

The Alkaline Water Company Reports First Half 2018 Financial Results With Record Sales Exceeding \$10 Million

Leveraging ongoing momentum, Company boosts focus on new retail channels and international to further accelerate growth

SCOTTSDALE, AZ -- (Marketwired) -- 11/21/17 -- *The Alkaline Water Company Inc.* (OTCQB: WTER) (the "Company") has announced financial results for the six months ending September 30, 2017. The Company, the creator of an innovative, state-of-the-art, proprietary electrolysis beverage process, packages and sells its alkaline water *Alkaline88*[®] in 1-gallon, 3-liter, 1-liter, 700ml and 500ml sizes to over 32,000 retail locations in all 50 states. Company revenue for the six months ended September 30, 2017 exceeded \$10 million.

Management Comment

"Through careful execution of our business plan, the Company continues to significantly increase its market share. Acceptance of *Alkaline88*[®] by U.S. consumers and major grocery retailers has exceeded our expectations. This year's successful introduction of *Alkaline88*[®] into multiple East Coast markets has strengthened our belief in our national sales strategy and brand," stated Richard Wright, Chief Executive Officer and President of The Alkaline Water Company.

"Reflecting our ongoing momentum, we will continue to push into additional classes of retail trade, focusing on drugstores, big box, and internet, among other retail channels. We will also focus on expansion internationally to further accelerate our growth over the next 6 to 12 months," Mr. Wright concluded.

Operational Highlights for the Six Months Ending September 30, 2017:

- Increased production capacity with the addition of a co-packer in Virginia to accelerate coast-to-coast expansion.
- East Coast sales now account for approximately 20 percent of the Company's revenue.
- Per the August 26, 2017 Nielsen report, based on revenue, *Alkaline88*[®] 3-liter SKU is the No. 1 best-selling alkaline water in all of Southern California.
- Per IRI Scan data for the 52 weeks ending October 8, 2017, *Alkaline88*[®] is ranked No. 39 in bottled water sales and the third-fastest growing bottled water brand in the top 40.
- Launched 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.

- Alkaline88[®] is now available at Valu Merchandising Company, Harris Teeter, Festival Foods, Raley's, Shaw's, Publix, Bodega Latina, dba "El Super," and Discount Drug Stores as a direct result of our increased sales efforts.
- Current sales activity suggests that the goal of placement in 40,000 retail locations by the end of FY 2018 will be achieved.
- Profit margins continue to improve and have increased 5 percent in the past 12 months.

Financial Results and Highlights for the Six Months Ending September 30, 2017

We had revenue from sales of our product for the six months ended September 30, 2017, of \$10,021,722 as compared to \$5,954,287 for the six months ended September 30, 2016, an increase of 68 percent. The increase in sales is due to the expanded distribution of our products to additional retailers throughout the country. As of September 30, 2017, the product is now available in all 50 states at an estimated 32,000 retail locations. By comparison, as of September 30, 2016, the product was available in all 50 states at an estimated 25,000 retail locations. This increase has occurred primarily through the addition of five of the top national grocery retailers as customers during the six months ended September 30, 2017.

Cost of goods sold is composed of production costs, and shipping and handling costs for our products. For the six months ended September 30, 2017, we had cost of goods sold of \$5,705,823 or 57 percent of revenue, as compared to cost of goods sold of \$3,686,825 or 62 percent of revenue, for the six months ended September 30, 2016. The 5 percent increase in our gross profit rate is a result of reduced raw material cost through greater volume purchases from our suppliers.

For the six months ended September 30, 2017, our total operating expenses were \$6,648,896, as compared to \$4,224,301 for the six months ended September 30, 2016. For the six months ended September 30, 2017, our total operating expenses included \$3,448,361 of sales and marketing expenses and \$2,967,976 of general and administrative expenses, consisting primarily of approximately \$1,670,294 of stock and stock option compensation expense and \$572,348 of professional fees. Our stock and stock option 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 six months ended September 30, 2017.

For the six months ended September 30, 2016, our total operating expenses included \$2,146,389 of sales and marketing expenses and \$1,897,515 of general and administrative expenses, consisting primarily of approximately \$319,125 of stock option compensation expense and \$649,881 of professional fees. Our stock and stock option 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 six months ended September 30, 2016.

Net cash used in operating activities was \$668,505 for the six months ended September 30,

2017, as compared to \$1,650,263 used in operating activities for the six months ended September 30, 2016. This reduction of \$982,118 in net cash used in operating activities was primarily due to a \$945,371 reduction of net loss after adding back non-cash adjustments in the six months ended September 30, 2017, compared to the six months ended September 30, 2016.

Net loss for the quarter ended September 30, 2017, was \$(2,879,482), as compared to a net loss of \$(2,289,307) for the same period ended September 30, 2016.

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 500ml, 700ml, 1-liter, 3-liter and 1-gallon sizes. The Alkaline Water Company Inc. is currently in the midst of a national mass-market expansion program, and 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 press 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 target of The Alkaline Water Company Inc. (the "Company") of over 40,000 stores or locations by the end of FY 2018. The material assumptions supporting these forward-looking statements include, among other things, that the demand for the Company's products will continue to significantly grow, the Company will be able to continue to expand into new retailers, and the Company will be able to obtain additional capital to meet its growing demand and purchase new pieces of equipment. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, the inherent uncertainties associated with developing new products and operating as a development-stage company, changes in customer demand, the extent to which we are successful in gaining new long-term relationships with retailers or retaining existing ones, our ability to raise the additional funding we will need to continue to pursue our business and product development plans, competition in the industry in which we operate, and market conditions. These forward-looking statements are made as of the date of this news release, and we assume 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 we

believe that any beliefs, plans, expectations and intentions contained in this press 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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