

July 18, 2017



Alkaline Water Co. Reports Record Fiscal 2017 Financial Results and Forecasts First Quarter Sales

Fiscal 2017 Sales Top \$12.7 Million, Up 80 Percent versus Prior Year; First Quarter FY 2018 Revenue Projected to Exceed \$5 Million

SCOTTSDALE, AZ -- (Marketwired) -- 07/18/17 -- *The Alkaline Water Company Inc.* (OTCQB: WTER) (the "Company") announced record financial results for the 12 months ended March 31, 2017.

The Company is the creator of an innovative, state-of-the-art, proprietary electrolysis beverage process. The Company packages and sells its alkaline water in 1-gallon, 3-liter, 1-liter, 700ml and 500ml sizes to over 31,000 retail locations in all 50 states and is in the process of expanding into select international markets.

Full Fiscal Year 2017 Financial Results and Highlights

Revenue for the year ended March 31, 2017, was \$12,763,630, as compared to \$7,088,806 for the same period ended March 31, 2016, an increase of 80 percent. The increase in revenue is due to the continued acceptance of product by consumers and the successful expansion into additional retailers.

The Company's gross profit as a percentage of revenue for the year ended March 31, 2017, was 42.5 percent, as compared to 37.5 percent for the same period in 2016. The increase in gross profit is a result of reduced raw material cost through greater volume purchasing through our suppliers.

For the year ended March 31, 2017, total operating expenses were \$7,952,229, as compared to \$10,133,485 for the year ended March 31, 2016. For the year ended March 31, 2017, the total included \$4,428,672 of sales and marketing expenses and \$3,164,101 of general and administrative expenses, consisting primarily of \$1,111,196 of wages and related expenses, \$1,107,577 of professional fees, and \$379,125 in stock compensation expense. Our stock compensation expense was incurred as a part of our issuance of certain stock options and stock grants to employees and key consultants to assist in the development of our business.

For the year ended March 31, 2016, the total operating expenses included \$2,931,870 of sales and marketing expenses and \$6,883,287 of general and administrative expenses, consisting primarily of approximately \$4,039,291 in stock compensation expense and \$646,244 of professional fees. Our stock compensation expense was incurred as a part of our issuance of certain stock options and stock grants to employees and key consultants to develop our business. Although a non-cash expense, the value of such issuances had a

material impact on our general and administrative expenses for the year ended March 31, 2016.

Net loss for the year ended March 31, 2017, was (\$3,454,600), as compared to a net loss of (\$8,281,584) for the same period ended March 31, 2016.

Full Fiscal Year 2017 Operational Highlights

- National rollout of new single-serving-size labels.
 - The new single-serving-size labels have brought brand continuity with the larger bottles and assisted in boosting sales and landing new national accounts.
- Opened and expanded East Coast co-packing facilities in Virginia and Georgia.
 - The company now has six co-packers nationwide that have up to a combined \$72 million of production capabilities and are located within 600 miles of 95 percent of the US population.
- Added numerous national retail chains across the United States.
 - In FY 2017, the company secured placement for Alkaline88[®] with VMC, Harris Teeter, Festival Foods, 7-Eleven stores (in Southern California), Fresh Thyme Farmers Market, Food Depot Supermarkets, Hornbacher's, Super One Foods, Food Lion, Winn-Dixie, BI-LO, Dierbergs Markets, Sendik's Food Market and Ingles Markets.
- Newly installed executive sales team added multiple national accounts in five short months with the company.
 - Alkaline88[®] is now available in Valu Merchandising Company, Harris Teeter, Festival Foods, Raley's and Shaw's as a direct result of increased sales effort. We expect to see many more additions of national accounts throughout FY 2018.
- Appointed retail veterans Al Marasca and Frank Lazaran.
 - Mr. Marasca and Mr. Lazaran have a combined experience of over 60 years in the grocery retail industry. They have both been instrumental in advising our national sales team and officers in how to successfully propel Alkaline88[®] with national retailers across the United States.

Management Comments

Mr. Richard A. Wright, president and CEO of the Alkaline Water Company, stated, "This has been a monumental year for the company, both financially and operationally. It began with our strategy to expand our footprint across the country and to focus greater efforts on the single-serve category. Through improving our operations with the opening of new bottling facilities, and better revenue generation, we were able to increase our revenue by 80 percent compared to the prior year and attain better margins. In just four short years, we have taken our sales from \$0.6 million to \$12.7 million. Moreover, by focusing on streamlining our operating cost structure, we reduced our operating costs by 22 percent. With improved operating efficiency and economies of scale as our sales increase, we have been able to expand our gross margin to 42.5 percent from 37.5 percent."

"Moreover, we have forged strong relationships with our retail partners, who are very pleased with the performance of our product. We are extremely proud to have generated

results that reflect the benefits of our national expansion and significant additions of new stores," continued Mr. Wright. "We expect to build on the strong foundation that we have developed with our network of retail relationships, as more and more consumers gain access to the Alkaline88[®] brand and the shift to water within the \$2.5 billion premium beverage hydration category continues."

"Further confirmation of our increasing success and our growth in production facilities has contributed to our first-quarter projected gross sales of \$5 million. We are expecting similar quarter-over-quarter growth throughout the remainder of the year, and our projections currently target a \$24 million revenue goal for fiscal 2018."

"Our full-scale national expansion effort has been met with great success. With our new production capabilities in the Northeast, along with the addition of multiple national retailers that serve the East, we are now becoming known as a national brand by both the beverage industry and consumers alike. We commend our new executive sales team, which has secured multiple national accounts in just five short months with the company. We expect to see many more additions of national accounts throughout FY 18."

Additional details of the Company's business, finances, appointments and agreements can be found as part of the Company's continuous public disclosure as a reporting issuer with the Securities and Exchange Commission ("SEC"), available at www.sec.gov. For more information, visit our website at www.thealkalinewaterco.com.

The Alkaline Water Company Inc. (OTCQB: WTER) has developed an innovative, state-of-the-art, proprietary electrolysis process that produces healthy alkaline water for a balanced lifestyle. The Company is focused on the business of distributing and marketing for retail sale of its cost-effectively packaged Alkaline88[®] water beverage products. Visit us at www.thealkalinewaterco.com.

About Alkaline Water Products

Alkaline88[®]'s premier alkaline water is an 8.8 pH-balanced bottled alkaline drinking water enhanced with trace minerals and electrolytes. The product offers consumers the unique opportunity to purchase alkaline water in conveniently packaged in 1-gallon, 3-liter, 1-liter, 700ml and 500ml sizes. The Alkaline Water Company Inc. is currently in the midst of a national mass-market expansion program in which the product is already available for consumer sales at a growing number of major retail locations across many parts of the United States. Learn more about the science behind alkaline water by visiting www.thealkalinewaterco.com.

Notice Regarding Forward-Looking Statements

This news release contains "forward-looking statements." Statements in this news release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, the Company's statement about the Company's first-quarter projected gross sales of \$5 million, the Company's statements that the Company is expecting similar quarter-over-quarter growth throughout the remainder of the year and the Company's projections that currently target a \$24 million revenue goal for fiscal 2018.

The material assumptions supporting these forward-looking statements include, among others, that the demand for the Company's products will continue to significantly grow; that there will be continued expansion of direct store distributor sales; that there will be increased production capacity through implementation of new technology; that there will be an increase in number of products available for sale to retailers and consumers; that there will be an expansion in geographical areas by national retailers carrying the Company's products; that there will be an expansion into new national and regional grocery retailers; and that the Company will be able to obtain additional capital to meet the Company's growing demand and satisfy the capital expenditure requirements needed to increase production and support sales activity. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, governmental regulations being implemented regarding the production and sale of alkaline water; additional competitors selling alkaline water in bulk containers, reducing the Company's sales; the fact that the Company does not own or operate any of its production facilities and that co-packers may not renew current agreements and/or may not satisfy increased production quotas; the fact that the Company has a limited number of suppliers of its unique bulk bottles; the potential for supply chain interruption due to factors beyond the Company's control; the fact that there may be a recall of products due to unintended contamination; the inherent uncertainties associated with operating as an early-stage company; changes in customer demand; the extent to which the Company is successful in gaining new long-term relationships with new retailers and retaining existing relationships with retailers; the Company's ability to raise the additional funding that it will need to continue to pursue its business, planned capital expansion and sales activity; competition in the industry in which the Company operates; and market conditions. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by applicable law, including the securities laws of the United States. Although the Company believes that any beliefs, plans, expectations and intentions contained in this news release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents we file with the SEC, available at www.sec.gov.

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