

August 16, 2023



The Alkaline Water Company Reports Record Revenue of \$63.8 Million in Fiscal Year 2023, Posts 16% Growth and Makes Significant Strides Toward Profitability

Operational Efficiency Improves: Operating Expenses as a Percentage of Revenue Plunge by 35 Percentage Points to 53%

Net Loss Improves by 31% Year-Over-Year

(All dollar amounts in this release are unaudited and in U.S. dollars)

SCOTTSDALE, Ariz.--(BUSINESS WIRE)-- The Alkaline Water Company Inc. (NASDAQ: WTER) (the "Company"), the country's largest independent Alkaline water company, today announced record-breaking financial results for the fiscal year ending March 31, 2023. The Company reported historic high revenues of \$63.8 Million, representing year-over-year growth of 16%. The Company also highlighted substantial progress on its Pathway to Profitability. The corresponding Form 10-K will be filed with the SEC on August 16, 2023, and can be accessed on the investor relations section of the Company's website at ir.theAlkalinewaterco.com.

The Company, the proud producer of Deliciously Smooth™ Alkaline88®, one of the nation's best-selling alkaline water brands, provided highlights and management commentary on the full fiscal year.

Full-Year Fiscal 2023 Financial Performance (all amounts in U.S. dollars):

- **Revenue:** Up 16% Year-over-Year (YoY) to \$63.8MM.
- **Gross Profit Margin:** Improved by 111 basis points YoY to 18%.
- **Total Operating Expenses (OpEx):** Decreased \$14.7 million YoY.
- **Total Operating Expenses as a Percentage of Revenue:** Improved from 88% to 53%, a 35 percentage point reduction YoY.
- **Net Loss:** Improved more than \$12 million YoY from (\$39.6 MM) to (\$27.4 MM).
- **Net Cash Used in Operating Activities:** Improved 67% YoY, from (\$31.8MM) to (\$10.4MM).

"Fiscal Year 2023 marked the highest revenue in our company's history and 16% year-over-year growth, despite a challenging economic environment," stated Frank Chessman, President and CEO of The Alkaline Water Company. "This achievement reflects the strength of the Alkaline88® brand, the hard work of our team, and the loyalty of our customers."

Progress on the Pathway to Profitability—\$22 Million in Cost Savings and Margin

Enhancement Now Identified:

In July of 2022, the Company announced its new Pathway to Profitability, an initiative to increase margins, cut costs, and improve overall operational efficiency.

The company's gross profit margin improved by 111 basis points for the fiscal year

The improvement was a result of more efficient production processes, better pricing on raw materials, and strategic price increases to clients.

“Equally important to driving top-line growth, we've emphasized cost control, margin enhancements, and streamlining operations under our 'Pathway to Profitability' initiative which we announced a year ago,” stated Mr. Chessman. “In that time, **we've seen an uptrend in our gross profit margin which improved by over 100 basis points year over year.**”

Amidst record revenue, another financial milestone stands out—the **substantial decrease in operating expenses relative to our revenue. This fell sharply from 88% to 53%, a year-over-year improvement of 35 percentage points.**

The Alkaline Water Company has also managed to decrease net cash used in operating activities by \$21.4 million, down from (\$31.8MM) last year to (\$10.4MM) this year.

Furthermore, the company reported that its net loss improved by 31%, and its loss per share (LPS) improved by 50%.

Mr. Chessman added, “The Alkaline Water Company is not only consistently driving top-line growth but also ensuring that we extract maximum value out of every dollar of revenue that we generate as we march on toward profitability. We acknowledge there's still a ways to go but we made progress in fiscal year 2023 and trends continue in the right direction. **We have now identified approximately \$22 Million in cost-savings and margin enhancement** compared to fiscal year 2022, once all the changes are fully implemented. Our growth in topline sales and these improvements in cost management and operational efficiency all bring us closer to our goal of profitability.”

Key Business and Operational Highlights

- **Alkaline88 added over 11,000 new stores to its retail footprint.**
 - Adding new clients in fiscal year 2023 was an important driver to the Company's continued growth. Alkaline88 found new shelf space for the first time in stores across all channels including many large and small regional convenience store chains, drug stores, military exchanges, and whole divisions of large national grocery banners like Whole Foods and Kroger.
- **Alkaline88 expanded SKU offerings in over 33,000 existing clients.**
 - Another important driver that helped the company maintain double digit sales growth in fiscal year 2023 was the addition of new SKUs in over 33,000 stores including some of the nation's largest drug store and grocery chains.
 - The introduction of thousands of new distribution points and a variety of size options in stores frequented by millions of shoppers who are already familiar with the brand greatly increases the likelihood of more Alkaline88 making its way into more shopping carts across the country.
- **Alkaline88 outpaced category growth in both dollar volume and unit volume and**

continued its dominance as the leader in bulk-sized Value-Added Water.

- For the 52-weeks ending 3/25/23 (6 days before the end of the Company's fiscal year), Nielsen xAOC+Conv. data shows that:
 - Alkaline88 had over \$93MM in retail sales, making it one of only 12 brands across the nation with over \$90MM in yearly sales (excluding all private labels combined).
 - **Alkaline88 grew 19.5% year-over-year across all channels in Dollar Volume, more than double the category's growth**, and second-best amongst the 12 biggest brands.
 - Alkaline88 also had the second-best Unit Volume growth amongst the top-12 brands and was one of only five of these brands to record growth in both Units and Dollars.
 - The Alkaline88 1-Gallon was the 16th best-selling Value-Added Water product by Dollar Volume in the entire country, regardless of size. It outsold the next closest gallon product in the category by more than 11x.

"The growth we've experienced this past fiscal year reaffirms the strength of our brand, our strategy, and our team," reiterated Mr. Chessman. "We are optimistic about what the future holds for The Alkaline Water Company as we continue to strive for profitability, improve operational efficiencies, and create value for our shareholders and customers."

Cash Flow and Operational Runway

The Company reported limited cash resources at the end of the fiscal year. As a result, the management team has remained focused on securing the necessary funds to keep operations running smoothly. The Company's current credit facility, an asset-based loan, has been extended into the fall as management pursues another revolving financing agreement to continue pursuing the goal of profitable operations.

Fiscal 2023 Complete Financial Results

Complete results for the Company's fiscal year 2023 will also be filed on SEDAR under the Company's profile on www.sedar.com and on EDGAR at www.sec.gov.

Note on Reverse Split:

Effective April 5, 2023, The Company effected a one for fifteen reverse stock split of its authorized, issued and outstanding shares of common stock. As a result, the Company's authorized common stock has decreased from 200,000,000 shares of common stock, with a par value of \$0.001 per share, to 13,333,333 shares of common stock, with a par value of \$0.001 per share, and the number of issued and outstanding shares of common stock has decreased from approximately 152,149,661 to approximately 10,185,898. Any fractional shares resulting from the reverse stock split were rounded up to the next nearest whole number.

Accordingly, all share and per-share amounts referenced above for the current period and prior periods have been adjusted to reflect the reverse stock split.

About The Alkaline Water Company:

The Alkaline Water Company is the Clean Beverage® company making a difference in the water you drink and the world we share.

Founded in 2012, The Alkaline Water Company (NASDAQ: WTER) is headquartered in Scottsdale, Arizona. Its flagship product, Alkaline88®, is a leading premier alkaline water brand available in bulk and single-serve sizes along with eco-friendly aluminum packaging options. With its innovative, state-of-the-art proprietary electrolysis process, Alkaline88® delivers perfect 8.8 pH alkaline drinking water with trace minerals and electrolytes and boasts our trademarked “Clean Beverage” label.

To purchase The Alkaline Water Company’s products online, visit us at www.alkaline88.com.

To learn more about The Alkaline Water Company, please visit www.thealkalinewaterco.com or connect with us on Facebook, Twitter, Instagram, or LinkedIn.

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 following: the statements relating to the Company’s pathway to profitability, including the statement that the pathway to profitability is an initiative to increase margins, cut costs and improve overall operational efficiency; that the Company acknowledges there’s still a ways to go on its pathway to profitability but it has made progress in fiscal year 2023 and trends continue in the right direction; that the Company has now identified approximately \$22 million in cost savings and margin enhancement compared to fiscal year 2022 once all the changes are fully implemented; that the Company’s growth in topline sales and improvements in cost management and operational efficiency bring the Company closer to its goal of profitability; and that the Company is optimistic about what the future holds as it continues to strive for profitability, improve operational efficiencies and create value for its shareholders and customers.

The material assumptions supporting these forward-looking statements include, among others, that the Company’s cost-saving and margin enhancement measures will be fully implemented and, once implemented, they will be effective to reduce the Company’s annual expense and enhance the Company’s margin to the extent anticipated by the Company; that the Company’s burn rate to reach the level anticipated by the Company as a result of the Company’s proactive reduction in its monthly burn rate; that the demand for the Company’s products will continue to significantly grow; that the past production capacity of the Company’s co-packing facilities can be maintained or increased; that there will be increased production capacity through implementation of new production facilities, new co-packers and 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; that there will be an expansion into new e-commerce, home delivery, convenience, and healthy food channels; that there will not be interruptions on production of the Company’s products; that there will not be a recall of products due to unintended contamination or other adverse events relating to the Company’s products; 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 and enhanced water products 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 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 and the fact that consumers may not embrace enhanced water products as expected or at all; 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; and 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 and Canada. 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. Readers 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 the Company files with the SEC, available at www.sec.gov, and on the SEDAR, available at www.sedar.com.

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