

February 22, 2018



The Alkaline Water Company Reports 55% Sales Growth for the Nine Months Ending December 31, 2017

Margins expand by 4%

Growth expected to accelerate into fiscal 2019

SCOTTSDALE, Ariz., Feb. 22, 2018 (GLOBE NEWSWIRE) -- **The Alkaline Water Company Inc.** (OTCQB:WTER) (the "Company") has announced financial results for the nine months ending December 31, 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, 1.5-liter, 1-liter, 700ml and 500ml sizes to over 34,000 retail locations in all 50 states. Company revenue for the nine months ended December 31, 2017, exceeded \$13.8 million.

Management Comment

"We are pleased to announce that our sales were up over 55 percent from the same period last year. Our sales in the first 45 days of our fourth quarter indicate that we will have a strong close to fiscal year 2018 and robust sales growth in fiscal year 2019. Data from the national reporting agencies show that Alkaline88® continues to be one of the fastest-growing top 40 bottled water brands in the country. As we expand Alkaline88® into big-box retailers, drugstores, convenience stores and through e-commerce channels, we see our sales growth accelerating into next year," stated Richard A. Wright, President and Chief Executive Officer of The Alkaline Water Company Inc.

"In addition to our record sales growth, we have also been able to increase margins by 4 percent and production capacity (both finished goods and raw material) by over 50 percent during the first nine months of fiscal year 2018. This has been accomplished without significantly adding to our overhead. We expect our efficiencies and margins to continue to grow as we continue our national expansion," concluded Mr. Wright.

Operational Highlights for the Nine Months Ending December 31, 2017

- Increased production capacity in the eastern United States, which will allow for aggressive national expansion.
- East Coast sales now accounting for approximately 20 percent of the Company's revenue.
- Alkaline88® is now available on Walmart.com and at Fresh Thyme Farmers Markets, Rouses, Cardenas, Grocers Supply, Scolari's and through Bozzuto's in the northeastern United States as a direct result of our increased sales efforts.
- New bottle supplier for the East Coast increased raw material capacity by over 50

percent. To support our growth, we now have access to over 50 million empty 1-gallon and 3-liter Alkaline88[®] bottles annually.

- New product offerings developed, including 1.5-liter and 6-pack 1-liter. Orders have already been received on the 1.5-liter size, and commitments have been made for the 6-pack.
- Profit margins continue to improve and have increased 4 percent in the past 12 months.
- 12-month same-store sales continue to increase in all regions.
- Cash flow from operations improved by over \$798,000 from the previous year's reporting period.
- Litigation with prior management has been settled, with full releases and withdrawals of all lawsuits.

Financial Results and Highlights for the Nine Months Ending December 31, 2017

We had revenue from sales of our product for the nine months ended December 31, 2017, of \$13,838,383, compared to \$8,927,976 for the nine months ended December 31, 2016, an increase of 55 percent. The increase in sales is due to the success of our internal sales team in expanding the distribution of our products to additional retailers throughout the country, with an emphasis on the northeastern United States. As of December 31, 2017, the product is now available in all 50 states at an estimated 34,000 retail locations. By comparison, as of December 31, 2016, the product was available in all 50 states at an estimated 28,000 retail locations. This increase has occurred primarily through the addition of seven of the top national grocery retailers as customers during the nine months ended December 31, 2017.

Cost of goods sold is composed of production costs, and shipping and handling costs for our products. For the nine months ended December 31, 2017, we had cost of goods sold of \$7,797,081, or 56 percent of revenue, compared to cost of goods sold of \$5,351,284, or 60 percent of revenue, for the nine months ended December 31, 2016. The 4 percent increase in our gross profit rate is a result of reduced raw material cost through greater volume purchases from our suppliers.

For the nine months ended December 31, 2017, our total operating expenses were \$10,933,711, compared to \$5,864,021 for the nine months ended December 31, 2016. For the nine months ended December 31, 2017, our total operating expenses included \$4,985,955 of sales and marketing expenses and \$5,660,612 of general and administrative expenses, consisting primarily of approximately \$3,372,894 of stock and stock option compensation expense and \$1,054,146 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 noncash expense, the value of such issuances had a material impact on our general and administrative expenses for the nine months ended December 31, 2017. A significant portion of our professional fees incurred during the first nine months of 2017 was related to certain nonrecurring litigation with a former officer and director of the Company that has been resolved as of December 31, 2017.

For the nine months ended December 31, 2016, our total operating expenses included \$3,144,914 of sales and marketing expenses and \$2,448,247 of general and administrative

expenses, consisting primarily of approximately \$319,125 of stock option compensation expense and \$766,132 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 noncash expense, the value of such issuances had a material impact on our general and administrative expenses for the nine months ended December 31, 2016. A significant portion of our professional fees incurred during the first nine months of 2016 was related to a nonrecurring dispute that resulted in litigation with a former officer and director of the Company that has been resolved as of December 31, 2017.

Net cash used in operating activities was \$1,262,887 for the nine months ended December 31, 2017, compared to \$2,061,719 used in operating activities for the nine months ended December 31, 2016. This reduction of \$798,832 in net cash used in operating activities was primarily due to a \$3,548,325 reduction of net loss after adding back noncash adjustments in the nine months ended December 31, 2017, compared to the nine months ended December 31, 2016.

Net loss for the quarter ended December 31, 2017, was \$(5,537,174), compared to a net loss of \$(2,787,681) for the same period ended December 31, 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, 1.5-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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