Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

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In addition to the other information set forth in this Annual Report on Form 10- K, you should carefully consider the following factors, which could materially affect our business, financial condition or results of **operations for both continuing operations and discontinued** operations. The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may negatively affect our business, financial condition or results of operations. Risks Related to Our Business, Industry and Operations We may be unable to compete successfully in the markets in which we operate. We face competition in our business as distribution methods for bottled water products continue to change and evolve. The increasing availability of multi- gallon water bottles in retail stores could affect our business as some customers may choose to purchase water in returnable bottles through competitors' retail products rather than ours. Our business also faces increased competition from filtration units in the market. In addition, consumers may choose to drink from municipal water sources instead of purchasing bottled water or using a filtration unit. Additionally, retail and internet availability of these products could negatively affect demand for the direct distribution sources we offer. Supply chain disruptions and cost increases related to inflation **had** ~~are having~~ , and could continue to have, an adverse effect on our business, operating results, and financial condition. We ~~have~~ experienced inflationary cost increases in our underlying expenses, including transportation and labor costs. We **were** ~~have also been~~ impacted by global supply chain disruption, which ~~has~~ increased ocean freight voyage lead times for the shipment of our water dispensers to our branch locations and ~~has~~ increased freight costs. **The** ~~To date, the~~ Company largely **was** ~~has been~~ able to mitigate the impacts of inflation and supply chain disruptions. Our mitigation strategies, such as price increases and cost control efforts, have provided us the necessary flexibility to respond to the risks. While we have taken steps to minimize the impact of these increased costs, global supply chain disruption and inflationary pressures may increase, which could adversely affect our business, financial condition, results of operations and cash flows. Our ingredients, packaging supplies and other costs are subject to price increases, and we may be unable to effectively pass rising costs on to our customers. We typically bear the risk of changes in prices on the ingredient and packaging materials in our products. The majority of our ingredient and packaging supply contracts allow our suppliers to alter the prices they charge us based on changes in the costs of the underlying commodities, such as resin for PET, HDPE and polycarbonate bottles that are used to produce them and, in some cases, changes in production costs. These changes in the prices we pay for ingredient and packaging materials occur at times that vary by product and supplier, and take place, on a monthly, quarterly or annual basis. Accordingly, we bear the risk of fluctuations in the costs of these ingredient and packaging materials, including the underlying costs of the commodities used to manufacture them and, to some extent, the costs of converting those commodities into the materials we purchase. If the cost of these ingredients or packaging materials increases, we may be unable to pass these costs along to our customers through adjustments to the prices we charge, which could have a negative effect on our results of operations. If we are able to pass these costs on to our customers through price increases, the impact those increased prices could have on our volumes is uncertain. Our production facilities use a significant amount of electricity, natural gas and other energy sources to operate. Fluctuations in the price of fuel and other energy sources for which we have not locked in long- term pricing commitments or arrangements would affect our operating costs, which could negatively affect our results of operations. If we are unable to maintain relationships with our raw material suppliers, we may incur higher supply costs or be unable to deliver products to our customers. In addition to water, the principal raw materials required to produce our products are PET resin, HDPE and polycarbonate bottles, caps and preforms, labels and cartons and trays. We rely upon our ongoing relationships with our key suppliers to support our operations. We typically enter into annual or multi- year supply arrangements with our key suppliers, meaning that our suppliers are obligated to continue to supply us with materials for one- year or multi- year periods, at the end of which we must either renegotiate the contracts with those suppliers or find alternative sources for supply. There can be no assurance that we will be able to either renegotiate contracts (with similar or more favorable terms) with these suppliers when they expire or, alternatively, if we are unable to renegotiate contracts with our key suppliers, there can be no assurance that we could replace them. We could also incur higher ingredient and packaging supply costs in renegotiating contracts with existing suppliers or replacing those suppliers, or we could experience temporary disruptions in our ability to deliver products to our customers, either of which could negatively affect our results of operations. With respect to some of our key ingredients, we have entered into long- term supply agreements. In addition, the supply of specific ingredient and packaging materials could be adversely affected by many factors, including industry consolidation, energy shortages, governmental controls, labor disputes, natural disasters, pandemics, transportation interruption, political instability, acts of war or terrorism and other factors. If we fail to manage our operations successfully, our business and results of operations may be negatively affected. In recent years, we have grown our business and beverage offerings primarily through the acquisition of other companies, development of new product lines and growth with key customers. We believe that opportunities exist to grow our business by leveraging existing customer relationships, obtaining new customers, exploring new channels of distribution, introducing new products or identifying appropriate acquisition or strategic alliance candidates. The success of this strategy with respect to acquisitions depends on our ability to manage and integrate acquisitions and alliances into our existing business. Furthermore, the businesses or product lines that we acquire or align with may not be integrated successfully into our business or prove profitable. ~~In addition to the foregoing factors, our ability to expand our business in foreign countries is also dependent on, and may be limited by, our ability to comply with the laws of the various jurisdictions in which we may operate, as well as changes in local government regulations and policies in such jurisdictions.~~ If we fail to successfully manage our operations, our business and results of operation could be adversely affected. Our geographic diversity subjects us to the risk of currency fluctuations. We conduct operations in ~~many~~ **different** areas of the world, involving transactions denominated in **multiple** ~~a variety of~~ currencies. We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, because our financial statements are denominated in U. S. dollars, changes 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. While we may enter into financial transactions to address these risks, there can be no assurance that currency exchange rate fluctuations will not negatively affect our financial condition, results of operations and cash flows. In addition, while the use of currency hedging instruments may provide us with protection from adverse fluctuations in currency exchange rates, by utilizing these instruments we potentially forego the benefits that might result from favorable fluctuations in currency exchange rates. Uncertainty in the financial markets and other adverse changes in general economic conditions in the countries in which we do business could adversely affect our industry, business and results of operations. Periods of uncertainty in the financial markets and adverse economic conditions in the countries in which we do business could have a number of different effects on our business, including: • a reduction in consumer spending, which could result in a reduction in our sales volume; • a negative impact on the ability of our customers to timely pay their obligations to us or our vendors to timely supply materials, thus reducing our cash flow; • an increase in counterparty risk; • an increased likelihood that one or more members of our banking syndicate may be unable to honor its commitments under our senior secured revolving credit facility (" Revolving Credit Facility "); and • restricted access to capital markets that may limit our ability to take advantage of business opportunities. If economic conditions deteriorate, our industry, business and results of operations could be materially and adversely affected. Substantial disruption to production at our production facilities could occur. A disruption in production at our production facilities or those of our suppliers, distribution channels or service networks could have a material adverse effect on our business. The disruption could occur for many reasons, including fire, natural disasters, pandemics, weather, manufacturing problems, contamination, diseases, strikes or labor shortages, supply chain disruptions, transportation interruption, government regulation, war, terrorism or other hostile acts. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to start production, each of which could negatively impact our business and results of operations. Our business is dependent on our ability to maintain access to our water sources; water scarcity, government regulation of water access and poor quality could negatively affect our long- term financial performance. Damage to or a disruption in the water flow at any one of our water sources, a dispute over water rights, increased legal restrictions on or government regulation of water use or access at our water sources or the failure to maintain access to our water sources could cause an increase in the cost of our products or shortages that would likely not allow us to meet market demand. The potential delivery and price disruptions due to the loss of any one water source or a decline in the volume of water available could significantly disrupt our business, result in the loss of customer confidence and have an adverse effect on our business, financial condition and results of operations. Further, if any of our municipal water sources were curtailed or eliminated as a result of, for example, a natural disaster, work stoppage or other significant event that disrupted water flow from such municipal source, we may have to purchase water from other sources, which could increase water and transportation costs and could result in supply shortages and price increases. Any one of these events could have a negative impact on our business, financial condition, reputation and results of operations. Water is a limited resource facing significant challenges from population growth, environmental contamination and poor management. As demand for water continues to increase and if water becomes more scarce and the quality of water available deteriorates, our business may incur increasing costs or face capacity constraints, which could adversely affect our profitability or net sales in the long run. Furthermore, even if we are able to secure adequate water sources, the methods which we employ to do so, including acquisitions of additional water sources, may have a negative impact on our public reputation, especially in jurisdictions encountering drought or where water is considered a limited resource. Climate change may have an adverse impact on our business and results of operations. There is concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere is causing significant changes in weather patterns and an increase in the frequency or duration of extreme weather and climate events. These changes could adversely impact some of our facilities, the availability and cost of key raw materials and water resources we use. Public expectations for reductions in greenhouse gas emissions are rapidly changing and may require us to make additional investments in facilities and equipment, including more fuel- efficient vehicles. In addition, federal, state or local governmental authorities may propose legislative and regulatory initiatives in response to concerns over climate change **, such as the new disclosure requirements that have been adopted in the European Union and California and additional requirements expected to be adopted by the SEC,** which could ~~directly~~ **have varying and inconsistent requirements that could increase** ~~or~~ **our compliance costs and may** ~~indirectly adversely affect our business,~~ require additional investments or increase the cost of raw materials, fuel, ingredients and water. Further, if we are unable to meet public expectations and regulatory developments, or if our existing practices and procedures are not adequate to meet new regulatory requirements, we may miss corporate opportunities or become subject to regulatory scrutiny or third- party claims. As a result, the effects of climate change could have an adverse impact on our business and results of operations. Our success depends, in part, on our intellectual property, which we may be unable to protect. While we own certain of the trademarks used to identify our beverages, other trademarks are used through licenses from third parties or by permission from our customers. Our success depends, in part, on our ability to protect our intellectual property **across multiple jurisdictions** . To protect this intellectual property, we rely principally on registration of trademarks, contractual responsibilities and restrictions in agreements (such as indemnification, nondisclosure and confidentiality agreements) with employees, consultants and customers, and on common law and statutory protections afforded to trademarks, trade secrets and proprietary " know- how. " In addition, we vigorously protect our intellectual property against infringements using any and all legal remedies available. Notwithstanding our efforts, we may not be successful in protecting our intellectual property for a number of reasons, including: • our competitors may independently develop intellectual property that is similar to or better than ours; • employees, consultants or customers may not abide by their contractual agreements and the cost of enforcing those agreements may be prohibitive, or those agreements may prove to be unenforceable or more limited than anticipated; • ~~foreign intellectual property laws may not adequately protect our intellectual property rights; and •~~ our intellectual property rights may be successfully challenged, invalidated or circumvented. If we are unable to protect our intellectual property, our competitive position would weaken and we could face significant expense to protect or enforce our intellectual property rights. Occasionally, third- parties may assert that we are, or may be, infringing on or misappropriating their intellectual property rights. In these cases, we intend to defend against claims or negotiate licenses when we consider these actions appropriate. Intellectual property cases are uncertain and involve complex legal and factual questions. If we become involved in this type of litigation, it could consume significant resources and divert our attention from business operations. If we are found to infringe on the intellectual property rights of others, we could incur significant damages, be enjoined from continuing to manufacture, market or use the affected product, or be required to obtain a license to continue manufacturing or using the affected product. A license could be very expensive to obtain or may not be available at all. Similarly, changing products or processes to avoid infringing the rights of others may be costly or impracticable. Our business is seasonal and adverse weather conditions could negatively affect our business, financial condition and results of operations. The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may reduce the demand for our bottled water and other products and contribute to lower revenues, which could negatively affect our profitability. Global or regional **unrest, conflict, geopolitical disputes or** catastrophic events could affect our operations and results of operations. Our business can be affected by war, large- scale terrorist or other hostile acts, especially those directed against the United States or other major industrialized countries in which we do business, major natural disasters, long- term periods of drought, or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business, could disrupt our supply of raw materials, and could affect production, transportation and delivery of products. ~~In addition~~ **For example, the U. S.- China trade relations remain uncertain, and if tensions continue to worsen, we may increase our onshoring and diversification efforts to reduce reliance on the Chinese supply chain which could impact our supply chain, production and delivery of products. Further, regional conflicts** , such ~~events~~ **as the Ukraine- Russia and Israel- Hamas conflicts,** could ~~cause~~ **escalate and expand, which in turn could have negative impacts on our operations, including our operations and associates in Israel, and the global economy and financial markets. Such** ~~disruption~~ **disruptions** of regional or global economic activity ~~, which~~ can affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products. The **outbreak of contagious diseases, similar to** COVID- 19 ~~pandemic has~~ **, could adversely affect our business, financial condition and results of operations. Our business could be** adversely affected **by the** ~~, and may continue to affect~~ **effects of a widespread outbreak of contagious diseases, similar to COVID- 19, which impacted global, national and local economies, created a number of macroeconomic challenges that impacted** our business, ~~financial condition~~ **including volatility** and ~~results~~ **uncertainty in business planning, disruptions in global supply chains, material, freight and labor inflation, shortages** of ~~operations~~ **and delays in obtaining certain materials and labor shortages** . The extent of the impact of **a pandemic similar to** 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, including the duration and scope of the pandemic, the emergence of new variants of the virus and the efficacy of vaccines against such variants, global economic conditions during and after the pandemic, including disruptions in the global supply chain, inflation and labor shortages, government 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. ~~While we have developed and implemented and continue to develop and implement health and safety protocols, business continuity plans and crisis management protocols and other operational actions in an effort to try to mitigate the negative impact of COVID- 19 on our employees and our business, there can be no assurance that we will be successful in our efforts, and as a result, our business, financial condition and results of operations may be adversely affected.~~ Strategic Risks We may devote a significant amount of our management' s attention and resources to our ongoing review of strategic opportunities **, including potential divestitures** , and we may not be able to fully realize the potential benefit of any such alternatives that we pursue. As part of our overall strategic planning process, from time to time we evaluate whether there are alternatives available to complement our strategy of organic growth and growth through diversification. Accordingly, we may from time to time be engaged in evaluating potential transactions and other strategic alternatives, and we may engage in discussions that may result in one or more transactions. Although there would be uncertainty that any of these discussions would result in definitive agreements or the completion of any transaction, we may devote a significant amount of our management' s attention and resources to evaluating and pursuing a transaction or opportunity, which could negatively affect our operations **. We are executing strategic alternatives for our remaining international businesses. There can be no assurance that the strategic plan to divest our Remaining International Businesses will receive the level of market support that we expect or that we will be able to achieve the anticipated operational, strategic and other benefits. Moreover, our business will be less diversified geographically, which could make us more susceptible to changing market conditions in North America** . In addition, we may incur significant costs in connection with evaluating and pursuing other strategic opportunities, regardless of whether any transaction is completed. We may not fully realize the potential benefits of any strategic alternatives or transactions that we pursue. We may not realize the expected revenue and cost synergies related to our acquisitions. The success of our acquisitions will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating with our existing businesses. The integration process may be complex, costly, time- consuming and subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. The difficulties of integrating the operations and realizing revenue and cost synergies include, among others: • failure to implement our business plan for the combined business; • unanticipated issues in integrating manufacturing, logistics, information, communications and other systems; • possible inconsistencies in standards, controls, procedures and policies, and compensation structures between acquired structures and our structure; • failure to retain key customers and suppliers; • unanticipated changes in applicable laws and regulations; • failure to retain key employees; • additional exposure to risks of new markets and geographies; • inherent operating risks; and • other unanticipated issues, expenses and liabilities. We may not be able to maintain the levels of revenue, earnings or operating efficiency that each of the Company, on the one hand, and the acquired businesses, on the other hand, had achieved or might achieve separately. Even if we realize the expected benefits, this may not be achieved within the anticipated time frame. Furthermore, the synergies from acquisitions may be offset by costs incurred in consummating such acquisitions or in integrating the acquired businesses, increases in other expenses, operating losses or unrelated adverse results in the business. As a result, there can be no assurance that such synergies will be achieved. In addition, actual results may differ from pro forma financial information of the combined companies due to changes in the fair value of assets acquired and liabilities assumed, changes in assumptions used to form estimates, differences in accounting policies between the companies, and completion of purchase accounting. Changes in future business conditions could cause business investments and / or recorded goodwill, indefinite life intangible assets or other intangible assets to become impaired, resulting in substantial losses and write- downs that would negatively affect our results of operations. As part of our overall strategy, we will, from time to time, make investments in other businesses. These investments are made upon targeted analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgment in determining investment amount or acquisition price. After consummation of an acquisition or investment, unforeseen issues could arise that adversely affect anticipated returns or that are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. We evaluate the recoverability of recorded goodwill and indefinite life intangible asset amounts annually, or when evidence of potential impairment exists. The impairment test is based on several factors requiring judgment and certain underlying assumptions. Goodwill accounted for approximately $ 1, ~~293~~ **004** . ~~0~~ **6** million of our recorded total assets as of December ~~31~~ **30** , ~~2022~~ **2023** . Our other intangible assets with indefinite lives as of December ~~31~~ **30** , ~~2022~~ **2023** relate primarily to the trademarks acquired in our historical acquisitions. These assets have an aggregate net book value of $ ~~438~~ **381** . ~~6~~ **2** million, and are more fully described in Note 1 to the Consolidated Financial Statements. As of December ~~31~~ **30** , ~~2022~~ **2023** , our intangible assets subject to amortization, net of accumulated amortization for continuing operations were $ ~~456~~ **333** . ~~1~~ **0** million, which consisted principally of $ ~~416~~ **310** . ~~4~~ **7** million of customer relationships that arose from acquisitions, $ ~~21~~ **13** . ~~4~~ **8** million of software, and $ ~~8~~ **5** . ~~2~~ **9** million of patents. Customer relationships are typically amortized over the period for which we expect to receive the economic benefits. The customer relationships acquired in connection with our historical acquisitions are amortized over the expected remaining useful life of those relationships on a basis that reflects the pattern of realization of the estimated undiscounted after- tax cash flows. We review the estimated useful life of these intangible assets annually, taking into consideration the specific net cash flows related to the intangible asset, unless a review is required more frequently due to a triggering event such as the loss of a significant customer. The permanent loss of, or significant decline in sales to customers included in the intangible asset would result in either an impairment in the value of the intangible asset or an accelerated amortization of any remaining value and could lead to an impairment of the fixed assets that were used to service that customer. Principally, a decrease in expected reporting segment cash flows, changes in market conditions, loss of key customers and a change in our imputed cost of capital may indicate potential impairment of recorded goodwill, trademarks or trade names. For additional information on accounting policies we have in place for goodwill and indefinite life intangible asset impairment, see our discussion under “ Critical Accounting Policies ” in “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” of this Annual Report on Form 10- K and Note 1 to the Consolidated Financial Statements. Financial, Credit and Liquidity Risks We have a significant amount of outstanding indebtedness, which could adversely affect our financial health, and future cash flows may not be sufficient to meet our obligations. As of December ~~31~~ **30** , ~~2022~~ **2023** , our total indebtedness was $ 1. ~~5~~ **3** billion. Our present indebtedness and any future borrowings could have important adverse consequences to us and our investors, including: • requiring a substantial portion of our cash flow from operations to make interest payments on this indebtedness; • making it more difficult to satisfy debt service and other obligations; • increasing the risk of a future credit ratings downgrade of our indebtedness, which would increase future debt costs; • increasing our vulnerability to general adverse economic and industry conditions; • reducing the cash flow available or limiting our ability to borrow additional funds to pay dividends, to fund capital expenditures and other corporate purposes and to grow our business; • limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and • placing us at a competitive disadvantage to our competitors that may not be as highly leveraged as we are. Our levels of indebtedness are driven, in part, by our strategy of growth by acquisitions. There can be no assurance that we will be successful in obtaining any future debt financing on favorable terms or at all and to the extent we become more leveraged, we face an increased likelihood that one or more of the risks described above would materialize. In addition, our actual cash requirements in the future may be greater than expected. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If we fail to generate sufficient cash flow from future operations to meet our debt service obligations, we may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on attractive terms, commercially reasonable terms or at all. If we cannot service or refinance our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business and / or have a material adverse effect on our financial condition and results of operations. Our future operating performance and our ability to service or refinance our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. Our Revolving Credit Facility and the indentures governing our outstanding notes each contain various covenants limiting the discretion of our management in operating our business, which could prevent us from capitalizing on business opportunities and taking some corporate actions. Our Revolving Credit Facility and the indentures governing our outstanding notes each impose significant operating and financial restrictions on us. These restrictions will limit or restrict, among other things, our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness; • make restricted payments (including paying dividends on, redeeming, repurchasing or retiring our capital stock); • make investments; • create liens; • sell assets; • enter into agreements restricting our subsidiaries' ability to pay dividends, make loans or transfer assets to us; • engage in transactions with affiliates; and • consolidate, merge or sell all or substantially all of our assets. These covenants are subject to important exceptions and qualifications. In addition, our Revolving Credit Facility also requires us, under certain circumstances, to maintain compliance with certain financial covenants as described in the " Covenant Compliance " section in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations ". Our ability to comply with these covenants may be affected by events beyond our control, including those described in this " Risk Factors " section. A breach of any of the covenants contained in our Revolving Credit Facility, or the indentures governing our outstanding notes could result in an event of default under one or more of the documents governing such obligations, which would allow the lenders under our Revolving Credit Facility to declare all borrowings outstanding, or in the case of the note holders of our outstanding notes, all principal amounts outstanding on such notes, to be due and payable. Any such acceleration would trigger cross- default provisions under the Revolving Credit Facility, and the indentures governing our outstanding notes and, potentially, our other indebtedness. In the event of an acceleration of payment obligations, we would likely be unable to pay our outstanding indebtedness with our cash and cash equivalents then on hand. We would, therefore, be required to seek alternative sources of funding, which may not be available on commercially reasonable terms, terms as favorable as our current agreements or at all. If we are unable to refinance our indebtedness or find alternative means of financing our operations, we may be required to curtail our operations, face bankruptcy, or take other actions that are inconsistent with our current business practices or strategy. For additional information about our Revolving Credit Facility, see our discussion under " Liquidity and Capital Resources " in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " of this Annual Report on Form 10- K and Note ~~17~~ **16** to the Consolidated Financial Statements. A portion of our debt may be variable rate debt, and changes in interest rates could adversely affect us by causing us to incur higher interest costs with respect to such variable rate debt. Our Revolving Credit Facility subjects us to interest rate risk. The rate at which we pay interest on amounts borrowed under such facility fluctuates with changes in interest rates and our debt leverage. Accordingly, with respect to any amounts from time to time outstanding under our Revolving Credit Facility, we are and will be exposed to changes in interest rates. **In 2022 and 2023, interest rates have risen significantly in efforts to mitigate ongoing inflation, which has increased our debt service costs over prior periods.** If we are unable to adequately manage our debt structure in response to changes in the market, our interest expense could increase, which would negatively affect our financial condition and results of operations. ~~The~~ **As of December 30, 2023, there were no** outstanding borrowings under the Revolving Credit Facility ~~as of December 31, 2022 were $ 197. 0 million~~ . Risks Related to Our Human Capital Our success depends in part upon our ability to recruit, retain and prepare succession plans for our CEO, CFO, senior management and key employees. The performance of our Chief Executive Officer (" CEO "), Chief Financial Officer (" CFO "), senior management and other key employees is critical to our success. **In January 2024, we appointed Robbert Rietbroek as our new CEO after the planned retirement of Tom Harrington, which was announced in May 2023.** We plan to continue to invest time and resources in developing our senior management and key employee teams. Our long- term success will depend on our ability to recruit and retain capable senior management and other key employees, and any failure to do so could have a material adverse effect on our future operating results and financial condition. Further, if we fail to adequately plan for the succession of our CEO, CFO, senior management and other key employees, our results of operations could be negatively affected. Our business could be adversely affected by increased labor costs. Increased labor costs, due to factors such as competition for workers, labor shortages, labor market pressures, increased minimum wage requirements, paid sick leave or vacation accrual mandates, or other legal or regulatory changes, may adversely impact our operating costs. In addition, competition for all qualified personnel is increasingly intense and there can be no assurance that we will be successful in hiring, training, and retaining personnel in the future. The extent and duration of the impact of labor market challenges are subject to numerous factors ~~, including the continuing impact of the COVID- 19 pandemic~~ , availability of qualified personnel and competition from within our industry. We may not be able to renew collective bargaining agreements on satisfactory terms, or we could experience strikes. Some of our employees are covered by collective bargaining agreements expiring on various dates. We may not be able to renew our collective bargaining agreements on satisfactory terms or at all. This could result in strikes or work stoppages, which could impair our ability to manufacture and distribute our products and result in a substantial loss of sales. The terms of existing or renewed agreements could also significantly increase our costs or negatively affect our ability to increase operational efficiency. Risks Related to Our Information Technology, Cybersecurity and Data Protection ~~We depend on key~~ **An interruption or cybersecurity breach, disruption or misuse of our** information systems ~~and~~ **, or the information systems of our** third- party service providers **, could have a material adverse effect on our business** . We depend on **highly complex** key information systems to accurately and efficiently transact our business, provide information to management and prepare financial reports. We rely on third- party providers for various networking, application hosting and related business process services which support our key information systems. **Maintaining and upgrading such systems is increasingly costly, and** ~~Issues~~ **issues** with performance by these third ~~-~~ parties may disrupt our operations and as a result, our operating expenses could increase, which could negatively affect our results of operations. In addition, these systems and services are vulnerable to interruptions or other failures resulting from, among other things, natural disasters, war, terrorism or other hostile acts, software, equipment or telecommunications failures, processing errors **or supplier defaults. Moreover** , **the nature of these digital systems makes them potentially vulnerable to**

cybersecurity attacks, such as computer viruses, ransomware, phishing, hackers, **or** other security issues **. In addition, the rapid evolution and increased adoption of new technologies, such as artificial intelligence, may intensify** ~~or~~ **our** ~~supplier defaults~~ **cybersecurity risks** . **Cybersecurity attacks have become increasingly common and we have experienced immaterial business disruption, monetary loss and data loss as a result of phishing, business email compromise and other types of attacks. Such events may be difficult to detect, and once detected, their impact may be difficult to assess and address. Additionally,** ~~Security~~ **security** , backup and disaster recovery measures may not be adequate or implemented properly to avoid such disruptions or failures. Any disruption or failure of these systems or services could cause substantial errors, **data loss,** processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions, any of which could negatively affect our business and results of operations **, subject us to penalties or result in reputational harm** . If we are unable to securely maintain our customers' confidential or credit card information, or other private data relating to our employees or our Company, we could be subject to negative publicity, costly government enforcement actions or private litigation, which could damage our business reputation and negatively affect our results of operations. The protection of our customer, employee and Company data is critical to us. We have procedures and technology in place to safeguard our customers' debit card, credit card and other personal information, our employees' private data and Company records and intellectual property. However, if we experience a data security breach of any kind, we could be exposed to negative publicity, government enforcement actions, private litigation or costly response measures. In addition, our reputation within the business community and with our customers may be affected, which could result in our customers discontinuing their purchases of our products and services or their use of the debit or credit card payment option. Any loss of our ability to securely offer our customers a credit card payment option would make our products less attractive to many small organizations by negatively affecting our customer experience and significantly increasing our administrative costs related to customer payment processing. This could cause us to lose customers and could have a negative effect on our results of operations. While we maintain insurance coverage that is intended to address certain aspects of data security risks, the coverage may be insufficient to cover all losses or all types of claims that may arise. In addition, the regulatory environment surrounding information security and privacy is increasingly demanding, with frequent imposition of new and changing requirements. For example, the European Union' s General Data Protection Regulation, which became effective in 2018, and the California Consumer Privacy Act, which became effective in 2020, impose significant new requirements on how we collect, process and transfer personal data, as well as significant fines for non- compliance. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. Legal, Regulatory and Tax Risks Our products may not meet health and safety standards or could become contaminated and we could be liable for injury, illness or death caused by consumption of our products. We have adopted various quality, environmental, health and safety standards. However, our products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in our operations or those of our bottlers, distributors or suppliers. This could result in expensive production interruptions, recalls and liability claims. We may be liable to our customers if the consumption of any of our products causes injury, illness or death. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business, results of operations or cash flows. Litigation or legal proceedings could expose us to significant liabilities and damage our reputation. We are party to various litigation claims and legal proceedings. We evaluate these claims and proceedings to assess the likelihood of unfavorable outcomes, and, if possible, estimate the amount of potential losses. If our products are not safely and / or properly manufactured or designed, personal injuries or property damage could result, which could subject us to claims for damages. The costs associated with defending product liability and other claims, and the payment of damages, could be substantial. Our reputation could also be adversely affected by such claims, whether or not successful. We may establish a reserve as appropriate based upon assessments and estimates in accordance with our accounting policies, and we have also asserted insurance claims where appropriate. We base our assessments, estimates and disclosures on the information available to us at the time and rely on legal and management judgment. Actual outcomes or losses or any recoveries we may receive from insurance may differ materially from assessments and estimates. Actual settlements, judgments or resolutions of these claims or proceedings may negatively affect our business and financial performance. A successful claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could negatively affect our business, financial condition and results of operations. For more information, see " Item 3. Legal Proceedings. " Changes in the legal and regulatory environment in the jurisdictions in which we operate could negatively affect our results of operations, adversely affect demand for our products and services or result in litigation. As a producer and distributor of foods and beverages, we must comply with various federal, state, provincial, local and foreign laws and regulations relating to production, packaging, quality, labeling and distribution ~~, including, in the United States, those of the federal Food, Drug and Cosmetic Act, the Fair Packaging and Labeling Act, the Federal Trade Commission Act, the Nutrition Facts Labeling Rule, the Food Safety Modernization Act, the Bioterrorism Act, the Ground Water Rule and California Proposition 65. We are also subject to various federal, state, provincial, local and foreign environmental laws and workplace regulations. These laws and regulations include, in the United States, the Occupational Safety and Health Act, the Unfair Labor Standards Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Federal Motor Carrier Safety Act, laws governing equal employment opportunity, customs and foreign trade laws and regulations, laws relating to the maintenance of fuel storage tanks, laws relating to mineral and chemical concentration and water quality, consumption and treatment, and various other federal statutes, laws and regulations~~ . The Food and Drug Administration (" FDA ") regulates bottled water as a food. Our bottled water must meet FDA requirements of safety for human consumption, labeling, processing, security and distribution under sanitary conditions and production in accordance with FDA " Current Good Manufacturing

Practices. " We import certain of ~~our~~ **manufacturing** equipment, and we must comply with import laws and regulations. **We** ~~Outside the United States, the production and distribution of our products~~ are also subject to various **federal, state, provincial, local and foreign environmental** laws and **workplace** regulations. These laws and regulations may change as a result of political, economic, or social events. Such regulatory changes may include changes in food and drug laws, laws related to advertising, accounting standards, taxation requirements, competition laws and environmental laws, including laws relating to the regulation of water rights and treatment. Changes in laws, regulations or government policy and related interpretations may alter the environment in which we do business, which may negatively affect our results of operations or increase our costs or liabilities. Food / Beverage Production A number of states have passed laws setting forth warning or labeling requirements relating to products made for human consumption. For example, the California law known as Proposition 65 requires that a specific warning statement appear on any product sold in California containing a substance listed by that state as having been found to cause cancer or reproductive toxicity. This law, and others like it, exposes all food and beverage producers to the possibility of having to provide warnings on their products. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label, although products containing listed substances that occur naturally or that are contributed to such products solely by a municipal water supply are generally exempt from the warning requirement. From time to time over the past several years, certain of our customers have received notices alleging that the labeling requirements of the relevant state regulation would apply to products manufactured by us and sold by them. There can be no assurance that we will not be adversely affected by actions against our customers or us relating to Proposition 65 or similar " failure to warn " laws. Were any such claim to be pursued or succeed, we might in some cases be required to indemnify our customers for damages and provide warnings on our products in order for them to be sold in certain states. Any negative media attention, adverse publicity or action arising from allegations of violations could adversely affect consumer perceptions of our products and harm our business. Energy / Conservation Initiatives The EPA has oversight over the Energy Star certification program for appliances, including bottled water dispensers ~~. Since 2014~~ , **intended** ~~the EPA has required appliances in the program~~ to ~~adhere to a~~ lower energy consumption ~~standard of 0. 87 kilowatt hours per day~~ . While we are working closely with our water cooler manufacturers to ensure we have continued access to Energy Star certified bottled water dispensers, there can be no assurances that we will continue to have such access. Our inability to utilize compliant dispensers could negatively affect our business, financial condition, reputation and results of operations. Recent initiatives have taken place in several markets in which we operate regarding bottled water. Regulations have been proposed in some jurisdictions that would ban the use of public funds to purchase bottled water, enact local taxes on bottled water and water extraction and restrict the withdrawal of water from public and private sources. We believe that the adverse publicity associated with these initiatives is generally aimed at the retail, small bottle segment of the industry that is a minimal part of our business, and that our customers can readily distinguish our products from the retail bottles that are currently the basis for concern in some areas. Our customers typically buy their water in reusable multi- gallon water bottles that are placed on coolers and reused many times. While we believe that to date we have not directly experienced any adverse effects from these concerns, and that our products are sufficiently different from those under scrutiny, there is no assurance that adverse publicity about any element of the bottled water industry will not affect public behavior by discouraging consumers from buying bottled water products generally. In that case, our sales and other financial results could be adversely affected. The increasing concern over climate change also may result in more regional, federal and / or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the cost of energy, including fuel, required to operate our facilities or transport and distribute our products, ~~particularly in our Primo Water North America business,~~ thereby substantially increasing the distribution and supply chain costs associated with our products. As a result, climate change could negatively affect our business and results of operations. Packaging Ingredients The manufacture and use of resins and Bisphenol A (" BPA ") used to make our 3G and 5G water bottles are subject to regulation by the FDA. These regulations relate to substances used in food packaging materials. BPA is contained in substantially all of our 3G and 5G returnable polycarbonate plastic bottles. Negative media attention regarding BPA has generated concern in the bottled water market. Regulatory agencies in several jurisdictions worldwide, including the FDA, have found these materials to be safe for food contact at current levels, but a significant change in regulatory rulings or state or local laws concerning BPA could have an adverse effect on our business. Extensive negative public perception regarding food packaging that uses BPA **or other types of plastics, or the presence of nanoplastics in water generally,** could cause consumers to stop purchasing our products manufactured in polycarbonate bottles. Further, the emergence of new scientific evidence or reports that suggests our polycarbonate water bottles are unsafe, or interpretations of existing evidence by regulatory agencies that lead to prohibitions on the use of polycarbonate plastic as packaging for food contact materials, could cause a serious disruption in our ability to package our bottled water products. If polycarbonate plastic becomes a banned substance, we may not be able to adopt alternative packaging, and conduct extensive and costly safety testing, in time to prevent adverse effects to our business, financial condition and results of operations. Further, if our competitors successfully integrate BPA- free packaging into their business and BPA is subsequently deemed undesirable or unsafe, our competitors may have a significant competitive advantage over us. Hazardous Materials We engage in or have in the past engaged in the handling, storage or use of hazardous substances, including for the maintenance and fueling of our vehicle fleet ~~for our North America business~~ . We are also required to obtain environmental permits from governmental authorities for certain operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. We could also be held liable for any consequences arising out of human exposure to hazardous substances or other environmental damage. Certain environmental laws impose liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances and also impose liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities. In addition to actions brought by governmental agencies, private plaintiffs may also bring personal injury claims arising from the presence of hazardous substances on a property. From time to time, we have also been named a potentially responsible party at third- party waste disposal sites. There can be no assurances that we will not be required to make material expenditures in the future for these or other contamination- related concerns or that other responsible parties will conduct any required cleanup. Environmental laws and regulations are complex, change frequently and tend to become more stringent over time. The costs of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances may negatively affect our business, financial condition or results of operations. International Trade Regulations Currently, a large portion of our dispensers are assembled by independent manufacturers in, and imported from, China. These import operations are subject to international trade regulations, including import charges and other agreements among the United States and its trading partners, including China. The previous U. S. presidential administration made significant changes to U. S. trade policy, including new or increased tariffs on a broad range of goods imported into the United States, particularly from China. Further, these changes in U. S. trade policy have triggered retaliatory protectionist actions by affected countries. Given the uncertainty regarding the scope and duration of these trade actions by the United States and other countries, as well as the potential for additional trade actions, the impact on our operations and results remains uncertain and could be significant. To the extent that our supply chain, costs, sales or profitability are negatively affected by the existing tariffs or any other trade actions (including duties, import charges or other similar restrictions or other reductions in trade), our business, financial condition and results of operations may be materially adversely affected. We are subject to risks associated with our international operations, including compliance with applicable U. S. and foreign anti- corruption laws and regulations, such as the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act of 2010 and other applicable anti- corruption laws, which may increase the cost of doing business in international jurisdictions. We currently operate internationally **across North America, the United Kingdom, Portugal** ~~and we intend to continue expansion of our international operations. We now operate in 18 European countries~~ and Israel. As a result, our business is exposed to risks inherent in foreign operations. If we fail to adequately address the challenges and risks associated with our international operations and acquisition strategy, we may encounter difficulties in our international operations and implementing our strategy, which could impede our growth or harm our operating results. These risks, which can vary substantially by jurisdiction, include the difficulties associated with managing an organization with operations in multiple countries, compliance with differing laws and regulations (including the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act of 2010 and local laws prohibiting payments to government officials and other corrupt practices, tax laws, regulations and rates), enforcing agreements and collecting receivables through foreign legal systems. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that our employees, contractors and agents will not take actions in violation of our policies, particularly as we expand our operations through organic growth and acquisitions. Any such violations could subject us to civil or criminal penalties, including material fines or prohibitions on our ability to offer our products in one or more countries, and could also materially damage our reputation, brand, international expansion efforts, business and operating results. Additional risks include the potential for restrictive actions by foreign governments, changes in economic conditions in each market, foreign customers who may have longer payment cycles than customers in the United States, the impact of economic, political and social instability of those countries in which we operate and acts of nature, such as typhoons, tsunamis, or earthquakes. The overall volatility of the economic environment has increased the risk of disruption and losses resulting from hyper – inflation, currency devaluation and tax or regulatory changes in certain countries in which we have operations. We are subject to the risk of increased taxes. We base our tax positions upon our understanding of the tax laws of the various countries in which we have assets or conduct business activities. However, our tax positions are subject to review and possible challenge by taxing authorities. This includes adverse changes to the manner in which Canada and other countries tax multinational companies and interpret or change their tax laws. We cannot determine in advance the extent to which some jurisdictions may assess additional tax or interest and penalties on such taxes. In addition, our effective tax rate may be increased by changes in the valuation of deferred tax assets and liabilities, changes in our cash management strategies, changes in local tax rates or countries adopting more aggressive interpretations of tax laws. Our income tax expense includes tax benefits resulting from several reorganizations of our legal entity structure and refinancing of intercompany debt during the last three years. However, since the calculation of our tax liabilities involves dealing with uncertainties in the application of complex and changing tax laws and regulations in a multitude of jurisdictions across our ~~global~~ operations, our effective tax rate may ultimately be different than the amount we are currently reporting. In addition, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules which require that all transactions with nonresident related parties be priced using arm' s length pricing principles, and that contemporaneous documentation must exist to support such pricing. There is a risk that the taxing authorities may not deem our transfer pricing documentation acceptable. The Organization for Economic Cooperation and Development released guidance related to Base Erosion and Profit Shifting which may also result in legislative changes that could impact our effective tax rate. On August 16, 2022, the U. S. enacted the Inflation Reduction Act (" IRA"), which introduces among other items, an excise tax that would impose a 1 % surcharge on stock repurchases by covered corporations beginning in 2023. We could be subject to this new excise tax depending on the manner in which the stock repurchase is funded. Risks Related to Our Common Shares We may not continue our quarterly dividend and shareowners may never obtain a return on their investment. We have paid quarterly cash dividends since 2012. Most recently, our Board of Directors declared a dividend of $ 0. ~~08~~ **09** per common share to be paid in cash on March ~~27~~ **25** , ~~2023~~ **2024** to shareowners of record at the close of business on March ~~10~~ **8** , ~~2023~~ **2024** . However, there can be no assurance that we will continue to declare quarterly dividends in the future. The declaration and payment of future dividends on our common shares is subject to, among other things, the best interests of our shareowners, our results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants and other restrictions on payment set forth in the instruments governing our indebtedness in effect from time to time. Accordingly, shareowners must rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any return on their investment. General Risk Factors We also face other risks that could adversely affect our business, results of operations or financial condition, which include: • any requirement to restate financial results in the event of inappropriate application of accounting principles or otherwise; • any event that could damage our reputation; • failure to properly manage credit risk from customers; • failure of our processes to prevent and detect unethical conduct of employees; • any significant failure of internal controls over financial reporting; • failure of our prevention and control systems related to employee compliance with internal policies and regulatory requirements; • failure of corporate governance policies and procedures; and • credit ratings changes.