sale promotions, and other promotional discounts to certain customers. For all promotional programs and discounts, we estimate the rebate or discount that will be granted to the customer and record an accrual upon invoicing. These estimated rebates or discounts are included in the transaction price of our contracts with customers as a reduction to net revenues and are included as accrued sales incentives in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Accrued sales incentives were \$6.1 million and \$7.0 million at June 27, 2020 and December 28, 2019, 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 June 27, 2020 and December 28, 2019 were \$20.3 million and \$23.6 million, respectively. The amount of revenue recognized in the three and six months ended June 27, 2020 that was included in the December 28, 2019 deferred revenue balance was \$2.7 million and \$13.8 million, respectively.

We do not have any material contract assets as of June 27, 2020.

Disaggregated Revenue

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

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

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
United States	\$ 350.1	\$ 305.6	\$ 684.7	\$ 595.2
United Kingdom	25.6	42.2	68.1	88.3
Canada	14.0	17.9	30.1	33.7
All other countries	67.1	89.9	148.1	166.1
Total	\$ 456.8	\$ 455.6	\$ 931.0	\$ 883.3

Note 5—Acquisitions

Legacy Primo Acquisition

On March 2, 2020, the Company completed the Legacy Primo Acquisition, adding North America's leading single source provider of multi-gallon purified bottled water, self-service refill drinking water and water dispensers sold through major retailers to the Company's catalog of home and office bottled water delivery businesses in North America and Europe. Primo is a familiar name in sustainable water solutions that will help drive the visibility of our water businesses, moving us towards a pure-play water solutions company. The Legacy Primo Acquisition broadens our capabilities and our portfolio, creating new cross-selling opportunities and vertical integration across home and office delivery, retail, filtration, refill and exchange services. Integrating Legacy Primo with our DSS business will enable us to combine the expertise and innovation of these two growing companies with complementary business models. The integration gives us the ability to expand Legacy Primo's products and services across our 21-country footprint.

The Legacy Primo Acquisition was structured as an exchange offer to purchase all of the outstanding shares of common stock of Legacy Primo for per-share consideration of (i) \$14.00 in cash, (ii) 1.0229 Cott Corporation common shares plus cash in lieu of any fractional Cott Corporation common share, or (iii) \$5.04 in cash and 0.6549 Cott Corporation common shares, at the election of Legacy Primo's stockholders, subject to the proration procedures set forth in the merger agreement. Immediately following the consummation of the exchange offer, Cott Corporation indirectly acquired the remaining Legacy Primo shares through a merger between Legacy Primo and a wholly-owned subsidiary of Cott Corporation.

The total cash and stock consideration paid by us in the Legacy Primo Acquisition is summarized below:

(in millions of U.S. dollars, except share and per share amounts)

Fair value of common shares issued to holders of Legacy Primo common stock (26,497,015 shares issued at \$14.25 per share)	\$	377.6
Cash to holders of Legacy Primo common stock		216.1
Cash paid to retire outstanding indebtedness on behalf of Legacy Primo		196.9
Settlement of pre-existing relationship		4.7
Fair value of replacement common share options and restricted stock units for Legacy Primo awards		2.9
Total consideration	\$	798.2

The table below summarizes the originally reported estimated acquisition date fair values, measurement period adjustments recorded and the preliminary purchase price allocation of the assets acquired and the liabilities assumed:

(in millions of U.S. dollars)	Originally Reported	Measurement Period		Acquired Value
		Adjustments		
Cash and cash equivalents	\$ 1.3	\$ —	\$	1.3
Accounts receivable	21.9	—		21.9
Inventory	12.7	—		12.7
Prepaid expenses and other current assets	4.3	0.9		5.2
Property, plant and equipment	119.0	7.1		126.1
Operating lease right-of-use-assets	4.9	(0.9)		4.0
Goodwill	337.4	(42.4)		295.0
Intangible assets	361.3	51.4		412.7
Other assets	3.9	(3.4)		0.5
Current maturities of long-term debt	(2.2)	—		(2.2)
Accounts payable and accrued liabilities	(41.6)	—		(41.6)
Current operating lease obligations	(1.8)	—		(1.8)
Long-term debt	(5.8)	0.5		(5.3)
Operating lease obligations	(3.1)	0.9		(2.2)
Deferred tax liabilities	(11.7)	(14.5)		(26.2)
Other long-term liabilities	(2.3)	0.4		(1.9)
Total	\$ 798.2	\$ —	\$	798.2

Measurement period adjustments recorded during the three months ended June 27, 2020 include adjustments to property, plant & equipment and intangible assets based on results of the preliminary valuations, adjustments to operating and financing lease right-of-use assets and obligations based on a review of acquired leases, a deferred tax adjustment related to the preliminary valuation and an adjustment to a note receivable existing at the acquisition date. The measurement period adjustments did not have a material effect on our results of operations in prior periods.

The assets and liabilities acquired in the Legacy Primo 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.

The amount of revenues and net income related to the Legacy Primo Acquisition included in the Company's Consolidated Statement of Operations for the period from the Legacy Primo Acquisition date through June 27, 2020 were \$116.4 million and \$1.4 million, respectively. The Company incurred \$2.9 million and \$21.7 million of acquisition-related costs associated with the Legacy Primo Acquisition, which are included in acquisition and integration expenses in the Consolidated Statements of Operations for the three and six months ended June 27, 2020.

Intangible Assets

In our determination of the fair value of intangible assets, we consider, among other factors, the best use of acquired assets, analysis of historical financial performance and estimates of future performance of the acquired business' products. The estimated fair values of identified intangible assets are calculated considering both market participant expectations, using an income approach, as well as estimates and assumptions provided by Primo management and management of the acquired business. Assumptions include, but are not limited to, expected revenue growth, weighted-average terminal growth rates, risk adjusted discount rate and fair value royalty rate.

The estimated fair value of customer relationships represents future after-tax discounted cash flows that will be derived from sales to existing customers of the acquired business as of the date of acquisition.

The estimated fair value of trademarks and trade names represents the future projected cost savings associated with the premium and brand image obtained as a result of owning the trademark or trade name as opposed to obtaining the benefit of the trademark or trade name through a royalty or rental fee.

The following table sets forth the components of identified intangible assets associated with the Legacy Primo Acquisition and their estimated weighted average useful lives:

<u>(in millions of U.S. dollars)</u>	<u>Estimated Fair Market Value</u>		<u>Estimated Useful Life</u>
Customer relationships	\$	236.3	26 years
Trade names		174.9	Indefinite
Software		1.5	3 years
Total	\$	412.7	

Goodwill

The principal factor that resulted in recognition of goodwill was the basis of the purchase price for the Legacy Primo Acquisition, in part, on cash flow projections assuming the reduction of administration costs and the integration of acquired customers and products into our operations, which is of greater value than on a standalone basis. The goodwill recognized as part of the Legacy Primo Acquisition was allocated to the North America reporting segment, a portion of which is expected to be tax deductible.

Supplemental Pro Forma Data (unaudited)

The following unaudited pro forma financial information for the three and six months ended June 27, 2020 and June 29, 2019, respectively, represent the combined results of our operations as if the Legacy Primo Acquisition had occurred on December 30, 2018.

<u>(in millions of U.S. dollars, except per share amounts)</u>	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 27, 2020</u>	<u>June 29, 2019</u>	<u>June 27, 2020</u>	<u>June 29, 2019</u>
Revenue	\$ 456.8	\$ 523.4	\$ 971.5	\$ 1,010.3
Net (loss) income from continuing operations	\$ (131.7)	\$ 6.3	\$ (144.7)	\$ (30.4)
Net (loss) income	\$ (136.0)	\$ 8.0	\$ (118.1)	\$ (25.7)
Net (loss) income per common share from continuing operations, diluted	\$ (0.82)	\$ 0.04	\$ (0.96)	\$ (0.19)
Net (loss) income per common share, diluted	\$ (0.85)	\$ 0.05	\$ (0.78)	\$ (0.16)

Note 6—Share-based Compensation

In the second quarter of 2020, we granted 118,059 common shares with an aggregate grant date fair value of approximately \$1.3 million to the non-management members of our Board of Directors under the Amended and Restated Cott Corporation Equity Incentive Plan. The common shares were issued in consideration of the directors' annual board retainer fee and are fully vested upon issuance.

In addition, in the second quarter of 2020, the Human Resources and Compensation Committee of the Board of Directors (the “HRCC”) approved a bonus for a select group of associates that will be settled in fully vested common shares based on the closing share price on the date the achievement of the performance target described below is certified by the HRCC. The aggregate target payout of \$2.4 million is based on (1) attainment of a specified percentage target under the Company’s annual cash performance bonus plan for the DSS business, and (2) attainment of a specified annualized 2020 synergy target. This bonus is being accounted for as a liability-classified award with a performance condition. The final bonus payout will be based upon the performance percentage, which can range from 0% to 200% of the target payout. As of and for the three and six months ended June 27, 2020, the Company recorded \$0.6 million of share-based compensation expense and a related accrued liability associated with these awards.

Note 7—Income Taxes

Income tax benefit was \$1.4 million on pre-tax loss from continuing operations of \$133.1 million for the three months ended June 27, 2020, as compared to income tax expense of \$2.2 million on pre-tax income from continuing operations of \$4.9 million in the comparable prior year period. Income tax benefit was \$4.7 million on pre-tax loss from continuing operations of \$163.8 million for the six months ended June 27, 2020, as compared to income tax expense of \$0.8 million on pre-tax loss from continuing operations of \$19.2 million in the comparable prior year period. The effective income tax rates for the three and six months ended June 27, 2020 were 1.1% and 2.9%, respectively, compared to 44.9% and (4.2)% in the comparable prior year periods.

The effective tax rates for the three and six months ended June 27, 2020 varied from the effective tax rates for the three and six months ended June 29, 2019 due primarily to impairment charges incurred in the second quarter of 2020 for which minimal tax benefit is recognized.

The Tax Cuts and Jobs Act enacted new Section 163(j) interest expense limitation rules on December 22, 2017. The rules were modified in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act. On July 28, 2020, the U.S. Department of the Treasury released final regulations and new proposed regulations to provide interpretative guidance for the new Section 163(j) rules, with early adoption permitted. We will adopt the final regulations in our 2021 tax year and do not currently plan to early adopt the proposed regulations. We are currently assessing the final and proposed regulations. However, we do not anticipate a material impact on our Consolidated Financial Statements.

Note 8—Common Shares and Net (Loss) Income per Common Share

Common Shares

On December 11, 2019, our Board of Directors approved a share repurchase program for up to \$50.0 million of our outstanding common shares over a 12-month period commencing on December 16, 2019 (the “Repurchase Plan”). We did not repurchase any outstanding common shares under the Repurchase Plan during the second quarter of 2020. For the six months ended June 27, 2020, we repurchased 2,316,835 common shares for \$25.0 million through open market transactions under the Repurchase Plan. Shares purchased under the Repurchase Plan were subsequently canceled. There can be no assurance as to the precise number of shares, if any, that will be repurchased under the Repurchase Plan in the future, or the aggregate dollar amount of shares to be purchased in future periods. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

On March 2, 2020, the Company completed the Legacy Primo Acquisition, with 26,497,015 common shares issued at \$14.25 per share to holders of Legacy Primo (see Note 5 to the Consolidated Financial Statements).

Net (Loss) Income per Common Share

Basic net (loss) income per common share is calculated by dividing net (loss) income attributable to Primo Water Corporation by the weighted average number of common shares outstanding during the periods presented. Diluted net (loss) income per common share is calculated by dividing net (loss) income attributable to Primo Water Corporation 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. Set forth below is a reconciliation of the numerator and denominator for the diluted net (loss) income per common share computations for the periods indicated:

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Numerator (in millions of U.S. dollars):				
Net (loss) income from continuing operations	\$ (131.7)	\$ 2.7	\$ (159.1)	\$ (20.0)
Net (loss) income from discontinued operations	(4.3)	1.7	26.6	4.7
Net (loss) income	(136.0)	4.4	(132.5)	(15.3)
Basic Earnings Per Share				
Denominator (in thousands):				
Weighted average common shares outstanding - basic	159,931	135,569	150,535	135,758
Basic Earnings Per Share:				
Continuing operations	(0.82)	0.02	(1.06)	(0.15)
Discontinued operations	(0.03)	0.01	0.18	0.04
Net (loss) income	(0.85)	0.03	(0.88)	(0.11)
Diluted Earnings Per Share				
Denominator (in thousands):				
Weighted average common shares outstanding - basic	159,931	135,569	150,535	135,758
Dilutive effect of Stock Options	—	919	—	—
Dilutive effect of Performance-based RSUs	—	618	—	—
Dilutive effect of Time-based RSUs	—	200	—	—
Weighted average common shares outstanding - diluted	159,931	137,306	150,535	135,758
Diluted Earnings Per Share:				
Continuing operations	(0.82)	0.02	(1.06)	(0.15)
Discontinued operations	(0.03)	0.01	0.18	0.04
Net (loss) income	(0.85)	0.03	(0.88)	(0.11)

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

(in thousands)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Stock Options	6,510	2,164	6,510	5,435
Performance-based RSUs ¹	924	568	924	1,254
Time-based RSUs	511	2	511	365

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

Note 9—Segment Reporting

Our broad portfolio of products includes bottled water, water dispensers, purified bottled water, self-service refill drinking water, premium spring, sparkling and flavored water, mineral water, filtration equipment, coffee, hot chocolate, soups, malt drinks, creamers/whiteners and cereals.

During the second quarter of 2020, we implemented a restructuring program intended to optimize synergies from the Company's transition to a pure-play water company following the Legacy Primo Acquisition and, as a result, reorganized into two reporting segments: North America (which includes our DSS, Aquaterra, Mountain Valley, and Legacy Primo businesses) and Rest of World (which includes our Eden, Aimia, Decantae, and Farrers businesses). Our corporate oversight function and other miscellaneous expenses are aggregated and included in the All Other category. Segment reporting results have been recast to reflect these changes for all periods presented.

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
For the Three Months Ended June 27, 2020				
Revenue, net	\$ 363.9	\$ 92.9	\$ —	\$ 456.8
Depreciation and amortization	38.0	14.3	0.5	52.8
Operating income (loss)	24.4	(126.6)	(11.8)	(114.0)
Additions to property, plant and equipment	25.2	3.7	(0.2)	28.7
For the Six Months Ended June 27, 2020				
Revenue, net	\$ 714.6	\$ 216.4	\$ —	\$ 931.0
Depreciation and amortization	68.6	28.6	0.6	97.8
Operating income (loss)	48.1	(127.1)	(39.0)	(118.0)
Additions to property, plant and equipment	48.9	14.9	(0.2)	63.6
As of June 27, 2020				
Total assets ¹	\$ 2,729.7	\$ 824.5	\$ 99.5	\$ 3,653.7

¹ Excludes inter segment receivables, investments and notes receivable.

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
For the Three Months Ended June 29, 2019				
Revenue, net	\$ 323.5	\$ 132.1	\$ —	\$ 455.6
Depreciation and amortization	29.1	13.8	—	42.9
Operating income (loss)	21.9	9.0	(9.4)	21.5
Additions to property, plant and equipment	18.9	5.3	0.1	24.3
For the Six Months Ended June 29, 2019				
Revenue, net	\$ 621.6	\$ 254.5	\$ 7.2	\$ 883.3
Depreciation and amortization	55.8	26.7	0.1	82.6
Operating income (loss)	32.1	14.3	(24.2)	22.2
Additions to property, plant and equipment	35.9	10.2	0.2	46.3
As of December 28, 2019				
Total assets ¹	\$ 1,874.5	\$ 941.6	\$ 48.3	\$ 2,864.4

¹ Excludes inter segment receivables, investments and notes receivable.

(in millions of U.S. dollars)

	December 28, 2019
Segment assets ¹	\$ 2,864.4
Assets of discontinued operations ¹	526.5
Total assets	\$ 3,390.9

¹ Excludes inter segment receivables, investments and notes receivable.

Credit risk arises from the potential default of a customer in meeting its financial obligations to us. Concentrations of credit exposure may arise with a group of customers that have similar economic characteristics or that are located in the same geographic region. The ability of such customers to meet obligations would be similarly affected by changing economic, political or other conditions.

The impact of the COVID-19 pandemic may affect the ability of such customers to meet obligations to us. The full extent to which the COVID-19 pandemic will negatively affect our results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in the markets in which we operate and other third parties in response to the pandemic.

Revenues by channel by reporting segment were as follows:

	For the Three Months Ended June 27, 2020			
(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 225.8	\$ 42.3	\$ —	\$ 268.1
Water Refill/Water Filtration	51.2	6.3	—	57.5
Other Water	42.5	14.3	—	56.8
Water Dispensers	20.8	—	—	20.8
Other	23.6	30.0	—	53.6
Total	\$ 363.9	\$ 92.9	\$ —	\$ 456.8

	For the Six Months Ended June 27, 2020			
(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 463.2	\$ 100.1	\$ —	\$ 563.3
Water Refill/Water Filtration	74.9	13.4	—	88.3
Other Water	84.7	27.5	—	112.2
Water Dispensers	26.7	—	—	26.7
Other	65.1	75.4	—	140.5
Total	\$ 714.6	\$ 216.4	\$ —	\$ 931.0

For the For the Three Months Ended June 29, 2019

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 229.7	\$ 66.0	\$ —	\$ 295.7
Water Refill/Water Filtration	8.8	6.5	—	15.3
Other Water	41.6	16.5	—	58.1
Water Dispensers	—	—	—	—
Other	43.4	43.1	—	86.5
Total	\$ 323.5	\$ 132.1	\$ —	\$ 455.6

For the Six Months Ended June 29, 2019

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 436.2	\$ 123.7	\$ —	\$ 559.9
Water Refill/Water Filtration	17.7	12.9	—	30.6
Other Water	81.3	27.6	—	108.9
Water Dispensers	—	—	—	—
Other	86.4	90.3	7.2	183.9
Total	\$ 621.6	\$ 254.5	\$ 7.2	\$ 883.3

Note 10—Inventories

The following table summarizes inventories as of June 27, 2020 and December 28, 2019:

(in millions of U.S. dollars)	June 27, 2020	December 28, 2019
Raw materials	\$ 27.0	\$ 23.8
Finished goods	33.8	24.2
Resale items	11.4	14.0
Other	1.0	0.9
Total	\$ 73.2	\$ 62.9

Note 11—Property, Plant and Equipment, Net

The following table summarizes property, plant and equipment, net as of June 27, 2020 and December 28, 2019:

(in millions of U.S. dollars)	Estimated Useful Life in Years	June 27, 2020			December 28, 2019		
		Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	n/a	\$ 95.8	\$ —	\$ 95.8	\$ 95.3	\$ —	\$ 95.3
Buildings	10-40	90.3	29.2	61.1	88.9	26.9	62.0
Machinery and equipment	5-15	267.8	79.2	188.6	146.8	66.0	80.8
Plates, films and molds	1-10	1.6	0.7	0.9	1.5	0.6	0.9
Vehicles and transportation equipment	3-15	104.8	68.4	36.4	90.3	59.5	30.8
Leasehold improvements ¹		19.7	11.4	8.3	19.8	10.7	9.1
IT Systems	3-7	17.1	10.9	6.2	15.6	9.9	5.7
Furniture and fixtures	3-10	11.8	9.0	2.8	12.0	8.6	3.4
Customer equipment ²	3-7	358.4	160.6	197.8	339.7	144.9	194.8
Returnable bottles ³	3-5	98.3	45.2	53.1	82.0	37.1	44.9
Finance leases ⁴		53.0	10.9	42.1	37.6	7.2	30.4
Total		\$ 1,118.6	\$ 425.5	\$ 693.1	\$ 929.5	\$ 371.4	\$ 558.1

¹ Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life.

² Customer equipment consists of coolers, brewers, refrigerators, water purification devices and storage racks held on site at customer locations.

³ Returnable bottles are those bottles on site at our customer locations.

⁴ Our recorded assets under finance leases relate to IT systems, customer equipment and vehicles and transportation equipment.

The amounts above include construction-in-progress of \$9.4 million and \$2.4 million as of June 27, 2020 and December 28, 2019, respectively.

Depreciation expense, which includes depreciation recorded for assets under finance leases, was \$36.8 million and \$67.4 million for the three and six months ended June 27, 2020, respectively, and \$28.3 million and \$54.7 million for the three and six months ended June 29, 2019, respectively.

Note 12—Intangible Assets, Net

The following table summarizes intangible assets, net as of June 27, 2020 and December 28, 2019:

(in millions of U.S. dollars)	June 27, 2020			December 28, 2019		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Intangible Assets						
<i>Not subject to amortization</i>						
Trademarks	\$ 449.8		\$ 449.8	\$ 287.1	\$ —	\$ 287.1
Total intangible assets not subject to amortization	449.8	—	449.8	287.1	—	287.1
<i>Subject to amortization</i>						
Customer relationships	773.5	289.9	483.6	534.9	267.4	267.5
Patents	19.2	5.2	14.0	15.2	4.0	11.2
Software	56.8	32.4	24.4	49.3	28.0	21.3
Other	14.3	5.4	8.9	14.9	5.0	9.9
Total intangible assets subject to amortization	863.8	332.9	530.9	614.3	304.4	309.9
Total intangible assets	\$ 1,313.6	\$ 332.9	\$ 980.7	\$ 901.4	\$ 304.4	\$ 597.0

Amortization expense of intangible assets was \$16.0 million and \$30.4 million for the three and six months ended June 27, 2020, respectively, and \$14.6 million and \$27.9 million for the three and six months ended June 29, 2019, respectively.

The estimated amortization expense for intangible assets over the next five years and thereafter is:

(in millions of U.S. dollars)	
Remainder of 2020	\$ 31.1
2021	57.7
2022	52.8
2023	44.8
2024	37.2
Thereafter	307.3
Total	\$ 530.9

Note 13—Debt

Revolving Credit Facility and Liquidity

On March 6, 2020 (the “Closing Date”), the Company entered into a credit agreement (the “Credit Agreement”) among the Company, as parent borrower, Primo Water Holdings Inc. (formerly known as Cott Holdings Inc.) and Eden, each as subsidiary borrowers, certain other subsidiaries of the Company from time to time designated as subsidiary borrowers, Bank of America, N.A., as administrative agent and collateral agent, and the lenders from time to time party thereto.

The Credit Agreement provides for a senior secured revolving credit facility in an initial aggregate committed amount of \$350.0 million (the “Revolving Credit Facility”), which may be increased by incremental credit extensions from time to time in the form of term loans or additional revolving credit commitments. The Revolving Credit Facility will mature five years from the Closing Date and includes letter of credit and swing line loan sub facilities.

Borrowings under the Revolving Credit Facility were used on the Closing Date to refinance in full and terminate our previously existing asset-based lending credit facility, governed by the Second Amended and Restated Credit Agreement, dated January 30, 2019, by and among the Company, the other loan parties party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent, and the lenders from time to time party thereto (as amended, the “ABL Credit Agreement”). Certain letters of credit outstanding under the ABL Credit Agreement were rolled over under the Revolving Credit Facility on the Closing Date. We incurred approximately \$3.4 million of financing fees in connection with the Revolving Credit Facility. The Revolving Credit Facility was considered to be a modification of the ABL Credit Agreement under GAAP. These new financing fees along with \$1.8 million of unamortized deferred costs of the ABL Credit Agreement are being amortized using the straight-line method over the duration of the Revolving Credit Facility.

As of June 27, 2020, the outstanding borrowings under the Revolving Credit Facility were \$206.0 million and were recorded in short-term borrowings on the Consolidated Balance Sheet. Outstanding letters of credit totaled \$44.7 million resulting in total utilization under the Revolving Credit Facility of \$250.7 million. Accordingly, unused availability under the Revolving Credit Facility as of June 27, 2020 amounted to \$99.3 million.

Borrowings under the Credit Agreement will bear interest at a rate per annum equal to either: (a) a euro currency rate as determined under the Credit Agreement, plus the applicable margin, or (b) a base rate equal to the highest of (i) Bank of America’s prime rate, (ii) 0.5% per annum above the federal funds rate, and (iii) the euro currency rate, as determined under the Credit Agreement, for a one month interest period, plus 1.0%, plus the applicable margin. Prior to delivery of financial statements and a compliance certificate for the full fiscal quarter following the Closing Date, the applicable margin for euro currency rate loans will be 150 basis points and the applicable margin for base rate loans will be 50 basis points. Thereafter, the applicable margin for euro currency rate loans ranges from 137.5 to 200 basis points and the applicable margin for base rate loans ranges from 37.5 to 100 basis points, in each case depending on our consolidated total leverage ratio. Unutilized commitments under the Credit Agreement are subject to a commitment fee ranging from 20 to 30 basis points per annum depending on our consolidated total leverage ratio, payable on a quarterly basis.

Affirmative Covenants and Ratios

The Credit Agreement has two financial covenants, 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 the Company consummates 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. The Company was in compliance with these financial covenants as of June 27, 2020.

In addition, the Credit Agreement has certain non-financial covenants, such as covenants regarding indebtedness, investments, and asset dispositions. The Company was in compliance with all covenants as of June 27, 2020.

Note 14—Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income (“AOCI”) by component for the three and six months ended June 27, 2020 and June 29, 2019 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 March 30, 2019	\$ (15.2)	\$ 0.3	\$ (81.7)	\$ (96.6)
OCI before reclassifications	10.8	—	(3.5)	7.3
Amounts reclassified from AOCI	1.7	—	—	1.7
Net current-period OCI	12.5	—	(3.5)	9.0
Ending balance June 29, 2019	<u>\$ (2.7)</u>	<u>\$ 0.3</u>	<u>\$ (85.2)</u>	<u>\$ (87.6)</u>
Beginning balance December 29, 2018	\$ (9.7)	\$ 0.3	\$ (92.3)	\$ (101.7)
OCI before reclassifications	2.7	—	7.1	9.8
Amounts reclassified from AOCI	4.3	—	—	4.3
Net current-period OCI	7.0	—	7.1	14.1
Ending balance June 29, 2019	<u>\$ (2.7)</u>	<u>\$ 0.3</u>	<u>\$ (85.2)</u>	<u>\$ (87.6)</u>
Beginning balance March 28, 2020	\$ —	\$ (1.0)	\$ (97.4)	\$ (98.4)
OCI before reclassifications	—	—	8.4	8.4
Amounts reclassified from AOCI	—	—	—	—
Net current-period OCI	—	—	8.4	8.4
Ending Balance June 27, 2020	<u>\$ —</u>	<u>\$ (1.0)</u>	<u>\$ (89.0)</u>	<u>\$ (90.0)</u>
Beginning balance December 28, 2019	\$ 11.2	\$ (1.0)	\$ (78.7)	\$ (68.5)
OCI before reclassifications	(8.7)	—	(10.3)	(19.0)
Amounts reclassified from AOCI	(2.5)	—	—	(2.5)
Net current-period OCI	(11.2)	—	(10.3)	(21.5)
Ending Balance June 27, 2020	<u>\$ —</u>	<u>\$ (1.0)</u>	<u>\$ (89.0)</u>	<u>\$ (90.0)</u>

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

The following table summarizes the amounts reclassified from AOCI for the three and six months ended June 27, 2020 and June 29, 2019, respectively:

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended		Affected Line Item in the Statement Where
Details About AOCI Components ¹	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019	Net Income Is Presented
Gains and losses on derivative instruments					
Foreign currency and commodity hedges	\$ —	\$ (1.7)	\$ 0.1	\$ (4.3)	Cost of sales
Commodity hedges ²	—	—	2.4	—	Gain on sale of discontinued operations
	—	(1.7)	2.5	(4.3)	Total before taxes
	—	—	—	—	Tax expense or (benefit)
	<u>\$ —</u>	<u>\$ (1.7)</u>	<u>\$ 2.5</u>	<u>\$ (4.3)</u>	Net of tax
Amortization of pension benefit plan items					
Actuarial (losses)/gains ³	\$ —	\$ —	\$ —	\$ —	
Prior service costs ³	—	—	—	—	
	—	—	—	—	Total before taxes
	—	—	—	—	Tax expense or (benefit)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	Net of tax
Total reclassifications for the period	<u>\$ —</u>	<u>\$ (1.7)</u>	<u>\$ 2.5</u>	<u>\$ (4.3)</u>	Net of tax

¹ Amounts in parentheses indicate debits.

² Net of \$1.3 million of associated tax impact that resulted in a decrease to the gain on the sale of discontinued operations for the six months ended June 27, 2020.

³ These AOCI components are included in the computation of net periodic pension cost.

Note 15—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.

Also, the Israeli Ministry of Environmental Protection (the “Ministry”) has alleged that a non-profit recycling corporation, which collects and recycles bottles sold by manufacturers, including Eden, failed to meet recycling quotas in 2016, in violation of Israeli law. The law imposes liability directly on manufacturers, and the Ministry has asserted that the manufacturers involved with the corporation owe a fine. Eden received a notice from the Ministry on June 21, 2018. Eden has since undertaken an administrative appeal process and intends to proceed to litigation. Although we cannot predict the outcome of any potential proceedings at this stage, Eden may be subject to a fine in excess of \$0.1 million. Management believes, however, that the resolution of this matter will not be material to our financial position, results of operations, or cash flows.

We had \$44.7 million in standby letters of credit outstanding as of June 27, 2020 (\$47.4 million as of December 28, 2019).

Guarantees

After the sale of our legacy carbonated soft drink and juice business and our RCI finished goods export business in January 2018, we have continued to provide contractual payment guarantees to three third-party lessors of certain real property used in these businesses. The leases were conveyed to Refresco as part of the sale, but our guarantee was not released by the landlord. The three lease agreements mature in 2027, 2028 and 2029. The maximum potential amount of undiscounted future payments under the guarantee of approximately \$27.3 million as of June 27, 2020 (\$29.4 million—December 28, 2019) was calculated based on the minimum lease payments of the leases over the remaining term of the agreements. The sale documents require Refresco to pay all post-closing obligations under these conveyed leases, and to reimburse us if the landlord calls on a guarantee. Refresco has also agreed to a covenant to negotiate with the landlords for a release of our guarantees. Discussions with the landlords are ongoing. 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 16—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 June 27, 2020 and December 28, 2019 were as follows:

(in millions of U.S. dollars)	June 27, 2020		December 28, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.500% senior notes due in 2024 ^{1,2}	\$ 500.1	\$ 500.1	\$ 493.5	\$ 514.5
5.500% senior notes due in 2025 ^{1,2}	742.4	744.2	741.8	775.3
Total	\$ 1,242.5	\$ 1,244.3	\$ 1,235.3	\$ 1,289.8

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 June 27, 2020 and December 28, 2019.

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

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

During the second quarter of 2020, given the general deterioration in economic and market conditions in which we operate arising from the COVID-19 pandemic, we identified a triggering event indicating possible impairment of goodwill and intangible assets. See Note 1 to the Consolidated Financial Statements for additional information on goodwill and intangible asset impairment. We did not identify impairment of our property, plant and equipment, lease-related right-of-use assets, or long-lived assets.

Note 17—Subsequent Events

In July 2020, a settlement agreement was reached with Refresco, the buyer of both our legacy carbonated soft drink and juice business and our Cott Beverages LLC business. In exchange for a settlement of pending and future claims, \$4.0 million of the escrow funds were released to Refresco. The remaining \$8.4 million and \$0.5 million were released to us.

On August 4, 2020, our Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on September 2, 2020 to share owners of record at the close of business on August 19, 2020.

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 December 28, 2019 (our “2019 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 2019 Annual Report and under “Risk Factors” in Part II, Item 1A in our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020. 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 pure-play water solutions provider in North America, Europe and Israel. 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 major retailers and online at various price points or leased to customers. The dispensers help increase household penetration, which drives recurring purchases of Primo’s razorblade offering. Primo’s razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo delivers sustainable hydration solutions across its 21-country footprint direct to the customer’s door, whether at home or to commercial 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 22,000 locations, respectively. Primo also offers water filtration units across its 21-country footprint representing a top five position.

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 Water coolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection.

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.

During the second quarter of 2020, we implemented a restructuring program intended to optimize synergies from the Company’s transition to a pure-play water company following the Legacy Primo Acquisition (defined below) and, as a result, reorganized into two reporting segments: North America (which includes our DS Services of America, Inc. (“DSS”), Aquaterra Corporation (“Aquaterra”), Mountain Valley Spring Company (“Mountain Valley”) and Legacy Primo (defined below) businesses) and Rest of World (which includes our Eden Springs Nederland B.V. (“Eden”), Aimia Foods Limited (“Aimia”), Decantae Mineral Water Limited (“Decantae”) and John Farrer & Company Limited (“Farrers”) businesses). Our corporate oversight function and other miscellaneous expenses are aggregated and included in the All Other category. Segment reporting results have been recast to reflect these changes for all periods presented.

Impact of the COVID-19 Pandemic

Our global operations expose us to risks associated with the 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. Authorities in many of these markets have implemented numerous measures to stall the spread of COVID-19, including travel bans and restrictions, quarantines, curfews, shelter in place orders, and business shutdowns. These measures have impacted and will further impact us, our customers, employees, distributors, suppliers and other third parties with whom we do business. There is considerable uncertainty regarding the extent and duration of any impact that these measures and future measures in response to the pandemic may have on our business, including whether they will 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 or increases in employee costs or otherwise), and how they will further impact 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.

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, global economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic and changes in customer behavior in response to the pandemic, some of which may be more than just temporary.

As we deliver bottled water to residential and business customers across a 21-country footprint and provide multi-gallon purified 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. For example, to date, we have seen an increase in volumes in our residential water direct business and a decrease in volumes in our commercial water direct business as a result of the COVID-19 pandemic. 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 business partners' 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 business partners' 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.

In response to COVID-19, certain government authorities have enacted programs which provide various economic stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll and other tax remittances to future years and wage subsidies as reimbursement for a portion of certain furloughed employees' salaries. During the three and six months ended June 27, 2020, we received wage subsidies under these programs totaling \$3.4 million. 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 \$6.3 million were included in accounts payable and accrued liabilities and \$2.9 million were included in other long-term liabilities on our Consolidated Balance Sheet as of June 27, 2020.

During the three and six months ended June 27, 2020, we recorded a total of \$115.2 million of non-cash impairment charges related to goodwill and intangible assets. See Note 1 to the Consolidated Financial Statements for additional information on goodwill and intangible asset impairment. The impairment charges were primarily driven by the impact of the COVID-19 pandemic and revised projections of future operating results.

Additionally, on June 11, 2020, we announced that our Board of Directors approved a plan intended to optimize synergies from the Company's transition to a pure-play water company following the Legacy Primo Acquisition and to mitigate the negative financial and operational impacts of the COVID-19 pandemic, including implementing headcount reductions and furloughs in our North America and Rest of World reporting segments ("2020 Restructuring Plan"). When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. In connection with the 2020 Restructuring Plan, we expect to incur approximately \$19.0 million in severance costs, all of which are expected to result in cash expenditures and are expected to be fully paid by the end of 2020. All costs incurred by the 2020 Restructuring Plan are included in SG&A expenses for the three and six months ended June 27, 2020. See Note 1 to the Consolidated Financial Statements for additional information on restructuring charges incurred during the three and six months ended June 27, 2020.

During the three and six months ended June 27, 2020 we also incurred \$6.6 million and \$7.9 million, respectively, in other COVID-19 related costs. Other COVID-19 related costs primarily include front-line incentives paid and costs incurred for supplies.

Divestiture, Acquisition and Financing Transactions

On February 28, 2020, we completed the sale of our coffee, tea and extract solutions business, S. & D. Coffee, Inc. (“S&D”), to Westrock Coffee Company, LLC, a Delaware limited liability company (“Westrock”), pursuant to which Westrock acquired all of the issued and outstanding equity of S&D from the Company (“S&D Divestiture”). The consideration was \$405.0 million paid at closing in cash, with customary post-closing working capital adjustments, which were resolved in June 2020 by payment of \$1.5 million from the Company to Westrock. We used the proceeds of the transaction to finance a portion of the Legacy Primo Acquisition.

As a result of the S&D Divestiture, the operating results associated with S&D have been presented as discontinued operations for all periods presented. The following discussion and analysis of financial condition and results of operations are those of our continuing operations unless otherwise indicated. For additional information regarding our discontinued operations, see Note 2 to the Consolidated Financial Statements.

On March 2, 2020, pursuant to the terms and conditions of the Agreement and Plan of Merger entered into on January 13, 2020, Cott Corporation completed the acquisition of Primo Water Corporation (“Legacy Primo” and such transaction, the “Legacy Primo Acquisition”). The aggregate consideration paid in the Legacy Primo Acquisition was approximately \$798.2 million and includes \$377.6 million of our common shares issued by us to holders of Legacy Primo common stock, \$216.1 million paid in cash by us to holders of Legacy Primo common stock, \$196.9 million of cash paid to retire outstanding indebtedness on behalf of Legacy Primo, \$4.7 million to settle a pre-existing liability and \$2.9 million in fair value of replacement common share options and restricted stock units for vested Legacy Primo awards. The Legacy Primo Acquisition is consistent with our strategy of transitioning to a pure-play water solutions provider.

In connection with the closing of the Legacy Primo Acquisition, Cott Corporation changed its corporate name to Primo Water Corporation and its ticker symbol on the New York Stock Exchange and Toronto Stock Exchange to “PRMW”.

On March 6, 2020 (the “Closing Date”), we entered into a credit agreement among the Company, as parent borrower, Primo Water Holdings Inc. (formerly known as Cott Holdings Inc.) and Eden, each as subsidiary borrowers, certain other subsidiaries of the Company from time to time designated as subsidiary borrowers, Bank of America, N.A., as administrative agent and collateral agent, and the lenders from time to time party thereto (the “Credit Agreement”).

The Credit Agreement provides for a senior secured revolving credit facility in an initial aggregate committed amount of \$350.0 million (the “Revolving Credit Facility”), which may be increased by incremental credit extensions from time to time in the form of term loans or additional revolving credit commitments. The Revolving Credit Facility will mature five years from the Closing Date and includes letter of credit and swing line loan sub facilities. Borrowings under the Revolving Credit Facility were used on the Closing Date to refinance in full and terminate our previously existing asset-based lending credit facility.

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 2019 Annual Report and in Part II, Item 1A "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020, 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 exposure to intangible asset risk;
- the impact of national, regional and global events, including those of a political, economic, business and competitive nature;
- 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;
- our ability to fully realize the potential benefit of transactions (including the Legacy Primo Acquisition and the S&D Divestiture) or other strategic opportunities that we pursue;
- our ability to realize cost synergies of our acquisitions due to integration difficulties and other challenges;
- our limited indemnification rights in connection with the Legacy Primo Acquisition;
- 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;
- the incurrence of substantial indebtedness to finance our acquisitions, including the Legacy Primo Acquisition;
- 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;
- our ability to protect our intellectual property;
- 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;

- the seasonal nature of our business and the effect of adverse weather conditions;
- our ability to recruit, retain and integrate new management;
- our ability to renew our collective bargaining agreements on satisfactory terms;
- 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;
- 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;
- increased tax liabilities in the various jurisdictions in which we operate;
- our ability to utilize tax attributes to offset future taxable income;
- the impact of the 2017 Tax Cuts and Jobs Act on our tax obligations and effective tax rate; 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 (loss) earnings before interest expense, taxes, depreciation and amortization ("EBITDA"), which is GAAP net (loss) income from continuing operations before interest expense, net, (benefit) expense 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, (gain) loss 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.

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 from continuing operations for the three months ended June 27, 2020 (the “second quarter”) and six months ended June 27, 2020 (the “first half of 2020” or “year to date”) was \$131.7 million or \$0.82 per diluted common share, and \$159.1 million or \$1.06 per diluted common share, respectively, compared with net income from continuing operations for the three months ended June 29, 2019 and net loss from continuing operations for the six months ended June 29, 2019 of \$2.7 million or \$0.02 per diluted common share, and \$20.0 million or \$0.15 per diluted common share, respectively.

The following items of significance affected our financial results for the first half of 2020:

- Net revenue increased \$47.7 million, or 5.4%, from the prior year period due primarily to the addition of revenues from the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes due to the impact of COVID-19 and the non-recurrence of revenues contributed by our Cott Beverages LLC business, which was sold during the first quarter of 2019;
- Gross profit increased to \$528.0 million from \$514.7 million in the prior year period due primarily to the addition of the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes due to the impact of COVID-19. Gross profit as a percentage of net revenue was 56.7% compared to 58.3% in the prior year period;
- SG&A expenses increased to \$501.8 million from \$481.5 million in the prior year period due primarily to the addition of the Legacy Primo business, partially offset by lower delivery expenses incurred as a result of the impact of COVID-19 and the non-recurrence of SG&A expenses incurred by our Cott Beverages LLC business, which was sold during the first quarter of 2019. SG&A expenses as a percentage of net revenue was 53.9% compared to 54.5% in the prior year period;
- Acquisition and integration expenses increased to \$25.1 million from \$7.4 million in the prior year period due primarily to the acquisition and integration of the Legacy Primo business. Acquisition and integration expenses as a percentage of revenue was 2.7% compared to 0.8% in the prior year period;
- Goodwill and intangible asset impairment charges increased to \$115.2 million from nil in the prior year period due primarily to general deterioration in economic and market conditions in which we operate arising from COVID-19.
- Other expense, net was \$5.4 million compared to \$3.3 million in the prior year period due primarily to an increase of net losses on foreign currency transactions in the first half, partially offset by the loss recognized on the sale of our Cott Beverages LLC business in the prior year period;
- Income tax benefit was \$4.7 million on pre-tax loss from continuing operations of \$163.8 million compared to income tax expense of \$0.8 million on pre-tax loss from continuing operations of \$19.2 million in the prior year period due primarily to impairment charges incurred in the second quarter of 2020 for which minimal tax benefit is recognized;
- Adjusted EBITDA increased to \$152.9 million compared to \$128.4 million in the prior year period due to the items listed above; and
- Cash flows provided by operating activities from continuing operations was \$70.2 million compared to \$16.3 million in the prior year period. The \$53.9 million increase was due primarily to the change in working capital balances relative to the prior year period.

Results of Operations

The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for the three and six months ended June 27, 2020 and June 29, 2019:

(in millions of U.S. dollars)	For the Three Months Ended				For the Six Months Ended			
	June 27, 2020		June 29, 2019		June 27, 2020		June 29, 2019	
	\$	%	\$	%	\$	%	\$	%
Revenue, net	456.8	100.0	455.6	100.0	931.0	100.0	883.3	100.0
Cost of sales	202.1	44.2	184.0	40.4	403.0	43.3	368.6	41.7
Gross profit	254.7	55.8	271.6	59.6	528.0	56.7	514.7	58.3
Selling, general and administrative expenses	246.7	54.0	245.7	53.9	501.8	53.9	481.5	54.5
Loss on disposal of property, plant and equipment, net	2.5	0.5	1.7	0.4	3.9	0.4	3.6	0.4
Acquisition and integration expenses	4.3	0.9	2.7	0.6	25.1	2.7	7.4	0.8
Goodwill and intangible asset impairment charges	115.2	25.2	—	—	115.2	12.4	—	—
Operating (loss) income	(114.0)	(25.0)	21.5	4.7	(118.0)	(12.7)	22.2	2.5
Other (income) expense, net	(1.6)	(0.4)	(2.2)	(0.5)	5.4	0.6	3.3	0.4
Interest expense, net	20.7	4.5	18.8	4.1	40.4	4.3	38.1	4.3
(Loss) income from continuing operations before income taxes	(133.1)	(29.1)	4.9	1.1	(163.8)	(17.6)	(19.2)	(2.2)
Income tax (benefit) expense	(1.4)	(0.3)	2.2	0.5	(4.7)	(0.5)	0.8	0.1
Net (loss) income from continuing operations	(131.7)	(28.8)	2.7	0.6	(159.1)	(17.1)	(20.0)	(2.3)
Net (loss) income from discontinued operations, net of income taxes	(4.3)	(0.9)	1.7	0.4	26.6	2.9	4.7	0.5
Net (loss) income	(136.0)	(29.8)	4.4	1.0	(132.5)	(14.2)	(15.3)	(1.7)
Depreciation & amortization	52.8	11.6	42.9	9.4	97.8	10.5	82.6	9.4

The following tables summarize the change in revenue by reporting segment for the three and six months ended June 27, 2020:

(in millions of U.S. dollars, except percentage amounts)	For the Three Months Ended June 27, 2020			
	North America	Rest of World	All Other	Total
Change in revenue	\$ 40.4	\$ (39.2)	\$ —	\$ 1.2
Impact of foreign exchange ¹	0.4	2.1	—	2.5
Change excluding foreign exchange	\$ 40.8	\$ (37.1)	\$ —	\$ 3.7
Percentage change in revenue	12.5 %	(29.7)%	— %	0.3 %
Percentage change in revenue excluding foreign exchange	12.6 %	(28.1)%	— %	0.8 %

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.

For the Six Months Ended June 27, 2020

(in millions of U.S. dollars, except percentage amounts)	North America	Rest of World	All Other	Total
Change in revenue	\$ 93.0	\$ (38.1)	\$ (7.2)	\$ 47.7
Impact of foreign exchange ¹	0.5	2.2	—	2.7
Change excluding foreign exchange	\$ 93.5	\$ (35.9)	\$ (7.2)	\$ 50.4
Percentage change in revenue	15.0 %	(15.0)%	(100.0)%	5.4 %
Percentage change in revenue excluding foreign exchange	15.0 %	(14.1)%	(100.0)%	5.7 %

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 and six months ended June 27, 2020:

For the Three Months Ended June 27, 2020

(in millions of U.S. dollars, except percentage amounts)	North America	Rest of World	All Other	Total
Change in gross profit	\$ 9.6	\$ (26.5)	\$ —	\$ (16.9)
Impact of foreign exchange ¹	0.2	1.1	—	1.3
Change excluding foreign exchange	\$ 9.8	\$ (25.4)	\$ —	\$ (15.6)
Percentage change in gross profit	4.9 %	(35.2)%	— %	(6.2)%
Percentage change in gross profit excluding foreign exchange	5.0 %	(33.7)%	— %	(5.7)%

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.

For the Six Months Ended June 27, 2020

(in millions of U.S. dollars, except percentage amounts)	North America	Rest of World	All Other	Total
Change in gross profit	\$ 40.1	\$ (26.5)	\$ (0.3)	\$ 13.3
Impact of foreign exchange ¹	0.3	1.1	—	1.4
Change excluding foreign exchange	\$ 40.4	\$ (25.4)	\$ (0.3)	\$ 14.7
Percentage change in gross profit	10.8 %	(18.6)%	(100.0)%	2.6 %
Percentage change in gross profit excluding foreign exchange	10.9 %	(17.8)%	(100.0)%	2.9 %

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 and six months ended June 27, 2020 and June 29, 2019:

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<i>Revenue, net</i>				
North America	\$ 363.9	\$ 323.5	\$ 714.6	\$ 621.6
Rest of World	92.9	132.1	216.4	254.5
All Other	—	—	—	7.2
Total	\$ 456.8	\$ 455.6	\$ 931.0	\$ 883.3
<i>Gross profit</i>				
North America	\$ 205.9	\$ 196.3	\$ 412.0	\$ 371.9
Rest of World	48.8	75.3	116.0	142.5
All Other	—	—	—	0.3
Total	\$ 254.7	\$ 271.6	\$ 528.0	\$ 514.7
<i>Selling, general and administrative expenses</i>				
North America	\$ 175.5	\$ 171.8	\$ 352.7	\$ 334.4
Rest of World	60.1	64.4	126.7	124.8
All Other	11.1	9.5	22.4	22.3
Total	\$ 246.7	\$ 245.7	\$ 501.8	\$ 481.5
<i>Operating income (loss)</i>				
North America	\$ 24.4	\$ 21.9	\$ 48.1	\$ 32.1
Rest of World	(126.6)	9.0	(127.1)	14.3
All Other	(11.8)	(9.4)	(39.0)	(24.2)
Total	\$ (114.0)	\$ 21.5	\$ (118.0)	\$ 22.2

The following tables summarize net revenue by channel for the three and six months ended June 27, 2020 and June 29, 2019:

(in millions of U.S. dollars)	For the Three Months Ended June 27, 2020			
	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 225.8	\$ 42.3	\$ —	\$ 268.1
Water Refill/Water Filtration	51.2	6.3	—	57.5
Other Water	42.5	14.3	—	56.8
Water Dispensars	20.8	—	—	20.8
Other	23.6	30.0	—	53.6
Total	\$ 363.9	\$ 92.9	\$ —	\$ 456.8

For the Six Months Ended June 27, 2020

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 463.2	\$ 100.1	\$ —	\$ 563.3
Water Refill/Water Filtration	74.9	13.4	—	88.3
Other Water	84.7	27.5	—	112.2
Water Dispensers	26.7	—	—	26.7
Other	65.1	75.4	—	140.5
Total	\$ 714.6	\$ 216.4	\$ —	\$ 931.0

For the Three Months Ended June 29, 2019

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 229.7	\$ 66.0	\$ —	\$ 295.7
Water Refill/Water Filtration	8.8	6.5	—	15.3
Other Water	41.6	16.5	—	58.1
Water Dispensers	—	—	—	—
Other	43.4	43.1	—	86.5
Total	\$ 323.5	\$ 132.1	\$ —	\$ 455.6

For the Six Months Ended June 29, 2019

(in millions of U.S. dollars)	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 436.2	\$ 123.7	\$ —	\$ 559.9
Water Refill/Water Filtration	17.7	12.9	—	30.6
Other Water	81.3	27.6	—	108.9
Water Dispensers	—	—	—	—
Other	86.4	90.3	7.2	183.9
Total	\$ 621.6	\$ 254.5	\$ 7.2	\$ 883.3

The following table summarizes our EBITDA and Adjusted EBITDA for the three and six months ended June 27, 2020 and June 29, 2019:

(in millions of U.S. dollars)	For the Three Months Ended		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net (loss) income from continuing operations	\$ (131.7)	\$ 2.7	\$ (159.1)	\$ (20.0)
Interest expense, net	20.7	18.8	40.4	38.1
Income tax (benefit) expense	(1.4)	2.2	(4.7)	0.8
Depreciation and amortization	52.8	42.9	97.8	82.6
EBITDA	\$ (59.6)	\$ 66.6	\$ (25.6)	\$ 101.5
Acquisition and integration costs ¹	4.3	2.7	25.1	7.4
Share-based compensation costs	4.9	3.0	7.3	6.1
COVID-19 costs	15.4	—	16.8	—
Goodwill and intangible asset impairment charges	115.2	—	115.2	—
Foreign exchange and other (gains) losses, net	(1.1)	(0.7)	5.2	0.3
Loss on disposal of property, plant and equipment, net	2.5	1.7	3.9	3.6
(Gain) loss on sale of business	(0.6)	0.6	(0.6)	6.0
Other adjustments, net	1.5	0.8	5.6	3.5
Adjusted EBITDA	\$ 82.5	\$ 74.7	\$ 152.9	\$ 128.4

¹ Includes \$0.2 million and \$0.4 million of share-based compensation costs for the three and six months ended June 29, 2019 related to awards granted in connection with the acquisition of our Eden business.

Three Months Ended June 27, 2020 Compared to Three Months Ended June 29, 2019

Revenue, Net

Net revenue increased \$1.2 million, or 0.3%, in the second quarter from the comparable prior year period.

North America net revenue increased \$40.4 million, or 12.5%, in the second quarter from the comparable prior year period due primarily to the addition of revenues from the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes due to the impact of COVID-19.

Rest of World net revenue decreased \$39.2 million, or 29.7%, in the second quarter from the comparable prior year period due primarily to a decline in water consumption and volumes due to the impact of COVID-19.

Gross Profit

Gross profit decreased to \$254.7 million in the second quarter from \$271.6 million in the comparable prior year period. Gross profit as a percentage of revenue was 55.8% in the second quarter compared to 59.6% in the comparable prior year period.

North America gross profit increased to \$205.9 million in the second quarter from \$196.3 million in the comparable prior year period due primarily to the addition of the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes, as well as additional costs incurred as a result of the impact of COVID-19.

Rest of World gross profit decreased to \$48.8 million in the second quarter from \$75.3 million in the comparable prior year period due primarily to a decline in water consumption and volumes due to the impact of COVID-19.

Selling, General and Administrative Expenses

SG&A expenses increased to \$246.7 million in the second quarter from \$245.7 million in the comparable prior year period. SG&A expenses as a percentage of revenue was 54.0% in the second quarter compared to 53.9% in the comparable prior year period.

North America SG&A expenses increased to \$175.5 million in the second quarter from \$171.8 million in the comparable prior year period due primarily to the addition of the Legacy Primo business, partially offset by lower delivery expenses incurred as a result of the impact of COVID-19 and wage subsidies received.

Rest of World SG&A expenses decreased to \$60.1 million in the second quarter from \$64.4 million in the comparable prior year period due primarily to lower delivery expenses incurred as a result of the impact of COVID-19 and wage subsidies received, partially offset by an increase in severance costs.

All Other SG&A expenses increased to \$11.1 million in the second quarter from \$9.5 million in the comparable prior year period due primarily to an increase in professional fees.

Acquisition and Integration Expenses

Acquisition and integration expenses increased to \$4.3 million in the second quarter from \$2.7 million in the comparable prior year period. Acquisition and integration expenses as a percentage of revenue was 0.9% in the second quarter compared to 0.6% in the comparable prior year period.

North America acquisition and integration expenses increased to \$2.4 million in the second quarter from \$1.0 million in the comparable prior year period due primarily to the addition of the Legacy Primo business.

Rest of World acquisition and integration expenses decreased to \$1.0 million in the second quarter from \$1.9 million in the comparable prior year period due primarily to a reduction in costs associated with tuck-in acquisitions.

All Other acquisition and integration expenses increased to \$0.9 million in the second quarter from income of \$0.2 million in the comparable prior year period due primarily to the addition of the Legacy Primo business.

Goodwill and Intangible Asset Impairment Charges

Goodwill and intangible asset impairment charges increased to \$115.2 million in the second quarter from nil in the comparable prior year period. Goodwill and intangible asset impairment charges as a percentage of revenue was 25.2% in the second quarter compared to nil in the comparable prior year period.

North America goodwill and intangible asset impairment charges increased to \$1.2 million in the second quarter from nil in the comparable prior year period due to impairment charges recorded on our Canadian trademarks primarily resulting from general deterioration in economic and market conditions in which we operate arising from COVID-19 and revised projections of future operating results.

Rest of World goodwill and intangible asset impairment charges increased to \$114.0 million in the second quarter from nil in the comparable prior year period due primarily to general deterioration in economic and market conditions in which we operate arising from COVID-19 and revised projections of future operating results.

Operating (Loss) Income

Operating loss was \$114.0 million in the second quarter compared to operating income of \$21.5 million in the comparable prior year period.

North America operating income increased to \$24.4 million in the second quarter from \$21.9 million in the comparable prior year period due to the items discussed above.

Rest of World operating loss increased to \$126.6 million in the second quarter from operating income of \$9.0 million in the comparable prior year period due to the items discussed above.

All Other operating loss increased to \$11.8 million in the second quarter from \$9.4 million in the comparable prior year period due to the items discussed above.

Other Income, Net

Other income, net was \$1.6 million for the second quarter compared to \$2.2 million in the comparable prior year period due primarily to a decrease of net gains on foreign currency transactions in the second quarter compared to the prior year period.

Income Taxes

Income tax benefit was \$1.4 million in the second quarter compared to income tax expense of \$2.2 million in the comparable prior year period. The effective tax rate for the second quarter was 1.1% compared to 44.9% in the comparable prior year period.

The effective tax rate for the second quarter varied from the effective tax rate from the comparable prior year period due to impairment charges incurred in the second quarter of 2020 for which minimal tax benefit is recognized.

Six Months Ended June 27, 2020 Compared to Six Months Ended June 29, 2019

Revenue, Net

Net revenue increased \$47.7 million, or 5.4%, for the year to date from the comparable prior year period.

North America net revenue increased \$93.0 million, or 15.0%, for the year to date from the comparable prior year period due primarily to the addition of revenues from the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes due to the impact of COVID-19.

Rest of World net revenue decreased \$38.1 million, or 15.0%, for the year to date from the comparable prior year period due primarily to a decline in water consumption and volumes due to the impact of COVID-19.

All Other net revenue decreased \$7.2 million, or 100.0%, for the year to date from the comparable prior year period due primarily to the non-recurrence of revenue contributed by our Cott Beverages LLC business, which was sold in the first quarter of 2019.

Gross Profit

Gross profit increased to \$528.0 million for the year to date from \$514.7 million in the comparable prior year period. Gross profit as a percentage of revenue was 56.7% year to date compared to 58.3% in the comparable prior year period.

North America gross profit increased to \$412.0 million for the year to date from \$371.9 million in the comparable prior year period due primarily to the addition of the Legacy Primo business and pricing initiatives, partially offset by a decline in water and office coffee services consumption and volumes as a result of the impact of COVID-19.

Rest of World gross profit decreased to \$116.0 million for the year to date from \$142.5 million in the comparable prior year period due primarily to a decline in water consumption and volumes due to the effect of COVID-19.

All Other gross profit decreased to nil for the year to date from \$0.3 million in the comparable prior year period due primarily to the non-recurrence of gross profit contributed by our Cott Beverages LLC business, which was sold in the first quarter of 2019.

Selling, General and Administrative Expenses

SG&A expenses increased to \$501.8 million for the year to date from \$481.5 million in the comparable prior year period. SG&A expenses as a percentage of revenue was 53.9% year to date compared to 54.5% in the comparable prior year period.

North America SG&A expenses increased to \$352.7 million for the year to date from \$334.4 million in the comparable prior year period due primarily to the addition of the Legacy Primo business, partially offset by lower delivery expenses incurred as a result of the impact of COVID-19.

Rest of World SG&A expenses increased to \$126.7 million for the year to date from \$124.8 million in the comparable prior year period due primarily to an increase in severance costs, partially offset by lower delivery expenses incurred as a result of the impact of COVID-19.

All Other SG&A expenses increased to \$22.4 million for the year to date from \$22.3 million in the comparable prior year period due primarily to an increase in professional fees, partially offset by the non-recurrence of SG&A expenses incurred by our Cott Beverages LLC business, which was sold in the first quarter of 2019.

Acquisition and Integration Expenses

Acquisition and integration expenses increased to \$25.1 million for the year to date from \$7.4 million in the comparable prior year period. Acquisition and integration expenses as a percentage of revenue was 2.7% year to date compared to 0.8% in the comparable prior year period.

North America acquisition and integration expenses increased to \$6.5 million for the year to date from \$1.9 million in the comparable prior year period due primarily to the addition of the Legacy Primo business, partially offset by lower acquisition and integration expenses related to our Mountain Valley and Crystal Rock businesses.

Rest of World acquisition and integration expenses decreased to \$2.1 million for the year to date from \$3.4 million in the comparable prior year period due primarily to a reduction in costs associated with tuck-in acquisitions.

All Other acquisition and integration expenses increased to \$16.5 million for the year to date from \$2.1 million in the comparable prior year period due primarily to the addition of the Legacy Primo business.

Goodwill and Intangible Asset Impairment Charges

Goodwill and intangible asset impairment charges increased to \$115.2 million for the year to date from nil in the comparable prior year period. Goodwill and intangible asset impairment charges as a percentage of revenue was 12.4% year to date compared to nil in the comparable prior year period.

North America goodwill and intangible asset impairment charges increased to \$1.2 million for the year to date from nil in the comparable prior year period due to impairment charges recorded on our Canadian trademarks primarily resulting from general deterioration in economic and market conditions in which we operate arising from COVID-19 and revised projections of future operating results.

Rest of World goodwill and intangible asset impairment charges increased to \$114.0 million for the year to date from nil in the comparable prior year period due primarily to general deterioration in economic and market conditions in which we operate arising from COVID-19 and revised projections of future operating results.

Operating (Loss) Income

Operating loss was \$118.0 million for the year to date compared to operating income of \$22.2 million in the comparable prior year period.

North America operating income increased to \$48.1 million for the year to date from \$32.1 million in the comparable prior year period due to the items discussed above.

Rest of World operating loss increased to \$127.1 million for the year to date from operating income of \$14.3 million in the comparable prior year period due to the items discussed above.

All Other operating loss increased to \$39.0 million for the year to date from \$24.2 million in the comparable prior year period due to the items discussed above.

Other Expense, Net

Other expense, net was \$5.4 million for the year to date compared to \$3.3 million in the comparable prior year period due primarily to an increase of net losses on foreign currency transactions in the first half, partially offset by the loss recognized on the sale of our Cott Beverages LLC business in the prior year period.

Income Taxes

Income tax benefit was \$4.7 million for the year to date compared to income tax expense of \$0.8 million in the comparable prior year period. The effective tax rate for the year to date was 2.9% compared to (4.2)% in the comparable prior year period.

The effective tax rate for the year to date varied from the effective tax rate from the comparable prior year period due to impairment charges incurred in the second quarter of 2020 for which minimal tax benefit is recognized.

Liquidity and Capital Resources

As of June 27, 2020, we had total debt of \$1,509.8 million and \$211.1 million of cash and cash equivalents compared to \$1,358.4 million of debt and \$156.9 million of cash and cash equivalents as of December 28, 2019. Our cash and cash equivalents balances as of June 27, 2020 and December 28, 2019 include \$12.4 million of cash proceeds received from the sale of our legacy carbonated soft drink and juice business and our Royal Crown International finished goods export business that are being held in escrow by a third party escrow agent to secure potential indemnification claims. Our cash and cash equivalents balances as of June 27, 2020 and December 28, 2019 also include \$0.5 million of cash proceeds received from the sale of our Cott Beverages LLC business that are being held in escrow by a third party escrow agent to secure potential indemnification claims. In July 2020, a settlement agreement was reached with Refresco, the buyer of both businesses. In exchange for a settlement of pending and future claims, \$4.0 million of the escrow funds were released to Refresco. The remaining \$8.4 million and \$0.5 million were released to us.

The recent COVID-19 pandemic has disrupted 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, global economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary. In response to the COVID-19 pandemic, we have taken certain measures to preserve our liquidity. For example, on April 3, 2020, we borrowed \$170.0 million under the Revolving Credit Facility as a precautionary measure to increase our cash position and preserve financial flexibility considering current uncertainty in the global markets resulting from the COVID-19 pandemic. In the second quarter of 2020, we repaid \$100.0 million of the outstanding borrowings under the Revolving Credit Facility.

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 meet our expenses, capital expenditures, and debt service obligations for the next twelve months. 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 June 27, 2020, our outstanding borrowings under the Revolving Credit Facility were \$206.0 million and outstanding letters of credit totaled \$44.7 million resulting in total utilization under the Revolving Credit Facility of \$250.7 million. Accordingly, unused availability under the Revolving Credit Facility as of June 27, 2020 amounted to \$99.3 million.

We earn a portion 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 \$0.06 per common share was declared during each quarter of 2020 for aggregate dividend payments of approximately \$19.5 million.

The following table summarizes our cash flows for the three and six months ended June 27, 2020 and June 29, 2019, 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		For the Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net cash provided by operating activities from continuing operations	\$ 65.5	\$ 1.2	\$ 70.2	\$ 16.3
Net cash used in investing activities from continuing operations	(41.4)	(46.2)	(501.6)	(22.2)
Net cash provided by (used in) financing activities from continuing operations	76.0	1.6	63.2	(45.1)
Cash flows from discontinued operations:				
Net cash (used in) provided by operating activities from discontinued operations	(0.7)	7.1	(18.0)	15.6
Net cash (used in) provided by investing activities from discontinued operations	(1.6)	(4.1)	392.9	(23.2)
Net cash used in financing activities from discontinued operations	—	(0.2)	(0.1)	(0.2)
Effect of exchange rate changes on cash	1.1	0.1	(1.0)	1.4
Net increase (decrease) in cash, cash equivalents and restricted cash	98.9	(40.5)	5.6	(57.4)
Cash and cash equivalents and restricted cash, beginning of period	112.2	153.9	205.5	170.8
Cash and cash equivalents and restricted cash from continuing operations, end of period	\$ 211.1	\$ 113.4	\$ 211.1	\$ 113.4

Operating Activities

Cash provided by operating activities from continuing operations was \$70.2 million year to date compared to \$16.3 million in the comparable prior year period. The \$53.9 million increase was due primarily to the change in working capital balances relative to the prior year period.

Investing Activities

Cash used in investing activities from continuing operations was \$501.6 million year to date compared to \$22.2 million in the comparable prior year period. The \$479.4 million increase was due primarily to the cash used to acquire our Legacy Primo business, an increase in additions to property, plant and equipment relative to the prior year period, and cash received from the sale of our Cott Beverages LLC business in the prior year period.

Financing Activities

Cash provided by financing activities from continuing operations was \$63.2 million year to date compared to cash used in financing activities from continuing operations of \$45.1 million in the comparable prior year period. The \$108.3 million increase was due primarily to an increase in net short-term borrowings in the current year as compared to the prior year period, partially offset by an increase in common shares repurchased and cash used for financing fees relative to the prior year period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined under Item 303(a)(4) of Regulation S-K as of June 27, 2020.

Contractual Obligations

We have no material changes to the disclosure on this matter made in our 2019 Annual Report.

Credit Ratings and Covenant Compliance

Credit Ratings

We have no material changes to the disclosure on this matter made in our 2019 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 June 27, 2020, 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 June 27, 2020.

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 June 27, 2020.

Issuer Purchases of Equity Securities

Tax Withholding

In the second quarter of 2020, an aggregate of 19,978 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards. In the second quarter of 2019, an aggregate of 3,832 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 December 28, 2019, our equity has increased by \$182.0 million. The increase was due primarily to the issuance of common shares of \$384.0 million, partially offset by net loss of \$132.5 million, common shares repurchased and canceled of \$32.2 million, other comprehensive loss, net of tax of \$21.5 million and common share dividend payments of \$19.5 million.

Dividend Payments

Common Share Dividend

On May 5, 2020, the Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on June 17, 2020 to shareowners of record at the close of business on June 5, 2020. On August 4, 2020, the Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on September 2, 2020 to shareowners of record at the close of business on August 19, 2020. 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 continuing 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.

Except as provided below, we have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2019 Annual Report.

Impairment testing of goodwill

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. We test goodwill for impairment at least annually on the first day of the fourth quarter, based on our reporting unit carrying values, calculated as total assets less non-interest bearing liabilities, as of the end of the third quarter, or more frequently if we determine a triggering event has occurred during the year. During the second quarter of 2020, given the general deterioration in economic and market conditions in which we operate arising from COVID-19 pandemic, we identified a triggering event indicating possible impairment of goodwill and intangible assets, as further described below. We did not identify impairment of our property, plant and equipment, lease-related right-of-use assets, or long-lived assets.

Due to the triggering event identified above arising from the impact of the COVID-19 pandemic, we first performed a qualitative assessment of goodwill to determine whether it was more likely than not that the fair value of these reporting units exceeded their respective carrying values. Based on this qualitative assessment, we determined that it was more likely than not that the fair value of our Eden, Aimia, Decantae, and Farrers reporting units did not exceed their respective carrying values. As a result, we performed an interim quantitative impairment test as of June 27, 2020 on these reporting units.

Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we noted that the estimated fair value of the Aimia reporting unit exceeded its carrying value by approximately 23.5%. Therefore, no goodwill impairment charge was recorded for the Aimia reporting unit. Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we determined that goodwill was impaired for the Eden, Decantae, and Farrers reporting units and recognized impairment charges of \$103.3 million, \$0.3 million and \$0.5 million, respectively. The impairment charges are included in goodwill and intangible asset impairment charge expense in the Consolidated Statements of Operations for the three and six months ended June 27, 2020.

Critical assumptions used in our valuation of the Eden reporting unit included the anticipated future cash flows, a weighted-average terminal growth rate of 1.5% and a discount rate of 9.5%. Critical assumptions used in our valuation of the Aimia, Decantae, and Farrers reporting units included a weighted-average terminal growth rate of 2.0% and a discount rate of 11.5%. The anticipated future cash flows assumption reflects projected revenue growth rates, operating profit margins and capital expenditures. The terminal growth rate assumption incorporated into the discounted cash flow calculation reflects our long-term view of the market and industry, projected changes in the sale of our products, pricing of such products and operating profit margins. The discount rate was determined using various factors and sensitive assumptions, including bond yields, size premiums and tax rates. This rate was based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. These assumptions are considered significant unobservable inputs and represent our best estimate of assumptions that market participants would use to determine the fair value of the respective reporting units. The key inputs into the discounted cash flow analysis were consistent with market data, where available, indicating that the assumptions used were in a reasonable range of observable market data.

See Note 1 to the Consolidated Financial Statements for a discussion on goodwill impairment.

Impairment testing of intangible assets with an indefinite life

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

As a result of the triggering event described above arising from the impact of the COVID-19 pandemic, we also performed recoverability tests on our intangible assets, primarily trademarks, within each of our reporting segments as of June 27, 2020. We assessed qualitative factors to determine whether the existence of events or circumstances indicated that it was more likely than not that the fair value of our trademarks with indefinite lives were less than their respective carrying value. The qualitative factors we assessed included macroeconomic conditions, industry and market considerations, cost factors that would have a negative effect on earnings and cash flows, overall financial performance compared with forecasted projections in prior periods, and other relevant events, the impact of which are all significant judgments and estimates. Based on this qualitative assessment, we determined that impairment was more likely than not with the trademarks with indefinite lives associated with our Eden and Aquaterra businesses. As a result, we performed an interim quantitative impairment test as of June 27, 2020 on these intangible assets.

To determine the fair value of the trademarks with indefinite lives associated with our Eden and Aquaterra businesses, we use a relief from royalty method of the income approach, which calculates a fair value royalty rate that is applied to revenue forecasts associated with those trademarks. The resulting cash flows are discounted using a rate to reflect the risk of achieving the projected royalty savings attributable to the trademarks. The assumptions used to estimate the fair value of these trademarks are subjective and require significant management judgment, including estimated future revenues, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the trademarks) and the risk adjusted discount rate. Based on our impairment test, we determined the trademarks with indefinite lives associated with our Eden and Aquaterra businesses were impaired and recognized impairment charges of \$9.9 million and \$1.2 million, respectively. The impairment charges are included in goodwill and intangible asset impairment charge expense in the Consolidated Statements of Operations for the three and six months ended June 27, 2020.

See Note 1 to the Consolidated Financial Statements for a discussion on intangible assets with an indefinite life impairment.

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 2019 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, while also under shelter-in-place orders or other restrictions. 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 allow 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 June 27, 2020. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of June 27, 2020, 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

Reference is made to the legal proceedings described in Note 15 to the Consolidated Financial Statements.

Item 1A. Risk Factors

The Company's business, financial condition, results of operations and cash flows are subject to various risks, which could cause actual results to vary materially from anticipated results. Reference is made to the risk factors disclosed in Part 1, Item 1A Risk Factors in our 2019 Annual Report, as updated by our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020. At the time of this filing, there have been no material changes to our risk factors that were included in our 2019 Annual Report, as updated by our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020.

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 second quarter of 2020 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
March 29, 2019 - April 30, 2020	8,792	\$ 9.27	N/A	N/A
May 1, 2020 - May 31, 2020	6,937	\$ 10.32	N/A	N/A
June 1, 2020 - June 27, 2020	4,249	\$ 12.41	N/A	N/A
Total	19,978			

Item 5. Other Information

The following disclosure is intended to satisfy the requirements of Item 5.02(e) of Form 8-K (Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers):

On May 5, 2020, the Human Resources and Compensation Committee (the "HRCC") of our Board of Directors awarded a bonus payable in common shares to Jay Wells, Chief Financial Officer of the Company. The award vests and is paid out depending on the achievement of specified performance targets in connection with the Legacy Primo Acquisition for the year ended January 2, 2021 (the "Primo Synergy Bonus"). The performance targets include (1) attainment of a specified percentage target under the Company's annual cash performance bonus plan for the DS Services business, and (2) attainment of a specified annualized 2020 synergy target. The number of common shares awarded would be calculated based on the closing share price on the date the achievement of the performance target is certified by the HRCC. Because the amount of the bonus and the share price are not yet known, the number of shares that may be awarded to Mr. Wells cannot be determined. Mr. Wells' eligibility to receive the Primo Synergy Bonus is conditioned on his continued employment through the payment date.

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 Amendment to Articles of Amalgamation of Primo Water Corporation.	8-K	3.1	3/5/2020	001-31410	
3.2	By-laws of Primo Water Corporation, as amended.	8-A	3.2	5/4/2018	001-31410	
10.1 ⁽¹⁾	Employment Offer Letter to Ghire Shivprasad dated June 15, 2020.					*
10.2 ⁽¹⁾	Employment Offer Letter to David Muscato dated June 15, 2020.					*
10.3 ⁽¹⁾	Amended and Restated Contract of Employment between Eden Springs UK Limited and Steven Kitching dated June 26, 2020.					*
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 27, 2020.					*
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 27, 2020.					*
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 27, 2020.					*
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended June 27, 2020.					*
101	The following financial statements from Primo Water Corporation's Quarterly Report on Form 10-Q for the quarter ended June 27, 2020, filed August 6, 2020, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive (Loss) Income, (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).					*

¹ Indicates a management contract or compensatory plan.

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: August 6, 2020

/s/ Jay Wells

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

Date: August 6, 2020

/s/ Jason Ausher

Jason Ausher
Chief Accounting Officer
(Principal Accounting Officer)



Ghire Shivprasad

June 15, 2020

Dear Ghire:

I am very pleased to outline in this letter (the “**Offer Letter**”) the terms and conditions on which we are offering you the position of Vice President - Human Resources of Primo Water Corporation (the “**Company**”). This Offer Letter will not constitute an agreement until it has been fully executed by both parties. Please note that this Offer Letter does not contemplate a contract or promise of employment for any specific term; you will be an at-will employee at all times. To the extent not defined herein, capitalized terms shall have the meanings provided in **Exhibit A** hereto.

1. Position and Duties.

1.1. Position. Subject to the terms and conditions hereof, you will be employed by the Company as its Vice President - Human Resources (“**VP HR**”), effective as of June 26, 2020 (the “**Employment Date**”) and continuing until terminated by you or the Company.

1.2. Responsibilities.

(a) As the Company’s VP HR, you will report to the Company’s Chief Executive Officer (“**CEO**”) and have such duties and responsibilities as may be assigned to you from time to time by the CEO.

(b) You agree to devote all of your business time and attention to the business and affairs of the Company and to discharging the responsibilities assigned to you. This shall not preclude you from (i) serving on the boards of directors of a reasonable number of charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing your personal affairs, so long as these activities do not interfere with the performance of your duties and responsibilities as the Company’s VP HR.

1.3. No Employment Restriction. You hereby represent and covenant that, except as disclosed to the Company, your employment by the Company does not violate any agreement or covenant to which you are subject or by which you are bound and that there is no such agreement or covenant that could restrict or impair your ability to perform your duties or discharge your responsibilities to the Company.

2. Remuneration.

2.1. Base Salary. Your annual base salary will initially be at the rate of US \$240,000 per year (“**Annual Base Salary**”), paid on a bi-weekly basis, prorated for any partial periods based on the actual number of days in the applicable period. Your performance will be evaluated at least annually, and any increase to the level of your Annual Base Salary will be determined as part of the regular annual review process.

2.2. Bonus. You will continue to be eligible to participate in the Company's annual bonus plan and may earn a bonus based upon the achievement of specified performance goals. The amount of your target bonus is 50% of your Annual Base Salary. The bonus year is the Company's fiscal year. Currently the maximum potential payout permitted under the bonus plan is two (2) times the applicable target bonus for achievement of performance goals significantly in excess of the target goals, as established by the Human Resources and Compensation Committee of the Company's Board of Directors. Please note that the bonus plan is entirely discretionary, and the Company reserves in its absolute discretion the right to terminate or amend it or any other bonus plan that may be established. You must be actively employed on the actual pay date of the bonus to be eligible to receive it or any portion of it.

2.3. LTI Grants. You will be eligible for future long term incentive awards that will be based on your performance and will be in line with similar peer positions at the Company. Annual grants are issued following approval by Primo's Human Resources and Compensation Committee at its regularly scheduled meetings in December.

3. Benefits.

3.1. Benefit Programs. You will continue to be eligible to participate in the Company's benefit programs generally available to other associates of the Company. Our benefit programs include our 401(k) plan and health, disability and life insurance benefits. Employee contributions are required for our benefit programs.

3.2. ESPP. In addition, you will continue to be eligible to participate in the Company's Employee Stock Purchase Plan, through which you can purchase Company common shares at a discount through payroll deductions.

3.3. Vacation. You will be entitled to three (3) weeks' vacation per calendar year. You are encouraged to take vacation in the calendar year it is earned. Vacation is a use-it-or-lose-it benefit (unless otherwise prohibited by applicable state law), and you will not be allowed to carry over any vacation from one year to the next. Any vacation that has not been used by the end of the year will be forfeited, in accordance with applicable law. If you should leave the Company, the value of any unearned vacation taken by you will be considered a debt to the Company and you expressly authorize the Company to deduct the value of taken but unearned vacation from your Cash Payment Amount (if applicable) or your final paycheck to the maximum extent permitted by law. All vacation periods require the approval of the CEO.

3.4. Reimbursement. You will be reimbursed for expenses reasonably incurred in connection with the performance of your duties in accordance with the Company's policies as established from time to time. It is your obligation to submit to the Company expense reimbursement requests and evidence of such expenses in order to receive reimbursements for such expenses.

3.5. Allowances. You will receive an annual cellphone allowance in the amount of \$1,525, which amount shall be prorated during any partial year of employment.

3.6. No Other Benefits. Other than benefits generally available to all full-time employees, you will not be entitled to any benefit or perquisite other than as specifically set out in this Offer Letter or separately agreed to in writing by the CEO.

4. Separation; Payments and Entitlements Upon a Separation.

4.1 Termination. The Company may terminate your employment: (a) immediately for Cause, (b) upon your Disability, or (c) upon thirty (30) days' notice for any other reason or no reason. Your employment with the Company will terminate upon your death.

4.2 Termination By the Company Without Cause or By You with Good Reason. Subject to Sections 4.3, 7.9, and 9.10, if your employment is terminated following the Employment Date (i) by the Company without Cause other than by reason of your Disability or (ii) by you for Good Reason, you will be entitled to the following payments and entitlements:

(a) **Cash Payment.** You will receive a cash payment in an amount equal to 6 months of your then Annual Base Salary in effect at the time of termination (the "**Cash Payment Amount**"). The Cash Payment Amount will be paid in a lump sum, less all applicable withholding taxes, within thirty (30) days after your separation date, except in the case of an involuntary termination that is part of a group termination program, in which case the payment shall be made within sixty (60) days after your separation date. The Cash Payment Amount will not be considered as compensation for purposes of determining benefits under any other qualified or non-qualified plans of the Company.

(b) **Accrued Salary and Vacation.** You will be paid all salary and accrued, unused vacation pay earned through the date of your separation pursuant to this Section 4.2, less all applicable withholding taxes, on the first regular pay date following the date of your separation.

(c) **No Other Payments.** Upon payment of the amounts to be paid pursuant to Sections 4.2(a) and 4.2(b) and such obligations as may be required by applicable law, the Company shall have no further liability under this Offer Letter or as a result of your separation.

4.3 Separation Agreement and General Release Required. You will not be entitled to receive the payment set forth in Section 4.2(a) and, if applicable, Section 8, unless you execute, at least seven days before the date payment is due to be made, and do not revoke, a separation agreement that contains provisions regarding confidentiality by you, non-disparagement by you, and a general release in the form of Exhibit B in favor of the Company and related parties of all claims or liabilities of any kind relating to your employment with the Company and the termination of such employment (the "**Release**").

4.4 Return of Company Property. Upon termination of your employment for any reason, you agree to immediately return all Company property in your possession, custody, or control (e.g., Company-issued computer, telephone, badge, keys, equipment, vehicle, etc.). You expressly authorize the Company to deduct the value of any unreturned Company property from your Cash Payment Amount (if applicable) or your final paycheck to the maximum extent permitted by law.

5. Other Termination. If your employment is terminated by (a) your voluntary resignation without Good Reason, (b) your death, or (c) by the Company for Cause or as a result of your

Disability, then you shall not be entitled to receive any other payments, entitlements or benefits other than Annual Base Salary earned through the date of termination and reimbursement for expenses through the date of termination and, in either case, not yet paid. For greater certainty, with respect to a termination by reason of death or by reason of a Disability, nothing in this Offer Letter shall derogate from any rights and/or entitlements that you may be entitled to receive under any other equity compensation or benefit plan of the Company applicable to you.

6. Resignation. Upon your voluntary separation, you will be deemed to have resigned all positions you hold with the Company and any if its Affiliates as of the date of your separation, including any director or officer positions, and you agree that upon termination you will execute such tenders of resignation as may be requested by the Company to evidence such resignations.

7. Restrictive Covenants.

7.1 Confidentiality.

(a) You acknowledge that in the course of carrying out, performing and fulfilling your obligations to the Company hereunder, you will have access to and be entrusted with information that would reasonably be considered confidential to the Company and its Affiliates, the disclosure of which to competitors of the Company or its Affiliates or to the general public would be highly detrimental to the best interests of the Company and/or its Affiliates. Such information includes, without limitation, trade secrets, know-how, marketing plans and techniques, cost figures, client lists, software, and information relating to employees, suppliers, customers and persons in contractual relationship with the Company or its Affiliates. Except as may be required in the course of carrying out your duties hereunder, you covenant and agree that you will not disclose, for the duration of your employment or at any time thereafter, any such information to any person, other than to the directors, officers, employees or agents of the Company and its Affiliates who have a need to know such information, nor shall you use or exploit, directly or indirectly, such information for any purpose other than for the purposes of the Company and its Affiliates, nor will you disclose or use for any purpose, other than for those of the Company or its Affiliates, any other information which you may acquire during your employment with respect to the business and affairs of the Company or its Affiliates. Notwithstanding all of the foregoing, you shall be entitled to disclose such information if required pursuant to a subpoena or order issued by a court, arbitrator or governmental body, agency or official, provided that you shall first have:

(i) notified the Company;

(ii) consulted with the Company on whether there is an obligation or defense to providing some or all of the requested information; and

(iii) if the disclosure is required or deemed advisable, cooperate with the Company in an attempt to obtain an order or other assurance that such information will be accorded confidential treatment.

(b) Notwithstanding the foregoing, you may disclose information relating to your own compensation and benefits to your spouse, attorneys, financial advisors and taxing authorities. Please note that pursuant to rules promulgated by the U.S. Securities and Exchange Commission

under the Securities Exchange Act of 1934 in effect on the date hereof, the amount and components of your compensation may be required to be publicly disclosed on an annual basis.

7.2 Inventions. You acknowledge and agree that all right, title and interest in and to any information, trade secrets, advances, discoveries, improvements, research materials and databases made or conceived by you prior to or during your employment relating to the business or affairs of the Company shall belong to the Company. In connection with the foregoing, you agree to execute any assignments and/or acknowledgements as may be requested by the CEO from time to time.

7.3 Corporate Opportunities. Any business opportunities related to the business of the Company which become known to you during your employment with the Company must be fully disclosed and made available to the Company by you, and you agree not to take or attempt to take any action if the result would be to divert from the Company any opportunity which is within the scope of its business.

7.4 Non-Competition and Non-Solicitation.

(a) You will not at any time, without the prior written consent of the Company, during your employment with the Company and, if applicable, its Affiliates and for a period of twelve (12) months after your separation from such employment (regardless of the reason for such separation and whether caused by you or the Company or one of its Affiliates), either individually or in partnership, jointly or in conjunction with any person or persons, firm, association, syndicate, corporation or company, whether as agent, shareholder, employee, consultant, or in any manner whatsoever, directly or indirectly:

(i) anywhere in the Territory, engage in, work for, provide services to, carry on or otherwise have any interest in, advise, lend money to, guarantee the debts or obligations of, permit your name to be used in connection with any business which is competitive to the Business or which provides the same or substantially similar services as the Business;

(ii) for the purpose, or with the effect, of competing with any business of the Company or any of its Affiliate, solicit, interfere with, accept any business from or render any services to anyone who is a client or a prospective client of the Company or any of its Affiliates at the time you ceased to be employed by the Company or who was a client during the 12 months immediately preceding such time; or

(iii) solicit or offer employment to any person employed or engaged by the Company or any of its Affiliates at the time you ceased to be employed by the Company or who was an employee during the 12-month period immediately preceding such time.

(b) Nothing in this Offer Letter shall prohibit or restrict you from holding or becoming beneficially interested in up to one (1%) percent of any class of securities in any company provided that such class of securities are listed on a recognized stock exchange in Canada or the United States.

(c) If you are at any time in violation of any provision of this Section 7.4, then each time limitation set forth in this Section 7.4 shall be extended for a period of time equal to the period of time during which such violation or violations occur. If the Company seeks injunctive relief from

any such violation, then the covenants set forth shall be extended for a period of time equal to the pendency of the proceeding in which relief is sought, including all appeals therefrom.

7.5 Insider Trading and Other Company Policies. You will comply with all applicable securities laws and the Company's insider trading policy and insider reporting procedures in respect of any securities of the Company that you may acquire, and you will comply with all other of the Company's policies that may be applicable to you from time to time, including, without limitation, the Company's policies on pricing, procurement, accounting, financial reporting, delegations of authority and responsibility, and conduct.

7.6 Non-Disparagement. The Company and you agree that you will not disparage in any manner, and will in all respects avoid any negative criticism of, the Company and its affiliates or their respective management. The foregoing non-disparagement provision does not apply on occasions when you provide truthful information in good faith to any federal, state, or local agency investigating an alleged violation of any employment-related or other law or otherwise gathering information pursuant to any official investigation, hearing, trial or proceeding. You and the Company shall also (i) be permitted to defend your/itself against any statement made by the other party that is intended or reasonably likely to disparage the other's reputation if you or the Company, as applicable, have a reasonable good faith belief that your or its statements in such defense are not false statements, (ii) be permitted, while you are employed by the Company, to make any statement not otherwise false or misleading that you or the Company, as applicable, determine in good faith is reasonably necessary or appropriate to the discharge of your or its duties and responsibilities, and (iii) provide truthful testimony in any legal proceeding. The foregoing provision also does not prevent the Company from making internal statements or statements to outside attorneys, auditors, or other advisors, in each case for legitimate business reasons to individuals who the Company reasonably believes has a need to know the information contained in the statements.

7.7 Injunctive Relief.

(a) You acknowledge and agree that in the event of a breach of the covenants, provisions and restrictions in this Section 7, the Company's remedy in the form of monetary damages will be inadequate and that the Company and its Affiliates shall be, and are hereby, authorized and entitled, in addition to all other rights and remedies available to them, to apply for and obtain from a court of competent jurisdiction interim and permanent injunctive relief and an accounting of all profits and benefits arising out of such breach.

(b) The parties acknowledge that the restrictions in this Section 7 are reasonable in all of the circumstances and you acknowledge that the operation of restrictions contained in this Section 7 may seriously constrain your freedom to seek other remunerative employment. If any of the restrictions are determined to be unenforceable as going beyond what is reasonable in the circumstances for the protection of the interests of the Company and its Affiliates but would be valid, for example, if the scope of their time periods or geographic areas were limited, the parties consent to the court making such modifications as may be required and such restrictions shall apply with such modifications as may be necessary to make them valid and effective.

7.8 Survival of Restrictions. Each and every provision of this Section 7 shall survive the termination of this Offer Letter or your employment (regardless of the reason for such termination).

7.9 Forfeiture/Recoupment. Notwithstanding the provisions of Section 4.2 or any other provision of this Offer Letter, if following the termination of your employment, you are entitled to payments or other benefits under Section 4.2(a), but (i) the Company later determines that Cause with respect to your termination of employment existed at the time of your termination, (ii) you breach any provision of or revoke the Release, or (iii) you breach any provision of Section 7 of this Offer Letter or any restrictive covenant contained in any other agreement between you and the Company or one of its Affiliates, then in each case you shall not be entitled to any payments or other benefits pursuant to Section 4.2(a), any and all such payments to be made by the Company pursuant to Section 4.2(a) shall cease, and you shall return immediately any such other payments previously made to you.

8. Code Section 409A.

8.1. In General. This Section shall apply to you if you are subject to Section 409A of the United States Internal Revenue Code of 1986 (the “Code”), but only with respect to any payment due hereunder that is subject to Section 409A of the Code.

8.2. Release. Any requirement that you execute and not revoke a release to receive a payment hereunder shall apply to a payment described in Section 8.1 only if the Company provides the release to you on or before the date of your separation from employment. In no event shall the timing of your execution of the release, directly or indirectly, result in your designating the calendar year of payment, and if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year.

8.3. Payment Following Involuntary Termination. Notwithstanding any other provision herein to the contrary, any payment described in Section 8.1 that is due to be paid within a stated period following your separation shall be paid:

(a) If, at the time of your separation, you are a “specified employee” as defined in Section 409A of the Code and such payment is subject to (and not exempt from) Section 409A of the Code, such payment shall be made as of the later of (i) the date payment is due hereunder, or (ii) the earlier of the date which is six months after your “separation from service” (as defined under Section 409A of the Code), or the date of your death; or

(b) In any other case, on the later of (i) last day of the stated period, or if such stated period is not more than 90 days, at any time during such stated period as determined by the Company without any input from you, or (ii) the date of your “separation from service” (as defined under Section 409A of the Code).

8.4. Reimbursements. The following shall apply to any reimbursement that is a payment described in Section 8.1: (a) the amount of expenses eligible for reimbursement during your taxable year shall not affect the expenses eligible for reimbursement in any other year; and (b) the

timing of all such reimbursements shall be as provided herein, but not later than the last day of your taxable year following the taxable year in which the expense was incurred.

8.5. Offset. If payments to you under this Agreement are subject to Section 409A of the Code, any offset under Section 9.10 shall apply to a payment described in Section 8.1 only if the debt or obligation was incurred in the ordinary course of your employment with the Company, the entire amount of the set-off in any taxable year of the Company does not exceed \$5,000, and the set-off is made at the same time and in the same amount as the debt or obligation otherwise would have been due and collected from you.

8.6. Interpretation. This Offer Letter shall be interpreted and construed so as to avoid the additional tax under Section 409A(a)(1)(B) of the Code to the maximum extent practicable.

9. General Provisions.

9.1. Entire Agreement. This Offer Letter, together with the plans and documents referred to herein, constitutes and expresses the whole agreement of the parties hereto with reference to any of the matters or things herein provided for or herein before discussed or mentioned with reference to your employment and supersedes that offer letter dated August 15, 2016. All promises, representation, collateral agreements and undertakings not expressly incorporated in this Offer Letter are hereby superseded by this Offer Letter.

9.2. Amendment. This Offer Letter may be amended or modified only by a writing signed by both of the parties hereto.

9.3. Assignment. This Offer Letter may be assigned by the Company to any successor to its business or operations. Your rights hereunder may not be transferred by you except by will or by the laws of descent and distribution and except insofar as applicable law may otherwise require. Any purported assignment in violation of the preceding sentence shall be void.

9.4. Governing Law; Consent to Personal Jurisdiction and Venue. . The validity, interpretation, and performance of this Offer Letter shall be governed, interpreted, and construed in accordance with the laws of the State of Florida without giving effect to the principles of comity or conflicts of laws thereof. You hereby consent to personal jurisdiction and venue, for any action brought by the Company arising out of a breach or threatened breach of this Offer Letter or out of the relationship established by this Offer Letter, exclusively in the United States District Court for the Middle District of Florida, Tampa Division, or in the Circuit Court in and for Hillsborough County, Florida; and, if applicable, the federal and state courts in any jurisdiction where you are employed or reside; you hereby agree that any action brought by you, alone or in combination with others, against the Company, whether arising out of this Offer Letter or otherwise, shall be brought exclusively in the United States District Court for the Middle District of Florida, Tampa Division, or in the Circuit Court in and for Hillsborough County, Florida.

9.5. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Offer Letter shall not affect the enforceability of the remaining portions of the Offer Letter or any part thereof, all of which are inserted conditionally

on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in the Offer Letter shall be declared invalid, the Offer Letter shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

9.6. Section Headings and Gender. The section headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Offer Letter. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require.

9.7. No Term of Employment. Nothing herein obligates the Company to continue to employ you. Where lawfully permitted in any jurisdiction in which you perform employment responsibilities on behalf of the Company, your employment shall be at will.

9.8. Survivorship. Upon the termination of your employment, the respective rights and obligations of the parties shall survive such termination to the extent necessary to carry out the intended preservation of such rights and obligations.

9.9. Taxes. All payments under this Offer Letter shall be subject to withholding of such amounts, if any, relating to tax or other payroll deductions as the Company may reasonably determine and should withhold pursuant to any applicable law or regulation.

9.10. Set-Off. Except as limited by Section 8.5, the Company may set off any amount or obligation that may be owing by you to the Company against any amount or obligation owing by the Company to you.

9.11. Records. All books, records, and accounts relating in any manner to the Company or to any suppliers, customers, or clients of the Company, whether prepared by you or otherwise coming into your possession, shall be the exclusive property of the Company and immediately returned to the Company upon termination of employment or upon request at any time.

9.12. Counterparts. This Offer Letter may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

9.13. Consultation with Counsel. You acknowledge that you have been advised, and have had a sufficient opportunity to, confer with your own counsel with respect to this Offer Letter, and that you understand the restrictions and limitations that it imposes upon your conduct.

Ghire, please indicate your acceptance of this offer by returning one signed original of this Offer Letter.

Yours truly,

A handwritten signature in black ink, appearing to be "D. Ghire", is written over a light blue rectangular background.

Thomas J. Harrington

I accept this offer of employment and agree to be bound by the terms and conditions listed herein.

Ghire Shivprasad

June 15, 2020

Ghire Shivprasad

Date

Exhibit A

Definitions

“**Affiliate**” shall mean, with respect to any person or entity (herein the “**first party**”), any other person or entity that directs or indirectly controls, or is controlled by, or is under common control with, such first party. The term “control” as used herein (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to: (i) vote 50% or more of the outstanding voting securities of such person or entity, or (ii) otherwise direct or significantly influence the management or policies of such person or entity by contract or otherwise.

“**Business**” shall mean the business of manufacturing, selling or distributing water (including but not limited to exchange and refill), coffee, tea, powdered beverages, water dispensers, water filtration units and other beverages or products manufactured, sold or distributed by Primo Water Corporation or its Affiliates at the time of termination of your employment, as well as such other beverages or products that are contemplated or projected to contribute materially to the profits of Primo Water Corporation or its subsidiaries and Affiliates at the time of termination of your employment.

“**Cause**” shall mean your:

(a) willful failure to properly carry out your duties and responsibilities or to adhere to the policies of the Company and, if applicable, its Affiliates after written notice by the Company of the failure to do so, and such failure remaining uncorrected following an opportunity for you to correct the failure within ten (10) days of the receipt of such notice;

(b) theft, fraud, embezzlement, self dealing, dishonesty or misappropriation, or the gross negligence or willful misconduct, involving the property, business or affairs of the Company or its Affiliates, or in the carrying out of your duties, including, without limitation, any material breach of the representations, warranties and covenants contained in any written agreement with the Company or its Affiliates, or any misrepresentation or dishonesty regarding any applicable restrictive covenants;

(c) conviction of or plea of guilty, plea of nolo contendere or no contest for any felony or any criminal offence that involves fraud, dishonesty, theft, violence or moral turpitude;

(d) breach of a fiduciary duty owed to the Company or any of its Affiliates ;

(e) refusal to follow the lawful written reasonable and good faith direction of the Company’s Board of Directors or the Company’s Chief Executive Officer; provided such written directions are consistent with your position as the Company’s VP HR;

(f) intentional misconduct in connection with working for the Company, or intentional misconduct outside of work that harms or is likely to harm the Company or its reputation;

(g) misrepresentation of your educational or professional experience; or

(h) any act that causes the Company to violate any applicable laws or regulations.

“**Disability**” shall mean any incapacity or inability by you, including any physical or mental incapacity, disease, illness or affliction, which has prevented or which will likely prevent you from performing the essential duties of your position, with or without reasonable accommodation, for six (6) consecutive months or for any cumulative period of one hundred and twenty-five (125) business days (whether or not consecutive) in any two (2) -year period.

“**Good Reason**” shall mean any of the following:

(a) a material diminution in your title, authority, duties and responsibilities; unless such diminution is effected with your approval;

(b) a reduction in your then-current Annual Base Salary or target bonus opportunity as a percentage of Annual Base Salary, unless such reduction is made applicable to all Company senior executives; or

(c) a material breach by the Company of any provisions of this Offer Letter.

You shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the first occurrence of such circumstances, provided, that no termination for Good Reason based on such circumstances shall occur more than one hundred eighty (180) days after the initial existence of such Good Reason event. Upon receiving such notice, the Company shall have 30 days to cure the specific circumstances alleged to constitute Good Reason. Your failure to (i) provide the Company with written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the first occurrence of such circumstances, or (ii) terminate for Good Reason within one hundred eighty (180) days from the first occurrence of such event, shall in either case be deemed your irrevocable waiver of any claim that such circumstances may constitute “Good Reason,” but shall not prevent you from terminating for Good Reason in accordance with the terms of this Offer Letter based on different or new circumstances constituting Good Reason.

“**Territory**” shall mean (a) the United States, (b) Canada, (c) such other countries in which the Company and/or their subsidiaries then currently conduct the Business or in which the Company plans to conduct the Business within the subsequent twelve (12) months, and (d) the remainder of the world.

Exhibit B

Form of Release

SEPARATION AGREEMENT AND GENERAL RELEASE

(TO BE SIGNED NO EARLIER THAN YOUR EFFECTIVE TERMINATION DATE)

This Separation Agreement and General Release (the "Agreement") is entered into by and between **Ghire Shivprasad** ("Associate") and **Primo Water Corporation** (the "Company"). This Agreement constitutes the complete and final settlement of any and all disputes arising from or relating to Associate's employment with the Company and any claims or actions Associate has brought or could have brought against the Company or the RELEASEES (as defined below). **This Agreement must be returned by Associate no later than _____.**

WITNESSETH:

WHEREAS, Associate and the Company wish to sever their employment relationship and resolve any and all claims or potential claims that Associate may have against the Company or the RELEASEES, as defined below, from the beginning of time through the Effective Date of this Agreement;

WHEREAS, the Company expressly denies any wrongdoing whatsoever including, but not limited to, any conduct with respect to any aspect of Associate's employment, attendant employment benefits and/or termination of employment and any violation of any federal, state or local statute, ordinance or law which pertains to employment and/or attendant employment benefits;

WHEREAS, the parties intend for this Agreement to be agreed upon in full accord and satisfaction of any and all of the Company's obligations or requirements created by or referenced in Associate's Offer Letter dated _____, 2020 (the "Offer Letter") accepted by Associate; and

WHEREAS, Associate, with full and fair opportunity and advisement to consult with an attorney of Associate's choosing, and the Company reached an amicable and final resolution of all claims of Associate against the Company in order to avoid the expense and inconvenience of any litigation or further proceedings.

NOW, THEREFORE, in consideration of the obligations upon Associate and the Company as set forth in this Agreement and in full settlement of any claims that Associate has, had, may have or may have had against RELEASEES (as defined below) as specifically set forth herein, Associate and the Company agree to the following:

1. Consideration to Associate: Contingent upon full execution by the parties, including Associate timely returning to the Company an executed and notarized original or copy of this Agreement – without revoking it – the Company will provide Associate the following consideration, which will be paid within thirty (30) days of the Effective Date (as defined below):

(a) The Company will pay Associate the gross amount of _____ (\$_____.____), less appropriate withholdings and/or payroll deductions, which is intended to represent back or future wages claimed by

Associate as well as consideration for Associate's general release and agreement to confidentiality, non-disparagement, restrictive covenants, and permanent separation of employment with no re-hire (the "Separation Payment"). Associate understands that a Form W-2 will be issued to Associate for the payment received under this Paragraph 1(a).

(a) [INSERT OTHER AS APPLICABLE]

2. Tax Indemnity and Cooperation:

(a) Associate agrees to and hereby does indemnify and hold harmless the Company and RELEASEES from and against any and all tax liabilities, interest and penalties that may be assessed or incurred as a result of not withholding monies or issuing or reporting payments made under Paragraph 1 above including, but not limited to, liability for payroll taxes or deductions, income withholding taxes, including federal, state or local income taxes, social security taxes, federal state or local unemployment or disability premium payments or taxes, or any other taxes which customarily are withheld from or paid with respect to wages, or any other liens, judgments, interest and/or penalties incurred on the monies paid pursuant to this Agreement or owing to, or for the satisfaction of, any liens or judgments against Associate (which Associate affirmatively represents do not exist), except that Associate shall not be liable for any contributions of FICA assessed against the Company. Associate will not be liable for the Employer's normal share of payroll taxes or deductions, but will agree to be liable for penalties and interest if required by the IRS.

(b) Within thirty (30) days after the Company and/or any RELEASEE notifies Associate or Associate's attorneys that the Company and/or any RELEASEE has been determined to have incurred any liability including, but not limited to, liability for payroll taxes or deductions, income withholding taxes, including federal, state or local income taxes, social security taxes, federal state or local unemployment or disability premium payments or taxes, or any other taxes which customarily are withheld from or paid with respect to wages, or any other liens, judgments, interest and/or penalties incurred because of any payment made to Associate and/or Associate's attorneys, Associate shall pay to the Company an amount equal to the liability, interest, penalty and/or costs incurred by the Company or any other RELEASEE.

(c) Associate agrees to complete and to provide to the Company within a reasonable time (not to exceed 14 days of the Company's request for the same) any documentation requested by the Company related to tax inquiries, audits and/or reporting including, but not limited to, Form(s) 4669 or any other forms or statements requested, attesting that Associate reported the Separation Payment on Associate's tax return for the appropriate tax filing year and paid the appropriate federal income tax on such Separation Payment.

3. General Release and Dismissal of Claims: In exchange for the promises and payments made by the Company and Associate as outlined in this Agreement, the parties further agree as follows:

(a) Associate hereby warrants, represents and certifies that Associate has not filed or instituted (and, no person or agency has filed or instituted on Associate's behalf and/or at Associate's direction – and if filed not at Associate's direction, Associate will seek dismissal of) any complaints, lawsuits, actions, causes of action, in law or equity, administrative charges, claims, controversies, demands, grievances and/or proceedings whatsoever against any RELEASEE (as defined below), in any forum including, but not limited to, any federal, state and local court, the New York Stock Exchange

("NYSE"), the National Association of Securities Dealers ("NASD"), the Florida Commission on Human Relations ("FCHR"), the Miami-Dade Commission on Human Rights Board, the United States Department of Labor and the United States Equal Employment Opportunity Commission ("EEOC") or any other equivalent state government agency and, to the extent that any administrative charge has been or is filed with the EEOC or any other equivalent state government agency by or on Associate's behalf, Associate agrees not to seek or in any way obtain or accept any monetary award, recovery or settlement therefrom and agrees that Associate understands that such limitation does not in any way restrict Associate's ability to pursue such charge consistent with the confidentiality obligations in Paragraph 10 below.

(b) Associate hereby releases and forever discharges the Company and its insurers, affiliates, divisions, parents, subsidiaries, any merged entity or merged entities, prior and successor entities, and/or its and their present and former officers, partners, directors, employees, agents, shareholders and/or successors, assigns, trustees, heirs, administrators, executors, representatives and/or principals thereof (together referred to as "RELEASEES"), from all claims, actions, causes of action, lawsuits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, bonuses, controversies, agreements, promises, claims, charges, complaints and demands whatsoever, whether in law or equity, known or unknown, against the RELEASEES, that Associate and the Associate's heirs, executors, administrators, successors, and assigns, may now have or hereafter later determine that Associate has or had upon, or by reason of, any cause or thing whatsoever, including, but not limited to, claims arising under the Americans With Disabilities Act ("ADA"), the National Labor Relations Act ("NLRA"), the Fair Labor Standards Act ("FLSA"), the Equal Pay Act ("EPA"), the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 *et seq.*, as amended including, but not limited to, breach of fiduciary duty and equitable claims brought under § 1132(a)(3) ("ERISA"), the Worker Adjustment and Retraining Notification Act (state or federal), as amended, Title VII of the Civil Rights Act of 1964, the Vocational Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), the Civil Rights Acts of 1866, 1871 and 1991, including Section 1981 of the Civil Rights Act, the Older Workers' Benefit Protection Act ("OWBPA"), the Family Medical Leave Act (to the extent permitted by law), the Florida Civil Rights Act, Florida's Whistleblower's Act, the Florida Minimum Wage Act, the Florida Constitution, Florida's Statutes, the Hillsborough County Human Rights Ordinance, the Miami-Dade Wage Theft Ordinance, Miami-Dade County's Human Rights Ordinance, the Miami-Dade County Code, the Miami-Dade County Family Leave Ordinance, and/or any other federal, state or local human rights, civil rights, wage-hour, pension, whistleblower, or labor law, rule, statute, regulation, constitution or ordinance and/or public policy, contract or tort law, or any claim of retaliation under such laws, or any claim of breach of any contract (whether express, oral, written or implied from any source), or any claim of intentional or negligent infliction of emotional distress, tortious interference with contractual relations, wrongful or abusive or constructive discharge, defamation, discrimination, failure to accommodate, interference with leave rights (including but not limited to family, medical, sick, or personal leaves), retaliation, harassment, failure to retain records, prima facie tort, fraud, negligence, loss of consortium, malpractice, breach of duty of care, breach of fiduciary duty or any action similar thereto against RELEASEES, including any claim for attorneys' fees, expenses or costs based upon any conduct from the beginning of the world up to and including the Effective Date of this Agreement; provided, however, that Associate does not waive any right to file an administrative charge with the EEOC, subject to the condition that Associate agrees not to seek, or in any way obtain or accept, any monetary award, recovery or settlement therefrom; and further provided, however, that Associate does not waive any rights with respect to, or release the Company from, payments of any and all benefits and/or monies earned, accrued, vested or otherwise owing, if any, to Associate under the terms of the Company's retirement, savings, deferred compensation and/or profit sharing plan(s) or any claims for state Disability or Workers' Compensation benefits (except that

Associate hereby releases and waives any claims that Associate's termination was to avoid payment of such benefits or payments or that, as a result of Associate's termination, Associate is entitled to additional benefits or payments); and further provided, however, that Associate does not release any claim of breach of the terms of this Agreement, subject to the confidentiality obligations in Paragraph 10 of this Agreement.

(c) Thus, for the purpose of implementing a full and complete release and discharge of the RELEASEES, Associate expressly acknowledges that this general release is intended to include in its effect, without limitation, all claims which Associate does not know or suspect to exist in Associate's favor at the time of execution hereof, and that this general release contemplates the extinguishment of any such claim or claims.

(d) Associate agrees to immediately seek and obtain dismissal with prejudice of any complaint, lawsuit, action, cause of action, administrative charge, claim, controversy, demand, grievance or proceeding (unless such proceeding is a class action, in which case Associate agrees to "opt out" of the class and not participate in the class action and such proceeding is at or initiated by the EEOC) in the event that, for any reason, any complaint, lawsuit, action, cause of action, administrative charge, claim, controversy, demand, grievance or proceeding covered by Paragraphs 3 is pending or is instituted on Associate's behalf, and to not, unless required by law to do so (and then subject to the terms of Paragraph 3 and Paragraph 4), testify, provide documents or otherwise participate or request others to participate on Associate's behalf in any such proceeding or litigation arising therefrom or associated therewith, and, in no event, from any such source or proceeding whatsoever, to seek, or in any way obtain or accept any monetary award, recovery, settlement or relief therefrom. Associate's obligation to dismiss and/or withdraw any and all complaints includes, but is not limited to, any complaint made internally to the Company or any of the RELEASEES – via any medium including, but not limited to, the Company's Ethics Point hotline – either in Associate's own name or anonymously, about any of the RELEASEES or any associate, employee, agent, or representative of any of the RELEASEES. Should Associate file or otherwise bring a claim in violation of Paragraph 3 or fail to seek and obtain such dismissal or withdrawal or "opt out" in accordance with the terms of this Agreement, Associate will, at the option of the Company, be considered in material breach of this Agreement.

(e) Promise Not to Sue: A "promise not to sue" means you promise not to knowingly sue any RELEASEE in court. This is different from the General Release above. Besides releasing claims covered by that General Release, you agree never to knowingly sue any RELEASEE for any reason covered by that General Release. Despite this Promise Not to Sue, however, you may file suit to enforce this Agreement. If you sue a RELEASEE in violation of this Agreement, you shall be required to pay that RELEASEE's reasonable attorneys' fees and other litigation costs incurred in defending against your suit.

(f) Any and All Work-Related Injuries and Accidents Reported: By signing this Agreement, Associate affirmatively represents that as of the date of Associate signing this Agreement, Associate has already reported any and all work-related injuries that Associate has ever sustained, and/or accidents Associate has ever been involved in, during Associate's employment with the Company, to the extent Associate had ever incurred any work-related injuries or been involved in any work-related accidents.

4. Separation of Employment: Associate recognizes and agrees that Associate's last day of employment and effective termination date shall be _____ ("Termination Date").

Associate further recognizes and agrees that Associate's employment relationship with the Company and/or any of the other RELEASEES has been permanently and irrevocably severed. Accordingly, Associate agrees that Associate will not seek and hereby waives any claim for employment, reinstatement, re-employment, assignment or otherwise (as a full-time or part-time employee, temporary worker, independent contractor or consultant or any other position in which Associate receives payment either directly or indirectly from the Company) with the Company or any of its affiliated companies or any merged or acquired entity or entities, at any time in the future, and that, if offered such employment, re-employment, assignment or work, Associate will decline such offer, and that this Agreement shall be a complete bar to any such application for employment or re-employment; provided, however, that the terms and application of this paragraph may be waived in writing by a duly authorized representative of the employing entity at issue in its sole discretion, which writing makes specific reference to this Agreement. Associate agrees that any refusal to hire or engage Associate in the future shall be pursuant to the Parties' mutual agreement embodied in this Agreement and shall not be actionable as unlawful in any way. Moreover, Associate agrees that as of Associate's Termination Date, Associate will be deemed to have resigned all positions held by Associate with the Company and any of the RELEASEES as of the Termination Date, including any director or officer positions, and Associate agrees to execute written tenders of resignation as may be requested by the Company to evidence such resignations.

5. Non-Disparagement and Employment Verification:

(a) In addition to the non-disparagement terms of Associate's Offer Letter (which shall survive this Agreement), Associate agrees to not disparage or impugn the reputation of any RELEASEE, and to not post any negative comments about any RELEASEE on any social media platform including any in-person, electronic, or online chatrooms or message boards (e.g., Facebook, Linked-In, Craigslist, AOL, etc.).

(b) Associate and the Company also agree that, for employment verification purposes, Associate may direct prospective employers to the Company at the contact below and that the Company will confirm with the prospective employer only Associate's dates of employment and last position held, without substantive commentary on Associate's performance:

Human Resources
Primo Water Corporation
4221 Boy Scout Blvd., Suite 400
Tampa, FL 33607

6. Return of Property: Associate represents that Associate has returned to the Company all property belonging to the Company including, but not limited to, any proprietary or confidential information of the Company in Associate's possession, custody or control. By signing this Agreement, Associate warrants that Associate has retrieved and returned all such property in Associate's possession, custody or control. To the extent any Company property remains in the possession of Associate after Associate's Termination Date and Associate fails to return such Company property within 3 business days of the Company demanding return of the property, Associate agrees that the Separation Payment shall be reduced by the cost to replace such Company property and that Associate waives any claim to entitlement of payment of that reduced amount.

7. Ongoing Obligations Survive Termination: Associate understands, acknowledges and agrees that Associate has certain ongoing obligations including, but not limited to, obligations under the

Company's Code of Conduct (including, without limitation, obligations with regard to the confidentiality of trade secrets and confidential and proprietary information which Associate may have received during the course of Associate's employment with the Company). Associate further agrees to continue to discharge Associate's duty of confidentiality with respect to all trade secrets and confidential and proprietary information which Associate received by virtue of Associate's employment with the Company. Additionally, Associate agrees that Associate has advised the Company of all facts of which Associate is aware that Associate believes may constitute a violation of the Company's Code of Conduct and/or the Company's legal obligations.

Associate also understands, acknowledges, and agrees that Associate has certain ongoing obligations as set forth in Associate's Offer Letter, including but not limited to, confidentiality, non-competition, non-solicitation, and non-disparagement, which shall survive Associate's termination and this Agreement, and shall remain in effect according to the terms of the Offer Letter.

8. Payment of All Compensation Due: Associate warrants, represents, agrees and certifies that Associate has been paid and/or has received any and all compensation, salary, wages, overtime, regular straight time wages, minimum wages, bonuses, commissions, expense reimbursements, and/or benefits to which Associate is, was, may be, or may have ever been entitled from the Company and/or any other RELEASEES under any Canadian (federal or provincial) or U.S. federal, state, or local statute, law, or ordinance, or common law, or contract. Associate further agrees that Associate has been properly paid for all hours ever worked for the Company and that Associate regularly exercised significant discretion and independent judgment with respect to matters of significance throughout Associate's employment with the Company.

9. Cooperation: The Company or other RELEASEE(S) may be, or may become, involved in disputes with third parties or regulatory/governmental agencies concerning matters relating to Associate's employment or former employment or current or former areas of responsibility at the Company, including its parent company or subsidiaries. In such event, Associate agrees to promptly and diligently cooperate with the Company in any manner reasonably requested or directed by the Company, including without limitation: (i) consulting with the Company regarding any of Associate's job duties and activities; and (ii) cooperating with the Company in connection with any current or future investigation, litigation, audit, or other legal matter, including but not limited to meeting with and fully answering the questions of the Company or its attorneys, representatives, or agents, and truthfully testifying and preparing to testify at any deposition, trial, or other proceeding without subpoena. The Company shall endeavor to schedule such assistance so that it does not unreasonably interfere with Associate's prior business or personal commitments and Associate shall be reimbursed for reasonable out of pocket expenses associated with such cooperation, but Associate will not be reimbursed for Associate's time.

10. Confidentiality of Agreement:

(a) Associate agrees that with respect to confidentiality, as of the date of this Agreement, Associate has not disclosed and will not disclose to or cause to be disclosed to, directly or indirectly, any person including, but not limited to, members of the general public and representatives of the media, the existence of or terms of this Agreement. Associate and the Company agree that confidentiality of this Agreement is mutually beneficial and Associate specifically prefers to keep this Agreement confidential.

(b) As an exception to this provision, but subject to the terms of Paragraph 10 of this Agreement, it is understood that Associate may disclose information concerning the amount of the

Separation Payment to Associate's counsel, tax preparer, and to members of Associate's immediate family; provided, however, that any and all such individuals are alerted to and agree to be bound by this restriction.

(c) This Agreement shall not be filed with any court or agency, unless necessary to enforce either of their terms, and shall remain forever confidential as described in Paragraph 10 of this Agreement. Associate and the Company agree that this Agreement may be used only as evidence in a subsequent proceeding in which Associate or the Company and/or RELEASEE(S) allege a breach of this Agreement. Should any party file a claim or action to enforce the terms of this Agreement, such party shall seek the full protection of the applicable court or other forum to provide for and protect the confidentiality of this Agreement.

(d) Should Associate be required by law, legal process or subpoena to provide information related either to Associate's former employment at the Company or to anyone else's employment at the Company including its parent company and subsidiaries, Associate shall, in advance of providing any response to such law, legal process or subpoena, and within four (4) days of Associate's receipt of notice of such law, legal process or subpoena, provide written notice by certified mail to the contact below (along with a copy sent by e-mail) of such law, legal process or subpoena such that RELEASEE(S) may seek to assert its or their rights and interests in connection therewith:

Employment Counsel
Primo Water Corporation
4221 Boy Scout Blvd., Suite 400
Tampa, FL 33607

(e) Should Associate be contacted by any person or entity seeking information or testimony in connection with Associate's or any other individual's assignment, work, duties, activities or employment at the Company (including knowledge that Associate came into possession of by virtue of or in connection with Associate's work, duties activities or employment at the Company), Associate shall, prior to providing that information or testimony, to the extent lawfully permitted, advise the Company that such information or testimony is sought and cooperate with the Company and its counsel in connection with the request for such information or testimony.

(f) Nothing in this Agreement shall prohibit or restrict Associate from: (i) providing information to or otherwise assisting in, an investigation by Congress, the EEOC, the Securities and Exchange Commission ("SEC") or any other Canadian (federal or provincial) or U.S. federal regulatory or law enforcement agency or self-regulatory organization ("SRO"); or (ii) testifying, participating, or assisting in a proceeding relating to an alleged violation of any Canadian (federal or provincial) or U.S. federal law relating to fraud or any rule or regulation of the SEC or any SRO.

(g) Associate understands and agrees that should Associate (or Associate's attorneys, tax preparer or any members of Associate's immediate family) violate the confidentiality requirements set forth in Paragraph 10, Associate shall be deemed to have materially breached this Agreement, and Associate shall be responsible for liquidated damages in the amount of all monies paid by the Company pursuant to Paragraph 1 and the Company's costs and expenses including, without limitation, the Company's attorneys' fees, in bringing an action to recover damages or to seek injunctive relief. Associate further understands and agrees that the monetary relief referred to herein shall not be sufficient

or adequate to address damages occasioned by such breach and shall not be a bar to the Company's pursuit of any other relief including, but not limited to, injunctive and equitable relief.

11. Acknowledgement of Consideration: Associate understands and acknowledges that, but for this Agreement, Associate is not, and would not be, entitled to the Separation Payment or benefits provided for in this Agreement under any of the Company's or its parents', affiliates' or subsidiaries' personnel policies or practices, that the payments and other benefits set forth in this Agreement constitute consideration and are accorded in exchange for Associate's agreement to the terms and conditions set forth in this Agreement and are in full and final settlement of any and all claims which Associate has, had, may have and/or may have had against RELEASEES as of the date hereof, and that the Company's obligations under this Agreement are in lieu of any and all other amounts or benefits to which Associate might be, might have been or is now entitled to receive from RELEASEE(S) upon any claim whatsoever, including any claim for severance, bonus payment, or expense reimbursement; provided, however, Associate does not release the Company from payment of any and all benefits and/or monies earned, accrued, vested and/or otherwise owing, if any, to Associate under the terms of the retirement and savings incentive plans of the Company, or their parent, affiliates or subsidiaries, except that Associate hereby releases and waives any claims that Associate's termination was to avoid payment of such benefits and/or payments or that, as a result of Associate's termination, Associate is entitled to additional benefits or payments.

12. Governing Law and Choice of Venue: The Parties further agree that this Agreement will be governed by the laws of the State of Florida, to the extent not preempted by federal law, and the parties will submit to the jurisdiction of the state and/or federal courts located within Tampa, Florida for the resolution of any dispute which may arise hereunder and that the parties waive any right they may have to trial by jury in any such dispute.

13. Effect of Invalidation of a Provision of this Agreement: The Parties further agree that if any of the provisions, terms, clauses, waivers and releases of claims and rights contained in this Agreement are declared illegal, unenforceable or ineffective in a legal forum of competent jurisdiction, such provisions, terms, clauses, waivers and releases of claims or rights shall be modified, if possible, in order to achieve, to the extent possible, the intentions of the Parties, and, if necessary, such provisions, terms, clauses, waivers and releases of claims and rights shall be deemed severable, such that all other provisions, terms, clauses, waivers and releases of claims and rights contained in this Agreement shall remain valid and binding upon both Parties; provided, however, that notwithstanding any other provision of this Agreement, if any portion of the waiver or release of claims or rights or the confidentiality terms is held to be unenforceable, the Company, at its option, may seek modification or severance of such portion or terminate the Agreement and/or consider the Agreement null and void.

14. Modification: The Parties further agree that this Agreement may not be altered, amended, modified, superseded, canceled or terminated except by an express written agreement duly executed by all the Parties or their attorneys on their behalf, which makes specific reference to this Agreement.

15. Complete Negotiated Agreement Between the Parties: This Agreement set forth the entire agreement between the Parties, and fully supersede any and all prior agreements or understandings between them pertaining to the subject matter thereof (subject to Paragraph 7 above). The Parties agree that this Agreement is a negotiated agreement because it is voluntary, deliberate, and informed, provides consideration of value to Associate, and Associate has been given notice and an opportunity to retain an attorney or is represented by an attorney.

16. Opportunity to Review, Knowing and Voluntary Release, and Revocation Right: Associate understands and agrees that:

- i. Associate has been provided a full and fair opportunity, indeed a full twenty-one (21) days after receipt of this Agreement, within which to review, consider, and negotiate this Agreement, and Associate's execution and return of this Agreement prior to the expiration of this review period shall constitute a knowing and voluntary waiver of the days remaining in the review period provided;
- ii. Associate has been advised to consult with an attorney which Associate may freely choose prior to executing this Agreement to decide whether to sign this Agreement and accept the benefits that have been offered to Associate under this Agreement;
- iii. Associate may revoke Associate's execution of this Agreement within seven (7) days of Associate's execution by hand delivering written notice of revocation that specifically and expressly references this Agreement to the Company contact provided in Paragraph 10(d) above;
- iv. Associate has carefully read and fully understands the provisions of this negotiated Agreement;
- v. Associate is, through and in accordance with the terms set forth in this Agreement, releasing RELEASEES from any and all claims Associate has or may come to have against the RELEASEES;
- vi. Associate knowingly and voluntarily agrees to all the terms set forth in this negotiated Agreement, without duress, coercion or undue influence;
- vii. Associate is not waiving any rights or claims that may arise after this Agreement is executed; and
- viii. Associate is, by reason of this Agreement and the release of claims herein, receiving from the Company good and sufficient consideration in addition to anything of value to which Associate is already entitled.

17. Effective Date: Associate understands and agrees that – assuming Associate timely returns this Agreement fully initialed, executed, and notarized – by virtue of the seven-day revocation period provided in Paragraph 16(c) and assuming Associate does not revoke Associate's acceptance, this Agreement shall become effective as to Associate as of the eighth day following the date on which Associate timely executes this Agreement (the "Effective Date"), and thereafter Associate may not change Associate's decision or seek any other remuneration in any form.

18. Execution in Counter-Parts and Delivery of Agreement: The Parties agree that this Agreement may be executed in counter-parts, with the same force and effect as if executed by all Parties

on the same paper. The Parties further agree that Associate shall submit this executed and notarized Agreement to the two contacts listed below with a scanned copy sent to both via email:

Human Resources Primo Water Corporation 4221 Boy Scout Blvd., Suite 400 Tampa, FL 33607	Employment Counsel Primo Water Corporation 4221 Boy Scout Blvd., Suite 400 Tampa, FL 33607
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[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

To signify their agreement to the terms of this Agreement, the Parties have executed this Agreement on the date beside their signatures which appear below.

(TO BE SIGNED NO EARLIER THAN YOUR EFFECTIVE TERMINATION DATE)

Dated: _____,
Ghire Shivprasad

STATE OF _____)
) ss.:
COUNTY OF _____)

On this ____ day of _____, _____ before me personally came _____ known to me to be the individual described herein, and who executed the foregoing Agreement.

Notary Public

Dated: _____,
Primo Water Corporation

By: _____

Title: _____

June 15, 2020

David Muscato
VIA E-MAIL

Dear Dave:

I am very pleased to outline in this letter (the “**Offer Letter**”) the terms and conditions on which we are offering you employment with DS Services of America, Inc. (the “**Company**”), a subsidiary of Primo Water Corporation (“**Primo**”). This Offer Letter will not constitute an agreement unless and until it has been fully executed by both parties. Please note that this Offer Letter does not contemplate a contract or promise of employment for any specific term; you will be an at-will employee at all times. To the extent not defined herein, capitalized terms shall have the meanings provided in Exhibit A hereto.

1. Position and Duties.

1.1 Position. Subject to the terms and conditions hereof, you will be employed by the Company as President, North America effective as of June 26, 2020 (the “**Employment Date**”).

1.2 Responsibilities.

(a) As the President, North America, you will report to Primo’s Chief Executive Officer and have such duties and responsibilities as may be assigned to you from time to time by Primo’s Chief Executive Officer.

(b) You agree to devote all of your business time and attention to the business and affairs of the Company and, upon request, Primo and its Affiliates, and to discharge the responsibilities assigned to you. This shall not preclude you from (i) serving on the boards of directors of a reasonable number of charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing your personal affairs, so long as these activities do not interfere with the performance of your duties and responsibilities.

1.3 No Employment Restriction. You hereby represent and covenant that your employment by the Company does not violate any agreement or covenant to which you are subject or by which you are bound and that there is no such agreement or covenant that could restrict or impair your ability to perform your duties or discharge your responsibilities to the Company.

1.4 Term. The Company agrees to employ you pursuant to the terms of this Offer Letter, and you agree to be so employed, commencing as of the Employment Date and continuing until such time as your employment is terminated in accordance with Sections 4 and 5 hereof. The period of time between the Employment Date and the termination of your employment hereunder shall be referred to herein as the “**Employment Term**.”

2. Remuneration.

2.1 Base Salary. Your annual base salary will initially be at the rate of US \$500,000 per year (“**Annual Base Salary**”), paid on a bi-weekly basis (or such other basis as the Company may later adopt), prorated for any partial periods based on the actual number of days in the applicable period. Your performance will be evaluated at least annually, and any increase to the level of your Annual Base Salary will be determined as part of the regular annual review process. You will receive an annual car allowance in the amount of \$14,400, prorated for any partial year of employment.

2.2 Annual Bonus. You will continue to be eligible to participate in the Company’s annual bonus plan and may earn a bonus based upon the achievement of specified performance goals. The amount of your target bonus is 75% of your Annual Base Salary. The bonus year is the Company’s fiscal year. Please note that the bonus plan is entirely discretionary, and the Company reserves in its absolute discretion the right to terminate or amend it or any other bonus plan that may be established.

2.3 LTI Grants. You will be eligible for future long term incentive awards that will be based on your performance and will be in line with similar peer positions at the Company. Annual grants are issued following approval by Primo’s Human Resources and Compensation Committee at its regularly scheduled meetings in December.

3. Benefits.

3.1 Benefit Program. You will continue to be eligible to participate in the Company’s benefit programs generally available to other senior executives of the Company. The Company’s benefit programs include health, disability and life insurance benefits. Employee contributions are required for the Company’s benefit programs.

3.2 401(k) Plan; ESPP. You will continue to be eligible to participate in the Company’s 401(k) Savings and Retirement Plan. You will continue to be eligible to participate in the Primo’s Employee Stock Purchase Plan (the “ESPP”), through which you can purchase Primo common shares at a discount through payroll deductions.

3.3 Vacation. You will be entitled to 4 weeks’ vacation per calendar year. All earned vacation must be taken in the year in which it is earned; otherwise it shall be forfeited. If you should leave the Company, the value of any unearned vacation taken by you prior to your separation will be considered a debt to the Company. All vacation periods require the approval of your supervisor.

3.4 Reimbursement. You will be reimbursed for expenses reasonably incurred in connection with the performance of your duties in accordance with the Company’s policies as established from time to time.

3.5 Living Expenses. For a period ending on the earlier of (1) April 16, 2022, and (2) the date you relocate to Atlanta, Georgia, you will receive a \$2,916.67 monthly payment less authorized withholdings and deductions to assist with your apartment rental expenses in Atlanta, Georgia.

3.6 No Other Benefits. You will not be entitled to any benefit or perquisite other than as specifically set out in this Offer Letter or separately agreed to in writing by the Company.

4. Separation; Payments and Entitlements Upon a Separation.

4.1 Termination. The Company may terminate your employment: (a) immediately for Cause, (b) upon your Disability, or (c) upon thirty (30) days' notice for any other reason or no reason. Your employment with the Company will terminate upon your death.

4.2 Termination By the Company Without Cause or By You with Good Reason. Subject to Sections 4.3, 7.9, and 9.10, if your employment is terminated following the Employment Date (i) by the Company without Cause other than by reason of your Disability or (ii) by you for Good Reason, you will be entitled to the following payments and entitlements:

(a) **Cash Payment.** You will receive a cash payment in an amount equal to 9 months of your then Annual Base Salary (the "**Cash Payment Amount**"). The Cash Payment Amount will be paid in a lump sum, less all applicable withholding taxes, within thirty (30) days after your separation date, except in the case of an involuntary termination that is part of a group termination program, in which case the payment shall be made within sixty (60) days after your separation date. The Cash Payment Amount will not be considered as compensation for purposes of determining benefits under any other qualified or non-qualified plans of the Company.

(b) **Accrued Salary and Vacation.** You will be paid all salary and accrued, unused vacation pay earned through the date of your separation pursuant to this Section 4.2, less all applicable withholding taxes, on the first regular pay date following the date of your separation.

(c) **No Other Payments.** Upon payment of the amounts to be paid pursuant to Sections 4.2(a) and 4.2(b) and such obligations as may be required by applicable law, the Company shall have no further liability under this Offer Letter or as a result of your separation.

4.3 Release Required. You will not be entitled to receive the payment set forth in Section 4.2(a) and, if applicable, Section 8, unless you execute, at least seven days before the date payment is due to be made, and do not revoke, a release in the form of Exhibit B in favor of the Company, Primo and related parties of all claims or liabilities of any kind relating to your employment with the Company and the termination of such employment (the "**Release**").

5. Other Termination. If your employment is terminated by (a) your voluntary resignation without Good Reason, (b) your death, or (c) by the Company for Cause or as a result of your Disability, then you shall not be entitled to receive any other payments, entitlements or benefits other than Annual Base Salary earned through the date of termination and reimbursement for expenses through the date of termination and, in either case, not yet paid. For greater certainty, with respect to a termination by reason of death or by reason of a Disability, nothing in this Offer Letter shall derogate from any rights and/or entitlements that you may be entitled to receive under any other equity compensation or benefit plan of the Company applicable to you.

6. Resignation. Upon your separation, you will be deemed to have resigned all positions you hold with the Company and any of its Affiliates as of the date of your separation, including any

director or officer positions, and you agree that upon termination you will execute such tenders of resignation as may be requested by the Company to evidence such resignations.

7. Restrictive Covenants.

7.1 Confidentiality.

(a) You acknowledge that in the course of carrying out, performing and fulfilling your obligations to the Company hereunder, you will have access to and be entrusted with information that would reasonably be considered confidential to the Company, Primo and other Primo Affiliates, the disclosure of which to competitors of the Company, Primo or other Primo Affiliates or to the general public, would be highly detrimental to the best interests of the Company, Primo and/or other Primo Affiliates. Such information includes, without limitation, trade secrets, know-how, marketing plans and techniques, cost figures, client lists, software, and information relating to employees, suppliers, customers and persons in contractual relationship with the Company, Primo or other Primo Affiliates. Except as may be required in the course of carrying out your duties hereunder, you covenant and agree that you will not disclose, for the duration of your employment or at any time thereafter, any such information to any person, other than to the directors, officers, employees or agents of the Company, Primo and Primo's other Affiliates who have a need to know such information, nor shall you use or exploit, directly or indirectly, such information for any purpose other than for the purposes of the Company, Primo and Primo's other Affiliates, nor will you disclose or use for any purpose, other than for those of the Company, Primo or Primo's other Affiliates, any other information which you may acquire during your employment with respect to the business and affairs of the Company, Primo or Primo's other Affiliates. Notwithstanding all of the foregoing, you shall be entitled to disclose such information if required pursuant to a subpoena or order issued by a court, arbitrator or governmental body, agency or official, provided that you shall first have:

(i) notified the Company;

(ii) consulted with the Company on whether there is an obligation or defense to providing some or all of the requested information; and

(iii) if the disclosure is required or deemed advisable, cooperate with the Company in an attempt to obtain an order or other assurance that such information will be accorded confidential treatment.

(b) Notwithstanding the foregoing, you may disclose information relating to your own compensation and benefits to your spouse, attorneys, financial advisors and taxing authorities. Please note that pursuant to rules promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 in effect on the date hereof, the amount and components of your compensation may be required to be publicly disclosed on an annual basis.

7.2 Inventions. You acknowledge and agree that all right, title and interest in and to any information, trade secrets, advances, discoveries, improvements, research materials and databases made or conceived by you prior to or during your employment relating to the business or affairs of the Company or Primo shall belong to the Company. In connection with the

foregoing, you agree to execute any assignments and/or acknowledgements as may be requested by Primo's Chief Executive Officer from time to time.

7.3 Corporate Opportunities. Any business opportunities related to the business of the Company or Primo which become known to you during your employment with the Company must be fully disclosed and made available to the Company by you, and you agree not to take or attempt to take any action if the result would be to divert from the Company any opportunity which is within the scope of its or Primo's business.

7.4 Non-Competition and Non-Solicitation.

(a) You will not at any time, without the prior written consent of the Company, during your employment with the Company and, if applicable, its Affiliates and for a period of twelve (12) months after your separation from such employment (regardless of the reason for such separation and whether caused by you or the Company or one of its Affiliates), either individually or in partnership, jointly or in conjunction with any person or persons, firm, association, syndicate, corporation or company, whether as agent, shareholder, employee, consultant, or in any manner whatsoever, directly or indirectly:

(i) anywhere in the Territory, engage in, work for, provide services to, carry on or otherwise have any interest in, advise, lend money to, guarantee the debts or obligations of, permit your name to be used in connection with any business which is competitive to the Business or which provides the same or substantially similar services as the Business;

(ii) for the purpose, or with the effect, of competing with any business of the Company, Primo or any other Primo Affiliate, solicit, interfere with, accept any business from or render any services to anyone who is a client or a prospective client of the Company, Primo or any other Primo Affiliate at the time you ceased to be employed by the Company or who was a client during the 12 months immediately preceding such time; or

(iii) solicit or offer employment to any person employed or engaged by the Company, Primo or any other Primo Affiliate at the time you ceased to be employed by the Company or who was an employee during the 12-month period immediately preceding such time.

(b) Nothing in this Offer Letter shall prohibit or restrict you from holding or becoming beneficially interested in up to one (1%) percent of any class of securities in any company provided that such class of securities are listed on a recognized stock exchange in Canada or the United States.

(c) If you are at any time in violation of any provision of this Section 7.4, then each time limitation set forth in this Section 7.4 shall be extended for a period of time equal to the period of time during which such violation or violations occur. If the Company or Primo seeks injunctive relief from any such violation, then the covenants set forth shall be extended for a period of time equal to the pendency of the proceeding in which relief is sought, including all appeals therefrom.

7.5 Insider Trading and Other Company Policies. You will comply with all applicable securities laws and the Company's and Primo's insider trading policy and insider reporting

procedures in respect of any securities of the Company or Primo that you may acquire, and you will comply with all other of the Company's and Primo's policies that may be applicable to you from time to time, including, without limitation, the Company's and Primo's policies on pricing, procurement, accounting, financial reporting, delegations of authority and responsibility, and conduct.

7.6 Non-Disparagement. The Company and you agree that neither party will disparage the other in any manner and will in all respects avoid any negative criticism of the other and, in your case, of Primo. The foregoing non-disparagement provision does not apply on occasions when you or the Company provide truthful information in good faith to any federal, state, or local agency investigating an alleged violation of any employment-related or other law or otherwise gathering information pursuant to any official investigation, hearing, trial or proceeding. You and the Company shall also (i) be permitted to defend your/itself against any statement made by the other party that is intended or reasonably likely to disparage the other's reputation if you or the Company, as applicable, have a reasonable good faith belief that your or its statements in such defense are not false statements, (ii) be permitted, while you are employed by the Company, to make any statement not otherwise false or misleading that you or the Company, as applicable, determine in good faith is reasonably necessary or appropriate to the discharge of your or its duties and responsibilities, and (iii) provide truthful testimony in any legal proceeding. The foregoing provision also does not prevent the Company and Primo from making internal statements or statements to outside attorneys, auditors, or other advisors, in each case for legitimate business reasons to individuals who the Company or Primo reasonably believes has a need to know the information contained in the statements. Lastly, this section shall not prevent you, during your employment, from discussing terms and conditions of your employment for mutual aid and protection and engaging in such other speech as may be protected by applicable law.

7.7 Injunctive Relief.

(a) You acknowledge and agree that in the event of a breach of the covenants, provisions and restrictions in this Section 7, the Company's remedy in the form of monetary damages will be inadequate and that the Company, Primo and Primo's other Affiliates shall be, and are hereby, authorized and entitled, in addition to all other rights and remedies available to them, to apply for and obtain from a court of competent jurisdiction interim and permanent injunctive relief and an accounting of all profits and benefits arising out of such breach.

(b) The parties acknowledge that the restrictions in this Section 7 are reasonable in all of the circumstances and you acknowledge that the operation of restrictions contained in this Section 7 may seriously constrain your freedom to seek other remunerative employment. If any of the restrictions are determined to be unenforceable as going beyond what is reasonable in the circumstances for the protection of the interests of the Company, Primo and Primo's other Affiliates but would be valid, for example, if the scope of their time periods or geographic areas were limited, the parties consent to the court making such modifications as may be required and such restrictions shall apply with such modifications as may be necessary to make them valid and effective.

7.8 Survival of Restrictions. Each and every provision of this Section 7 shall survive the termination of this Offer Letter or your employment (regardless of the reason for such termination).

7.9 Forfeiture/Recoupment. Notwithstanding the provisions of Section 4.2 or any other provision of this Offer Letter, if following the termination of your employment, you are entitled to payments or other benefits under Section 4.2(a), but (i) the Company later determines that Cause with respect to your termination of employment existed at the time of your termination, (ii) you breach any provision of or revoke the Release, or (iii) you breach any provision of Section 7 of this Offer Letter or any restrictive covenant contained in any other agreement between you and the Company or one of its Affiliates, then in each case you shall not be entitled to any payments or other benefits pursuant to Section 4.2(a), any and all such payments to be made by the Company pursuant to Section 4.2(a) shall cease, and you shall return immediately any such other payments previously made to you.

8. Code Section 409A.

8.1 In General. This Section 8 shall apply to you if you are subject to Section 409A of the United States Internal Revenue Code of 1986 (the “Code”), but only with respect to any payment due hereunder that is subject to Section 409A of the Code.

8.2 Release. Any requirement that you execute and not revoke a release to receive a payment hereunder shall apply to a payment described in Section 8.1 only if the Company provides the release to you on or before the date of your separation from employment. In no event shall the timing of your execution of the release, directly or indirectly, result in your designating the calendar year of payment, and if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year.

8.3 Payment Following Separation. Notwithstanding any other provision herein to the contrary, any payment described in Section 8.1 that is due to be paid within a stated period following your separation shall be paid:

(a) If, at the time of your separation, you are a “specified employee” as defined in Section 409A of the Code, such payment shall be made as of the later of (i) the date payment is due hereunder, or (ii) the earlier of the date which is six months after your “separation from service” (as defined under Section 409A of the Code), or the date of your death; or

(b) In any other case, on the later of (i) last day of the stated period, or if such stated period is not more than 90 days, at any time during such stated period as determined by the Company without any input from you, or (ii) the date of your “separation from service” (as defined under Section 409A of the Code).

8.4 Reimbursements. The following shall apply to any reimbursement that is a payment described in Section 8.1: (a) the amount of expenses eligible for reimbursement during your taxable year shall not affect the expenses eligible for reimbursement in any other year; and (b) the timing of all such reimbursements shall be as provided herein, but not later than the last day of your taxable year following the taxable year in which the expense was incurred.

8.5 Offset. If you are subject to Section 409A of the Code, any offset under Section 9.10 shall apply to a payment described in Section 8.1 only if the debt or obligation was incurred in the ordinary course of your employment with the Company, the entire amount of the set-off in any taxable year of the Company does not exceed \$5,000, and the set-off is made at the same time and in the same amount as the debt or obligation otherwise would have been due and collected from you.

8.6 Interpretation. This Offer Letter shall be interpreted and construed so as to avoid the additional tax under Section 409A(a)(1)(B) of the Code to the maximum extent practicable.

9. General Provisions.

9.1 Entire Agreement. This Offer Letter, together with the plans and documents referred to herein, constitutes and expresses the whole agreement of the parties hereto, or in the case of the Company any of its Affiliates or direct or indirect subsidiaries, with reference to any of the matters or things herein provided for or herein before discussed or mentioned with reference to your employment and supersedes that offer letter dated March 19, 2018. All promises, representation, collateral agreements and undertakings not expressly incorporated in this Offer Letter are hereby superseded by this Offer Letter; provided, however, that you reaffirm any post-separation obligations related to confidential or other protectable information that you have to the Company or its Affiliates or subsidiaries (including as to the protection and non-use of such information), assign the right to enforce such obligations to the Company, and acknowledge that going forward such obligations shall inure to the benefit of the Company, Primo and Primo's other Affiliates.

9.2 Amendment. This Offer Letter may be amended or modified only by a writing signed by both of the parties hereto.

9.3 Assignment. This Offer Letter may be assigned by the Company to an Affiliate (including Primo) or any successor to its business or operations. Your rights hereunder may not be transferred by you except by will or by the laws of descent and distribution and except insofar as applicable law may otherwise require. Any purported assignment in violation of the preceding sentence shall be void.

9.4 Governing Law; Consent to Personal Jurisdiction and Venue. The validity, interpretation, and performance of this Offer Letter shall be governed, interpreted, and construed in accordance with the laws of the State of Delaware without giving effect to the principles of comity or conflicts of laws thereof. You hereby consent to personal jurisdiction and venue of the state and federal courts within the State of Delaware for any action brought by the Company and/or Primo arising out of a breach or threatened breach of this Offer Letter or out of the relationship established by this Offer Letter and, unless and until such courts decline to exercise jurisdiction, you hereby agree that any action brought by you, alone or in combination with others, against the Company or Primo, whether arising out of this Offer Letter or otherwise, shall be brought exclusively in the state and federal courts within the State of Delaware.

9.5 Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Offer Letter shall not affect the enforceability of the remaining

portions of the Offer Letter or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in the Offer Letter shall be declared invalid, the Offer Letter shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

9.6 Section Headings and Gender. The section headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Offer Letter. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require.

9.7 No Term of Employment. Nothing herein obligates the Company to continue to employ you. Where lawfully permitted in any jurisdiction in which you perform employment responsibilities on behalf of the Company, your employment shall be at will.

9.8 Survivorship. Upon the termination of your employment, the respective rights and obligations of the parties shall survive such termination to the extent necessary to carry out the intended preservation of such rights and obligations.

9.9 Taxes. All payments under this Offer Letter shall be subject to withholding of such amounts, if any, relating to tax or other payroll deductions as the Company may reasonably determine and should withhold pursuant to any applicable law or regulation.

9.10 Set-Off. Except as limited by Section 8.5, the Company may set off any amount or obligation which may be owing by you to the Company or any Affiliate against any amount or obligation owing by the Company to you.

9.11 Records. All books, records, and accounts relating in any manner to the Company, any Affiliate, or to any suppliers, customers, or clients of the Company or any Affiliate, whether prepared by you or otherwise coming into your possession, shall be the exclusive property of the Company or its Affiliates, as applicable, and immediately returned to the Company upon termination of employment or upon request at any time.

9.12 Counterparts. This Offer Letter may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

9.13 Consultation with Counsel. You acknowledge that you have conferred with your own counsel with respect to this Offer Letter, and that you understand the restrictions and limitations that it imposes upon your conduct.

Please indicate your acceptance of this offer by returning one signed original of this Offer Letter.

Yours truly,

Thomas J. Harrington

I accept this offer of employment and agree to be bound by the terms and conditions listed herein.

David Muscato

Date

- 10 -

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Exhibit A

Definitions

“**Affiliate**” shall mean, with respect to any person or entity (herein the “**first party**”), any other person or entity that directs or indirectly controls, or is controlled by, or is under common control with, such first party. The term “control” as used herein (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to: (i) vote 50% or more of the outstanding voting securities of such person or entity, or (ii) otherwise direct or significantly influence the management or policies of such person or entity by contract or otherwise.

“**Business**” shall mean the business of manufacturing, selling or distributing water (including but not limited to exchange and refill), coffee, tea, powdered beverages, water dispensers, water filtration units and other beverages or products manufactured, sold or distributed by Primo Water Corporation or its Affiliates at the time of termination of your employment, as well as such other beverages or products that are contemplated or projected to contribute materially to the profits of Primo Water Corporation or its subsidiaries and Affiliates at the time of termination of your employment.

“**Cause**” shall mean your:

(a) willful failure to properly carry out your duties and responsibilities or to adhere to the policies of the Company and, if applicable, its Affiliates (including Primo) after written notice by the Company of the failure to do so, and such failure remaining uncorrected following an opportunity for you to correct the failure within ten (10) days of the receipt of such notice;

(b) theft, fraud, embezzlement, self dealing, dishonesty or misappropriation, or the gross negligence or willful misconduct, involving the property, business or affairs of the Company or its Affiliates (including Primo), or in the carrying out of your duties, including, without limitation, any material breach of the representations, warranties and covenants contained in any written agreement with the Company, Primo or its Affiliates;

(c) conviction of or plea of guilty, plea of nolo contendere or no contest for any felony or any criminal offence that involves fraud, dishonesty, theft, violence or moral turpitude;

(d) breach of a fiduciary duty owed to the Company or any of its Affiliates (including Primo);

(e) refusal to follow the lawful written reasonable and good faith direction of the Company’s Board of Directors or Primo’s Chief Executive Officer; provided such written directions are consistent with your position as the President, North America;

(f) intentional misconduct in connection with working for the Company, or intentional misconduct outside of work that harms or is likely to harm the Company or its reputation;

(g) misrepresentation of your educational or professional experience; or

(h) any act that causes the Company to violate any applicable laws or regulations.

“**Disability**” shall mean any incapacity or inability by you, including any physical or mental incapacity, disease, illness or affliction, which has prevented or which will likely prevent you from performing the essential duties of your position, with or without reasonable accommodation, for six (6) consecutive months or for any cumulative period of one hundred and twenty-five (125) business days (whether or not consecutive) in any two (2) -year period.

“**Good Reason**” shall mean any of the following:

(a) a material diminution in your title, authority, duties and responsibilities; unless such diminution is effected with your approval;

(b) a reduction in your then-current Annual Base Salary or target bonus opportunity as a percentage of Annual Base Salary, unless such reduction is made applicable to all Company senior executives; or

(c) a material breach by the Company of any provisions of this Offer Letter.

You shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the first occurrence of such circumstances, provided, that no termination for Good Reason based on such circumstances shall occur more than one hundred eighty (180) days after the initial existence of such Good Reason event. Upon receiving such notice, the Company shall have 30 days to cure the specific circumstances alleged to constitute Good Reason. Your failure to (i) provide the Company with written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the first occurrence of such circumstances, or (ii) terminate for Good Reason within one hundred eighty (180) days from the first occurrence of such event, shall in either case be deemed your irrevocable waiver of any claim that such circumstances may constitute “Good Reason,” but shall not prevent you from terminating for Good Reason in accordance with the terms of this Offer Letter based on different or new circumstances constituting Good Reason.

“**Territory**” shall mean (a) the United States, (b) Canada, (c) such other countries in which the Company, Primo and/or their subsidiaries then currently conduct the Business or in which the Company or Primo plans to conduct the Business within the subsequent twelve (12) months, and (d) the remainder of the world.

Exhibit B

Form of Release

SEPARATION AGREEMENT AND GENERAL RELEASE

(TO BE SIGNED NO EARLIER THAN YOUR EFFECTIVE TERMINATION DATE)

This Separation Agreement and General Release (the “Agreement”) is entered into by and between **David Muscato** (“Associate”) and **DS Services of America, Inc.** (the “Company”). This Agreement constitutes the complete and final settlement of any and all disputes arising from or relating to Associate’s employment with the Company and any claims or actions Associate has brought or could have brought against the Company or the RELEASEES (as defined below). **This Agreement must be returned by Associate no later than _____.**

WITNESSETH:

WHEREAS, Associate and the Company wish to sever their employment relationship and resolve any and all claims or potential claims that Associate may have against the Company or the RELEASEES, as defined below, from the beginning of time through the Effective Date of this Agreement;

WHEREAS, the Company expressly denies any wrongdoing whatsoever including, but not limited to, any conduct with respect to any aspect of Associate’s employment, attendant employment benefits and/or termination of employment and any violation of any federal, state or local statute, ordinance or law which pertains to employment and/or attendant employment benefits;

WHEREAS, the parties intend for this Agreement to be agreed upon in full accord and satisfaction of any and all of the Company’s obligations or requirements created by or referenced in Associate’s Offer Letter dated _____, 2020 (the “Offer Letter”) accepted by Associate; and

WHEREAS, Associate, with full and fair opportunity and advisement to consult with an attorney of Associate’s choosing, and the Company reached an amicable and final resolution of all claims of Associate against the Company in order to avoid the expense and inconvenience of any litigation or further proceedings.

NOW, THEREFORE, in consideration of the obligations upon Associate and the Company as set forth in this Agreement and in full settlement of any claims that Associate has, had, may have or may have had against RELEASEES (as defined below) as specifically set forth herein, Associate and the Company agree to the following:

1. **Consideration to Associate:** Contingent upon full execution by the parties, including Associate timely returning to the Company an executed and notarized original or copy of this Agreement – without revoking it – the Company will provide Associate the following consideration, which will be paid within thirty (30) days of the Effective Date (as defined below):

- (a) The Company will pay Associate the gross amount of _____ (\$_____.____), less appropriate withholdings

and/or payroll deductions, which is intended to represent back or future wages claimed by Associate as well as consideration for Associate's general release and agreement to confidentiality, non-disparagement, restrictive covenants, and permanent separation of employment with no re-hire (the "Separation Payment"). Associate understands that a Form W-2 will be issued to Associate for the payment received under this Paragraph 1(a).

(b) [INSERT OTHER AS APPLICABLE]

2. Tax Indemnity and Cooperation:

(a) Associate agrees to and hereby does indemnify and hold harmless the Company and RELEASEES from and against any and all tax liabilities, interest and penalties that may be assessed or incurred as a result of not withholding monies or issuing or reporting payments made under Paragraph 1 above including, but not limited to, liability for payroll taxes or deductions, income withholding taxes, including federal, state or local income taxes, social security taxes, federal state or local unemployment or disability premium payments or taxes, or any other taxes which customarily are withheld from or paid with respect to wages, or any other liens, judgments, interest and/or penalties incurred on the monies paid pursuant to this Agreement or owing to, or for the satisfaction of, any liens or judgments against Associate (which Associate affirmatively represents do not exist), except that Associate shall not be liable for any contributions of FICA assessed against the Company. Associate will not be liable for the Employer's normal share of payroll taxes or deductions, but will agree to be liable for penalties and interest if required by the IRS.

(b) Within thirty (30) days after the Company and/or any RELEASEE notifies Associate or Associate's attorneys that the Company and/or any RELEASEE has been determined to have incurred any liability including, but not limited to, liability for payroll taxes or deductions, income withholding taxes, including federal, state or local income taxes, social security taxes, federal state or local unemployment or disability premium payments or taxes, or any other taxes which customarily are withheld from or paid with respect to wages, or any other liens, judgments, interest and/or penalties incurred because of any payment made to Associate and/or Associate's attorneys, Associate shall pay to the Company an amount equal to the liability, interest, penalty and/or costs incurred by the Company or any other RELEASEE.

(c) Associate agrees to complete and to provide to the Company within a reasonable time (not to exceed 14 days of the Company's request for the same) any documentation requested by the Company related to tax inquiries, audits and/or reporting including, but not limited to, Form(s) 4669 or any other forms or statements requested, attesting that Associate reported the Separation Payment on Associate's tax return for the appropriate tax filing year and paid the appropriate federal income tax on such Separation Payment.

3. General Release and Dismissal of Claims: In exchange for the promises and payments made by the Company and Associate as outlined in this Agreement, the parties further agree as follows:

(a) Associate hereby warrants, represents and certifies that Associate has not filed or instituted (and, no person or agency has filed or instituted on Associate's behalf and/or at Associate's direction – and if filed not at Associate's direction, Associate will seek dismissal of) any complaints, lawsuits, actions, causes of action, in law or equity, administrative charges, claims, controversies, demands, grievances and/or proceedings whatsoever against any RELEASEE (as defined below), in any forum including, but not limited to, any federal, state and local court, the New York Stock Exchange (“NYSE”), the National Association of Securities Dealers (“NASD”), the Connecticut Commission on Human Rights and Opportunities, the Connecticut Department of Labor, the Georgia Commission on Equal Opportunity, the Georgia Department of Labor, the United States Department of Labor and the United States Equal Employment Opportunity Commission (“EEOC”) or any other equivalent state government agency and, to the extent that any administrative charge has been or is filed with the EEOC or any other equivalent state government agency by or on Associate's behalf, Associate agrees not to seek or in any way obtain or accept any monetary award, recovery or settlement therefrom and agrees that Associate understands that such limitation does not in any way restrict Associate's ability to pursue such charge consistent with the confidentiality obligations in Paragraph 10 below.

(b) Associate hereby releases and forever discharges the Company and its insurers, affiliates (including but not limited to Primo Water Corporation and Aquaterra Corporation), divisions, parents, subsidiaries, any merged entity or merged entities, prior and successor entities, and/or its and their present and former officers, partners, directors, employees, agents, shareholders and/or successors, assigns, trustees, heirs, administrators, executors, representatives and/or principals thereof (together referred to as “RELEASEES”), from all claims, actions, causes of action, lawsuits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, bonuses, controversies, agreements, promises, claims, charges, complaints and demands whatsoever, whether in law or equity, known or unknown, against the RELEASEES, that Associate and the Associate's heirs, executors, administrators, successors, and assigns, may now have or hereafter later determine that Associate has or had upon, or by reason of, any cause or thing whatsoever, including, but not limited to, claims arising under the Americans With Disabilities Act (“ADA”), the National Labor Relations Act (“NLRA”), the Fair Labor Standards Act (“FLSA”), the Equal Pay Act (“EPA”), the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 *et seq.*, as amended including, but not limited to, breach of fiduciary duty and equitable claims brought under § 1132(a)(3) (“ERISA”), the Worker Adjustment and Retraining Notification Act (state or federal), as amended, Title VII of the Civil Rights Act of 1964, the Vocational Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967, as amended (“ADEA”), the Civil Rights Acts of 1866, 1871 and 1991, including Section 1981 of the Civil Rights Act, the Older Workers' Benefit Protection Act (“OWBPA”), the Family Medical Leave Act (to the extent permitted by law), the Connecticut Fair Employment Practices Act, the Connecticut Family and Medical Leave Act, the Connecticut Statutes, the Official Code of Georgia (including but not limited to Title 34 of the Official Code of Georgia), the Georgia Constitution, the Georgia Equal Pay Equal Work Act, Georgia's Sex Discrimination in Employment Act, Georgia's Equal Employment for Persons with Disabilities Code, Georgia's Common Day of Rest Act, Haleigh's Hope Act, Georgia's Smokefree Air Act, the Georgia Fair Employment Practices Act, and/or any other federal, state or local human rights, civil rights, wage-hour, pension, whistleblower, or labor law, rule, statute, regulation, constitution or ordinance and/or public policy, contract or tort law, or any claim of retaliation under such laws, or any claim of breach of any contract (whether express, oral,

written or implied from any source), or any claim of intentional or negligent infliction of emotional distress, tortious interference with contractual relations, wrongful or abusive or constructive discharge, defamation, discrimination, failure to accommodate, interference with leave rights (including but not limited to family, medical, sick, or personal leaves), retaliation, harassment, failure to retain records, prima facie tort, fraud, negligence, loss of consortium, malpractice, breach of duty of care, breach of fiduciary duty or any action similar thereto against RELEASEES, including any claim for attorneys' fees, expenses or costs based upon any conduct from the beginning of the world up to and including the Effective Date of this Agreement; provided, however, that Associate does not waive any right to file an administrative charge with the EEOC, subject to the condition that Associate agrees not to seek, or in any way obtain or accept, any monetary award, recovery or settlement therefrom; and further provided, however, that Associate does not waive any rights with respect to, or release the Company from, payments of any and all benefits and/or monies earned, accrued, vested or otherwise owing, if any, to Associate under the terms of the Company's retirement, savings, deferred compensation and/or profit sharing plan(s) or any claims for state Disability or Workers' Compensation benefits (except that Associate hereby releases and waives any claims that Associate's termination was to avoid payment of such benefits or payments or that, as a result of Associate's termination, Associate is entitled to additional benefits or payments); and further provided, however, that Associate does not release any claim of breach of the terms of this Agreement, subject to the confidentiality obligations in Paragraph 10 of this Agreement.

(c) Thus, for the purpose of implementing a full and complete release and discharge of the RELEASEES, Associate expressly acknowledges that this general release is intended to include in its effect, without limitation, all claims which Associate does not know or suspect to exist in Associate's favor at the time of execution hereof, and that this general release contemplates the extinguishment of any such claim or claims.

(d) Associate agrees to immediately seek and obtain dismissal with prejudice of any complaint, lawsuit, action, cause of action, administrative charge, claim, controversy, demand, grievance or proceeding (unless such proceeding is a class action, in which case Associate agrees to "opt out" of the class and not participate in the class action and such proceeding is at or initiated by the EEOC) in the event that, for any reason, any complaint, lawsuit, action, cause of action, administrative charge, claim, controversy, demand, grievance or proceeding covered by Paragraphs 3 is pending or is instituted on Associate's behalf, and to not, unless required by law to do so (and then subject to the terms of Paragraph 3 and Paragraph 4), testify, provide documents or otherwise participate or request others to participate on Associate's behalf in any such proceeding or litigation arising therefrom or associated therewith, and, in no event, from any such source or proceeding whatsoever, to seek, or in any way obtain or accept any monetary award, recovery, settlement or relief therefrom. Associate's obligation to dismiss and/or withdraw any and all complaints includes, but is not limited to, any complaint made internally to the Company or any of the RELEASEES – via any medium including, but not limited to, the Company's Ethics Point hotline – either in Associate's own name or anonymously, about any of the RELEASEES or any associate, employee, agent, or representative of any of the RELEASEES. Should Associate file or otherwise bring a claim in violation of Paragraph 3 or fail to seek and obtain such dismissal or withdrawal or "opt out" in accordance with the terms of this Agreement, Associate will, at the option of the Company, be considered in material breach of this Agreement.

(e) Promise Not to Sue: A “promise not to sue” means you promise not to knowingly sue any RELEASEE in court. This is different from the General Release above. Besides releasing claims covered by that General Release, you agree never to knowingly sue any RELEASEE for any reason covered by that General Release. Despite this Promise Not to Sue, however, you may file suit to enforce this Agreement. If you sue a RELEASEE in violation of this Agreement, you shall be required to pay that RELEASEE’s reasonable attorneys’ fees and other litigation costs incurred in defending against your suit.

(f) Any and All Work-Related Injuries and Accidents Reported: By signing this Agreement, Associate affirmatively represents that as of the date of Associate signing this Agreement, Associate has already reported any and all work-related injuries that Associate has ever sustained, and/or accidents Associate has ever been involved in, during Associate’s employment with the Company, to the extent Associate had ever incurred any work-related injuries or been involved in any work-related accidents.

4. Separation of Employment: Associate recognizes and agrees that Associate’s last day of employment and effective termination date shall be _____ (“Termination Date”). Associate further recognizes and agrees that Associate’s employment relationship with the Company and/or any of the other RELEASEES has been permanently and irrevocably severed. Accordingly, Associate agrees that Associate will not seek and hereby waives any claim for employment, reinstatement, re-employment, assignment or otherwise (as a full-time or part-time employee, temporary worker, independent contractor or consultant or any other position in which Associate receives payment either directly or indirectly from the Company) with the Company or any of its affiliated companies or any merged or acquired entity or entities, at any time in the future, and that, if offered such employment, re-employment, assignment or work, Associate will decline such offer, and that this Agreement shall be a complete bar to any such application for employment or re-employment; provided, however, that the terms and application of this paragraph may be waived in writing by a duly authorized representative of the employing entity at issue in its sole discretion, which writing makes specific reference to this Agreement. Associate agrees that any refusal to hire or engage Associate in the future shall be pursuant to the Parties’ mutual agreement embodied in this Agreement and shall not be actionable as unlawful in any way. Moreover, Associate agrees that as of Associate’s Termination Date, Associate will be deemed to have resigned all positions held by Associate with the Company and any of the RELEASEES as of the Termination Date, including any director or officer positions, and Associate agrees to execute written tenders of resignation as may be requested by the Company to evidence such resignations.

5. Non-Disparagement and Employment Verification:

(a) In addition to the non-disparagement terms of Associate’s Offer Letter (which shall survive this Agreement), Associate agrees to not disparage or impugn the reputation of any RELEASEE, and to not post any negative comments about any RELEASEE on any social media platform including any in-person, electronic, or online chatrooms or message boards (e.g., Facebook, Linked-In, Craigslist, AOL, etc.).

(b) Associate and the Company also agree that, for employment verification purposes, Associate may direct prospective employers to the Company at the contact below and that the Company will confirm with the prospective employer only Associate's dates of employment and last position held, without substantive commentary on Associate's performance:

Human Resources
Primo Water Corporation
4221 Boy Scout Blvd., Suite 400
Tampa, FL 33607

6. Return of Property: Associate represents that Associate has returned to the Company all property belonging to the Company including, but not limited to, any proprietary or confidential information of the Company in Associate's possession, custody or control. By signing this Agreement, Associate warrants that Associate has retrieved and returned all such property in Associate's possession, custody or control. To the extent any Company property remains in the possession of Associate after Associate's Termination Date and Associate fails to return such Company property within 3 business days of the Company demanding return of the property, Associate agrees that the Separation Payment shall be reduced by the cost to replace such Company property and that Associate waives any claim to entitlement of payment of that reduced amount.

7. Ongoing Obligations Survive Termination: Associate understands, acknowledges and agrees that Associate has certain ongoing obligations including, but not limited to, obligations under the Company's Code of Conduct (including, without limitation, obligations with regard to the confidentiality of trade secrets and confidential and proprietary information which Associate may have received during the course of Associate's employment with the Company). Associate further agrees to continue to discharge Associate's duty of confidentiality with respect to all trade secrets and confidential and proprietary information which Associate received by virtue of Associate's employment with the Company. Additionally, Associate agrees that Associate has advised the Company of all facts of which Associate is aware that Associate believes may constitute a violation of the Company's Code of Conduct and/or the Company's legal obligations.

Associate also understands, acknowledges, and agrees that Associate has certain ongoing obligations as set forth in Associate's Offer Letter, including but not limited to, confidentiality, non-competition, non-solicitation, and non-disparagement, which shall survive Associate's termination and this Agreement, and shall remain in effect according to the terms of the Offer Letter.

8. Payment of All Compensation Due: Associate warrants, represents, agrees and certifies that Associate has been paid and/or has received any and all compensation, salary, wages, overtime, regular straight time wages, minimum wages, bonuses, commissions, expense reimbursements, and/or benefits to which Associate is, was, may be, or may have ever been entitled from the Company and/or any other RELEASEES under any Canadian (federal or provincial) or U.S. federal, state, or local statute, law, or ordinance, or common law, or contract. Associate further agrees that Associate has been properly paid for all hours ever worked for the Company and that Associate regularly exercised significant discretion and independent judgment with respect to matters of significance throughout Associate's employment with the Company.

9. Cooperation: The Company or other RELEASEE(S) may be, or may become, involved in disputes with third parties or regulatory/governmental agencies concerning matters relating to Associate's employment or former employment or current or former areas of responsibility at the Company, including its parent company or subsidiaries. In such event, Associate agrees to promptly and diligently cooperate with the Company in any manner reasonably requested or directed by the Company, including without limitation: (i) consulting with the Company regarding any of Associate's job duties and activities; and (ii) cooperating with the Company in connection with any current or future investigation, litigation, audit, or other legal matter, including but not limited to meeting with and fully answering the questions of the Company or its attorneys, representatives, or agents, and truthfully testifying and preparing to testify at any deposition, trial, or other proceeding without subpoena. The Company shall endeavor to schedule such assistance so that it does not unreasonably interfere with Associate's prior business or personal commitments and Associate shall be reimbursed for reasonable out of pocket expenses associated with such cooperation, but Associate will not be reimbursed for Associate's time.

10. Confidentiality of Agreement:

(a) Associate agrees that with respect to confidentiality, as of the date of this Agreement, Associate has not disclosed and will not disclose to or cause to be disclosed to, directly or indirectly, any person including, but not limited to, members of the general public and representatives of the media, the existence of or terms of this Agreement. Associate and the Company agree that confidentiality of this Agreement is mutually beneficial and Associate specifically prefers to keep this Agreement confidential.

(b) As an exception to this provision, but subject to the terms of Paragraph 10 of this Agreement, it is understood that Associate may disclose information concerning the amount of the Separation Payment to Associate's counsel, tax preparer, and to members of Associate's immediate family; provided, however, that any and all such individuals are alerted to and agree to be bound by this restriction.

(c) This Agreement shall not be filed with any court or agency, unless necessary to enforce either of their terms, and shall remain forever confidential as described in Paragraph 10 of this Agreement. Associate and the Company agree that this Agreement may be used only as evidence in a subsequent proceeding in which Associate or the Company and/or RELEASEE(S) allege a breach of this Agreement. Should any party file a claim or action to enforce the terms of this Agreement, such party shall seek the full protection of the applicable court or other forum to provide for and protect the confidentiality of this Agreement.

(d) Should Associate be required by law, legal process or subpoena to provide information related either to Associate's former employment at the Company or to anyone else's employment at the Company including its parent company and subsidiaries, Associate shall, in advance of providing any response to such law, legal process or subpoena, and within four (4) days of Associate's receipt of notice of such law, legal process or subpoena, provide written notice by certified mail to the contact below (along with a copy sent by e-mail) of such law, legal process or subpoena such that RELEASEE(S) may seek to assert its or their rights and interests in connection therewith:

Employment Counsel
Primo Water Corporation
4221 Boy Scout Blvd., Suite 400
Tampa, FL 33607

(e) Should Associate be contacted by any person or entity seeking information or testimony in connection with Associate's or any other individual's assignment, work, duties, activities or employment at the Company (including knowledge that Associate came into possession of by virtue of or in connection with Associate's work, duties activities or employment at the Company), Associate shall, prior to providing that information or testimony, to the extent lawfully permitted, advise the Company that such information or testimony is sought and cooperate with the Company and its counsel in connection with the request for such information or testimony.

(f) Nothing in this Agreement shall prohibit or restrict Associate from: (i) providing information to or otherwise assisting in, an investigation by Congress, the EEOC, the Securities and Exchange Commission ("SEC") or any other Canadian (federal or provincial) or U.S. federal regulatory or law enforcement agency or self-regulatory organization ("SRO"); or (ii) testifying, participating, or assisting in a proceeding relating to an alleged violation of any Canadian (federal or provincial) or U.S. federal law relating to fraud or any rule or regulation of the SEC or any SRO.

(g) Associate understands and agrees that should Associate (or Associate's attorneys, tax preparer or any members of Associate's immediate family) violate the confidentiality requirements set forth in Paragraph 10, Associate shall be deemed to have materially breached this Agreement, and Associate shall be responsible for liquidated damages in the amount of all monies paid by the Company pursuant to Paragraph 1 and the Company's costs and expenses including, without limitation, the Company's attorneys' fees, in bringing an action to recover damages or to seek injunctive relief. Associate further understands and agrees that the monetary relief referred to herein shall not be sufficient or adequate to address damages occasioned by such breach and shall not be a bar to the Company's pursuit of any other relief including, but not limited to, injunctive and equitable relief.

11. Acknowledgement of Consideration: Associate understands and acknowledges that, but for this Agreement, Associate is not, and would not be, entitled to the Separation Payment or benefits provided for in this Agreement under any of the Company's or its parents', affiliates' or subsidiaries' personnel policies or practices, that the payments and other benefits set forth in this Agreement constitute consideration and are accorded in exchange for Associate's agreement to the terms and conditions set forth in this Agreement and are in full and final settlement of any and all claims which Associate has, had, may have and/or may have had against RELEASEES as of the date hereof, and that the Company's obligations under this Agreement are in lieu of any and all other amounts or benefits to which Associate might be, might have been or is now entitled to receive from RELEASEE(S) upon any claim whatsoever, including any claim for severance, bonus payment, or expense reimbursement; provided, however, Associate does not release the Company from payment of any and all benefits and/or monies earned, accrued, vested and/or otherwise owing, if any, to Associate under the terms of the retirement and savings incentive plans of the Company, or their parent, affiliates or subsidiaries, except

that Associate hereby releases and waives any claims that Associate's termination was to avoid payment of such benefits and/or payments or that, as a result of Associate's termination, Associate is entitled to additional benefits or payments.

12. Governing Law and Choice of Venue: The Parties further agree that this Agreement will be governed by the laws of the State of Georgia, to the extent not preempted by federal law, and the parties will submit to the jurisdiction of the state and/or federal courts located within Tampa, Florida for the resolution of any dispute which may arise hereunder and that the parties waive any right they may have to trial by jury in any such dispute.

13. Effect of Invalidation of a Provision of this Agreement: The Parties further agree that if any of the provisions, terms, clauses, waivers and releases of claims and rights contained in this Agreement are declared illegal, unenforceable or ineffective in a legal forum of competent jurisdiction, such provisions, terms, clauses, waivers and releases of claims or rights shall be modified, if possible, in order to achieve, to the extent possible, the intentions of the Parties, and, if necessary, such provisions, terms, clauses, waivers and releases of claims and rights shall be deemed severable, such that all other provisions, terms, clauses, waivers and releases of claims and rights contained in this Agreement shall remain valid and binding upon both Parties; provided, however, that notwithstanding any other provision of this Agreement, if any portion of the waiver or release of claims or rights or the confidentiality terms is held to be unenforceable, the Company, at its option, may seek modification or severance of such portion or terminate the Agreement and/or consider the Agreement null and void.

14. Modification: The Parties further agree that this Agreement may not be altered, amended, modified, superseded, canceled or terminated except by an express written agreement duly executed by all the Parties or their attorneys on their behalf, which makes specific reference to this Agreement.

15. Complete Negotiated Agreement Between the Parties: This Agreement set forth the entire agreement between the Parties, and fully supersede any and all prior agreements or understandings between them pertaining to the subject matter thereof (subject to Paragraph 7 above). The Parties agree that this Agreement is a negotiated agreement because it is voluntary, deliberate, and informed, provides consideration of value to Associate, and Associate has been given notice and an opportunity to retain an attorney or is represented by an attorney.

16. Opportunity to Review, Knowing and Voluntary Release, and Revocation Right: Associate understands and agrees that:

- i. Associate has been provided a full and fair opportunity, indeed a full twenty-one (21) days after receipt of this Agreement, within which to review, consider, and negotiate this Agreement, and Associate's execution and return of this Agreement prior to the expiration of this review period shall constitute a knowing and voluntary waiver of the days remaining in the review period provided;
- ii. Associate has been advised to consult with an attorney which Associate may freely choose prior to executing this Agreement to decide whether to sign this

Agreement and accept the benefits that have been offered to Associate under this Agreement;

- iii. Associate may revoke Associate's execution of this Agreement within seven (7) days of Associate's execution by hand delivering written notice of revocation that specifically and expressly references this Agreement to the Company contact provided in Paragraph 10(d) above;
- iv. Associate has carefully read and fully understands the provisions of this negotiated Agreement;
- v. Associate is, through and in accordance with the terms set forth in this Agreement, releasing RELEASEES from any and all claims Associate has or may come to have against the RELEASEES;
- vi. Associate knowingly and voluntarily agrees to all the terms set forth in this negotiated Agreement, without duress, coercion or undue influence;
- vii. Associate is not waiving any rights or claims that may arise after this Agreement is executed; and
- viii. Associate is, by reason of this Agreement and the release of claims herein, receiving from the Company good and sufficient consideration in addition to anything of value to which Associate is already entitled.

17. Effective Date: Associate understands and agrees that – assuming Associate timely returns this Agreement fully initialed, executed, and notarized – by virtue of the seven-day revocation period provided in Paragraph 16(c) and assuming Associate does not revoke Associate's acceptance, this Agreement shall become effective as to Associate as of the eighth day following the date on which Associate timely executes this Agreement (the "Effective Date"), and thereafter Associate may not change Associate's decision or seek any other remuneration in any form.

18. Execution in Counter-Parts and Delivery of Agreement: The Parties agree that this Agreement may be executed in counter-parts, with the same force and effect as if executed by all Parties on the same paper. The Parties further agree that Associate shall submit this executed and notarized Agreement to the two contacts listed below with a scanned copy sent to both via email:

Human Resources Primo Water Corporation 4221 Boy Scout Blvd., Suite 400 Tampa, FL 33607	Employment Counsel Primo Water Corporation 4221 Boy Scout Blvd., Suite 400 Tampa, FL 33607
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[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

To signify their agreement to the terms of this Agreement, the Parties have executed this Agreement on the date beside their signatures which appear below.

(TO BE SIGNED NO EARLIER THAN YOUR EFFECTIVE TERMINATION DATE)

Dated: _____
David Muscato

STATE OF _____)
) ss.:
COUNTY OF _____)

On this ____ day of _____, _____ before me personally came _____ known to me to be the individual described herein, and who executed the foregoing Agreement.

Notary Public

Dated: _____
DS Services of America, Inc.

By: _____

Title: _____

Certain identified information,
marked by [***], has been
excluded from this exhibit because it is both
(i) not material
and (ii) would be competitively harmful if
publicly disclosed.

DATED June 26, 2020

eden springs uk limited (1)
and
steven kitching (2)

**AMENDED AND RESTATED
CONTRACT OF EMPLOYMENT**

DATE OF AMENDED AND RESTATED AGREEMENT

June 26, 2020

PARTIES

- (1) **EDEN SPRINGS UK LIMITED** (Company Number 04063744) whose registered office is at Unit D Fleming Centre, Fleming Way, Crawley, United Kingdom, RH10 9NN (the "**Company**")
- (2) **steven kitching** of [***] ("**You**")

IT IS AGREED THAT:

• **DEFINITIONS AND INTERPRETATION**

- a. In this agreement the following words and phrases shall have the following meaning:

"Group" means the Company, its subsidiaries, any holding company of the Company and any subsidiary of such holding company (all as defined in section 1159 of the Companies Act 2006) and any associated company (which expression shall mean any other company of which the Company or its holding company or any subsidiary of the Company or its holding company beneficially holds not less than 20% of the equity share capital) and any reference to **"Group Company"** shall be construed accordingly.

"Intellectual Property Rights" means any copyrights, rights in designs, registered designs, trademarks, service marks, the goodwill in any trademarks, rights in confidential information, rights in and to any inventions, patents, design patents, utility patents and the right to apply for and be granted any of these rights and the right to claim priority from any such application.

- b. Any reference to a statutory provision includes all re-enactments and modifications of that provision and any regulations made under it or them.
- c. The headings in this agreement are for convenience only. They do not form part of this agreement and do not affect its interpretation.

• **COMMENCEMENT**

Your employment under this agreement will begin on the date of this agreement and end on December 31, 2022, unless you and the Company agree to mutually extend the term (the "Term"). For statutory purposes your period of continuous employment commenced on 14 July 2008.

• **JOB TITLE/DUTIES**

- d. Your job title is President International on behalf of the Eden Springs Group (the "Role"). The Role will also encompass your current role as UK Chairman although this standalone role will no longer exist from the date that you take up the Role. From 26 June 2020, your employer will be Eden Springs UK Limited. You will report to Thomas Harrington, the Chief Executive Officer of Primo Water Corporation ("Primo").
- e. You acknowledge and agree that you will at all times during your employment (including during any period of suspension or while on garden leave in accordance with clause 17.3), be subject to a duty of goodwill, trust, confidence, exclusive service, faith and fidelity to the Company. These duties include, without limitation, the obligation throughout the duration of this agreement:

- i. not to compete with any Group Company;
- ii. not to make preparations (during such hours as you should be providing services under this agreement) to compete with any Group Company after this agreement has terminated;
- iii. not to solicit in competition with any Group Company any customer or customers of any Group Company;
- iv. not to entertain invitations to provide services either in a personal capacity or on behalf of any third party from actual or prospective customers of any Group Company where such invitations relate to services which could be provided by any Group Company;
- v. not to offer employment elsewhere to employees of any Group Company;
- vi. not to copy or memorise Confidential Information (as defined in clause 13) or trade secrets of any Group Company with a view to using or disclosing such information for a purpose other than for the benefit of any Group Company;
- vii. not without the prior written consent of the Company engage in any form of business or employment other than your employment with the Group whether inside or outside your normal hours of work. In the event permission is granted for you to engage in other employment outside your normal hours of work, you are required to notify the Company of the hours worked each week and to discontinue it if an actual or potential conflict of interest between that activity and your work for the Company arises; and
- viii. not to encourage, procure or assist any third party to do anything which, if done by you, would be a breach of (a) to (f) above.

- **TRAVel AND PLACE OF WORK**

- f. You may be required to travel on Company business. This may involve travelling outside normal business hours and at weekends and bank or public holidays should the need arise. Reasonable expenses will be paid for such travel as detailed in clause 7.
- g. During the Term, you have agreed to spend 24 months on assignment in Barcelona, Spain (the "Assignment").

- **REMUNERATION**

You will be paid £276,667 (the Salary) gross per annum for the performance of your duties which will be paid monthly in arrears by BACS on or before the last working day of each month. Your Salary accrues daily and will be credited directly to your bank account in the United Kingdom (UK), less tax and employee National Insurance contributions. You may be subject to tax and social security contributions in Spain. The Company shall make whatever deductions for tax or other social security contributions as are necessary and which we may be advised to make, either in the UK or Spain; provided that the Company agrees that it will be responsible for any

additional tax owed by you or your spouse during the Term over and above the amount that would have been due had you remained working full-time in the UK.

- **BONUS TARGET and Itip**

- h. The amount of your bonus target is 75% of your Salary.
- i. Please note that the bonus plan is entirely discretionary, and the Company reserves in its absolute discretion the right to terminate or amend it or any other bonus plan that may be established.
- j. You will be entitled to receive a one-time long-term incentive (“LTI”) award equivalent to USD \$200,000 comprised of time-based restricted share units granted to you on June 26, 2020. The time-based restricted share units will vest ratably in two equal annual installments from the grant date. The LTI award, including the vesting terms, will be governed by Primo’s equity incentive plans and your award agreement. You will be eligible for future LTI awards commencing with the 2020 annual awards at target that will be based on your performance and will be in line with similar peer positions at the Company. Annual grants are issued following approval by Primo’s Human Resources and Compensation Committee at its regularly scheduled meetings in December.
- k. Upon the termination of your employment at the end of the Term, you will be deemed to be a good leaver for the purposes of your bonus and any LTI you may be entitled to receive, subject to the other terms of those schemes as amended from time to time.

- **BUSINESS AND LIVING EXPENSES**

You will be reimbursed for all reasonable travelling, hotel and other business expenses incurred by you in or about the proper performance of your duties and properly authorised by the CEO. You must produce evidence of your expenses in the form required by the Company from time to time and you must claim your expenses in the manner specified by the Company from time to time. The Company reserves the right to refuse to reimburse expenses for which no satisfactory evidence has been produced.

In addition to the above, during the Assignment, the Company shall be responsible for leasing a residence for you in Barcelona, Spain, up to a maximum monthly leasing cost of €5,000 (Five Thousand Euros), and the Company agrees to pay any applicable property taxes and insurance in connection with the leasing of the residence.

- **The Company shall also be responsible for the costs incurred by you or your spouse in connection with the preparation of your tax filings in the UK and Spain, including any tax filings made after the end of the Term for the tax period occurring during the Term. PENSION SCHEME**

You have provided the Company with a certificate from HMRC, which confirms that you are protected for tax purposes under HMRC’s Fixed Protection 2014 requirements. Accordingly, the Company has not automatically enrolled you in its pension scheme and as such, you have no pension with the Company.

- **CAR ALLOWANCE**

The Company will provide you with an annual car allowance of £12,000 to be paid in equal monthly instalments (less tax and employee National Insurance) with your Salary. For the avoidance of doubt, the car allowance is not included in your basic pay and will not count towards other terms and conditions of employment which are related to your basic pay.

- **OTHER BENEFITS**

During this agreement you will be eligible to participate at the Company's expense in the Company's:

- i. life assurance scheme; and
- ii. private medical expenses insurance scheme (immediate family cover).

- **The Company shall make available to you and your dependents (if any) a health insurance plan with a reasonable number of providers in the Barcelona area, and – through Eden Springs – shall pay 100% of your health insurance premiums. HOLIDAYS**

- l. You are entitled to eight weeks' paid holiday in each complete holiday year, which is exclusive of bank/public holidays in the UK or Spain. The rate of pay due in respect of each bank holiday or working day's paid holiday will consist of the proportion of your Salary that is relative to the normal hours of work of the day in question.
- m. Entitlement to holidays and holiday pay cannot be carried over to the next holiday year or brought forward except by prior written agreement from the Company. There is no payment in lieu in respect of any holiday untaken at the end of the holiday year.
- n. On termination of your employment, your entitlement to accrued holiday pay will be directly in proportion to your service during the holiday year in which the termination took place. If on termination of employment you have taken holidays in excess of the holidays equivalent to the proportion of the holiday year in which you have been employed by the Company up to the date of termination, the Company will be entitled to deduct from any sums payable to you a sum in respect of each day's holiday taken in excess of such entitlement.

- **INCAPACITY**

- o. Information relating to the Company's sickness procedure and your entitlement to sick pay can be found in the Staff Handbook. Any Company sick pay paid in addition to Statutory Sick Pay is paid at the absolute discretion of the Company.
- p. If you are absent by reason of sickness, injury or other incapacity, you agree at the request of the Company to undergo one or more medical examinations performed by a doctor appointed and paid for by the Company. You authorise the Company to have unconditional access to any report produced as a result of such examination and to any relevant medical information held on you by your own doctor.

- **CONFIDENTIALITY**

- q. During your employment, you will be exposed to information about the business, technology, processes, products, plans, financial or other information or data of the Group and that of the Group's suppliers and customers which may amount to a trade secret, be confidential or commercially sensitive and which if misused or disclosed could cause significant harm to the Group. Such information, whether communicated to you in writing, on computer disk or in any other medium (and whether or not it is marked as confidential), is referred to in this agreement as "Confidential Information" and includes without limitation:
- i. details of how the Group prices its products or services including any discounts or non-standard terms offered to any clients;
 - ii. the Group's Intellectual Property Rights;
 - iii. information relating to the Group's suppliers and the terms and conditions (including any prices and discounts) agreed with them;
 - iv. information relating to the Group's clients or customers and the terms and conditions (including any prices and discounts) agreed with them;
 - v. research and development projects of the Group;
 - vi. the Group's marketing and sales strategies and plans;
 - vii. potential acquisitions and disposals by the Group;
 - viii. the Group's financial and sales performance;
 - ix. any processes, inventions, designs, know-how, discoveries, technical specifications and other technical information relating to the creation, production or supply of any past, present or future product or service of the Group; and
 - x. any other categories of confidential information that we want to protect and which we notify to you in writing as being confidential or which by its nature or the surrounding circumstances is clearly confidential.
- r. You will not during the term of this agreement or following its termination use, disclose or permit to be used or disclosed (except in connection with the performance of your duties or as required by law) any Confidential Information.
- s. The restrictions contained in this clause do not apply to:
- i. any disclosure authorised by the Company or required in the ordinary and proper course of your employment or as required by the order of a court of competent jurisdiction or an appropriate regulatory authority or otherwise required by obligation of public law;
 - ii. any information that you can demonstrate was known to you prior to the commencement of your employment by any Group Company;
 - iii. any information which is already in, or comes into, the public domain other than through your unauthorised disclosure or breach of confidence; or

iv. any information being a protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

t. The provisions of this clause 13 shall survive any termination of this agreement and shall remain in force in relation to any item of Confidential Information for so long as it is still properly regarded by the Company as being confidential.

• **INTELLECTUAL PROPERTY**

u. You will promptly disclose in writing to us full details of any works of any nature which you make (alone or with others) during the course of your employment with us.

v. Subject to sections 39 – 42 of the Patents Act 1977, all Intellectual Property Rights existing (or which may in the future exist) in any works created by you during the course of your employment or by using materials, tools, information or opportunities made available to you through your employment shall belong to us and you hereby assign all such Intellectual Property Rights to us, free from all encumbrances.

w. Subject to sections 39 – 42 of the Patents Act 1977, if required by us to do so, whether during or after the termination of your employment, you will sign any documents and do anything necessary to give effect to this clause 14.

x. You hereby waive, on a worldwide basis, in favour of us all your rights pursuant to sections 77 - 89 inclusive of the Copyright Designs and Patent Act 1988 in any works you may create during the course of your employment.

y. You hereby appoint the Company to be your attorney in your name and on your behalf to execute or complete any document or do any such thing and generally to use your name for the purposes of giving to us (or our nominee or successors) the full benefit of the provisions of this clause 14.

z. The provisions of this clause 14 shall remain in full force and effect following any termination of this agreement for any reason, whether such termination is lawful or not.

• **RESTRICTIVE COVENANTS**

aa. You agree that you will comply with the post-termination obligations set out in Schedule 1 of this agreement.

ab. You will not, either during your employment or at any time after its termination, knowingly make any untrue or misleading statement in relation to any Group Company and you should not from the date your employment is terminated represent yourself as still being employed by or connected with any Group Company unless the particulars are specifically agreed in writing with the Company.

ac. If you apply for or are offered new employment or a new appointment or engagement before entering into any related contract, you agree to bring the terms of Schedule 1 of this agreement to the attention of a third party proposing directly or indirectly to employ, engage or appoint you.

• **DISCIPLINARY AND GRIEVANCE PROCEDURES**

- ad. The Company's disciplinary and grievance procedures are set out in the Staff Handbook. Those procedures do not form part of your contract of employment.
- ae. If you have any grievance relating to your employment, you should raise it in the first instance with the CEO, in accordance with the Company's grievance procedure.
- af. If you are dissatisfied with any disciplinary decision taken against you, you may appeal to the CEO within 5 working days.

- **TERMINATION**

- ag. Your employment shall automatically terminate at the end of the Term without written notice or payment in lieu of notice. The period of written notice required to be given by you or by the Company to terminate your employment prior to the end of the Term shall be 9 months'.
- ah. The Company reserves the right to dismiss you without notice or payment in lieu of notice if it has reasonable grounds to believe you are guilty of gross misconduct or gross negligence or if there are other substantial grounds justifying your immediate dismissal including any significant breach of your contractual obligations.
- ai. During any period of notice, and provided that the Company continues to pay your Salary and all benefits to which you are contractually entitled (or to pay a sum in lieu of the value of such benefits) until the termination of your employment, you agree that the Company is entitled at its absolute discretion to place you on garden leave. During any such period of garden leave you must not, except as authorised by the Company:
 - i. attend any premises of any Group Company during the remaining period of your notice (or any part of such period); and
 - ii. make contact (including socially) with any employees, agents, suppliers or customers or clients of any Group Company except as directed by the Company during the remaining period of your notice (or any part of such period).
- aj. In addition to clause 17.3, during any period of garden leave, the Company may require you to:
 - i. not carry out your duties or exercise your responsibilities under this agreement during the remaining period of your notice period (or any part of such period);
 - ii. return to the Company all documents, computer disks, laptop computers, Blackberry, mobile telephone, iPhones or similar devices and other property (including summaries, extracts or copies) belonging to the Company (or any Group Company or to its or their clients or customers);
 - iii. carry out exceptional duties or special projects outside the normal scope of your duties and responsibilities.
- ak. Whether or not either party has served notice to terminate this agreement under clause 17.1, the Company may, at its absolute discretion, terminate your employment

at any time by notifying you in writing that it is exercising its right under this clause 17.5 to dismiss you with immediate effect and that it will be making a payment to you in line with the provisions of this clause 17.5 and of clause 17.6. Such a payment will be equivalent to your basic annual salary and contractual benefits (subject to deduction of tax and National Insurance contributions) which would have been payable during your notice period or any unexpired balance thereof.

- al. We reserve the right to pay any sums due under clause 17.5 in equal monthly instalments during what would have been the unexpired portion of your contractual notice period.
- am. If we terminate your employment without the written notification referred to in clause 17.5 then you will have no contractual entitlement to the pay in lieu of notice referred to in that clause.

- **DEDUCTIONS**

For the purposes of the Employment Rights Act 1996, you authorise the Company at any time during the continuance of this agreement and in any event on termination howsoever arising, to deduct from your remuneration (which for this purpose includes Salary, pay in lieu of notice, commission, bonus, holiday pay and sick pay) all debts owed by you to any Group Company, including but without limitation the balance outstanding of any loans (and interest where appropriate) advanced by the Company to you, the cost of repairing any damage or loss to the Company's property caused by you and any loss suffered by the Company as a result of any neglect or breach of duty by you.

- **DATA PROTECTION**

- an. The Company places the highest importance on compliance with all applicable data protection laws in force from time to time, including but not limited to the General Data Protection Regulation as enacted into UK law ("Data Protection Laws").
- ao. The Company shall hold and process personal data (including special categories of personal data) relating to you in manual and automated filing systems. Details about how and why the Company generally processes employee personal data (including your personal data) are set out in the Company's staff privacy notice, the current version of which is available from HR. By entering into this agreement, you confirm that you have read and understood the Company's staff privacy notice.
- ap. It is important that all Company employees take appropriate steps to protect personal data and use it lawfully. Accordingly, you shall treat all personal data relating to any person, whether within or outside the Company, which you acquire in the proper course of your employment in effect as if it were confidential information of the Company and shall not do or omit to do anything that would put the Company in breach of Data Protection Laws. You also confirm that you will comply with the Company's current data protection policy and other Company policies relating to the security and use of personal data, copies of which are available from HR. A failure to comply with these policies may be dealt with under the Company's disciplinary procedure and, in deliberate or very serious cases of data misuse, may be treated as gross misconduct potentially leading to summary dismissal.
- aq. You agree to keep the Company informed of any changes to your personal data.

- **COLLECTIVE AGREEMENTS**

There are no collective agreements with trade unions that directly affect the terms and conditions of your employment.

- **NOTICES**

ar. Any notice to be given under this agreement to you may be given to you personally or sent to you by pre-paid first class letter addressed to you at your last known place of residence. Any notice to be given to the Company should be addressed to the Chief Executive Officer of Primo with a copy to the Chief Legal Officer and may be served by leaving it at or sending it by pre-paid first class letter to him at our registered office for the time being.

as. Any such notice will be deemed to have been received: if delivered personally, at the time the notice is left at the address or given to the addressee; or in the case of pre-paid first class post, at 9am on the second business day after posting.

- **ENTIRE AGREEMENT**

This agreement constitutes the entire agreement between the parties and cancels and is in substitution for all previous letters of engagement, agreements, representations, offers and arrangements (whether oral or in writing) relating to your employment, all of which shall be deemed to have been terminated by mutual consent with effect from the date on which your employment commenced.

- **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person (including your spouse or civil partner or dependants) other than a party to this agreement has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce the terms of this agreement.

- **SEVERANCE**

If any provision or part of this agreement is held to be invalid or unenforceable:

- i. such provision shall be deemed deleted and severed from this agreement;
- ii. amendments to this agreement may be made by the addition or deletion of wording as appropriate to replace the invalid part or provision with such provision that retains the closest possible effect to the invalid provision or part and is both valid and enforceable; and
- iii. the validity and enforceability of the other provisions of this agreement shall not be affected.

- **GOVERNING LAW AND JURISDICTION**

at. This agreement will be governed by and construed in accordance with the law of England and Wales.

- au. The parties submit to the exclusive jurisdiction of the courts of England and Wales in connection with any claim, dispute or matter arising out of or relating to this agreement.
- av. Any delay by the Company in exercising any of its rights under this agreement will not constitute a waiver of such rights.

Schedule 1.

Post-Termination Obligations

You agree to be bound by the restrictive covenants as set out in this Schedule 1 in order to protect the Confidential Information and business connections of the Company and each Group Company to which you have access as a result of your employment.

You undertake that you will not without the Company's prior written approval, whether by yourself or on behalf of any other person, firm or company whether directly or indirectly:

- (1) during the period of 12 months following the termination of your employment solicit or seek to obtain orders for Restricted Services and/or Restricted Products from any Restricted Customer;
- (2) during the period of 12 months following the termination of your employment provide any Restricted Services and/or Restricted Products to any Restricted Customer;
- (3) during the period of 12 months following the termination of your employment persuade or attempt to persuade any Restricted Employee to terminate their employment with the Company or any Group Company whether or not that employee is thereby in breach of their own contract with the Company or any Group Company;
- (4) during the period of 12 months following the termination of your employment be engaged, concerned or interested, whether as a principal, shareholder, partner, employee, or agent or otherwise, or provide technical, commercial or professional advice to, any business which supplies Restricted Products and/or Restricted Services in competition with any Group Company.

For the purposes of clause 1.1 the following words and phrases shall have the following meanings:

- (1) "Restricted Customer" means any person, firm or company who is or was a client or customer of the Company or any Group Company for the sale or supply of Restricted Services and/or Restricted Products or in the habit of dealing with the Company or any Group Company for the sale or supply of Restricted Services and/or Restricted Products during the last 12 months of your employment.
- (2) "Restricted Employee" means any person employed by the Company or any Group Company at the date on which your employment is terminated who is a senior manager, senior new business person or executive or is of the same or similar grade to you.
- (3) "Restricted Products" means products of the same kind or of a materially similar kind as those provided by the Company or any Group Company during the 12 months immediately prior to the termination of your employment.
- (4) "Restricted Services" means services of the same kind or of a materially similar kind as those provided by the Company or any Group Company during the 12 months immediately prior to the termination of your employment.

Each of these covenants is independent and severable from the other covenants and enforceable accordingly. If any covenant is unenforceable for any reason but would be enforceable if part of the wording was deleted, it will apply with such deletions as may be necessary to make it valid and enforceable.

The duration of these restrictive covenants is reduced by an amount equal to the time that we place you on garden leave.

None of the restrictions in Clause 1.1 shall prevent you from holding an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange.

IN WITNESS of which this agreement has been executed and, on the date set out above, delivered as a deed.

EXECUTED as a deed by **EDEN SPRINGS UK LIMITED** acting by a director in the presence of:

Director

Signature : _____
Name : _____

Witness

Signature : _____
Name : _____
Occupation : _____
Address : _____

SIGNED as a deed by **steven kitching** in the presence of:

Witness

Signature : _____
Name : _____
Occupation : _____
Address : _____

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: August 6, 2020

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: August 6, 2020

**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 June 27, 2020 (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 6th day of August, 2020.

/s/ Thomas J. Harrington

Thomas J. Harrington

Chief Executive Officer

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

The undersigned, Jay Wells, Chief Financial Officer of Primo Water Corporation (the “Company”), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company’s Quarterly Report on Form 10-Q for the quarter ended June 27, 2020 (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 6th day of August, 2020.

/s/ Jay Wells

Jay Wells

Chief Financial Officer