

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 4, 2020

Primo Water Corporation

(Exact name of registrant as specified in its charter)

Canada
(State or other jurisdiction of incorporation)

001-31410
(Commission File Number)

98-0154711
(IRS Employer Identification No.)

Corporate Center III
4221 W. Boy Scout Blvd., Suite 400
Tampa, Florida, United States
(Address of Principal Executive Offices)

33607
(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

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

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On November 5, 2020, Primo Water Corporation (the “Company”) issued a press release reporting financial results for the fiscal quarter ended September 26, 2020. A copy of the press release is furnished herewith under the Securities Exchange Act of 1934, as amended, as Exhibit 99.1 to this Form 8-K and is incorporated by reference into this Item 2.02 as if fully set forth herein.

Item 8.01. Other Events

On November 4, 2020, the Company announced that the Board of Directors declared a dividend of US\$0.06 per common share, payable in cash on December 4, 2020 to shareowners of record at the close of business on November 24, 2020.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of Primo Water Corporation, dated November 5, 2020 (furnished herewith).
104	Cover Page Interactive Data (embedded within the Inline XBRL document).

SIGNATURES

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

Primo Water Corporation
(Registrant)

November 5, 2020

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



Primo Water Corporation Announces Third Quarter 2020 Results

Pure-play water strategy delivers operating income growth of 8%, adjusted EBITDA growth of 28% and 310 basis points of adjusted EBITDA margin improvement

TAMPA, Fla., Nov. 5, 2020 /CNW/ - Primo Water Corporation (NYSE: PRMW) (TSX: PRMW) (the "Company" or "Primo"), a leading provider of water direct to consumers and water filtration services in North America and Europe as well as a leading provider of water dispensers, purified bottled water, and self-service refill drinking water in the U.S. and Canada, today announced its results for the third quarter ended September 26, 2020.

(Unless stated otherwise, all 2020 comparisons are relative to the comparable period in 2019; all information is in U.S. dollars.)

THIRD QUARTER HIGHLIGHTS – CONTINUING OPERATIONS

- Revenue increased 10% to \$518 million compared to \$472 million (increased by 9% excluding the impact of foreign exchange).
- Gross profit increased 6% to \$304 million compared to \$286 million.
- Reported net income and net income per diluted share were \$22 million and \$0.14, respectively, compared to reported net income and net income per diluted share of \$7 million and \$0.05, respectively. Adjusted net income and adjusted net income per diluted share were \$38 million and \$0.24, respectively, compared to adjusted net income and adjusted net income per diluted share of \$24 million and \$0.18, respectively.
- Adjusted EBITDA increased 28% to \$111 million compared to \$87 million and adjusted EBITDA margin increased by 310 basis points to 21.4%.
- Returned approximately \$10 million to shareowners through quarterly dividends.

"Continued strong performance in our Water Direct/Exchange residential customer base along with steady improvement from our commercial customer base allowed us to once again exceed expectations for the quarter," commented Tom Harrington, Primo's Chief Executive Officer. "The cost actions we executed earlier in the year are also yielding better operating results and improved efficiency. As a result, we believe that Primo will be a structurally more profitable company going forward and we are raising our targeted annualized adjusted EBITDA margin to no less than 18%."

THIRD QUARTER GLOBAL PERFORMANCE – CONTINUING OPERATIONS

- Revenue increased 10% to \$518 million compared to \$472 million (increased by 9% excluding the impact of foreign exchange), as the benefit from the legacy Primo acquisition was partially offset by lower revenue from our Water Direct commercial customer base and Coffee Services in North America and Rest of World (ROW). Revenue growth by channel is tabulated below:

Continuing Operations
Revenue Bridge

Change%

2019 Q3 Revenue	\$ 472.1	
Water Direct / Water Exchange	-3.4	
Water Refill / Water Filtration	+40.9	
Water Dispensers	+28.5	
Other Water	-0.9	
Other	-23.6	
Change before adjustments	+41.5	8.8%
Foreign exchange	+3.9	
2020 Q3 Revenue	\$ 517.5	9.6%

- Gross profit increased 6% to \$304 million driven by the acquisition of the legacy Primo business as well as higher gross profit in the North America segment. Gross profit as a percentage of revenue was 58.8% compared to 60.6%. The decline in gross profit margin was the result of lower gross profit in the ROW segment and the lower gross margin profile of the legacy Primo business.
- SG&A expenses were \$257 million compared to \$244 million. The increase was due to the addition of the legacy Primo business, largely offset by lower SG&A resulting from cost reduction initiatives implemented earlier this year. Costs related to COVID-19 such as severance were approximately \$2 million.
- Reported net income and net income per diluted share were \$22 million and \$0.14, respectively, compared to reported net income and net income per diluted share of \$7 million and \$0.05, respectively. Adjusted net income and adjusted net income per diluted share were \$38 million and \$0.24, respectively, compared to adjusted net income and adjusted net income per diluted share of \$24 million and \$0.18, respectively.
- Adjusted EBITDA increased 28% to \$111 million compared to \$87 million. The increase was driven primarily by growth in volumes from increased Water Direct services and products to residential customers, improved operating leverage, the benefit of the legacy Primo acquisition and synergy realization.
- Net cash provided by operating activities of \$53 million, less \$21 million of capital expenditures, resulted in \$32 million of free cash flow, or \$35 million of adjusted free cash flow (adjusting for the items set forth on Exhibit 7), compared to adjusted free cash flow of \$59 million in the prior year.

THIRD QUARTER REPORTING SEGMENT PERFORMANCE – CONTINUING OPERATIONS

North America

- Revenue increased 16% to \$393 million driven by the benefit of the legacy Primo acquisition, partially offset by lower revenue from our Water Direct commercial customer base and Coffee Services.

	North America Revenue Bridge	Change%
2019 Q3 Revenue	\$ 337.6	
Water Direct / Water Exchange	+7.5	
Water Refill / Water Filtration	+39.9	
Water Dispensers	+28.5	
Other Water	-2.7	
Other	-17.4	
Change before adjustments	+55.8	16.5%
Foreign exchange	-0.2	
2020 Q3 Revenue	\$ 393.2	16.5%

- Gross profit increased 11% to \$232 million driven by the benefit of the legacy Primo acquisition.

- SG&A expenses increased 8% to \$184 million driven by the acquisition of the legacy Primo business, partially offset by cost reduction initiatives enacted earlier this year.
- Operating income increased 26% to \$46 million. Adjusted EBITDA increased 38% to \$91 million, primarily the result of the legacy Primo acquisition, improved operating leverage and synergy realization.

Rest of World

- Revenue decreased 8% to \$124 million driven by decreased volume in our Water Direct commercial customer base and coffee services business.

	Rest of World Revenue Bridge	Change%
2019 Q3 Revenue	\$ 134.5	
Water Direct	-10.9	
Water Filtration	+1.0	
Other Water	+1.8	
Other	-6.2	
Change before adjustments	-14.3	-10.6%
Foreign exchange	+4.1	
2020 Q3 Revenue	\$ 124.3	-7.6%

- Gross profit decreased 8% to \$72 million driven primarily by decreased volume in our Water Direct commercial customer base and coffee services business.
- SG&A expenses decreased 6% to \$61 million driven primarily by cost reduction initiatives enacted in our European business.
- Operating income decreased 11% to \$10 million. Adjusted EBITDA was flat at \$28 million as decreased volume in our Water Direct commercial customer base and coffee services business was offset by improved operating leverage resulting from cost reduction initiatives implemented earlier this year.

FOURTH QUARTER 2020 REVENUE AND ADJUSTED EBITDA OUTLOOK

Primo is targeting fourth quarter 2020 consolidated revenue from **continuing** operations of approximately \$470 to \$500 million excluding the impact of foreign exchange as well as adjusted EBITDA of \$85 to \$95 million. Fiscal 2020 is a 53-week fiscal year, with an additional operating week in the fourth quarter of 2020. The targets include the legacy Primo business, the benefit of the 53rd week and exclude the divested S&D Coffee and Tea which is included in discontinued operations.

THIRD QUARTER 2020 RESULTS CONFERENCE CALL

Primo Water Corporation will host a conference call today, November 5, 2020, at 10:00 a.m. ET, to discuss third quarter results, which can be accessed as follows:

North America: (888) 231-8191
 International: (647) 427-7450
 Conference ID: 1031839

A **slide presentation** and **live audio webcast** will be available through Primo's website at <https://www.primowatercorp.com>. The earnings conference call will be recorded and archived for playback on the investor relations section of the website for a period of two weeks following the event.

ABOUT PRIMO WATER CORPORATION

Primo Water Corporation is a leading pure-play water solutions provider in North America, Europe and Israel and generates approximately \$2.1 billion in annual revenue. 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 (IBWA) in North America as well as with Watercoolers Europe (WE), which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection.

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

Non-GAAP Measures

To supplement its reporting of financial measures determined in accordance with GAAP, Primo utilizes certain non-GAAP financial measures. Primo excludes from GAAP revenue the impact of foreign exchange and the results of the divested Cott Beverages LLC business, and excludes from GAAP gross profit the impact of foreign exchange, to separate the impact of these factors from Primo's results of operations. Primo utilizes adjusted selling, general and administrative expenses on an actual and pro forma basis, adjusted net income (loss), adjusted net income (loss) per diluted share, and EBITDA and adjusted EBITDA to separate the impact of certain items from the underlying business. Because Primo uses these adjusted financial results in the management of its business, management believes this supplemental information is useful to investors for their independent evaluation and understanding of Primo's underlying business performance and the performance of its management. Additionally, Primo supplements its reporting of net cash provided by (used in) operating activities from continuing operations determined in accordance with GAAP by excluding additions to property, plant and equipment to present free cash flow, and by excluding the items identified on the exhibits hereto to present adjusted free cash flow, which management believes provides useful information to investors in assessing our performance, comparing our performance to the performance of our peer group and assessing our ability to service debt and finance strategic opportunities, which include investing in our business, making strategic acquisitions, paying dividends, repurchasing common shares and strengthening the balance sheet. With respect to our expectations of performance of Primo, reconciliations of estimated adjusted EBITDA are not available, as we are unable to quantify certain amounts that would be required to be included in the relevant GAAP measures without unreasonable effort. We expect that the unavailable reconciling items, which primarily include taxes, interest costs that would occur if the company refinanced debt, costs to capture synergies and phasing of capex, could significantly affect our financial results. These items depend on highly variable factors and any such reconciliations would imply a degree of precision that would be confusing or misleading to investors. We expect the variability of these factors to have a significant, and potentially unpredictable, impact on our future GAAP financial results. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, Primo's financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this earnings announcement reflect management's judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

Safe Harbor Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 conveying management's expectations as to the future based on plans, estimates and projections at the time Primo makes the statements. Forward-looking statements involve inherent risks and uncertainties and Primo cautions you that several important factors could cause actual results to differ materially from those contained in any such forward-looking statement. The forward-looking statements contained in this press release include, but are not limited to, statements related to future financial and operating trends and results (including Primo's outlook on fourth quarter 2020 adjusted revenue and adjusted EBITDA) and related matters. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Management believes these assumptions to be reasonable, but there is no assurance that they will prove to be accurate.

Factors that could cause actual results to differ materially from those described in this press release include, among others: 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 our 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 Primo and S&D transactions) 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; 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.

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

PRIMO WATER CORPORATION

EXHIBIT 1

CONSOLIDATED STATEMENTS OF OPERATIONS

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

Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Revenue, net	\$ 517.5	\$ 472.1	\$ 1,448.5	\$ 1,355.4
Cost of sales	213.4	185.8	616.4	554.4
Gross profit	304.1	286.3	832.1	801.0
Selling, general and administrative expenses	257.2	244.2	759.0	725.7
Loss on disposal of property, plant and equipment, net	2.3	1.1	6.2	4.7
Acquisition and integration expenses	3.3	2.6	28.4	10.0
Goodwill and intangible asset impairment charges	—	—	115.2	—
Operating income (loss)	41.3	38.4	(76.7)	60.6
Other (income) expense, net	(4.8)	3.8	0.6	7.1
Interest expense, net	20.4	20.2	60.8	58.3
Income (loss) from continuing operations before income taxes	25.7	14.4	(138.1)	(4.8)
Income tax expense (benefit)	3.4	7.1	(1.3)	7.9
Net income (loss) from continuing operations	\$ 22.3	\$ 7.3	\$ (136.8)	\$ (12.7)
Net (loss) income from discontinued operations, net of income taxes	(0.3)	2.8	26.3	7.5
Net income (loss)	\$ 22.0	\$ 10.1	\$ (110.5)	\$ (5.2)
Net income (loss) per common share				
Basic:				
Continuing operations	\$ 0.14	\$ 0.05	\$ (0.89)	\$ (0.09)
Discontinued operations	\$ —	\$ 0.02	\$ 0.17	\$ 0.05
Net income (loss)	\$ 0.14	\$ 0.07	\$ (0.72)	\$ (0.04)
Diluted:				
Continuing operations	\$ 0.14	\$ 0.05	\$ (0.89)	\$ (0.09)
Discontinued operations	\$ —	\$ 0.02	\$ 0.17	\$ 0.05
Net income (loss)	\$ 0.14	\$ 0.07	\$ (0.72)	\$ (0.04)
Weighted average common shares outstanding (in thousands)				
Basic	160,101	134,667	153,723	135,395
Diluted	161,433	136,208	153,723	135,395

PRIMO WATER CORPORATION

EXHIBIT 2

CONSOLIDATED BALANCE SHEETS

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

Unaudited

	September 26, 2020	December 28, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 161.9	\$ 156.9
Accounts receivable, net of allowance of \$15.6 (\$8.8 as of December 28, 2019)	275.1	216.7
Inventories	79.3	62.9
Prepaid expenses and other current assets	28.0	19.1
Current assets of discontinued operations	—	186.7
Total current assets	544.3	642.3
Property, plant and equipment, net	669.9	558.1
Operating lease right-of-use-assets	177.1	185.7
Goodwill	1,258.9	1,047.5
Intangible assets, net	982.0	597.0
Other long-term assets, net	28.7	20.5
Long-term assets of discontinued operations	—	339.8

Total assets	\$ 3,660.9	\$ 3,390.9
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	148.8	92.4
Current maturities of long-term debt	18.5	6.9
Accounts payable and accrued liabilities	428.3	370.6
Current operating lease obligations	38.3	36.5
Current liabilities of discontinued operations	—	101.2
Total current liabilities	633.9	607.6
Long-term debt	1,306.5	1,259.1
Operating lease obligations	144.9	155.2
Deferred tax liabilities	140.3	90.6
Other long-term liabilities	73.7	58.7
Long-term liabilities of discontinued operations	—	53.5
Total liabilities	2,299.3	2,224.7
Shareholders' Equity		
Common shares, no par value - 160,171,008 (December 28, 2019 - 134,803,211) shares issued	1,264.8	892.3
Additional paid-in-capital	79.6	77.4
Retained earnings	112.0	265.0
Accumulated other comprehensive loss	(94.8)	(68.5)
Total shareholders' equity	1,361.6	1,166.2
Total liabilities and shareholders' equity	\$ 3,660.9	\$ 3,390.9

PRIMO WATER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of U.S. dollars, U.S. GAAP)
Unaudited

EXHIBIT 3

	For the Three Months Ended		For the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Cash flows from operating activities of continuing operations:				
Net income (loss)	\$ 22.0	\$ 10.1	\$ (110.5)	\$ (5.2)
Net (loss) income from discontinued operations, net of income taxes	(0.3)	2.8	26.3	7.5
Net income (loss) from continuing operations	\$ 22.3	\$ 7.3	\$ (136.8)	\$ (12.7)
Adjustments to reconcile net income (loss) from continuing operations to cash flows from operating activities:				
Depreciation and amortization	53.6	41.7	151.4	124.3
Amortization of financing fees	0.9	0.9	2.7	2.6
Share-based compensation expense	6.2	1.5	13.5	8.0
Benefit for deferred income taxes	1.8	7.1	(2.6)	1.0
(Gain) loss on sale of business	—	—	(0.6)	6.0
Goodwill and intangible asset impairment	—	—	115.2	—
Loss on disposal of property, plant and equipment, net	2.3	1.1	6.2	4.7
Other non-cash items	(2.8)	3.6	1.7	—
Change in operating assets and liabilities, net of acquisitions:				
Accounts receivable	(48.6)	(7.2)	(38.5)	(28.9)
Inventories	0.5	(2.5)	3.0	(6.8)
Prepaid expenses and other current assets	(3.9)	0.3	(3.5)	0.6
Other assets	(0.3)	0.1	(0.9)	1.3
Accounts payable and accrued liabilities and other liabilities	21.2	34.1	12.6	4.2
Net cash provided by operating activities from continuing operations	53.2	88.0	123.4	104.3
Cash flows from investing activities of continuing operations:				
Acquisitions, net of cash received	(1.2)	(5.2)	(435.7)	(30.7)
Additions to property, plant and equipment	(21.4)	(32.9)	(85.0)	(79.2)
Additions to intangible assets	(2.5)	(3.1)	(7.9)	(5.9)
Proceeds from sale of property, plant and equipment	0.2	0.4	1.0	2.3
Proceeds from sale of business, net of cash sold	—	—	—	50.5
Other investing activities	—	0.4	1.1	0.4
Net cash used in investing activities from continuing operations	(24.9)	(40.4)	(526.5)	(62.6)
Cash flows from financing activities of continuing operations:				
Payments of long-term debt	(2.3)	(1.3)	(7.6)	(4.1)
Proceeds from short-term borrowings	—	1.2	323.9	64.1
Payments on short-term borrowings	(70.0)	(1.2)	(279.9)	(63.1)
Issuance of common shares	1.2	0.2	2.0	0.9
Common shares repurchased and canceled	(0.2)	(0.1)	(32.3)	(31.1)
Financing fees	(0.6)	—	(3.4)	—
Equity issuance fees	—	—	(1.1)	—

Dividends paid to common shareholders	(9.6)	(8.2)	(29.9)	(24.4)
Payment of deferred consideration for acquisitions	—	—	(1.2)	(0.2)
Other financing activities	7.9	2.0	19.1	5.4
Net cash used in financing activities from continuing operations	(73.6)	(7.4)	(10.4)	(52.5)
Cash flows from discontinued operations:				
Operating activities of discontinued operations	(0.7)	(5.9)	(18.7)	9.7
Investing activities of discontinued operations	(4.0)	(3.0)	388.9	(26.2)
Financing activities of discontinued operations	—	(0.2)	(0.1)	(0.4)
Net cash (used in) provided by discontinued operations	(4.7)	(9.1)	370.1	(16.9)
Effect of exchange rate changes on cash	0.8	(0.9)	(0.2)	0.5
Net (decrease) increase in cash, cash equivalents and restricted cash	(49.2)	30.2	(43.6)	(27.2)
Cash and cash equivalents and restricted cash, beginning of period	211.1	113.4	205.5	170.8
Cash and cash equivalents and restricted cash, end of period	161.9	143.6	161.9	143.6
Cash and cash equivalents and restricted cash from discontinued operations, end of period	—	24.7	—	24.7
Cash and cash equivalents and restricted cash from continuing operations, end of period	\$ 161.9	\$ 118.9	\$ 161.9	\$ 118.9

PRIMO WATER CORPORATION

EXHIBIT 4

SEGMENT INFORMATION

(in millions of U.S. dollars, U.S. GAAP)

Unaudited

	For the Three Months Ended September 26, 2020			
	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 252.1	\$ 60.2	\$ —	\$ 312.3
Water Refill/Water Filtration	48.9	8.1	—	57.0
Other Water	39.0	20.5	—	59.5
Water Dispensers	28.5	—	—	28.5
Other	24.7	35.5	—	60.2
Total	<u>\$ 393.2</u>	<u>\$ 124.3</u>	<u>\$ —</u>	<u>\$ 517.5</u>

Gross Margin	\$ 232.4	\$ 71.7	\$ —	\$ 304.1
Gross Margin %	59.1 %	57.7 %	— %	58.8 %
Selling, general and administrative expenses	\$ 183.6	\$ 60.7	\$ 12.9	\$ 257.2
Operating income (loss)	\$ 46.0	\$ 10.2	\$ (14.9)	\$ 41.3
Depreciation and amortization	\$ 38.5	\$ 14.8	\$ 0.3	\$ 53.6

	For the Three Months Ended September 28, 2019			
	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 244.7	\$ 69.5	\$ —	\$ 314.2
Water Refill/Water Filtration	9.0	6.8	—	15.8
Other Water	41.8	18.0	—	59.8
Water Dispensers	—	—	—	—
Other	42.1	40.2	—	82.3
Total	<u>\$ 337.6</u>	<u>\$ 134.5</u>	<u>\$ —</u>	<u>\$ 472.1</u>

Gross Margin	\$ 208.8	\$ 77.5	\$ —	\$ 286.3
Gross Margin %	61.8 %	57.6 %	— %	60.6 %
Selling, general and administrative expenses	\$ 170.5	\$ 64.9	\$ 8.8	\$ 244.2
Operating income (loss)	\$ 36.5	\$ 11.4	\$ (9.5)	\$ 38.4
Depreciation and amortization	\$ 27.6	\$ 14.0	\$ 0.1	\$ 41.7

	For the Nine Months Ended September 26, 2020			
	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 715.3	\$ 160.3	\$ —	\$ 875.6
Water Refill/Water Filtration	123.8	21.5	—	145.3
Other Water	123.7	48.0	—	171.7
Water Dispensers	55.2	—	—	55.2
Other	89.8	110.9	—	200.7
Total	<u>\$ 1,107.8</u>	<u>\$ 340.7</u>	<u>\$ —</u>	<u>\$ 1,448.5</u>

Gross Margin	\$ 644.4	\$ 187.7	\$ —	\$ 832.1
Gross Margin %	58.2 %	55.1 %	— %	57.4 %
Selling, general and administrative expenses	\$ 535.9	\$ 187.5	\$ 35.6	\$ 759.0
Operating income (loss)	\$ 94.1	\$ (116.9)	\$ (53.9)	\$ (76.7)
Depreciation and amortization	\$ 107.1	\$ 43.4	\$ 0.9	\$ 151.4

For the Nine Months Ended September 28, 2019

	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 680.9	\$ 193.2	\$ —	\$ 874.1
Water Refill/Water Filtration	26.7	19.7	—	46.4
Other Water	123.1	45.6	—	168.7
Water Dispensers	—	—	—	—
Other	128.5	130.5	7.2	266.2
Total	\$ 959.2	\$ 389.0	\$ 7.2	\$ 1,355.4
Gross Margin	\$ 580.7	\$ 220.0	\$ 0.3	\$ 801.0
Gross Margin %	60.5 %	56.6 %	4.2 %	59.1 %
Selling, general and administrative expenses	\$ 504.9	\$ 189.7	\$ 31.1	\$ 725.7
Operating income (loss)	\$ 68.7	\$ 25.6	\$ (33.7)	\$ 60.6
Depreciation and amortization	\$ 83.4	\$ 40.7	\$ 0.2	\$ 124.3

**PRIMO WATER CORPORATION
SUPPLEMENTARY INFORMATION - NON-GAAP - ANALYSIS OF REVENUE AND GROSS PROFIT BY REPORTING SEGMENT**

EXHIBIT 5

(in millions of U.S. dollars, except percentage amounts)

Unaudited

For the Three Months Ended September 26, 2020

	North America	Rest of World	All Other	Primo (a)
Change in revenue	\$ 55.6	\$ (10.2)	\$ —	\$ 45.4
Impact of foreign exchange (b)	\$ 0.2	\$ (4.1)	\$ —	\$ (3.9)
Change excluding foreign exchange	\$ 55.8	\$ (14.3)	\$ —	\$ 41.5
Percentage change in revenue	16.5 %	(7.6) %	— %	9.6 %
Percentage change in revenue excluding foreign exchange	16.5 %	(10.6) %	— %	8.8 %

For the Nine Months Ended September 26, 2020

	North America	Rest of World	All Other	Primo (a)
Change in revenue	\$ 148.6	\$ (48.3)	\$ (7.2)	\$ 93.1
Impact of foreign exchange (b)	\$ 0.7	\$ (1.9)	\$ —	\$ (1.2)
Change excluding foreign exchange	\$ 149.3	\$ (50.2)	\$ (7.2)	\$ 91.9
Percentage change in revenue	15.5 %	(12.4) %	(100.0) %	6.9 %
Percentage change in revenue excluding foreign exchange	15.6 %	(12.9) %	(100.0) %	6.8 %

For the Three Months Ended September 26, 2020

	North America	Rest of World	All Other	Primo (a)
Change in gross profit	\$ 23.6	\$ (5.8)	\$ —	\$ 17.8
Impact of foreign exchange (b)	\$ 0.1	\$ (2.3)	\$ —	\$ (2.2)
Change excluding foreign exchange	\$ 23.7	\$ (8.1)	\$ —	\$ 15.6
Percentage change in gross profit	11.3 %	(7.5) %	— %	6.2 %
Percentage change in gross profit excluding foreign exchange	11.4 %	(10.5) %	— %	5.4 %

For the Nine Months Ended September 26, 2020

	North America	Rest of World	All Other	Primo (a)
Change in gross profit	\$ 63.7	\$ (32.3)	\$ (0.3)	\$ 31.1
Impact of foreign exchange (b)	\$ 0.4	\$ (1.2)	\$ —	\$ (0.8)
Change excluding foreign exchange	\$ 64.1	\$ (33.5)	\$ (0.3)	\$ 30.3
Percentage change in gross profit	11.0 %	(14.7) %	(100.0) %	3.9 %
Percentage change in gross profit excluding foreign exchange	11.0 %	(15.2) %	(100.0) %	3.8 %

(a) Primo Water Corporation includes the following reporting segments: North America (which includes our DSS, Aquaterra, Mountain Valley and legacy Primo businesses), Rest of World (which includes our Eden and Aimia businesses) and All Other (which includes other miscellaneous expenses and our Cott Beverages LLC business, which was sold in the first quarter of 2019).

(b) Impact of foreign exchange is the difference between the current period revenue and gross profit translated utilizing the current period average foreign exchange rates less the current period revenue and gross profit translated utilizing the prior period average foreign exchange rates.

PRIMO WATER CORPORATION
SUPPLEMENTARY INFORMATION - NON-GAAP - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION

EXHIBIT 6

(EBITDA)
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net income (loss) from continuing operations	\$ 22.3	\$ 7.3	\$ (136.8)	\$ (12.7)
Interest expense, net	20.4	20.2	60.8	58.3
Income tax expense (benefit)	3.4	7.1	(1.3)	7.9
Depreciation and amortization	53.6	41.7	151.4	124.3
EBITDA	\$ 99.7	\$ 76.3	\$ 74.1	\$ 177.8
Acquisition and integration costs (a), (b)	3.3	2.6	28.4	10.0
Share-based compensation costs (c)	6.2	1.9	13.5	8.0
COVID-19 costs (d)	1.6	—	18.4	—
Goodwill and intangible asset impairment charges (e)	—	—	115.2	—
Foreign exchange and other (gains) losses, net (f)	(2.0)	4.3	3.2	4.6
Loss on disposal of property, plant and equipment, net (g)	2.3	1.1	6.2	4.7
(Gain) loss on sale of business (h)	—	—	(0.6)	6.0
Other adjustments, net (i)	(0.5)	0.4	5.1	3.9
Adjusted EBITDA	\$ 110.6	\$ 86.6	\$ 263.5	\$ 215.0

(a) Includes a reduction of \$0.4 million of share-based compensation costs for the three months ended September 28, 2019 related to awards granted in connection with the acquisition of our Eden business.

Location in Consolidated Statements of Operations	For the Three Months Ended		For the Nine Months Ended		
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	
	(Unaudited)		(Unaudited)		
(b) Acquisition and integration costs	\$ 3.3	\$ 2.6	\$ 28.4	\$ 10.0	
(c) Share-based compensation costs	6.2	1.9	13.5	8.0	
(d) COVID-19 costs	1.6	—	18.4	—	
(e) Goodwill and intangible asset impairment charges	—	—	115.2	—	
(f) Foreign exchange and other (gains) losses, net	(2.0)	4.3	3.2	4.6	
(g) Loss on disposal of property, plant and equipment, net	2.3	1.1	6.2	4.7	
(h) (Gain) loss on sale of business	—	—	(0.6)	6.0	
(i) Other adjustments, net	(2.6)	(0.6)	(1.8)	(2.9)	
	Selling, general and administrative expenses	2.1	0.9	6.5	7.1
	Cost of sales	—	0.1	0.4	6.9
	Revenue, net	—	—	—	(7.2)

PRIMO WATER CORPORATION
SUPPLEMENTARY INFORMATION - NON-GAAP - FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

EXHIBIT 7

(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended	
	September 26, 2020	September 28, 2019
Net cash provided by operating activities from continuing operations	\$ 53.2	\$ 88.0
Less: Additions to property, plant, and equipment	(21.4)	(32.9)
Free Cash Flow	\$ 31.8	\$ 55.1
Plus:		
Acquisition and integration cash costs	2.9	3.4
COVID-19 related cash costs	5.0	—

Less:		
Deferral of payroll tax related costs - government programs	(4.8)	—
Adjusted Free Cash Flow	\$ 34.9	\$ 58.5

	For the Nine Months Ended	
	September 26, 2020	September 28, 2019
Net cash provided by operating activities from continuing operations	\$ 123.4	\$ 104.3
Less: Additions to property, plant, and equipment	(85.0)	(79.2)
Free Cash Flow	\$ 38.4	\$ 25.1

Plus:		
Acquisition and integration cash costs	28.5	11.9
Transaction cash costs paid on behalf of acquiree	13.4	—
COVID-19 related cash costs	15.2	—
Less:		
Deferral of payroll tax related costs - government programs	(14.0)	—
Adjusted Free Cash Flow	\$ 81.5	\$ 37.0

PRIMO WATER CORPORATION **EXHIBIT 8**
SUPPLEMENTARY INFORMATION - NON-GAAP - EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA) AND ADJUSTED EBITDA BY REPORTING SEGMENT

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended September 26, 2020			
	North America	Rest of World	All Other	Total
Operating income (loss)	\$ 46.0	\$ 10.2	\$ (14.9)	\$ 41.3
Other (income) expense, net	(0.7)	(4.0)	(0.1)	(4.8)
Depreciation and amortization	38.5	14.8	0.3	53.6
EBITDA (a)	\$ 85.2	\$ 29.0	\$ (14.5)	\$ 99.7
Acquisition and integration costs	1.0	0.5	1.8	3.3
Share-based compensation costs	1.9	0.3	4.0	6.2
COVID-19 costs	1.0	0.6	—	1.6
Foreign exchange and other gains, net	(0.1)	(1.8)	(0.1)	(2.0)
Loss on disposal of property, plant and equipment, net	2.3	—	—	2.3
Other adjustments, net (b)	(0.1)	(1.0)	0.6	(0.5)
Adjusted EBITDA	\$ 91.2	\$ 27.6	\$ (8.2)	\$ 110.6

	For the Three Months Ended September 28, 2019			
	North America	Rest of World	All Other	Total
Operating income (loss)	\$ 36.5	\$ 11.4	\$ (9.5)	\$ 38.4
Other (income) expense, net	(0.1)	4.3	(0.4)	3.8
Depreciation and amortization	27.6	14.0	0.1	41.7
EBITDA (a)	\$ 64.2	\$ 21.1	\$ (9.0)	\$ 76.3
Acquisition and integration costs	0.5	1.4	0.7	2.6
Share-based compensation costs	0.5	0.2	1.2	1.9
Foreign exchange and other losses (gains), net	0.3	4.3	(0.3)	4.3
Loss on disposal of property, plant and equipment, net	1.0	0.1	—	1.1
Other adjustments, net (d)	(0.2)	0.5	0.1	0.4
Adjusted EBITDA	\$ 66.3	\$ 27.6	\$ (7.3)	\$ 86.6

	For the Nine Months Ended September 26, 2020			
	North America	Rest of World	All Other	Total
Operating income (loss)	\$ 94.1	\$ (116.9)	\$ (53.9)	\$ (76.7)
Other (income) expense, net	0.6	0.7	(0.7)	0.6
Depreciation and amortization	107.1	43.4	0.9	151.4
EBITDA (a)	\$ 200.6	\$ (74.2)	\$ (52.3)	\$ 74.1
Acquisition and integration costs	7.5	2.6	18.3	28.4

Share-based compensation costs	4.4	1.0	8.1	13.5
COVID-19 costs	8.7	9.4	0.3	18.4
Goodwill and intangible asset impairment charges	1.2	114.0	—	115.2
Foreign exchange and other losses (gains), net	0.5	2.8	(0.1)	3.2
Loss on disposal of property, plant and equipment, net	5.8	0.4	—	6.2
Gain on sale of business (c)	—	—	(0.6)	(0.6)
Other adjustments, net (e)	2.9	0.3	1.9	5.1
Adjusted EBITDA	\$ 231.6	\$ 56.3	\$ (24.4)	\$ 263.5

	For the Nine Months Ended September 28, 2019			
	North America	Rest of World	All Other	Total
Operating income (loss)	\$ 68.7	\$ 25.6	\$ (33.7)	\$ 60.6
Other (income) expense, net	(1.3)	3.8	4.6	7.1
Depreciation and amortization	83.4	40.7	0.2	124.3
EBITDA (a)	\$ 153.4	\$ 62.5	\$ (38.1)	\$ 177.8
Acquisition and integration costs	2.4	4.7	2.9	10.0
Share-based compensation costs	1.9	0.6	5.5	8.0
Foreign exchange and other (gains) losses, net	(0.6)	6.3	(1.1)	4.6
Loss on disposal of property, plant and equipment, net	4.6	0.1	—	4.7
Loss on sale of business (c)	—	—	6.0	6.0
Other adjustments, net (f)	1.4	(0.1)	2.6	3.9
Adjusted EBITDA	\$ 163.1	\$ 74.1	\$ (22.2)	\$ 215.0

(a) EBITDA by reporting segment is derived from operating income (loss) as operating income (loss) is the performance measure regularly reviewed by the chief operating decision maker when evaluating performance of our reportable segments.

(b) Impact of other adjustments, net for North America includes \$0.5 million of expenses reflected under selling, general and administrative expenses and \$0.6 million of net gains reflected under other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for Rest of World includes \$1.0 million of expenses reflected under selling, general and administrative expenses and \$2.0 million of income reflected under other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for All Other are reflected under selling, general and administrative expenses in the Consolidated Statement of Operations.

(c) (Gain) loss on sale of Cott Beverages LLC business, which was sold on February 8, 2019, is reflected under other (income) expense, net on the Consolidated Statements of Operations.

(d) Impact of other adjustments, net for North America includes \$0.4 million of expenses reflected under selling, general and administrative expenses and \$0.6 million of income reflected under other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for Rest of World includes \$0.4 million of expenses reflected under selling, general and administrative expenses and \$0.1 million of expenses reflected under cost of sales in the Consolidated Statement of Operations. Impact of other adjustments, net for All Other are reflected under selling, general and administrative expenses in the Consolidated Statement of Operations.

(e) Impact of other adjustments, net for North America includes \$2.3 million of expenses reflected under selling, general and administrative expenses, \$0.4 million of expenses reflected under cost of sales and \$0.2 million of net losses reflected under other expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for Rest of World includes \$2.3 million of expenses reflected under selling, general and administrative expenses and \$2.0 million of income reflected under other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for All Other are reflected under selling, general and administrative expenses in the Consolidated Statement of Operations.

(f) Impact of other adjustments, net for North America includes \$2.0 million of expenses reflected under selling, general and administrative expenses and \$0.6 million of income reflected under other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for Rest of World includes \$1.7 million of expenses reflected under selling, general and administrative expenses, \$0.2 million of expenses reflected under cost of sales and \$2.0 million of income reflected in other (income) expense, net in the Consolidated Statement of Operations. Impact of other adjustments, net for All Other includes \$2.2 million of expenses reflected under selling, general and administrative expenses in the Consolidated Statements of Operations and \$0.4 million of net impact on our operations related to the divested Cott Beverages LLC business after a \$0.2 million share-based compensation expense adjustment.

PRIMO WATER CORPORATION
SUPPLEMENTARY INFORMATION-NON-GAAP-ADJUSTED NET INCOME AND ADJUSTED EPS

EXHIBIT 9

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

	For the Three Months Ended		For the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net income (loss) from continuing operations (as reported)	\$ 22.3	\$ 7.3	\$ (136.8)	\$ (12.7)
Adjustments:				
Amortization expense of customer lists	14.7	12.0	38.6	35.7
Acquisition and integration costs	3.3	2.6	28.4	10.0
Share-based compensation costs	6.2	1.9	13.5	8.0
COVID-19 costs	1.6	—	18.4	—
Goodwill and intangible asset impairment charges	—	—	115.2	—
Foreign exchange and other (gains) losses, net	(2.0)	4.3	3.2	4.6
(Gain) loss on sale of business	—	—	(0.6)	6.0
Other adjustments, net	(0.5)	0.4	5.1	3.9
Tax impact of adjustments (a)	(7.3)	(4.1)	(21.9)	(13.7)
Adjusted net income from continuing operations	\$ 38.3	\$ 24.4	\$ 63.1	\$ 41.8

Earnings Per Share (as reported)

Net income (loss) from continuing operations	\$ 22.3	\$ 7.3	\$ (136.8)	\$ (12.7)
Basic EPS	\$ 0.14	\$ 0.05	\$ (0.89)	\$ (0.09)
Diluted EPS	\$ 0.14	\$ 0.05	\$ (0.89)	\$ (0.09)

Weighted average common shares outstanding (in thousands)				
Basic	160,101	134,667	153,723	135,395
Diluted weighted average common shares outstanding (in thousands)	161,433	136,208	153,723	135,395
Adjusted Earnings Per Share (Non-GAAP)				
Adjusted net income from continuing operations (Non-GAAP)	\$ 38.3	\$ 24.4	\$ 63.1	\$ 41.8
Adjusted diluted EPS (Non-GAAP)	\$ 0.24	\$ 0.18	\$ 0.41	\$ 0.30
Diluted weighted average common shares outstanding (in thousands) (Non-GAAP) (b)	161,433	136,208	155,003	137,126

(a) The tax effect for adjusted net income is based upon an analysis of the statutory tax treatment and the applicable tax rate for the jurisdiction in which the pre-tax adjusting items incurred and for which realization of the resulting tax benefit (if any) is expected. A reduced or 0% tax rate is applied to jurisdictions where we do not expect to realize a tax benefit due to a history of operating losses or other factors resulting in a valuation allowance related to deferred tax assets.

(b) GAAP diluted weighted average common shares outstanding were used for the three months ended September 26, 2020 and September 28, 2019. Non-GAAP diluted weighted average common shares outstanding for the nine months ended September 26, 2020 and September 28, 2019 include the impact of dilutive securities of 1,280 and 1,731, respectively. These dilutive securities were excluded from GAAP diluted weighted average common shares outstanding due to net loss from continuing operations reported in those periods.

**PRIMO WATER CORPORATION
SUPPLEMENTARY INFORMATION - NON-GAAP - ANALYSIS OF REVENUE**

EXHIBIT 10

(in millions of U.S. dollars)

Unaudited

	Primo (a)		Primo (a)	
	For the Three Months Ended		For the Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Revenue, net	\$ 517.5	\$ 472.1	\$ 1,448.5	\$ 1,355.4
Divested Cott Beverages LLC business	\$ —	\$ —	\$ —	\$ (7.2)
Adjusted Revenue	\$ 517.5	\$ 472.1	\$ 1,448.5	\$ 1,348.2
Change in adjusted revenue	\$ 45.4		\$ 100.3	
Percentage change in adjusted revenue	9.6 %		7.4 %	
Impact of foreign exchange (b)	\$ (3.9)		\$ (1.2)	
Percentage change in adjusted revenue excluding foreign exchange impact	8.8 %		7.4 %	

(a) Primo Water Corporation includes the following reporting segments: North America (which includes our DSS, Aquaterra, Mountain Valley and legacy Primo businesses), Rest of World (which includes our Eden and Aimia businesses) and All Other (which includes other miscellaneous expenses and our Cott Beverages LLC business, which was sold in the first quarter of 2019).

(b) 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.

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