

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

FORM 10-Q

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

For the quarterly period ended: April 3, 2021

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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

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

<u>Class</u>	<u>Outstanding at May 3, 2021</u>
Common Shares, no par value per share	161,132,135

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Revenue, net	\$ 478.4	\$ 474.2
Cost of sales	213.9	200.9
Gross profit	264.5	273.3
Selling, general and administrative expenses	248.0	255.1
Loss on disposal of property, plant and equipment, net	2.1	1.4
Acquisition and integration expenses	1.3	20.8
Operating income (loss)	13.1	(4.0)
Other (income) expense, net	(0.4)	7.0
Interest expense, net	19.0	19.7
Loss from continuing operations before income taxes	(5.5)	(30.7)
Income tax expense (benefit)	4.7	(3.3)
Net loss from continuing operations	\$ (10.2)	\$ (27.4)
Net income from discontinued operations, net of income taxes	—	30.9
Net (loss) income	\$ (10.2)	\$ 3.5
Net (loss) income per common share		
Basic:		
Continuing operations	\$ (0.06)	\$ (0.19)
Discontinued operations	\$ —	\$ 0.22
Net (loss) income	\$ (0.06)	\$ 0.02
Diluted:		
Continuing operations	\$ (0.06)	\$ (0.19)
Discontinued operations	\$ —	\$ 0.22
Net (loss) income	\$ (0.06)	\$ 0.02
Weighted average common shares outstanding (in thousands)		
Basic	160,634	141,139
Diluted	160,634	141,139

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

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

	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Net (loss) income	\$ (10.2)	\$ 3.5
Other comprehensive income (loss):		
Currency translation adjustment	6.5	(18.7)
Loss on derivative instruments, net of tax ¹	—	(11.2)
Comprehensive loss	\$ (3.7)	\$ (26.4)

¹ Net of the effect of \$3.0 million tax benefit and of \$1.3 million associated tax impact that resulted in a decrease to the gain on sale of discontinued operations for the three months ended March 28, 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>April 3, 2021</u>	<u>January 2, 2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 102.2	\$ 115.1
Accounts receivable, net of allowance of \$22.3 (\$20.7 as of January 2, 2021)	230.8	222.3
Inventories	79.9	83.8
Prepaid expenses and other current assets	22.7	21.3
Total current assets	435.6	442.5
Property, plant and equipment, net	676.0	685.6
Operating lease right-of-use-assets	176.4	180.6
Goodwill	1,276.8	1,284.3
Intangible assets, net	969.5	987.6
Other long-term assets, net	24.1	24.1
Total assets	\$ 3,558.4	\$ 3,604.7
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	\$ 115.5	\$ 107.7
Current maturities of long-term debt	15.2	17.9
Accounts payable and accrued liabilities	370.0	387.7
Current operating lease obligations	36.1	35.5
Total current liabilities	536.8	548.8
Long-term debt	1,321.0	1,345.1
Operating lease obligations	143.3	148.0
Deferred tax liabilities	152.3	148.1
Other long-term liabilities	68.3	67.8
Total liabilities	2,221.7	2,257.8
Shareholders' Equity		
Common shares, no par value - 160,818,184 (January 2, 2021 - 160,406,464) shares issued	1,274.2	1,268.0
Additional paid-in-capital	81.6	84.5
Retained earnings	61.1	81.1
Accumulated other comprehensive loss	(80.2)	(86.7)
Total shareholders' equity	1,336.7	1,346.9
Total liabilities and shareholders' equity	\$ 3,558.4	\$ 3,604.7

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

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

	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Cash flows from operating activities of continuing operations:		
Net (loss) income	\$ (10.2)	\$ 3.5
Net income from discontinued operations, net of income taxes	—	30.9
Net loss from continuing operations	(10.2)	(27.4)
Adjustments to reconcile net loss from continuing operations to cash flows from operating activities:		
Depreciation and amortization	53.1	45.0
Amortization of financing fees	0.8	0.9
Share-based compensation expense	2.4	2.4
Expense (benefit) for deferred income taxes	3.6	(3.5)
Loss on disposal of property, plant and equipment, net	2.1	1.4
Other non-cash items	0.2	6.0
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(9.7)	(28.9)
Inventories	3.2	(0.6)
Prepaid expenses and other current assets	(2.2)	(1.5)
Other assets	0.1	0.7
Accounts payable and accrued liabilities and other liabilities	(14.7)	10.2
Net cash provided by operating activities from continuing operations	28.7	4.7
Cash flows from investing activities of continuing operations:		
Acquisitions, net of cash received	—	(422.6)
Additions to property, plant and equipment	(27.0)	(34.9)
Additions to intangible assets	(2.3)	(3.0)
Proceeds from sale of property, plant and equipment	0.1	0.3
Net cash used in investing activities from continuing operations	(29.2)	(460.2)

Cash flows from financing activities of continuing operations:			
Payments of long-term debt		(3.4)	(2.7)
Proceeds from short-term borrowings		—	135.9
Payments on short-term borrowings		—	(109.9)
Issuance of common shares		1.0	0.6
Common shares repurchased and canceled		(3.1)	(31.9)
Financing fees		(0.7)	(2.5)
Equity issuance fees		—	(1.1)
Dividends paid to common shareholders		(9.7)	(9.8)
Payment of deferred consideration for acquisitions		(1.7)	(0.2)
Other financing activities		5.2	8.8
Net cash used in financing activities from continuing operations		(12.4)	(12.8)
Cash flows from discontinued operations:			
Operating activities of discontinued operations		0.8	(17.3)
Investing activities of discontinued operations		—	394.5
Financing activities of discontinued operations		—	(0.1)
Net cash provided by discontinued operations		0.8	377.1
Effect of exchange rate changes on cash		(0.8)	(2.1)
Net decrease in cash, cash equivalents and restricted cash		(12.9)	(93.3)
Cash and cash equivalents and restricted cash, beginning of period		115.1	205.5
Cash and cash equivalents and restricted cash, end of period	\$	102.2	\$ 112.2
Supplemental Non-cash Investing and Financing Activities:			
Shares issued in connection with business combination	\$	—	\$ 377.6
Accrued deferred financing fees		0.1	0.8
Dividends payable issued through accounts payable and accrued liabilities		0.1	0.2
Additions to property, plant and equipment through accounts payable and accrued liabilities and other liabilities		17.9	11.5
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	\$	23.3	\$ 15.7
Cash paid for income taxes, net		1.9	2.4

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

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

	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid-in- Capital	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	—	—	—	(4.3)	—	(4.3)
Net income	—	—	—	3.5	—	3.5
Other comprehensive loss, net of tax	—	—	—	—	(29.9)	(29.9)
Common shares dividends (\$0.06 per common share)	—	—	—	(9.6)	—	(9.6)
Share-based compensation	—	—	3.1	—	—	3.1
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	(2,776)	(22.2)	—	(9.7)	—	(31.9)
Common shares issued - Equity Incentive Plan	1,277	15.7	(11.8)	—	—	3.9
Common shares issued - Employee Stock Purchase Plan	25	0.4	(0.1)	—	—	0.3
Balance at March 28, 2020	159,826	\$ 1,262.7	\$ 71.5	\$ 244.9	\$ (98.4)	\$ 1,480.7
	Number of Common Shares <i>(In thousands)</i>	Common Shares	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at January 2, 2021	160,406	\$ 1,268.0	\$ 84.5	\$ 81.1	\$ (86.7)	\$ 1,346.9
Net loss	—	—	—	(10.2)	—	(10.2)
Other comprehensive income, net of tax	—	—	—	—	6.5	6.5
Common shares dividends (\$0.06 per common share)	—	—	—	(9.8)	—	(9.8)
Share-based compensation	—	—	2.4	—	—	2.4
Common shares repurchased and canceled	(179)	(3.1)	—	—	—	(3.1)
Common shares issued - Equity Incentive Plan	565	8.9	(5.3)	—	—	3.6
Common shares issued - Employee Stock Purchase Plan	26	0.4	—	—	—	0.4
Balance at April 3, 2021	160,818	\$ 1,274.2	\$ 81.6	\$ 61.1	\$ (80.2)	\$ 1,336.7

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

Primo Water Corporation
Notes to the Consolidated Financial Statements
Unaudited

Note 1—Business and Recent Accounting Pronouncements

Description of Business

As used herein, “Primo,” “the Company,” “our Company,” “Primo Water Corporation,” “we,” “us,” or “our” refers to Primo Water Corporation, together with its consolidated subsidiaries. Primo is a leading 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 retailers and online at various price points. The dispensers help increase household penetration, which drives recurring purchases of Primo’s razorblade offering. Primo’s razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo delivers sustainable hydration solutions across its 21-country footprint direct to the customer’s door, whether at home or to 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 Watercoolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection. During 2020, our U.S. operations achieved a carbon neutral certification under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. This certification is in addition to the certifications in our European operations where we have maintained carbon neutrality for the past nine consecutive years in many of our markets.

Basis of Presentation

The accompanying interim unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial reporting. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. The Consolidated Balance Sheet as of January 2, 2021 included herein was derived from the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2021 (our “2020 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 2020 Annual Report. The accounting policies used in these interim Consolidated Financial Statements are consistent with those used in the annual Consolidated Financial Statements.

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

COVID-19 Pandemic

In response to the novel coronavirus (“COVID-19”) pandemic, certain government authorities have enacted programs which provide various economic stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll and other tax remittances to future years and wage subsidies as reimbursement for a portion of certain furloughed employees’ salaries. During the three months ended April 3, 2021, we received wage subsidies under these programs totaling \$1.4 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. We have adopted an accounting policy to present wage subsidies as a reduction of selling, general and administrative (“SG&A”) expenses. In addition, deferred payroll and other taxes totaling \$8.6 million and \$9.0 million were included in accounts payable and accrued liabilities and \$7.5 million was included in other long-term liabilities on our Consolidated Balance Sheets as of April 3, 2021 and January 2, 2021, respectively.

Significant Accounting Policies

Included in Note 1 of our 2020 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 \$110.1 million and \$120.0 million for the three months ended April 3, 2021 and March 28, 2020, respectively. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Recently adopted accounting pronouncements

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

In August 2018, the Financial Accounting Standards Board (“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. Adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

Recently issued accounting pronouncements

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

In March 2020, the FASB issued guidance which provides optional expedients and exceptions to account for contracts, hedging relationships and other transactions that reference LIBOR or any other reference rates expected to be discontinued because of reference rate reform. This guidance is effective as of March 12, 2020 through December 31, 2022 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company has not adopted any of the optional expedients or exceptions through April 3, 2021 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

In February 2020, the Company 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.

The Company used the proceeds of the S&D Divestiture to finance a portion of the acquisition of Primo Water Corporation (“Legacy Primo” and such transaction, the “Legacy Primo Acquisition”). See Note 4 to the Consolidated Financial Statements for additional information on the Legacy Primo Acquisition.

The major components of net income from discontinued operations, net of income taxes in the accompanying Consolidated Statement of Operations include the following:

(in millions of U.S. dollars)	For the Three Months Ended	
	March 28, 2020	
Revenue, net ¹	\$	97.1
Cost of sales		71.1
Operating loss from discontinued operations		(0.5)
Gain on sale of discontinued operations		60.5
Net income from discontinued operations, before income taxes		59.8
Income tax expense ²		28.9
Net income from discontinued operations, net of income taxes	\$	30.9

¹ Includes \$1.0 million of related party sales to continuing operations for the three months ended March 28, 2020.

² The S&D Divestiture resulted in tax expense on the gain on sale of \$28.5 million and utilized a significant portion of the existing U.S. net operating loss carry-forwards.

Note 3—Revenue

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

Contract Estimates

The nature of certain of our contracts give rise to variable consideration including cash discounts, volume-based rebates, point of sale promotions, and other promotional discounts to certain customers. For all promotional programs and discounts, we estimate the rebate or discount that will be granted to the customer and record an accrual upon invoicing. These estimated rebates or discounts are included in the transaction price of our contracts with customers as a reduction to net revenues and are included as accrued sales incentives in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Accrued sales incentives were \$10.6 million and \$9.9 million on April 3, 2021 and January 2, 2021, respectively.

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

Contract Balances

Contract liabilities relate primarily to advances received from our customers before revenue is recognized. These amounts are recorded as deferred revenue and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. The advances are expected to be earned as revenue within one year of receipt. Deferred revenues at April 3, 2021 and January 2, 2021 were \$14.2 million and \$11.7 million, respectively. The amount of revenue recognized in the three months ended April 3, 2021 that was included in the January 2, 2021 deferred revenue balance was \$8.1 million.

The Company does not have any material contract assets as of April 3, 2021 and January 2, 2021.

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	
	April 3, 2021	March 28, 2020
United States	\$ 349.9	\$ 334.6
United Kingdom	36.7	42.5
Canada	15.9	16.1
All other countries	75.9	81.0
Total	\$ 478.4	\$ 474.2

Note 4—Acquisitions

Legacy Primo Acquisition

In March 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 residential and commercial bottled water delivery businesses in North America and Europe. 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 common shares plus cash in lieu of any fractional common share, or (iii) \$5.04 in cash and 0.6549 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, we indirectly acquired the remaining Legacy Primo shares through a merger between Legacy Primo and one of our wholly-owned subsidiaries.

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 previously reported estimated acquisition date fair values, measurement period adjustments recorded, and the final purchase price allocation of the assets acquired and the liabilities assumed:

(in millions of U.S. dollars)	Originally Reported	Measurement Period Adjustments	Acquired Value
Cash and cash equivalents	\$ 1.3	\$ —	\$ 1.3
Accounts receivable	21.6	—	21.6
Inventory	18.4	—	18.4
Prepaid expenses and other current assets	5.3	—	5.3
Property, plant and equipment	107.8	—	107.8
Operating lease right-of-use-assets	4.3	—	4.3
Goodwill	301.2	1.3	302.5
Intangible assets	421.6	—	421.6
Other assets	0.4	—	0.4
Current maturities of long-term debt	(2.3)	—	(2.3)
Accounts payable and accrued liabilities	(42.0)	(0.2)	(42.2)
Current operating lease obligations	(1.4)	—	(1.4)
Long-term debt	(5.6)	—	(5.6)
Operating lease obligations	(3.0)	—	(3.0)
Deferred tax liabilities	(27.6)	(1.1)	(28.7)
Other long-term liabilities	(1.8)	—	(1.8)
Total	\$ 798.2	\$ —	\$ 798.2

Measurement period adjustments recorded during the three months ended April 3, 2021 include a deferred tax adjustment related to the final valuation and an adjustment to accounts payable and accrued liabilities based on a review of the respective fair value as of the date of the Legacy Primo Acquisition. The measurement period adjustment did not have a material effect on our results of operations in prior periods.

Supplemental Pro Forma Data (unaudited)

The following unaudited pro forma financial information for the three months ended March 28, 2020 represent the combined results of our operations as if the Legacy Primo Acquisition had occurred on December 30, 2018.

(in millions of U.S. dollars, except per share amounts)	For the Three Months Ended March 28, 2020
Revenue	\$ 514.7
Net loss from continuing operations	\$ (13.0)
Net income	\$ 17.9
Net loss per common share from continuing operations, diluted	\$ (0.09)
Net income per common share, diluted	\$ 0.13

Note 5—Income Taxes

Income tax expense was \$4.7 million on pre-tax loss from continuing operations of \$5.5 million for the three months ended April 3, 2021, as compared to income tax benefit of \$3.3 million on pre-tax loss from continuing operations of \$30.7 million in the comparable prior year period. The effective income tax rates for the three months ended April 3, 2021 were (85.5)% compared to 10.7% in the comparable prior year periods.

The effective tax rate for the three months ended April 3, 2021 varied from the effective tax rate in the comparable prior year period due primarily to increased earnings in taxable jurisdictions.

The effective tax rate for the three months ended April 3, 2021 varied from the statutory tax rate due to losses in tax jurisdictions for which no tax benefit is recognized due to existing valuation allowances, as well as income in tax jurisdictions with tax rates lower than the Canadian statutory tax rate.

Note 6—Net (Loss) Income per Common Share

Net (Loss) Income per Common Share

Basic net (loss) income per common share is calculated by dividing net (loss) income 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 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	
	April 3, 2021	March 28, 2020
Numerator (in millions of U.S. dollars):		
Net loss from continuing operations	\$ (10.2)	\$ (27.4)
Net income from discontinued operations	—	30.9
Net (loss) income	<u>(10.2)</u>	<u>3.5</u>
Basic Earnings Per Share		
Denominator (in thousands):		
Weighted average common shares outstanding - basic	160,634	141,139
Basic Earnings Per Share:		
Continuing operations	(0.06)	(0.19)
Discontinued operations	—	0.22
Net (loss) income	<u>(0.06)</u>	<u>0.02</u>
Diluted Earnings Per Share		
Denominator (in thousands):		
Weighted average common shares outstanding - basic	160,634	141,139
Dilutive effect of Stock Options	—	—
Dilutive effect of Performance-based RSUs	—	—
Dilutive effect of Time-based RSUs	—	—
Weighted average common shares outstanding - diluted	<u>160,634</u>	<u>141,139</u>
Diluted Earnings Per Share:		
Continuing operations	(0.06)	(0.19)
Discontinued operations	—	0.22
Net (loss) income	<u>(0.06)</u>	<u>0.02</u>

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

(in thousands)	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Stock Options	7,206	6,477
Performance-based RSUs ¹	838	750
Time-based RSUs	485	557

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 7—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, and coffee.

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

(in millions of U.S. dollars)	North America		Rest of World		All Other		Total	
For the Three Months Ended March 28, 2020								
Revenue, net	\$	350.7	\$	123.5	\$	—	\$	474.2
Depreciation and amortization		30.6		14.3		0.1		45.0
Operating income (loss) ¹		23.1		(2.4)		(24.7)		(4.0)
Additions to property, plant and equipment		23.6		11.3		—		34.9

¹ We revised the allocation of information technology costs from the All Other category to our North America and Rest of World reporting segments to reflect how the Chief Executive Officer, who is our chief operating decision maker, measures the performance of our segments. As a result of the change, operating income for the prior period has been recast to decrease operating income in our North America reporting segment by \$0.6 million, increase operating loss in our Rest of World reporting segment by \$1.9 million, and decrease operating loss in the All Other category by \$2.5 million for the three months ended March 28, 2020.

Revenues by channel by reporting segment were as follows:

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

(in millions of U.S. dollars)	For the Three Months Ended March 28, 2020			
	North America	Rest of World	All Other	Total
<i>Revenue, net</i>				
Water Direct/Water Exchange	\$ 237.4	\$ 57.8	\$ —	\$ 295.2
Water Refill/Water Filtration	23.7	7.1	—	30.8
Other Water	42.2	13.2	—	55.4
Water Dispensers	5.9	—	—	5.9
Other	41.5	45.4	—	86.9
Total	\$ 350.7	\$ 123.5	\$ —	\$ 474.2

Note 8—Inventories

The following table summarizes inventories as of April 3, 2021 and January 2, 2021:

(in millions of U.S. dollars)	April 3, 2021	January 2, 2021
Raw materials	\$ 41.2	\$ 43.6
Finished goods	27.6	28.0
Resale items	10.0	11.1
Other	1.1	1.1
Total	\$ 79.9	\$ 83.8

Note 9—Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income (“AOCI”) by component for the three months ended April 3, 2021 and March 28, 2020 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 December 28, 2019	\$ 11.2	\$ (1.0)	\$ (78.7)	\$ (68.5)
OCI before reclassifications	(8.7)	—	(18.7)	(27.4)
Amounts reclassified from AOCI	(2.5)	—	—	(2.5)
Net current-period OCI	(11.2)	—	(18.7)	(29.9)
Ending balance March 28, 2020	\$ —	\$ (1.0)	\$ (97.4)	\$ (98.4)
Beginning balance January 2, 2021	\$ —	\$ (1.1)	\$ (85.6)	\$ (86.7)
OCI before reclassifications	—	—	6.5	6.5
Amounts reclassified from AOCI	—	—	—	—
Net current-period OCI	—	—	6.5	6.5
Ending balance April 3, 2021	\$ —	\$ (1.1)	\$ (79.1)	\$ (80.2)

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

The following table summarizes the amounts reclassified from AOCI for the three months ended April 3, 2021 and March 28, 2020, respectively:

(in millions of U.S. dollars)	For the Three Months Ended		Affected Line Item in the Statement Where Net Income Is Presented
	April 3, 2021	March 28, 2020	
Details About AOCI Components ¹			
Gains and losses on derivative instruments			
Foreign currency and commodity hedges	\$ —	\$ 0.1	Cost of sales
Commodity hedges ²	—	2.4	Gain on sale of discontinued operations
	—	2.5	Total before taxes
	—	—	Tax expense or (benefit)
	\$ —	\$ 2.5	Net of tax
Amortization of pension benefit plan items			
Actuarial (losses)/gains ³	\$ —	\$ —	
Prior service costs ³	—	—	
	—	—	Total before taxes
	—	—	Tax expense or (benefit)
	\$ —	\$ —	Net of tax
Total reclassifications for the period	\$ —	\$ 2.5	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 three months ended March 28, 2020.

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

Note 10—Commitments and Contingencies

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

We had \$50.6 million in standby letters of credit outstanding as of April 3, 2021 (\$50.6 million as of January 2, 2021).

Guarantees

After the sale of our North America, United Kingdom and Mexico business units (including the Canadian business) and our Royal Crown International finished goods export business in January 2018, we have continued to provide contractual payment guarantees to two third-party lessors of certain real property used in these businesses. The leases were conveyed to the buyer as part of the sale, but our guarantee was not released by the landlord. The two lease agreements mature in 2027 and 2028. The maximum potential amount of undiscounted future payments under the guarantee is approximately \$18.4 million as of April 3, 2021, which was calculated based on the minimum lease payments of the leases over the remaining term of the agreements. The sale documents require the buyer to pay all post-closing obligations under these conveyed leases, and to reimburse us if the landlord calls on a guarantee. The buyer has also agreed to a covenant to negotiate with the landlords for a release of our guarantees. 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 11—Fair Value Measurements

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

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

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

Fair Value of Financial Instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of April 3, 2021 and January 2, 2021 were as follows:

(in millions of U.S. dollars)	April 3, 2021		January 2, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.500% senior notes due in 2025 ^{1,2}	743.3	763.8	743.0	767.2
3.875% senior notes due in 2028 ^{1,2}	521.1	532.2	543.6	559.9
Total	\$ 1,264.4	\$ 1,296.0	\$ 1,286.6	\$ 1,327.1

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

² Carrying value of our significant outstanding debt is net of unamortized debt issuance costs as of April 3, 2021 and January 2, 2021.

Note 12—Subsequent Events

On April 30, 2021, we issued \$750.0 million of 4.375% senior notes due April 30, 2029 (“2029 Notes”) to qualified purchasers in a private placement offering under Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. purchasers pursuant to Regulation S under the Securities Act and other applicable laws. The 2029 Notes were issued by our wholly-owned subsidiary Primo Water Holdings Inc. The 2029 Notes are guaranteed by the Company and certain subsidiaries that are currently obligors under the \$350.0 million senior secured revolving credit facility, the \$750.0 million of 5.500% senior notes due April 1, 2025 (“2025 Notes”) and the €450.0 million of 3.875% senior notes due October 31, 2028. The 2029 Notes will mature on April 30, 2029 and interest is payable semi-annually on April 30th and October 31st of each year commencing on October 31, 2021. The proceeds of the 2029 Notes, along with available cash on hand, were used to redeem in full the 2025 Notes and pay related premiums, fees and expenses.

We incurred approximately \$11.2 million of financing fees for the issuance of the 2029 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2029 Notes. The redemption of the 2025 Notes included \$20.6 million in premium payments and accrued interest of \$3.6 million.

On May 4, 2021, our Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on June 16, 2021 to shareowners of record at the close of business on June 4, 2021.

On May 4, 2021, our Board of Directors approved a share repurchase program for up to \$50.0 million of our outstanding common shares over a 12-month period commencing on May 10, 2021.

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

This Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to further the reader’s understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended January 2, 2021 (our “2020 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 2020 Annual Report. As used herein, “Primo,” “the Company,” “Primo Water Corporation,” “we,” “us,” or “our” refers to Primo Water Corporation, together with its consolidated subsidiaries.

Overview

Primo is a leading 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 Watercoolers Europe, which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection. During 2020, our U.S. operations achieved a carbon neutral certification under the CarbonNeutral Protocol, an international standard administered by Natural Capital Partners. This certification is in addition to the certifications in our European operations where we have maintained carbon neutrality for the past nine consecutive years in many of our markets.

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

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

Impact of the COVID-19 Pandemic

Our global operations expose us to risks associated with the coronavirus (“COVID-19”) pandemic, which has resulted in challenging operating environments. COVID-19 has spread across the globe to all of the countries in which we operate. 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 continue to 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, successful distribution and efficacy of the COVID-19 vaccine 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 months ended April 3, 2021, we received wage subsidies under these programs totaling \$1.4 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. We have adopted an accounting policy to present wage subsidies as a reduction of selling, general and administrative ("SG&A") expenses. In addition, deferred payroll and other taxes totaling \$8.6 million and \$9.0 million and were included in accounts payable and accrued liabilities and \$7.5 million was included in other long-term liabilities on our Consolidated Balance Sheets as of April 3, 2021 and January 2, 2021, respectively.

Divestiture, Acquisition and Financing Transactions

In February 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 us to Westrock. We used the proceeds of the transaction to finance a portion of the Legacy Primo Acquisition (defined below).

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.

In March 2020, we 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, we changed our corporate name to Primo Water Corporation and our ticker symbol on the New York Stock Exchange and Toronto Stock Exchange to "PRMW".

In March 2020, we entered into a credit agreement among the Company, as parent borrower, Primo Water Holdings Inc. and Eden Springs Nederland B.V., 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 has a five year maturity date and includes letter of credit and swing line loan sub facilities. Borrowings under the Revolving Credit Facility were used to refinance in full and terminate our previously existing asset-based lending credit facility.

On April 30, 2021, we issued \$750.0 million of 4.375% senior notes due April 30, 2029 (“2029 Notes”) to qualified purchasers in a private placement offering under Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. purchasers pursuant to Regulation S under the Securities Act and other applicable laws. The 2029 Notes were issued by our wholly-owned subsidiary Primo Water Holdings Inc. The 2029 Notes are guaranteed by the Company and certain subsidiaries that are currently obligors under the Revolving Credit Facility, the \$750.0 million of 5.500% senior notes due April 1, 2025 (“2025 Notes”) and the €450.0 million of 3.875% senior notes due October 31, 2028. The 2029 Notes will mature on April 30, 2029 and interest is payable semi-annually on April 30th and October 31st of each year commencing on October 31, 2021. The proceeds of the 2029 Notes, along with available cash on hand, were used to redeem in full the 2025 Notes and pay related premiums, fees and expenses.

We incurred approximately \$11.2 million of financing fees for the issuance of the 2029 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2029 Notes. The redemption of the 2025 Notes included \$20.6 million in premium payments and accrued interest of \$3.6 million.

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 2020 Annual Report, and those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission (“SEC”) and Canadian securities regulatory authorities.

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

- our ability to compete successfully in the markets in which we operate;
- fluctuations in commodity prices and our ability to pass on increased costs to our customers or hedge against such rising costs, and the impact of those increased prices on our volumes;
- our ability to manage our operations successfully;
- our 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 earnings (loss) before interest expense, taxes, depreciation and amortization (“EBITDA”), which is GAAP net income (loss) from continuing operations before interest expense, net, expense (benefit) for income taxes and depreciation and amortization. We consider EBITDA to be an indicator of operating performance. We also use EBITDA, as do analysts, lenders, investors and others, because it excludes certain items that can vary widely across different industries or among companies within the same industry. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We also utilize adjusted EBITDA, which is EBITDA excluding acquisition and integration costs, share-based compensation costs, COVID-19 costs, foreign exchange and other (gains) losses, net, loss on disposal of property, plant and equipment, net, 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 April 3, 2021 (the “first quarter”) was \$10.2 million or \$0.06 per diluted common share, compared with \$27.4 million or \$0.19 per diluted common share for the three months ended March 28, 2020.

The following items of significance affected our financial results for the first three months of 2021:

- Net revenue increased \$4.2 million, or 0.9%, from the prior year period due primarily to the addition of revenues from the Legacy Primo business for a full quarter in the current period compared to one month in the prior year period, increased demand for products and services from residential customers and the favorable impact of foreign exchange rates, partially offset by a decline in our Water Direct commercial customer base and office coffee services consumption and volumes due to the impact of COVID-19;
- Gross profit decreased \$8.8 million, or 3.2%, from the prior year period due primarily to lower volume driving higher per unit cost of sales, partially offset by the addition of the Legacy Primo business and the favorable impact of foreign exchange rates. Gross profit as a percentage of net revenue was 55.3% compared to 57.6% in the prior year period;
- SG&A expenses decreased to \$248.0 million from \$255.1 million in the prior year period due primarily to lower delivery expenses, cost reduction initiatives executed as a result of the impact of COVID-19 and synergy capture, partially offset by the addition of the Legacy Primo business. SG&A expenses as a percentage of net revenue was 51.8% compared to 53.8% in the prior year period;
- Acquisition and integration expenses decreased to \$1.3 million from \$20.8 million in the prior year period due primarily to a reduction of costs related to the Legacy Primo business. Acquisition and integration expenses as a percentage of revenue was 0.3% compared to 4.4% in the prior year period;
- Other income, net was \$0.4 million compared to other expense, net of \$7.0 million in the prior year period due primarily to a decrease of net losses on foreign currency transactions in the first quarter compared to the prior year period;
- Income tax expense was \$4.7 million on pre-tax loss from continuing operations of \$5.5 million compared to income tax benefit of \$3.3 million on pre-tax loss from continuing operations of \$30.7 million in the prior year period due primarily to increased earnings in taxable jurisdictions;
- Adjusted EBITDA increased to \$76.2 million compared to \$70.4 million in the prior year period due to increased demand for products and services from residential customers, continued operating leverage improvement, the legacy Primo acquisition and synergy realization; and
- Cash flows provided by operating activities from continuing operations was \$28.7 million compared to \$4.7 million in the prior year period. The \$24.0 million increase was due primarily to a reduction in net loss from continuing operations, excluding non-cash charges, relative to the prior year period.

Results of Operations

The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for the three months ended April 3, 2021 and March 28, 2020:

(in millions of U.S. dollars)	For the Three Months Ended			
	April 3, 2021		March 28, 2020	
	\$	%	\$	%
Revenue, net	478.4	100.0	474.2	100.0
Cost of sales	213.9	44.7	200.9	42.4
Gross profit	264.5	55.3	273.3	57.6
Selling, general and administrative expenses	248.0	51.8	255.1	53.8
Loss on disposal of property, plant and equipment, net	2.1	0.4	1.4	0.3
Acquisition and integration expenses	1.3	0.3	20.8	4.4
Operating income (loss)	13.1	2.7	(4.0)	(0.8)
Other (income) expense, net	(0.4)	(0.1)	7.0	1.5
Interest expense, net	19.0	4.0	19.7	4.2
Loss from continuing operations before income taxes	(5.5)	(1.1)	(30.7)	(6.5)
Income tax expense (benefit)	4.7	1.0	(3.3)	(0.7)
Net loss from continuing operations	(10.2)	(2.1)	(27.4)	(5.8)
Net income from discontinued operations, net of income taxes	—	—	30.9	6.5
Net (loss) income	(10.2)	(2.1)	3.5	0.7
Depreciation & amortization	53.1	11.1	45.0	9.5

The following tables summarize the change in revenue by reporting segment for the three months ended April 3, 2021:

(in millions of U.S. dollars, except percentage amounts)	For the Three Months Ended April 3, 2021			
	North America	Rest of World	All Other	Total
Change in revenue	\$ 14.8	\$ (10.6)	\$ —	\$ 4.2
Impact of foreign exchange ¹	(0.9)	(7.2)	—	(8.1)
Change excluding foreign exchange	\$ 13.9	\$ (17.8)	\$ —	\$ (3.9)
Percentage change in revenue	4.2 %	(8.6)%	— %	0.9 %
Percentage change in revenue excluding foreign exchange	4.0 %	(14.4)%	— %	(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.

The following tables summarize the change in gross profit by reporting segment for the three months ended April 3, 2021:

(in millions of U.S. dollars, except percentage amounts)	For the Three Months Ended April 3, 2021			
	North America	Rest of World	All Other	Total
Change in gross profit	\$ (1.6)	\$ (7.2)	\$ —	\$ (8.8)
Impact of foreign exchange ¹	(0.4)	(3.8)	—	(4.2)
Change excluding foreign exchange	\$ (2.0)	\$ (11.0)	\$ —	\$ (13.0)
Percentage change in gross profit	(0.8)%	(10.7)%	—%	(3.2)%
Percentage change in gross profit excluding foreign exchange	(1.0)%	(16.4)%	—%	(4.8)%

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

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

The following table summarizes our net revenue, gross profit, SG&A expenses and operating income (loss) by reporting segment for the three months ended April 3, 2021 and March 28, 2020:

(in millions of U.S. dollars)	For the Three Months Ended	
	April 3, 2021	March 28, 2020
<i>Revenue, net</i>		
North America	\$ 365.5	\$ 350.7
Rest of World	112.9	123.5
All Other	—	—
Total	\$ 478.4	\$ 474.2
<i>Gross profit</i>		
North America	\$ 204.5	\$ 206.1
Rest of World	60.0	67.2
All Other	—	—
Total	\$ 264.5	\$ 273.3
<i>Selling, general and administrative expenses</i>¹		
North America	\$ 175.8	\$ 177.8
Rest of World	63.3	68.5
All Other	8.9	8.8
Total	\$ 248.0	\$ 255.1
<i>Operating income (loss)</i>¹		
North America	\$ 26.1	\$ 23.1
Rest of World	(3.6)	(2.4)
All Other	(9.4)	(24.7)
Total	\$ 13.1	\$ (4.0)

¹ We revised the allocation of information technology costs from the All Other category to our North America and Rest of World reporting segments to reflect how the Chief Executive Officer, who is our chief operating decision maker, measures the performance of our segments. As a result of the change, SG&A expenses for the prior period have been recast to increase SG&A expenses in our North America and Rest of World reporting segments by \$0.6 million and \$1.9 million, respectively, and decrease SG&A expenses in the All Other category by \$2.5 million for the three months ended March 28, 2020. Operating income (loss) for our North America and Rest of World reporting segments, as well as our All Other category, reflect the aforementioned adjustments for the three months ended March 28, 2020.

The following tables summarize net revenue by channel for the three months ended April 3, 2021 and March 28, 2020:

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

(in millions of U.S. dollars)	For the Three Months Ended March 28, 2020			
	North America	Rest of World	All Other	Total
Revenue, net				
Water Direct/Water Exchange	\$ 237.4	\$ 57.8	\$ —	\$ 295.2
Water Refill/Water Filtration	23.7	7.1	—	30.8
Other Water	42.2	13.2	—	55.4
Water Dispensers	5.9	—	—	5.9
Other	41.5	45.4	—	86.9
Total	\$ 350.7	\$ 123.5	\$ —	\$ 474.2

The following table summarizes our EBITDA and Adjusted EBITDA for the three months ended April 3, 2021 and March 28, 2020:

(in millions of U.S. dollars)	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Net loss from continuing operations	\$ (10.2)	\$ (27.4)
Interest expense, net	19.0	19.7
Income tax expense (benefit)	4.7	(3.3)
Depreciation and amortization	53.1	45.0
EBITDA	\$ 66.6	\$ 34.0
Acquisition and integration costs	1.3	20.8
Share-based compensation costs	2.4	2.4
COVID-19 costs	0.7	1.4
Foreign exchange and other (gains) losses, net	(0.1)	6.3
Loss on disposal of property, plant and equipment, net	2.1	1.4
Other adjustments, net	3.2	4.1
Adjusted EBITDA	\$ 76.2	\$ 70.4

Three Months Ended April 3, 2021 Compared to Three Months Ended March 28, 2020

Revenue, Net

Net revenue increased \$4.2 million, or 0.9%, in the first quarter from the comparable prior year period.

North America net revenue increased \$14.8 million, or 4.2%, in the first quarter from the comparable prior year period due primarily to the addition of revenues from the Legacy Primo business for a full quarter in the current period compared to one month in the prior year period and increased demand for products and services from residential customers, partially offset by a decline in our Water Direct commercial customer base and office coffee services consumption and volumes due to the impact of COVID-19.

Rest of World net revenue decreased \$10.6 million, or 8.6%, in the first quarter from the comparable prior year period due primarily to a decline in our Water Direct commercial customer base and office coffee services consumption and volumes due to the impact of COVID-19, partially offset by the favorable impact of foreign exchange rates.

Gross Profit

Gross profit decreased \$8.8 million, or 3.2%, in the first quarter from the comparable prior year period. Gross profit as a percentage of revenue was 55.3% in the first quarter compared to 57.6% in the comparable prior year period.

North America gross profit decreased \$1.6 million, or 0.8%, in the first quarter from the comparable prior year period due primarily to lower volume driving higher per unit cost of sales, partially offset by the addition of the Legacy Primo business.

Rest of World gross profit decreased \$7.2 million, or 10.7%, in the first quarter from the comparable prior year period due primarily to a decline in water consumption and volumes due to the impact of COVID-19, partially offset by the favorable impact of foreign exchange rates.

Selling, General and Administrative Expenses

SG&A expenses decreased to \$248.0 million in the first quarter from \$255.1 million in the comparable prior year period. SG&A expenses as a percentage of revenue was 51.8% in the first quarter compared to 53.8% in the comparable prior year period.

North America SG&A expenses decreased to \$175.8 million in the first quarter from \$177.8 million in the comparable prior year period due primarily to lower delivery expenses, cost reduction initiatives executed as a result of the impact of COVID-19 and synergy capture, partially offset by the addition of the Legacy Primo business.

Rest of World SG&A expenses decreased to \$63.3 million in the first quarter from \$68.5 million in the comparable prior year period due primarily to lower delivery expenses and cost reduction initiatives executed as a result of the impact of COVID-19, partially offset by the unfavorable impact of foreign exchange rates.

All Other SG&A expenses increased to \$8.9 million in the first quarter from \$8.8 million in the comparable prior year period.

Acquisition and Integration Expenses

Acquisition and integration expenses decreased to \$1.3 million in the first quarter from \$20.8 million in the comparable prior year period. Acquisition and integration expenses as a percentage of revenue was 0.3% in the first quarter compared to 4.4% in the comparable prior year period.

North America acquisition and integration expenses decreased to \$0.7 million in the first quarter from \$4.1 million in the comparable prior year period due primarily to a reduction in costs related to the Legacy Primo business.

Rest of World acquisition and integration expenses decreased to \$0.1 million in the first quarter from \$1.1 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 decreased to \$0.5 million in the first quarter from loss of \$15.6 million in the comparable prior year period due primarily to a reduction in costs related to the Legacy Primo business.

Operating Income (Loss)

Operating income was \$13.1 million in the first quarter compared to operating loss of \$4.0 million in the comparable prior year period.

North America operating income increased to \$26.1 million in the first quarter from \$23.1 million in the comparable prior year period due to the items discussed above.

Rest of World operating loss increased to \$3.6 million in the first quarter from \$2.4 million in the comparable prior year period due to the items discussed above.

All Other operating loss decreased to \$9.4 million in the first quarter from \$24.7 million in the comparable prior year period due to the items discussed above.

Other Expense, Net

Other income, net was \$0.4 million in the first quarter compared to other expense, net of \$7.0 million in the comparable prior year period due primarily to a decrease of net losses on foreign currency transactions in the first quarter compared to the prior year period.

Income Taxes

Income tax expense was \$4.7 million in the first quarter compared to income tax benefit of \$3.3 million in the comparable prior year period. The effective tax rate for the first quarter was (85.5)% compared to 10.7% in the comparable prior year period.

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

Liquidity and Capital Resources

As of April 3, 2021, we had total debt of \$1,451.7 million and \$102.2 million of cash and cash equivalents compared to \$1,470.7 million of debt and \$115.1 million of cash and cash equivalents as of January 2, 2021.

The recent COVID-19 pandemic has continued to disrupt our business. The extent and duration of the impact of the COVID-19 pandemic on our business and financial results will depend on numerous evolving factors that we are not able to accurately predict and that all will vary by market. These factors include the duration and scope of the pandemic, 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.

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 April 3, 2021, our outstanding borrowings under the Revolving Credit Facility were \$104.8 million and outstanding letters of credit totaled \$50.6 million resulting in total utilization under the Revolving Credit Facility of \$155.4 million. Accordingly, unused availability under the Revolving Credit Facility as of April 3, 2021 amounted to \$194.6 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 the first quarter of 2021 for aggregate dividend payments of approximately \$9.8 million.

The following table summarizes our cash flows for the three months ended April 3, 2021 and March 28, 2020, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

(in millions of U.S. dollars)	For the Three Months Ended	
	April 3, 2021	March 28, 2020
Net cash provided by operating activities from continuing operations	\$ 28.7	\$ 4.7
Net cash used in investing activities from continuing operations	(29.2)	(460.2)
Net cash used in financing activities from continuing operations	(12.4)	(12.8)
Cash flows from discontinued operations:		
Net cash used in operating activities from discontinued operations	0.8	(17.3)
Net cash provided by investing activities from discontinued operations	—	394.5
Net cash used in financing activities from discontinued operations	—	(0.1)
Effect of exchange rate changes on cash	(0.8)	(2.1)
Net decrease in cash, cash equivalents and restricted cash	(12.9)	(93.3)
Cash and cash equivalents and restricted cash, beginning of period	115.1	205.5
Cash and cash equivalents and restricted cash from continuing operations, end of period	\$ 102.2	\$ 112.2

Operating Activities

Cash provided by operating activities from continuing operations was \$28.7 million year to date compared to \$4.7 million in the comparable prior year period. The \$24.0 million increase was due primarily to a reduction in net loss from continuing operations, excluding non-cash charges, relative to the prior year period.

Investing Activities

Cash used in investing activities from continuing operations was \$29.2 million year to date compared to \$460.2 million in the comparable prior year period. The \$431.0 million decrease was due primarily to the cash used to acquire our Legacy Primo business in the prior year period and a decrease in additions to property, plant and equipment relative to the prior year period.

Financing Activities

Cash used in financing activities from continuing operations was \$12.4 million year to date compared to \$12.8 million in the comparable prior year period. The \$0.4 million decrease was due primarily to a decrease in common shares repurchased relative to the prior year period, partially offset by a decrease in net short-term borrowings 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 April 3, 2021.

Contractual Obligations

Except as described below, there were no material changes to our outstanding contractual obligations from amounts previously disclosed in our 2020 Annual Report.

On April 30, 2021, we issued the 2029 Notes. The proceeds of the 2029 Notes, along with available cash on hand, were used to redeem in full the 2025 Notes and pay related premiums, fees and expenses. See Note 12 to the Consolidated Financial Statements for additional information on the 2029 Notes.

Credit Ratings and Covenant Compliance

Credit Ratings

We have no material changes to the disclosure on this matter made in our 2020 Annual Report.

Covenant Compliance

Indentures governing our outstanding notes

Under the indentures governing our outstanding notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries' ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. The covenants are substantially similar across the series of notes. As of April 3, 2021, we were in compliance with all of the covenants under each series of notes. There have been no amendments to any such covenants of our outstanding notes since the date of their issuance.

Revolving Credit Facility

Under the Credit Agreement governing the Revolving Credit Facility, we and our restricted subsidiaries are subject to a number of business and financial covenants, including a consolidated secured leverage ratio and an interest coverage ratio. The consolidated secured leverage ratio must not be more than 3.50 to 1.00, with an allowable temporary increase to 4.00 to 1.00 for the quarter in which we consummate a material acquisition with a price not less than \$125.0 million, for three quarters. The interest coverage ratio must not be less than 3.00 to 1.00. We were in compliance with these financial covenants as of April 3, 2021.

In addition, the Credit Agreement has certain non-financial covenants, such as covenants regarding indebtedness, investments, and asset dispositions. We were in compliance with all of the applicable covenants as of April 3, 2021.

Issuer Purchases of Equity Securities

Common Share Repurchase Program

On May 4, 2021, our Board of Directors approved a share repurchase program for up to \$50.0 million of our outstanding common shares over a 12-month period commencing on May 10, 2021.

Tax Withholding

In the first quarter of 2021, an aggregate of 179,413 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards. In the first quarter of 2020, an aggregate of 458,972 common shares were withheld from delivery to our employees to satisfy their respective tax obligations related to share-based awards.

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

Capital Structure

Since January 2, 2021, our equity has decreased by \$10.2 million. The decrease was due primarily to common share dividend payments of \$9.8 million, net loss of \$10.2 million and common shares repurchased and canceled of \$3.1 million, partially offset by other comprehensive income, net of tax of \$6.5 million, the issuance of common shares of \$4.0 million and share-based compensation costs of \$2.4 million.

Dividend Payments

Common Share Dividend

On February 23, 2021, the Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on March 29, 2021 to shareowners of record at the close of business on March 12, 2021. On May 4, 2021, the Board of Directors declared a dividend of \$0.06 per share on common shares, payable in cash on June 16, 2021 to shareowners of record at the close of business on June 4, 2021. 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.

We have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2020 Annual Report.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to foreign currency, interest rate and commodity price risks. We hedge firm commitments or anticipated transactions and do not enter into derivatives for speculative purposes. We do not hold financial instruments for trading purposes. We have no material changes to our Quantitative and Qualitative Disclosures about Market Risk as filed in our 2020 Annual Report.

Item 4. Controls and Procedures**Disclosure Controls and Procedures**

Due to the COVID-19 pandemic, a significant portion of our employees are now working from home, as states and municipalities have imposed varying levels of restriction on normal in-person business operations. Established business continuity plans were activated in order to mitigate the impact to our control environment, operating procedures, data and internal controls. The design of our processes and controls 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 April 3, 2021. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of April 3, 2021, the Company's disclosure controls and procedures are functioning effectively to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

Item 1A. Risk Factors

There have been no material changes to our risk factors since January 2, 2021. Please refer to our 2020 Annual Report.

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

Tax Withholding

The following table contains information about common shares that we withheld from delivering to employees during the first quarter of 2021 to satisfy their respective tax obligations related to share-based awards.

	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Common Shares that May Yet Be Purchased Under the Plans or Programs
January 3, 2021 - January 31, 2021	1,236	\$ 16.26	N/A	N/A
February 1, 2021 - February 28, 2021	157,770	\$ 17.43	N/A	N/A
March 1, 2021 - April 3, 2021	20,407	\$ 15.67	N/A	N/A
Total	179,413			

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) (2)}	Employment Offer Letter to Ghire Shivprasad dated June 15, 2020, as amended on December 22, 2020.					*
10.2 ^{(1) (2)}	Employment Offer Letter to David Muscato dated June 15, 2020, as amended on December 22, 2020.					*
10.3 ^{(1) (2)}	Employment Offer Letter to Mercedes Romero dated July 27, 2020, as amended on December 22, 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 April 3, 2021.					*
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 3, 2021.					*
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 3, 2021.					*
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended April 3, 2021.					*
101	The following financial statements from Primo Water Corporation's Quarterly Report on Form 10-Q for the quarter ended April 3, 2021, filed May 7, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to the Consolidated Financial Statements.					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					*

¹ Indicates a management contract or compensatory plan.

² Indicates a corrected version of exhibit previously filed with the Annual Report on Form 10-K on March 3, 2021.

SIGNATURES

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

PRIMO WATER CORPORATION
(Registrant)

Date: May 7, 2021

/s/ Jay Wells

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

Date: May 7, 2021

/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,

/s/ Thomas J. Harrington

Thomas J. Harrington

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

/s/ 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: _____



Ghire Shivprasad

Via Email

December 22, 2020

Dear Ghire:

Primo Water Corporation (the “**Company**”) recently amended and restated its Severance and Non-Competition Plan (the “**Plan**”). We believe the amendments made to the Plan are generous, and would like to offer you the opportunity to become a participant in the Plan. However, the terms of your June 15, 2020 Offer Letter with the Company (“**Offer Letter**”) already provide you with certain defined severance benefits (*i.e.*, 6 months of your annual base salary) if your employment is terminated by the Company without Cause (other than for reason of disability) or by you for Good Reason. (See Section 4.2 of Offer Letter.) For that reason, your participation in the Plan would be in lieu of the severance benefits currently provided in your Offer Letter.

As amended and restated, the Plan provides tiered benefits, based on a severance multiplier of a participant’s current base salary plus target bonus. As a participant, you would be eligible as a “Level 3 Employee”, which has a severance multiplier of 1.0, and the other benefits (*e.g.*, outplacement services) set forth in the Plan. (A copy of the amended and restated Plan is attached hereto.)

Should you elect to accept the Company’s offer to participate in the Plan, your Offer Letter will be amended such that, upon your execution of this letter agreement, Sections 4.2 and 7.4 of your Offer Letter shall be deleted and replaced with the language below:

4.2. Involuntary Termination. You shall be entitled to the benefits of and be bound by the obligations under the Amended and Restated Severance and Non-Competition Plan (the “Severance and Non-Competition Plan”) as a “Level 3 Employee” in the event your employment terminates as a result of an Involuntary Termination (as defined in the Severance and Non-Competition Plan, a copy of which is attached).

7.4. Non-Competition and Non-Solicitation.

- (a) You shall be bound by the restrictive covenants contained in the Severance and Non-Competition Plan (a copy of which is attached).
 - (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 restrictive covenant contained in the Severance and Non-Competition Plan, then each time limitation set forth in the restrictive covenant at issue 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.

All other terms and conditions of your Offer Letter shall remain unchanged, provided that if there is any conflict between a term in the Offer Letter and the Severance and Non-Competition Plan, you agree that the Company may resolve such conflict by applying the term providing greater protection to the Company and its interests.

A copy of the amended and restated Plan is attached. Should you accept the terms of this letter agreement, including the amendments to your Offer Letter described above, please acknowledge your understanding and agreement by signing below.

Yours truly,

/s/ Thomas Harrington

Thomas Harrington
Chief Executive Officer

I wish to participate in the Plan. I acknowledge and agree that Sections 4.2 and 7.4 of my Offer Letter have been amended as described in this letter and that all other terms of my Offer Letter remain unchanged.

/s/ Ghire Shivprasad

Ghire Shivprasad

Date

December 22, 2020



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,

/s/ Thomas J. Harrington

Thomas J. Harrington

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

/s/ David Muscato

David Muscato

Date

June 15, 2020

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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

- ii. knowing and voluntary waiver of the days remaining in the review period provided; 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]

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ACTIVE/78077235.1

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: _____

December 22, 2020

David Muscato

VIA E-MAIL

Dear Dave:

Primo Water Corporation (the “**Primo**”) recently amended and restated its Severance and Non-Competition Plan (the “**Plan**”). We believe the amendments made to the Plan are generous and would like to offer you the opportunity to become a participant in the Plan. However, the terms of your June 15, 2020 Offer Letter with the DS Services of America (“**Offer Letter**”), a subsidiary of Primo, already provide you with certain defined severance benefits (*i.e.*, 9 months of your annual base salary) if your employment is terminated by DS Services of America (the “**Company**”) without Cause (other than for reason of disability) or by you for Good Reason. (See Section 4.2 of Offer Letter.) For that reason, your participation in the Plan would be in lieu of the severance benefits currently provided for in your Offer Letter.

As amended and restated, the Plan provides tiered benefits, based on a severance multiplier of a participant’s current base salary plus target bonus. As a participant, you would be eligible as a “Level 2 Employee”, which has a severance multiplier of 1.25, and the other benefits (*e.g.*, outplacement services) set forth in the Plan. (A copy of the amended and restated Plan is attached hereto.)

Should you elect to accept the Company’s offer to participate in the Plan, your Offer Letter will be amended such that, upon your execution of this letter agreement, Sections 4.2 and 7.4 of your Offer Letter shall be deleted and replaced with the language below:

4.2. Involuntary Termination. You shall be entitled to the benefits of and be bound by the obligations under the Amended and Restated Severance and Non-Competition Plan (the “Severance and Non-Competition Plan”) as a “Level 2 Employee” in the event your employment terminates as a result of an Involuntary Termination (as defined in the Severance and Non-Competition Plan).

7.4. Non-Competition and Non-Solicitation.

- (a) You shall be bound by the restrictive covenants contained in the Severance and Non-Competition Plan (a copy of which is attached).
 - (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 restrictive covenant contained in the Severance and Non-Competition Plan, then each time limitation set forth in the
-

restrictive covenant at issue 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.

All other terms and conditions of your Offer Letter shall remain unchanged, provided that if there is any conflict between a term in the Offer Letter and the Severance and Non-Competition Plan, you agree that Primo and the Company may resolve such conflict by applying the term providing greater protection to Primo and the Company and their interests.

A copy of the amended and restated Plan is attached. Should you accept the terms of this letter agreement, please acknowledge your understanding and agreement by signing below.

Yours truly,

/s/ Thomas Harrington

Thomas Harrington
Chief Executive Officer

I wish to participate in the Plan. I acknowledge and agree that Sections 4.2 and 7.4 of my Offer Letter have been amended as described in this letter and that all other terms of my Offer Letter remain unchanged.

/s/ David Muscato
David Muscato

Date

December 22, 2020



Mercedes Romero
Via E-mail

July 27, 2020

Dear Mercedes:

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 Chief Procurement Officer of Primo Water Holdings Inc. (the “**Company**”), a subsidiary of Primo Water Corporation. 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.

1. Position and Duties.

a.. Position. Subject to the terms and conditions hereof, you will be employed by the Company as its Chief Procurement Officer, effective as of August 31, 2020 (the “**Employment Date**”) and continuing until terminated by you or the Company. Effective as of the Employment Date, your principal place of employment will be Tampa, Florida.

b.. Responsibilities.

(i) As the Company’s Chief Procurement Officer, 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.

(ii) You agree to devote substantially 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 Chief Procurement Officer.

c.. 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. You further agree to produce to the Company copies of any restrictive covenants (including, but not limited to, any noncompetition or non-solicitation agreements) you have signed or to which you have otherwise agreed, and to produce such copies

to the Company no later than one week prior to your Employment Date. You agree and understand that this Offer Letter is conditioned on your production of any such restrictive covenants to the extent any exist and/or apply and that if any do exist/apply, the Company retains the sole discretion to rescind this Offer Letter at any time before your Employment Date. You further agree and understand that if you do not produce any such copies of any restrictive covenants by the deadline stated above, it shall be deemed an affirmative representation by you to the Company that no such restrictive covenants exist or apply. Finally, you agree and understand that if you do not produce any copies of any restrictive covenants and/or represent to the Company that none exist or apply, and the Company discovers at any subsequent time that a restrictive covenant does or did in fact exist or apply (regardless of the eventual enforceability or lack of enforceability of the restrictive covenant), the Company may opt to terminate your employment for "Cause" (for purposes of the Severance and Non-Competition Plan, in addition to how Cause is defined in the Severance and Non-Competition Plan) without triggering any severance or further payment obligations to you under this Offer Letter, any document referenced hereunder, or any legal theory.

d. Offer Contingent on Successful Drug and Background Screen. This Offer Letter and your potential employment with the Company is contingent on you submitting to and successfully passing a drug and background screen. The Company reserves the right to revoke this Offer Letter and/or terminate your employment in its sole discretion after reviewing the results of these screens without triggering any severance obligations hereunder.

2. Remuneration.

a. Base Salary. Your annual base salary will initially be at the rate of US \$275,000.00 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.

b. Bonus. You will 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 and any payments made to you for the bonus year 2020 will be pro-rated based on your Employment Date. 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 (the "**HRCC**"). 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.

c. One-Time LTI Grant. You will be entitled to receive a one-time long-term incentive ("**LTI**") award equivalent to US \$150,000 comprised of stock options (37.5%), performance-based restricted share units (37.5%) and time-based restricted share units (25%), granted to you on your Employment Date. The stock options and time-based restricted share

units will vest ratably in three equal annual installments from the grant date, and the performance-based restricted units will vest based upon the achievement of a specific level of cumulative performance metrics to be determined over the three-year period ending at the end of fiscal 2023. The LTI award, including the vesting terms, will be governed by the terms of the Primo Water Corporation equity incentive plan under which the award is made (the “**Equity Plan**”) and your award agreement. You will be eligible for future LTI awards that will be based on your performance. Annual grants are issued following approval by the HRCC at its regularly scheduled meetings in December and your first annual grant will be in December 2021.

3. **Benefits.**

a.. **Benefit Programs.** You will be eligible to participate in the Company’s benefit programs generally available to other senior executives 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.

b.. **ESPP.** In addition, you will be eligible to participate in the Company’s Employee Stock Purchase Plan (the “**ESPP**”), through which you can purchase Company common shares at a discount through payroll deductions.

c.. **Vacation.** You will be entitled to four (4) weeks’ vacation per calendar year. You are encouraged to take vacation in the calendar year it is earned. All earned vacation must be taken in the year in which it is earned; otherwise it may be forfeited. 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 from your final paycheck to the maximum extent permitted by law the value of taken but unearned vacation. All vacation periods require the approval of the CEO.

d.. **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.

e.. **Sign-On Bonus.** You will be provided with a sign-on bonus of US \$75,000.00 (gross, less taxes and withholdings), which will be paid to you on the date that is thirty (30) days following your Employment Date. You agree that in the event you resign your employment for any reason or are terminated by the Company for Cause (as defined in the Severance and Non-Competition Plan) prior to the first anniversary of the Employment Date, you will repay the Company 100% of the sign-on bonus in full on or before the 90th day after the date of your resignation or termination.

f.. **Relocation.** As a condition of your employment, you are required to relocate to the Tampa, Florida area on a permanent basis by no later than August 1, 2021 (“**Relocation Date**”). Failure to relocate by this deadline shall constitute “Cause” for your termination including for purposes of the Severance and Non-Competition Plan (in addition to how Cause is defined in the Severance and Non-Competition Plan). This deadline may only be extended by a

writing signed by the Company's CFO or CEO. To assist you in your relocation, the Company will pay you a relocation bonus in the amount of US \$75,000.00 and will be paid at least 3 months prior to the Relocation Date. You agree to promptly reimburse the Company 100% of the relocation bonus in the event you: (a) fail to relocate to the Tampa area on a permanent basis by the deadline provided (or extended deadline, as may be applicable); or (b) resign your employment for any reason or are terminated by the Company for Cause (as defined herein or in the Severance and Non-Competition Plan) prior to the first anniversary of the Relocation Date (or actual relocation date if extended, whichever is later). You further agree to repay the Company the relocation bonus in full by the following deadlines: (a) if repayment is owed due to your failure to timely relocate, full repayment shall be due on or before the 90th day after the deadline to relocate; or (b) if repayment is owed due to your resignation for any reason or termination for Cause prior to the anniversary of the Relocation Date (or actual relocation date if extended, whichever is later), full repayment shall be due on or before the 90th day after the date of your resignation or termination.

g.. Allowances. You will receive an annual vehicle allowance in the amount of US \$13,500.00 and an annual cellphone allowance in the amount of \$2,025.00, which amount shall be prorated during any partial year of employment.

h.. 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 Company.

4. Termination; Payments and Entitlements Upon a Termination.

a.. Termination. The Company may terminate your employment: (a) for Cause (as defined herein or in the Severance and Non-Competition Plan); or (b) for any reason or no reason, in all cases, upon reasonable notice to you. Your employment with the Company will terminate upon your death. You are able to resign your employment, as provided in the Severance and Non-Competition Plan.

b.. Involuntary Termination. Upon the Employment Date, you shall be entitled to the benefits of and be bound by the obligations under the Severance and Non-Competition Plan (the "**Severance and Non-Competition Plan**") (a copy of which is attached hereto) as a "Level 2 Employee" in the event your employment terminates as result of an Involuntary Termination (as defined in the Severance and Non-Competition Plan).

c.. Change in Control. If (1) your LTI awards are continued, assumed, or replaced by the surviving or successor entity, and, within two years after the Change of Control (as defined in the Equity Plan), you experience an involuntary termination of employment for reasons other than Cause (as defined in the Equity Plan), or you terminate your employment for Good Reason (as defined in the Equity Plan), or (2) such awards are not continued, assumed or replaced by the surviving or successor entity, then (i) your unvested options will immediately become vested and exercisable, (ii) all of your unvested time-based and performance-based restricted share units will immediately vest, and (iii) any performance objectives applicable to awards will be deemed to have been satisfied at your "target" level of performance.

a. **Resignation.** If you are an officer of the Company or a director or an officer of a company affiliated or related to the Company at the time of your termination, you will be deemed to have resigned all such 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.

b. **Return of Company Property.** Upon resignation/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 or replacement cost (whichever is less) of any unreturned Company property from your severance payment (if receiving one) or final paycheck to the maximum extent permitted by law.

1. **Restrictive Covenants.**

a. **Severance and Non-Competition Plan.** You shall be bound by the restrictive covenants contained in the Severance and Non-Competition Plan, except that “Business” as used therein shall be modified to the definition provided below:

“**Business**” shall mean the business of manufacturing, selling or distributing water (including but not limited to exchange and refill), coffee, tea, powdered beverages, concentrates, extracts, water filtration units and other beverages or products manufactured, sold or distributed by Primo Water Corporation or its subsidiaries and 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.

b. **DTSA Acknowledgement.** You acknowledge that, by this Section, you have been notified in accordance with the Defend Trade Secrets Act of 2016 that, notwithstanding the foregoing:

i. You will not be held criminally or civilly liable under any federal or state trade secret law or this Offer Letter for the disclosure of confidential information that: (1) You make (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to your attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (2) you make in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

ii. If you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose confidential information to your attorney and use the confidential information in the court proceeding if you: (i) file any document containing confidential information under seal and (ii) do not disclose confidential information, except pursuant to court order.

2. **Code Section 409A.**

a. 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.

b. Release. Any requirement that you execute and not revoke a release to receive a payment hereunder shall apply to a payment described in Section 6.1 only if the Company provides the release to you on or before the date of your Involuntary Termination.

c. Payment Following Involuntary Termination. Notwithstanding any other provision herein to the contrary, any payment described in the Severance and Non-Competition Plan that is due to be paid within a stated period following your Involuntary Termination shall be paid:

i. If, at the time of your Involuntary Termination, 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

ii. 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).

d. Reimbursements. The following shall apply to any reimbursement that is a payment described in Section 6.1: (a) with respect to any such reimbursement under Section 7.8, reimbursement shall not be made unless the expense is incurred during the period beginning on your effective hire date and ending on the sixth anniversary of your death; (b) the amount of expenses eligible for reimbursement during your taxable year shall not affect the expenses eligible for reimbursement in any other year; and (c) 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.

e. Offset. If payments to you under this Agreement are subject to Section 409A of the Code, any offset under Section 7.11 shall apply to a payment described in Section 6.1 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.

f. 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.

1. General Provisions.

a. **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 any prior offer letters or severance arrangements offered by the Company or any of its affiliates. All promises, representation, collateral agreements and undertakings not expressly incorporated in this Offer Letter are hereby superseded by this Offer Letter.

- a. **Amendment.** This Offer Letter may be amended or modified only by a writing signed by both of the parties hereto.
- b. **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.
- c. **Governing Law; Consent to Personal Jurisdiction and Venue.** This Offer Letter takes effect upon its acceptance and execution by the Company. 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.
- d. **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.
- e. **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 agreement. 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.
- f. **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.
- g. **Indemnification.** The Company will indemnify and hold you harmless to the maximum extent permitted by applicable law against judgments, fines, amounts paid in settlement and reasonable expenses, including reasonable attorneys' fees, in connection with the

defense of, or as a result of any action or proceeding (or any appeal from any action or proceeding) in which you are made or are threatened to be made a party by reason of the fact that you are or were an officer of the Company or any Affiliate (as defined in the Severance and Non- Competition Plan). In addition, the Company agrees that you shall be covered and insured up to the maximum limits provided by any insurance which the Company maintains to indemnify its directors and officers (as well as any insurance that it maintains to indemnify the Company for any obligations which it incurs as a result of its undertaking to indemnify its officers and directors).

- a. **Survivorship.** Upon the termination 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.
- b. **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.
- c. **Set-Off.** Except as limited by Section 6.5, 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.
- d. **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.
- e. **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.
- f. **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.

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

/s/ Thomas Harrington

Thomas Harrington

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

/s/ Mercedes Romero
Mercedes Romero

Date

July 27, 2020



Mercedes Romero

Via Email

December 22, 2020

Dear Mercedes:

Primo Water Corporation (the “**Company**”) recently amended and restated its Severance and Non-Competition Plan (the “**Plan**”), which is incorporated by reference in your July 27, 2020 Offer Letter (“**Offer Letter**”). We believe that, in the aggregate, the changes made to the Plan are favorable to you, including an increase to the severance multiplier used to determine the amount of severance pay to which you are eligible under the Plan.

Given the Plan amendments, the Company seeks to amend Section 4.2 of your Offer Letter, which currently provides that you are entitled to benefits under the Plan as a “Level 2 Employee” if your employment terminates as result of an Involuntary Termination (as defined in the Plan). Specifically, the reference to “Level 2 Employee” in Section 4.2 of your Offer Letter shall be replaced with “Level 3 Employee,” such that, upon your execution of this letter agreement, Section 4.2 of your Offer Letter shall read as follows:

4.2. Involuntary Termination. Upon the Employment Date, you shall be entitled to the benefits of and be bound by the obligations under the Amended and Restated Severance and Non-Competition Plan (the “Severance and Non-Competition Plan”) as a “Level 3 Employee” in the event your employment terminates as a result of an Involuntary Termination (as defined in the Severance and Non-Competition Plan, a copy of which is attached).

Note that your change from a Level 2 to Level 3 Employee provides you with a higher severance multiplier (1.0) than you had under the previous stated Plan (0.75).

All other terms and conditions of your Offer Letter shall remain unchanged. A copy of the amended and restated Plan is attached. Please acknowledge your understanding and agreement with these changes to your Offer Letter by signing below.

Yours truly,

Thomas Harrington

/s/ Thomas Harrington

Chief Executive Officer

I acknowledge and agree that Section 4.2 of my Offer Letter has been amended as described in this letter and that all other terms of my Offer Letter remain unchanged.

/s/ Mercedes Romero
Mercedes Romero

Date

December 22, 2020

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

I, Thomas J. Harrington, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Primo Water Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas J. Harrington

Thomas J. Harrington
Chief Executive Officer
Dated: May 7, 2021

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

I, Jay Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Primo Water Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jay Wells

Jay Wells

Chief Financial Officer

Dated: May 7, 2021

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

The undersigned, Thomas J. Harrington, Chief Executive Officer of Primo Water Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2021 (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 7th day of May, 2021.

/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 April 3, 2021 (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 7th day of May, 2021.

/s/ Jay Wells

Jay Wells

Chief Financial Officer