



NEWS RELEASE

PRIMO WATER ANNOUNCES STRONG SECOND QUARTER 2023 RESULTS AND INCREASES ANNUAL GUIDANCE

2023-08-10

- Delivered high end of Q2 Revenue and high end of Adjusted EBITDA guidance
- Increased Revenue 4% to \$593.3 million
- Declares quarterly dividend of \$0.08 per common share, a 14% increase over last year's dividend
- Authorizes new \$50 million share repurchase program
- Increases full-year 2023 Revenue, Adjusted EBITDA and Adjusted Free Cash Flow Guidance

TAMPA, Fla., Aug. 10, 2023 /PRNewswire/ – Primo Water Corporation (NYSE: PRMW) (TSX: PRMW) (the “Company” or “Primo Water”), a leading provider of sustainable drinking water solutions in North America and Europe, today announced its results for the second quarter ended July 1, 2023.

(Unless stated otherwise, all second quarter 2023 comparisons are relative to the second quarter of 2022; all information is in U.S. dollars. Non-GAAP reconciliations presented on the exhibits to this press release)

SECOND QUARTER HIGHLIGHTS

- Revenue increased 4% to \$593 million compared to \$571 million driven by revenue growth of 7% in Water Direct / Water Exchange and 18% in Water Refill / Water Filtration, partially offset by the exit from our North America single use bottled water retail business and the exit from our business in Russia.
- Reported net income and net income per diluted share were \$21 million and \$0.13, respectively, compared to reported net loss and net loss per diluted share of \$23 million and \$0.14, respectively. Adjusted net income and adjusted net income per diluted share were \$39 million and \$0.24, respectively, compared to \$33 million and \$0.21, respectively. Gross margin increased 390 bps to 62.1% compared to 58.2%.

- Adjusted EBITDA increased 13% to \$122 million and Adjusted EBITDA margin increased 160 bps to 20.5%.
- The Company increases its full year 2023 revenue target to between \$2.32 billion and \$2.36 billion and increases its full year 2023 Adjusted EBITDA to between \$460 million and \$480 million. Adjusted Free Cash Flow is forecasted to be approximately \$150 million, an increase of \$10 million.
- The Company reaffirms its 2024 outlook for high single-digit organic revenue growth and 2024 Adjusted EBITDA approaching \$530 million.

(in millions of U.S. dollars, except per share amounts, percentages and bps)	For the Three Months Ended		
	July 1, 2023	July 2, 2022	Y/Y Change
Revenue, net ⁽¹⁾	\$ 593.3	\$ 571.4	4 %
Net income (loss)	\$ 21.3	\$ (22.5)	\$ 43.8
Net income (loss) per diluted share	\$ 0.13	\$ (0.14)	\$ 0.27
Adjusted net income	\$ 38.8	\$ 33.3	\$ 5.5
Adjusted net income per diluted share	\$ 0.24	\$ 0.21	\$ 0.03
Adjusted EBITDA	\$ 121.6	\$ 108.0	13 %
Adjusted EBITDA margin %	20.5 %	18.9 %	160 bps

¹Reported revenue in Q2 2022 includes \$14.4 million of revenues associated with our North American single use bottled water retail business and \$3.7 million of revenues associated with our Russia business; there is no revenue attributable to these businesses in Q2 2023, as we exited these businesses in 2022.

“We once again delivered strong revenue and earnings growth, driven by improved route density, network efficiencies and optimization, the benefits of our investments and pricing. I am proud of the efforts of our team and their focus on improving the customer experience,” said Tom Harrington, Chief Executive Officer.

“Our second quarter performance gives us confidence to increase our 2023 outlook to between \$2.32 billion and \$2.36 billion of revenue and Adjusted EBITDA to between \$460 million and \$480 million. Adjusted Free Cash Flow is now forecasted to increase to approximately \$150 million, an increase of \$10 million. We are also reaffirming our 2024 outlook for high single digit organic revenue growth and Adjusted EBITDA approaching \$530 million,” said Mr. Harrington.



OUTLOOK

Primo Water is targeting the following results from continuing operations for the third quarter and full year 2023:

(\$ in millions)	Q3 2023 Range		FY 2023 Range	
	Low	High	Low	High
Revenue	\$612	\$632	\$2,320	\$2,360
Adjusted EBITDA	\$129	\$139	\$460	\$480
Cash Taxes			~ \$25	
Interest			\$70	\$75
Cap-Ex			~ \$200	
Adj. Free Cash Flow			~ \$150	

SECOND QUARTER 2023 RESULTS CONFERENCE CALL

Primo Water will host a conference call, to be simultaneously webcast, on Thursday, August 10, 2023, at 10:00 a.m. Eastern Time. A question-and-answer session will follow management's presentation. To participate, please call the following numbers:

North America: (888) 664-6392

International: (416) 764-8659

Conference ID: 73605034

This is a live, listen-only dial-in telephone line.

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

SECOND QUARTER GLOBAL PERFORMANCE

- Revenue increased 4% to \$593 million compared to \$571 million. The increase was driven by revenue growth of 7% in Water Direct / Water Exchange and 18% in Water Refill / Water Filtration, due primarily to pricing

initiatives and increased demand for products and services from residential and business customers, partially offset by the exits from our North America single use bottled water retail business and our business in Russia in the prior year. Revenue growth by channel is tabulated below:

(in millions of U.S. dollars)	For the Three Months Ended			
	July 1, 2023	July 2, 2022	Change	% Change
Revenue, net ⁽²⁾				
Water Direct/Water Exchange	\$ 414.1	\$ 386.5	\$ 27.6	7 %
Water Refill/Water Filtration	66.1	56.2	\$ 9.9	18 %
Other Water	31.9	44.1	\$ (12.2)	(28) %
Water Dispensers	17.1	18.5	\$ (1.4)	(8) %
Other	64.1	66.1	\$ (2.0)	(3) %
Revenue, net as reported	\$ 593.3	\$ 571.4	\$ 21.9	4 %
Foreign exchange impact	2.4	—	\$ 2.4	n/a
Revenue excluding foreign exchange impact	\$ 595.7	\$ 571.4	\$ 24.3	4 %

²Reported revenue in Q2 2022 includes \$14.4 million of revenues associated with our North American single use bottled water retail business and \$3.7 million of revenues associated with our Russia business; there is no revenue attributable to these businesses in Q2 2023, as we exited these businesses in 2022.

- Gross profit increased 11% to \$368 million compared to \$332 million. Gross margin increased 390 bps to 62.1% compared to 58.2%, driven by pricing initiatives, increased demand, and the exit from the single-use retail bottled water business in North America.
- SG&A expenses increased 9% to \$318 million compared to \$292 million. The increase was driven by higher selling and operating costs that supported volume and revenue growth related primarily to labor costs increases and an increase in professional fees.
- Reported net income and net income per diluted share were \$21 million and \$0.13, respectively, compared to reported net loss and net loss per diluted share of \$23 million and \$0.14, respectively. Adjusted net income and adjusted net income per diluted share were \$39 million and \$0.24, respectively, compared to \$33 million and \$0.21 in the prior year.

- Adjusted EBITDA increased 13% to \$122 million compared to \$108 million, driven primarily by pricing initiatives, customer demand and effective expense management. Adjusted EBITDA margin was 20.5% for the quarter, compared to 18.9%.
- Net cash provided by operating activities of \$77 million, less \$39 million of capital expenditures and additions to intangible assets, resulted in \$38 million of free cash flow, or \$41 million of adjusted free cash flow (adjusting for the items set forth on Exhibit 7), compared to adjusted free cash flow of \$21 million in the prior year.

SECOND QUARTER REPORTING SEGMENT PERFORMANCE

North America

- Revenue increased 3% to \$451 million driven by revenue growth of 7% in Water Direct / Water Exchange, and 17% in Water Refill / Water Filtration driven by pricing initiatives, partially offset by the exit from our single use bottled water retail business.

(in millions of U.S. dollars)	For the Three Months Ended			
	July 1, 2023	July 2, 2022	Change	% Change
Revenue, net ⁽³⁾				
Water Direct/Water Exchange	\$ 342.9	\$ 321.1	\$ 21.8	7 %
Water Refill/Water Filtration	55.4	47.3	\$ 8.1	17 %
Other Water	11.9	22.2	\$ (10.3)	(46) %
Water Dispensers	16.7	18.5	\$ (1.8)	(10) %
Other	23.6	27.6	\$ (4.0)	(14) %
Revenue, net as reported	\$ 450.5	\$ 436.7	\$ 13.8	3 %
Foreign exchange impact	0.9	—	\$ 0.9	n/a
Revenue excluding foreign exchange impact	\$ 451.4	\$ 436.7	\$ 14.7	3 %

³Reported revenue in Q2 2022 includes \$14.4 million of revenues associated with our North American single use bottled water retail business; there is no revenue attributable to this business in Q2 2023, as we exited this business in the second quarter of 2022.

Europe

- Revenue increased 12% to \$78 million (increased 9% excluding the impact of foreign exchange) driven by pricing initiatives, increased demand for products and services from residential and business customers, and favorable impact of foreign exchange rates, partially offset by the exit from our business in Russia.

(in millions of U.S. dollars)	For the Three Months Ended			
	July 1, 2023	July 2, 2022	Change	% Change
Revenue, net ⁽⁴⁾				
Water Direct/Water Exchange	\$ 60.2	\$ 53.7	\$ 6.5	12 %
Water Refill/Water Filtration	9.9	8.2	\$ 1.7	21 %
Other Water	0.3	0.4	\$ (0.1)	(25) %
Water Dispensers	0.4	—	\$ 0.4	100 %
Other	7.2	7.6	\$ (0.4)	(5) %
Revenue, net as reported	\$ 78.0	\$ 69.9	\$ 8.1	12 %
Foreign exchange impact	(1.9)	—	\$ (1.9)	n/a
Revenue excluding foreign exchange impact	\$ 76.1	\$ 69.9	\$ 6.2	9 %

⁴Reported revenue in the three months ended Q2 2022 includes \$3.7 million of revenues associated with our Russia business; there is no revenue attributable to this business in the three months ended Q2 2023, as we exited this business in the third quarter of 2022.

QUARTERLY DIVIDEND

Primo Water announced that its Board of Directors declared a dividend of US\$0.08 per share on common shares, payable in cash on September 7, 2023 to shareowners of record at the close of business on August 24, 2023.

SHARE REPURCHASE PROGRAM

Primo Water also announced that its Board of Directors authorized a new \$50 million share repurchase program, which replaces the previously authorized share repurchase program that expires on August 14, 2023. Under the program, the Company's common shares may be repurchased periodically in open market or privately negotiated transactions through the facilities of the NYSE.

The actual timing, manner, number, and value of shares repurchased under the program will be determined by management at its discretion and will depend on a number of factors, including the market price of Primo Water's common shares, general market and economic conditions, applicable law and other requirements, and other business considerations, provided however that the price per common share will not exceed the market price as at the date of acquisition (plus reasonable brokerage fees and commissions) in accordance with applicable securities laws and exchange rules.

ABOUT PRIMO WATER CORPORATION

Primo Water is a leading pure-play water solutions provider in North America and Europe and generated approximately \$2.2 billion in annual revenue in 2022. Primo Water operates largely under a recurring revenue model in the large format water category (defined as 3 gallons or greater). This business strategy is commonly referred to as "razor-razorblade" because the initial sale of a product creates a base of users who frequently purchase complementary consumable products. The razor in Primo Water's revenue model is its industry leading line-up of innovative water dispensers, which are sold through approximately 10,300 retail locations and online at various price points. The dispensers help increase household and business penetration which drives recurring purchases of Primo Water's razorblade offering or water solutions. Primo Water's razorblade offering is comprised of Water Direct, Water Exchange, and Water Refill. Through its Water Direct business, Primo Water delivers sustainable hydration solutions across its 21-country footprint direct to customers, whether at home or to businesses. Through its Water Exchange business, customers visit retail locations and purchase a pre-filled bottle of water. Once consumed, empty bottles are exchanged at our recycling center displays, which provide a ticket that offers a discount toward the purchase of a new bottle. Water Exchange is available in approximately 17,500 retail locations. Through its Water Refill business, customers refill empty bottles at approximately 23,500 self-service refill drinking water stations. Primo Water also offers water filtration units across its 21-country footprint.

Primo Water's water solutions expand consumer access to purified, spring, and mineral water to promote a healthier, more sustainable lifestyle while simultaneously reducing plastic waste and pollution. Primo Water is committed to its water stewardship standards and is proud to partner with the International Bottled Water Association (IBWA) in North America as well as with Watercoolers Europe (WE), which ensure strict adherence to safety, quality, sanitation and regulatory standards for the benefit of consumer protection.

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

Non-GAAP Measures

To supplement its reporting of financial measures determined in accordance with U.S. GAAP (Generally Accepted Accounting Principles), Primo Water utilizes certain non-GAAP financial measures. Primo Water excludes from GAAP revenue the impact of foreign exchange to separate its impact from Primo Water's results of operations. Primo Water also utilizes Adjusted net income (loss), Adjusted net income (loss) per diluted share, Adjusted EBITDA and Adjusted EBITDA margin to separate the impact of certain items from the underlying business. Because Primo Water uses these adjusted financial results in the management of its business, management believes this supplemental information is useful to investors for their independent evaluation and understanding of Primo Water's underlying business performance and the performance of its management. Additionally, Primo Water supplements its reporting of net cash provided by (used in) operating activities from continuing operations determined in accordance with GAAP by excluding additions to property, plant and equipment and additions to intangible assets to present free cash flow, and by excluding the items identified on the exhibits hereto to present adjusted free cash flow, which management believes provides useful information to investors in assessing our performance, comparing Primo Water's performance to the performance of the Company's peer group and assessing the Company's ability to service debt and finance strategic opportunities, which include investing in Primo Water's business, making strategic acquisitions, paying dividends, and strengthening the balance sheet. With respect to the Company's expectations of its future performance, the Company's reconciliations of Q3 2023 and full year 2023 Adjusted EBITDA, 2024 Adjusted EBITDA, 2024 organic revenue growth and 2023 adjusted free cash flow guidance are not available, as the Company is unable to quantify certain amounts to the degree of precision that would be required in the relevant GAAP measures without unreasonable effort. These items include taxes, interest costs that would occur if the Company issued debt, and costs to acquire and/or sell a business if the Company executed such transactions, which could significantly affect our financial results. These items depend on highly variable factors and any such reconciliations would imply a degree of precision that would be confusing or misleading to investors. Primo Water expects the variability of these factors to have a significant, and potentially unpredictable, impact on the Company's future GAAP financial results. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, Primo Water's financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this earnings announcement reflect management's judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

Safe Harbor Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 conveying management's expectations as to the future based on plans, estimates and projections at the time Primo Water makes the statements. Forward-looking statements involve inherent risks and uncertainties and Primo Water cautions you that several important factors

could cause actual results to differ materially from those contained in any such forward-looking statement. The forward-looking statements contained in this press release include, but are not limited to, statements regarding future financial and operating trends and results (including Primo Water's outlook on third quarter and full year 2023 revenue and Adjusted EBITDA and Primo Water's outlook for 2024), and related matters. The forward-looking statements are based on assumptions regarding management's current plans and estimates. Management believes these assumptions to be reasonable, but there is no assurance that they will prove to be accurate.

Factors that could cause actual results to differ materially from those described in this press release include, among others: financial condition and results of operations; Primo Water's ability to compete successfully in the markets in which it operates; fluctuations in commodity prices and Primo Water's ability to pass on increased costs to its customers or hedge against such rising costs, and the impact of those increased prices on its volumes; Primo Water's ability to maintain favorable arrangements and relationships with its suppliers; Primo Water's ability to manage supply chain disruptions and cost increases related to inflation; Primo Water's ability to manage its operations successfully; currency fluctuations that adversely affect the exchange between currencies including the U.S. dollar, the British pound sterling, the Euro and the Canadian dollar; the impact on Primo Water's financial results from uncertainty in the financial markets and other adverse changes in general economic conditions, including inflation and interest rates; any disruption to production at Primo Water's manufacturing facilities; Primo Water's ability to maintain access to its water sources; the impact of climate change on Primo Water's business; Primo Water's ability to protect its intellectual property; the seasonal nature of Primo Water's business and the effect of adverse weather conditions; the impact of national, regional and global events, including those of a political, economic, business and competitive nature; the impact of a pandemic, such as COVID-19, related government actions and Primo Water's strategy in response thereto on our business; Primo Water's ability to fully realize the potential benefit of transactions or other strategic opportunities that it pursues; Primo Water's ability to realize cost synergies of its acquisitions due to integration difficulties and other challenges; Primo Water's exposure to intangible asset risk; Primo Water's ability to meet its obligations under its debt agreements, and risks of further increases to its indebtedness; Primo Water's ability to maintain compliance with the covenants and conditions under its debt agreements; fluctuations in interest rates, which could increase Primo Water's borrowing costs; Primo Water's ability to recruit, retain and integrate new management; Primo Water's ability to renew its collective bargaining agreements from time to time on satisfactory terms; compliance with product health and safety standards; liability for injury or illness caused by the consumption of contaminated products; liability and damage to Primo Water's reputation as a result of litigation or legal proceedings; changes in the legal and regulatory environment in which Primo Water operates; Primo Water's ability to adequately address the challenges and risks associated with its 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; the impact on Primo Water's tax obligations and effective tax rate arising from changes in local tax laws or countries adopting more aggressive interpretations of tax laws; disruptions in Primo Water's information systems; Primo Water's ability to securely maintain its customers' confidential or credit card information, or other private data relating to Primo Water's employees or the Company; Primo Water's ability to maintain its quarterly dividend; or credit rating changes.

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

Website: www.primowatercorp.com

PRIMO WATER CORPORATION

EXHIBIT 1

CONSOLIDATED STATEMENTS OF OPERATIONS

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

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Revenue, net	\$ 593.3	\$ 571.4	\$ 1,139.8	\$ 1,097.5
Cost of sales	225.0	239.1	443.2	465.6
Gross profit	368.3	332.3	696.6	631.9
Selling, general and administrative expenses	317.7	291.6	621.2	569.9
Loss on disposal of property, plant and equipment, net	1.2	0.1	2.5	1.8
Acquisition and integration expenses	1.8	4.9	3.8	9.2
Impairment charges	—	29.1	—	29.1
Operating income	47.6	6.6	69.1	21.9
Other (income) expense, net	(4.5)	10.7	(10.8)	13.4
Interest expense, net	19.8	17.0	38.6	33.9
Income (loss) before income taxes	32.3	(21.1)	41.3	(25.4)
Income tax expense	11.0	1.4	14.2	3.8
Net income (loss)	\$ 21.3	\$ (22.5)	\$ 27.1	\$ (29.2)

Net income (loss) per common share

Basic	\$ 0.13	\$ (0.14)	\$ 0.17	\$ (0.18)
Diluted	\$ 0.13	\$ (0.14)	\$ 0.17	\$ (0.18)
Weighted average common shares outstanding (in thousands)				
Basic	159,196	161,149	159,465	161,038
Diluted	159,900	161,149	160,332	161,038

PRIMO WATER CORPORATION

EXHIBIT 2

CONSOLIDATED BALANCE SHEETS

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

Unaudited

	July 1, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 86.8	\$ 122.6
Accounts receivable, net of allowance of \$22.1 (\$20.6 as of December 31, 2022)	293.2	258.6
Inventories	105.7	112.1
Prepaid expenses and other current assets	51.5	44.7
Total current assets	537.2	538.0
Property, plant and equipment, net	712.8	714.4
Operating lease right-of-use-assets	197.3	198.6
Goodwill	1,300.2	1,293.0
Intangible assets, net	886.2	894.7
Other long-term assets, net	25.4	28.3
Total assets	\$ 3,659.1	\$ 3,667.0

LIABILITIES AND EQUITY

Current liabilities

Short-term borrowings	\$	231.0	\$	212.3
Current maturities of long-term debt		16.5		17.5
Accounts payable and accrued liabilities		407.0		425.1
Current operating lease obligations		36.2		35.7
Total current liabilities		690.7		690.6
Long-term debt		1,289.9		1,283.8
Operating lease obligations		172.1		174.5
Deferred tax liabilities		177.4		170.0
Other long-term liabilities		63.2		65.2
Total liabilities		2,393.3		2,384.1
Equity				
Common shares, no par value 159,240,481- (December 31, 2022 – 159,752,299) shares issued		1,283.1		1,283.2
Additional paid-in-capital		88.4		91.3
Accumulated deficit		(16.9)		(9.4)
Accumulated other comprehensive loss		(88.8)		(82.2)
Total Primo Water Corporation equity		1,265.8		1,282.9
Total liabilities and equity	\$	3,659.1	\$	3,667.0

PRIMO WATER CORPORATION

EXHIBIT 3

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022

Cash flows from operating activities:

Net income (loss)	\$	21.3	\$	(22.5)	\$	27.1	\$	(29.2)
-------------------	----	------	----	--------	----	------	----	--------

Adjustments to reconcile net income (loss) to cash flows from operating activities:

Depreciation and amortization	62.9	60.2	125.3	121.4
-------------------------------	------	------	-------	-------

Amortization of financing fees	0.9	0.8	1.7	1.7
--------------------------------	-----	-----	-----	-----

Share-based compensation expense	3.0	4.2	5.3	7.5
----------------------------------	-----	-----	-----	-----

Provision (benefit) for deferred income taxes	5.6	(0.1)	6.4	1.5
---	-----	-------	-----	-----

Impairment charges	—	29.1	—	29.1
--------------------	---	------	---	------

Loss on disposal of property, plant and equipment, net	1.2	0.1	2.5	1.8
--	-----	-----	-----	-----

Other non-cash items	(5.3)	11.0	(12.0)	12.7
----------------------	-------	------	--------	------

Change in operating assets and liabilities, net of acquisitions:

Accounts receivable	(30.6)	(21.3)	(33.5)	(33.2)
---------------------	--------	--------	--------	--------

Inventories	(2.6)	(8.0)	(0.5)	(19.1)
-------------	-------	-------	-------	--------

Prepaid expenses and other current assets	4.1	1.0	(0.8)	(5.2)
---	-----	-----	-------	-------

Other assets	(0.2)	0.7	(0.3)	—
--------------	-------	-----	-------	---

Accounts payable and accrued liabilities and other liabilities	16.5	11.5	(10.1)	1.3
--	------	------	--------	-----

Net cash provided by operating activities	76.8	66.7	111.1	90.3
---	------	------	-------	------

Cash flows from investing activities:

Acquisitions, net of cash received	(15.6)	(7.1)	(23.1)	(7.4)
------------------------------------	--------	-------	--------	-------

Additions to property, plant and equipment	(36.0)	(46.6)	(89.7)	(85.2)
--	--------	--------	--------	--------

Additions to intangible assets	(2.7)	(2.4)	(5.4)	(4.9)
--------------------------------	-------	-------	-------	-------

Proceeds from sale of property, plant and equipment	0.3	0.6	0.5	1.0
---	-----	-----	-----	-----

Proceeds from sale of business, net of cash sold	0.5	—	0.5	—
--	-----	---	-----	---

Other investing activities	1.1	(0.1)	3.3	0.4
----------------------------	-----	-------	-----	-----

Net cash used in investing activities	(52.4)	(55.6)	(113.9)	(96.1)
---------------------------------------	--------	--------	---------	--------

Cash flows from financing activities:

Payments of long-term debt	(4.8)	(5.2)	(9.8)	(9.7)
----------------------------	-------	-------	-------	-------

Proceeds from short-term borrowings	43.0	10.0	104.0	10.0
-------------------------------------	------	------	-------	------

Payments on short-term borrowings	(59.8)	—	(93.0)	—
-----------------------------------	--------	---	--------	---



Issuance of common shares	0.4	0.4	4.7	1.6
Common shares repurchased and canceled	(2.5)	(0.2)	(21.8)	(2.0)
Dividends paid to common shareholders	(13.1)	(11.6)	(25.9)	(22.9)
Payment of deferred consideration for acquisitions	(0.2)	—	(1.0)	(0.1)
Other financing activities	2.3	0.7	8.4	4.6
Net cash used in financing activities	(34.7)	(5.9)	(34.4)	(18.5)
Effect of exchange rate changes on cash	0.6	(1.0)	1.4	(1.9)
Net (decrease) increase in cash, cash equivalents and restricted cash	(9.7)	4.2	(35.8)	(26.2)
Cash and cash equivalents and restricted cash, beginning of period	96.5	98.0	122.6	128.4
Cash and cash equivalents and restricted cash, end of period	\$ 86.8	\$ 102.2	\$ 86.8	\$ 102.2
Cash and cash equivalents and restricted cash:				
Cash and cash equivalents	\$ 86.8	\$ 98.5	\$ 86.8	\$ 98.5
Cash included in prepaid expenses and other current assets	—	3.7	—	3.7
Total	\$ 86.8	\$ 102.2	\$ 86.8	\$ 102.2

PRIMO WATER CORPORATION

EXHIBIT 4

SEGMENT INFORMATION

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

Unaudited

For the Three Months Ended July 1, 2023

	North America	Europe	Other	Total
<u>Revenue, net</u>				
Water Direct/Water Exchange	\$ 342.9	\$ 60.2	\$ 11.0	\$ 414.1
Water Refill/Water Filtration	55.4	9.9	0.8	66.1
Other Water	11.9	0.3	19.7	31.9
Water Dispensers	16.7	0.4	—	17.1

Other	23.6	7.2	33.3	64.1
Total	\$ 450.5	\$ 78.0	\$ 64.8	\$ 593.3
Gross profit	\$ 290.7	\$ 53.4	\$ 24.2	\$ 368.3
Gross margin %	64.5 %	68.5 %	37.3 %	62.1 %
Selling, general and administrative expenses	\$ 231.0	\$ 46.0	\$ 40.7	\$ 317.7
SG&A % of revenue	51.3 %	59.0 %	62.8 %	53.5 %
Operating income (loss)	\$ 57.3	\$ 7.1	\$ (16.8)	\$ 47.6
Depreciation and amortization	\$ 46.8	\$ 10.2	\$ 5.9	\$ 62.9

For the Three Months Ended July 2, 2022

	North America	Europe	Other	Total
<u>Revenue, net</u>				
Water Direct/Water Exchange	\$ 321.1	\$ 53.7	\$ 11.7	\$ 386.5
Water Refill/Water Filtration	47.3	8.2	0.7	56.2
Other Water	22.2	0.4	21.5	44.1
Water Dispensers	18.5	—	—	18.5
Other	27.6	7.6	30.9	66.1
Total	\$ 436.7	\$ 69.9	\$ 64.8	\$ 571.4
Gross profit	\$ 260.4	\$ 46.8	\$ 25.1	\$ 332.3
Gross margin %	59.6 %	67.0 %	38.7 %	58.2 %
Selling, general and administrative expenses	\$ 208.6	\$ 45.9	\$ 37.1	\$ 291.6
SG&A % of revenue	47.8 %	65.7 %	57.3 %	51.0 %
Operating income (loss)	\$ 48.3	\$ (29.1)	\$ (12.6)	\$ 6.6
Depreciation and amortization	\$ 44.3	\$ 10.1	\$ 5.8	\$ 60.2

For the Six Months Ended July 1, 2023

	North America	Europe	Other	Total
<u>Revenue, net</u>				
Water Direct/Water Exchange	\$ 655.3	\$ 113.2	\$ 21.4	\$ 789.9
Water Refill/Water Filtration	107.6	18.7	1.4	127.7
Other Water	23.2	0.5	35.4	59.1

Water Dispensers	29.4	0.5	—	29.9
Other	47.3	14.5	71.4	133.2
Total	\$ 862.8	\$ 147.4	\$ 129.6	\$ 1,139.8
Gross profit	\$ 549.5	\$ 100.9	\$ 46.2	\$ 696.6
Gross Margin %	63.7 %	68.5 %	35.6 %	61.1 %
Selling, general and administrative expenses	\$ 452.1	\$ 90.3	\$ 78.8	\$ 621.2
SG&A % of Revenue	52.4 %	61.3 %	60.8 %	54.5 %
Operating income (loss)	\$ 92.0	\$ 10.0	\$ (32.9)	\$ 69.1
Depreciation and amortization	\$ 93.6	\$ 19.8	\$ 11.9	\$ 125.3

For the Six Months Ended July 2, 2022

	North America	Europe	Other	Total
<u>Revenue, net</u>				
Water Direct/Water Exchange	\$ 599.4	\$ 101.9	\$ 22.5	\$ 723.8
Water Refill/Water Filtration	89.5	16.4	1.2	107.1
Other Water	56.2	0.8	37.5	94.5
Water Dispensers	32.7	—	—	32.7
Other	56.0	15.1	68.3	139.4
Total	\$ 833.8	\$ 134.2	\$ 129.5	\$ 1,097.5
Gross profit	\$ 492.4	\$ 90.6	\$ 48.9	\$ 631.9
Gross margin %	59.1 %	67.5 %	37.8 %	57.6 %
Selling, general and administrative expenses	\$ 408.3	\$ 92.1	\$ 69.5	\$ 569.9
SG&A % of revenue	49.0 %	68.6 %	53.7 %	51.9 %
Operating income (loss)	\$ 76.6	\$ (32.7)	\$ (22.0)	\$ 21.9
Depreciation and amortization	\$ 89.6	\$ 19.9	\$ 11.9	\$ 121.4

SUPPLEMENTARY INFORMATION – NON-GAAP – ANALYSIS OF REVENUE AND GROSS PROFIT BY REPORTING SEGMENT

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

Unaudited

	For the Three Months Ended July 1, 2023			
	North America	Europe	Other	Primo
Change in revenue	\$ 13.8	\$ 8.1	\$ —	\$ 21.9
Impact of foreign exchange (a)	0.9	(1.9)	3.4	2.4
Change excluding foreign exchange	\$ 14.7	\$ 6.2	\$ 3.4	\$ 24.3
Percentage change in revenue	3.2 %	11.6 %	— %	3.8 %
Percentage change in revenue excluding foreign exchange	3.4 %	8.9 %	5.2 %	4.3 %

	For the Six Months Ended July 1, 2023			
	North America	Europe	Other	Primo
Change in revenue	\$ 29.0	\$ 13.2	\$ 0.1	\$ 42.3
Impact of foreign exchange (a)	2.0	2.3	10.2	14.5
Change excluding foreign exchange	\$ 31.0	\$ 15.5	\$ 10.3	\$ 56.8
Percentage change in revenue	3.5 %	9.8 %	0.1 %	3.9 %
Percentage change in revenue excluding foreign exchange	3.7 %	11.5 %	8.0 %	5.2 %

	For the Three Months Ended July 1, 2023			
	North America	Europe	Other	Primo
Change in gross profit	\$ 30.3	\$ 6.6	\$ (0.9)	\$ 36.0
Impact of foreign exchange (a)	0.5	(1.4)	1.8	0.9
Change excluding foreign exchange	\$ 30.8	\$ 5.2	\$ 0.9	\$ 36.9
Percentage change in gross profit	11.6 %	14.1 %	(3.6) %	10.8 %
Percentage change in gross profit excluding foreign exchange	11.8 %	11.1 %	3.6 %	11.1 %

For the Six Months Ended July 1, 2023

	North America	Europe	Other	Primo
--	---------------	--------	-------	-------

Change in gross profit	\$ 57.1	\$ 10.3	\$ (2.7)	\$ 64.7
Impact of foreign exchange (a)	1.2	1.3	4.0	6.5
Change excluding foreign exchange	\$ 58.3	\$ 11.6	\$ 1.3	\$ 71.2
Percentage change in gross profit	11.6 %	11.4 %	(5.5) %	10.2 %
Percentage change in gross profit excluding foreign exchange	11.8 %	12.8 %	2.7 %	11.3 %

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

PRIMO WATER CORPORATION

EXHIBIT 6

SUPPLEMENTARY INFORMATION – NON-GAAP – EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION

(EBITDA)

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

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income (loss)	\$ 21.3	\$ (22.5)	\$ 27.1	\$ (29.2)
Interest expense, net	19.8	17.0	38.6	33.9
Income tax expense	11.0	1.4	14.2	3.8
Depreciation and amortization	62.9	60.2	125.3	121.4
EBITDA	\$ 115.0	\$ 56.1	\$ 205.2	\$ 129.9
Acquisition and integration costs (a)	1.8	4.9	3.8	9.2
Share-based compensation costs (b)	3.0	4.2	5.3	7.5
Impairment charges (c)	—	29.1	—	29.1

Foreign exchange and other (gains) losses, net (d)	(5.0)	11.5	(10.9)	15.4
Loss on disposal of property, plant and equipment, net (e)	1.2	0.1	2.5	1.8
Other adjustments, net (f)	5.6	2.1	10.6	3.0
Adjusted EBITDA	\$ 121.6	\$ 108.0	\$ 216.5	\$ 195.9
Revenue, net	\$ 593.3	\$ 571.4	\$ 1,139.8	\$ 1,097.5
Adjusted EBITDA margin %	20.5 %	18.9 %	19.0 %	17.8 %

	Location in Consolidated Statements of Operations	For the Three Months Ended		For the Six Months Ended	
		July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
		(Unaudited)		(Unaudited)	
(a) Acquisition and integration costs	Acquisition and integration expenses	\$ 1.8	\$ 4.9	\$ 3.8	\$ 9.2
(b) Share-based compensation costs	Selling, general and administrative expenses	3.0	4.2	5.3	7.5
(c) Impairment charges	Impairment charges	—	29.1	—	29.1
(d) Foreign exchange and other (gains) losses, net	Other (income) expense, net	(5.0)	11.5	(10.9)	15.4
(e) Loss on disposal of property, plant and equipment, net	Loss on disposal of property, plant and equipment, net	1.2	0.1	2.5	1.8
(f) Other adjustments, net	Other (income) expense, net	(0.3)	(0.4)	(0.7)	(1.7)
	Selling, general and administrative expenses	5.9	2.5	11.3	4.7

PRIMO WATER CORPORATION

EXHIBIT 7

SUPPLEMENTARY INFORMATION – NON-GAAP – FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended	
	July 1, 2023	July 2, 2022
Net cash provided by operating activities	\$ 76.8	\$ 66.7
Less: Additions to property, plant, and equipment	(36.0)	(46.6)
Less: Additions to intangible assets	(2.7)	(2.4)
Free Cash Flow	\$ 38.1	\$ 17.7
Acquisition and integration cash costs	1.4	3.1
Cash costs related to additions to property, plant and equipment for integration of acquired entities	0.1	—
Cash taxes paid for property sales	0.8	—
Tariffs refunds related to property, plant, and equipment	1.0	—
Adjusted Free Cash Flow	\$ 41.4	\$ 20.8

	For the Six Months Ended	
	July 1, 2023	July 2, 2022
Net cash provided by operating activities	\$ 111.1	\$ 90.3
Less: Additions to property, plant, and equipment	(89.7)	(85.2)
Less: Additions to intangible assets	(5.4)	(4.9)
Free Cash Flow	\$ 16.0	\$ 0.2
Acquisition and integration cash costs	4.0	8.1
Cash costs related to additions to property, plant and equipment for integration of acquired entities	0.2	—
Cash taxes paid for property sales	0.8	—
Tariffs refunds related to property, plant, and equipment	1.4	—
Adjusted Free Cash Flow	\$ 22.4	\$ 8.3

SUPPLEMENTARY INFORMATION-NON-GAAP-ADJUSTED NET INCOME AND ADJUSTED EPS

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

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income (loss) (as reported)	\$ 21.3	\$ (22.5)	\$ 27.1	\$ (29.2)
Adjustments:				
Amortization expense of customer lists	11.2	12.1	22.5	25.0
Acquisition and integration costs	1.8	4.9	3.8	9.2
Share-based compensation costs	3.0	4.2	5.3	7.5
Impairment charges	—	29.1	—	29.1
Foreign exchange and other (gains) losses, net	(5.0)	11.5	(10.9)	15.4
Other adjustments, net	5.6	2.1	10.6	3.0
Tax impact of adjustments (a)	0.9	(8.1)	(4.7)	(12.8)
Adjusted net income	\$ 38.8	\$ 33.3	\$ 53.7	\$ 47.2
<u>Earnings Per Share (as reported)</u>				
Net income (loss)	\$ 21.3	\$ (22.5)	\$ 27.1	\$ (29.2)
Basic EPS	\$ 0.13	\$ (0.14)	\$ 0.17	\$ (0.18)
Diluted EPS	\$ 0.13	\$ (0.14)	\$ 0.17	\$ (0.18)
Weighted average common shares outstanding (in thousands)				
Basic	159,196	161,149	159,465	161,038
Diluted	159,900	161,149	160,332	161,038
<u>Adjusted Earnings Per Share (Non-GAAP)</u>				
Adjusted net income (Non-GAAP)	\$ 38.8	\$ 33.3	\$ 53.7	\$ 47.2
Adjusted diluted EPS (Non-GAAP)	\$ 0.24	\$ 0.21	\$ 0.33	\$ 0.29
Diluted weighted average common shares outstanding (in thousands) (Non-GAAP) (b)	159,900	161,894	160,332	161,934

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

(b) Includes the impact of dilutive securities of 745 and 896 for the three and six months ended July 2, 2022. These dilutive securities were excluded from GAAP diluted weighted average common shares outstanding due to net loss reported in the period.

View original content to download multimedia: <https://www.prnewswire.com/news-releases/primowater-announces-strong-second-quarter-2023-results-and-increases-annual-guidance-301897372.html>

SOURCE Primo Water Corporation