

August 19, 2015



# The Alkaline Water Company Reports First Quarter 2016 Financial Results

## Record Sales for Q1 up 164% Over Prior Year; Company Reiterates Guidance for Fiscal 2016

SCOTTSDALE, AZ -- (Marketwired) -- 08/19/15 -- *The Alkaline Water Company Inc.* (OTCQB: WTER) (the "Company"), developers of an innovative state of the art and proprietary electrolysis beverage process that is packaged and sold in 500ml, 700ml, 1-liter, 3-liter and 1-gallon sizes under the trade name Alkaline88, has announced Q1 financial results for the three months ending June 30, 2015.

### ***First Quarter Financial Results and Highlights***

Revenue for the first fiscal quarter ended June 30, 2015 was \$1,513,578, as compared to \$572,049 for the same period ended June 30, 2014, an increase of 164%. The increase in revenue is due to increased product distribution to retailers and continued sell-through to consumers.

The Company's gross profit as a percentage of revenue for the quarter was 36%, as compared to 29% for the same period in 2014, an increase of 24%. The increase in gross profit is a result of reduced raw material cost through greater volume purchases from our suppliers.

During the quarter, our total operating expenses were \$1,849,250, as compared to \$2,382,067 for the same period in 2014, a decrease of 22%. For the quarter ended June 30, 2015, the total included \$626,681 of sales and marketing expenses and \$1,151,540 of general and administrative expenses, consisting primarily of 642,872 in stock compensation expense and \$103,540 of professional fees.

Our stock compensation expense was incurred as a part of our issuance of stock grants to 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 quarter ended June 30, 2015.

For the quarter ended June 30, 2014, the total operating expenses included \$226,780 of sales and marketing expenses and \$2,138,753 of general and administrative expenses, consisting primarily of approximately \$1,399,127 of stock option compensation expense, and \$219,396 of professional fees.

Net loss for the quarter ended June 30, 2015 was \$(1,554,630), as compared to a loss of \$(2,437,209) for the same period ended June 30, 2014, a decrease of 36%.

## **Management Comment**

"The company saw record sales and record purchase orders during our first fiscal quarter. During the quarter our sales exceeded over \$1.5 million and our gross purchase orders were in excess of \$2.3 million. We continue to expand our sales efforts in the Southwestern United States and have added new retailers throughout the U.S.," stated Mr. Steven Nickolas, President and CEO of the Company.

"We see continued strong demand for our products at each of our retailers, and have already shipped over \$1,000,000 of product in our current second fiscal quarter. With the addition of new retailers and increases in current store volumes, we expect to see significant sales growth over the next three quarters of fiscal 2016. Our extraordinary growth has been encumbered by supply chain issues but we have recently added new suppliers and capital that should allow us to meet our fiscal 2016 goals," Nickolas further stated.

Based on these factors, the Company has reiterated the following guidance:

- We expect to be cash-flow breakeven by the third fiscal quarter 2016.
- We expect revenue in excess of \$10,000,000 for the fiscal year ending March 31, 2016.
- We expect to be selling in over 25,000 stores nationwide by the end of fiscal year 2016.
- We expect fourth quarter profitability during fiscal year 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](http://www.sec.gov). For more information, visit our website at [www.thealkalinewaterco.com](http://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](http://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, where 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](http://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 Company's expectation that the increase in capacity should soon allow the Company to produce and sell up to \$2,000,000 of water wholesale per month; that the Company sees the expansion of the single serving product size as a significant part of its growth going forward; and that the Company is extremely excited about its growth potential for 2016; the Company's belief that the Company's national expansion will result in significant growth opportunities in 2016; the Company's expectation to be cash-flow breakeven by the third-quarter fiscal 2016; the Company's expectation of revenue in excess of \$10,000,000 for fiscal year ending March 31, 2016; the Company's expectation to be selling in over 25,000 stores nationwide by the end of fiscal 2016; and the Company's expectation of fourth quarter profitability during fiscal year end 2016. 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 the Company's 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](http://www.sec.gov).

Contact:

**WTER Investor Relations**

Phone: (480) 656-2423

Email: [investors@thealkalinewaterco.com](mailto:investors@thealkalinewaterco.com)

Website: [www.thealkalinewaterco.com](http://www.thealkalinewaterco.com)

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