UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2022**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number **001-38754**

THE ALKALINE WATER COMPANY INC.

(Exact name of registrant as specified in its charter)

Nevada	**99-0367049**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8541 E. Anderson Drive, Suite 100, Scottsdale, AZ	**85255**
(Address of principal executive offices)	(Zip Code)

(480) 656-2423
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	**WTER**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]
	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

148,009,280 shares of common stock issued and outstanding as of February 28, 2023.

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

THE ALKALINE WATER COMPANY INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2022	March 31, 2022
ASSETS		
Current assets		
Cash	$ 2,192,867	$ 1,531,062
Accounts receivable, net	8,774,283	7,927,065
Inventory	8,737,717	8,583,664
Prepaid expenses	2,361,399	2,928,085
Operating lease right-of-use asset - current portion	159,384	187,545
Total current assets	22,225,650	21,157,421
Fixed assets - net	1,828,570	1,200,797
Operating lease right-of-use asset	29,862	142,359
Total assets	$ 24,084,082	$ 22,500,577
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 14,109,479	$ 10,441,879
Accrued expenses	2,225,366	2,036,739
Revolving financing	6,391,316	7,043,870
Convertible note payable, net of debt discount	-	2,223,633
Operating lease liability - current portion	176,251	174,565
Total current liabilities	22,902,412	21,920,686
Operating lease liability	32,840	178,753
Total liabilities	22,935,252	22,099,439
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, $0.001 par value, 100,000,000 shares authorized, 1,100,000 Series E issued and outstanding on December 31, 2022 and nil issued and outstanding on March 31, 2022 and2,227,030 Series S issued and outstanding on December 31, 2022 and 4,453,970 issued and outstanding on March 31, 2022	3,327	4,454
Common stock, Class A - $0.001 par value, 200,000,000 shares authorized 147,930,459 and 110,571,812 shares issued and outstanding at December 31, 2022 and March 31, 2022, respectively	147,932	110,572
Discount on Preferred Stock	(193,847)	-
Subscription Receivable	-	(62,388)
Additional paid in capital	130,601,692	109,864,080
Accumulated deficit	(129,410,274)	(109,515,580)
Total stockholders' equity	1,148,830	401,138
Total liabilities and stockholders' equity	$ 24,084,082	$ 22,500,577

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE ALKALINE WATER COMPANY INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	For the Three Months		For the Nine Months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net Revenue	$ 15,874,967	$ 13,100,048	$ 51,277,376	$ 39,684,465
Cost of Goods Sold	11,947,892	10,128,144	40,296,127	29,530,570
Gross Profit	3,927,075	2,971,904	10,981,249	10,153,895
Operating expenses				
Sales and marketing expenses	4,949,002	7,561,927	17,924,034	22,054,276
General and administrative	2,539,959	6,333,663	7,979,938	16,549,788
Total operating expenses	7,488,961	13,895,590	25,903,972	38,604,064
Total operating loss	(3,561,886)	(10,923,686)	(14,922,723)	(28,450,169)
Other (income) expense				
Interest expense	(424,569)	(142,898)	(2,548,736)	(420,514)
Debt conversion expense	-	-	(2,405,612)	-

Gain on forgiveness of PPP loan payable	-	330,551	-	330,551
Total other (income) expense	(424,569)	187,653	(4,954,348)	(89,963)
Net loss	$ (3,986,455)	$ (10,736,033)	$ (19,877,071)	$ (28,540,132)
LOSS PER SHARE (Basic and Diluted)	$ (0.03)	$ (0.10)	$ (0.15)	$ (0.30)
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic and Diluted)	145,825,459	105,580,951	133,957,675	95,891,561

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE ALKALINE WATER COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

	Preferred Stock		Common Stock		Additional	Discount on	Subscription	Accumulated	
	Number	Par Value	Number	Par Value	Paid-in Capital	Preferred Stock	Receivable	Deficit	Total
Balance, March 31, 2021	-	$ -	87,465,178	$ 87,464	$ 80,857,742	$ -	$ -	$ (69,931,220)	$ 11,013,986
Preferred stock issuance	6,681,090	6,681			2,220,350				2,227,031
Common shares issued upon exercise of warrants			1,277,777	1,278	651,499				652,777
Common shares issued to non-employees and employees			855,499	856	39,144				40,000
Stock option and RSU-related stock compensation expense					651,648				651,648
Stock option exercise			162,668	163	48,068				48,231
Net (loss)								(7,425,656)	(7,425,656)
Balance, June 30, 2021	6,681,090	$ 6,681	89,761,122	$ 89,761	$ 84,468,451	$ -	$ -	$ (77,356,876)	$ 7,208,017
Common shares issued in connection with offerings			4,757,381	4,757	4,990,493				4,995,250
Common shares issued upon exercise of warrants			9,523,376	9,526	11,894,694				11,904,220
Common shares issued to non-employees and employees			172,802	173	307,546				307,719
Stock option and RSU-related stock compensation expense					625,556				625,556
Stock option exercise			118,692	118	59,832				59,950
Net (loss)								(10,378,473)	(10,378,473)
Balance, September 30, 2021	6,681,090	$ 6,681	104,333,373	$ 104,335	$ 102,346,572	$ -	$ -	$ (87,735,349)	$ 14,722,239
Common shares issued upon exercise of warrants			666,667	667	832,649				833,316
Preferred stock conversion to common stock	(2,227,030)	(2,227)	2,227,030	2,227					-
Common shares issued to non-employees			15,000	15	20,685				20,700
Stock option and RSU-related stock compensation expense					3,093,350				3,093,350
Net (loss)								(10,736,033)	(10,736,033)
Balance, December 31, 2021	4,454,060	$ 4,454	$ 107,242,070	$ 107,244	$ 106,293,256	$ -	$ -	$ (98,471,382)	$ 7,933,572
Balance, March 31, 2022	4,453,970	$ 4,454	$ 110,571,812	$ 110,572	$ 109,864,080	$ -	$ (62,388)	$ (109,515,580)	$ 401,138
Preferred stock conversion to common stock and vesting of endorsement shares	(2,226,940)	(2,227)	2,227,030	2,227	2,227,030				2,227,030
Common Shares issued in connection with offerings			9,083,574	9,083	5,197,121		62,388		5,268,592
Stock option exercise			16,956	17	(17)				-

Stock option and RSU-related compensation expense and common shares issued upon conversion of RSUs			221,665	222	221,795				222,017
Net (loss)								(7,493,408)	(7,493,408)
Balance, June 30, 2022	2,227,030	$ 2,227	$ 122,121,037	$ 122,121	$ 117,510,009	$ -	$ -	$ (117,008,988)	$ 625,369
Common shares issued in connection with conversion of note payable			10,459,354	10,460	4,966,013				4,976,473
Common shares issued upon exercise of warrants			12,745,068	12,746	5,640,798				5,653,544
Stock option and RSU-related compensation expense and common shares issued upon conversion of RSUs			500,000	500	385,572				386,072
Net (loss)								(8,397,208)	(8,397,208)
Balance, September 30, 2022	2,227,030	$ 2,227	145,825,459	$ 145,827	$ 128,502,392	$ -	$ -	$ (125,406,196)	$ 3,244,250
Preferred stock and common shares issued in connection with issuance of preferred stock series e	1,100,000	1,100	880,000	880	1,309,490	(193,847)		(17,623)	1,100,000
Stock option and RSU-related compensation expense and common shares issued upon conversion of RSUs			1,225,000	1,225	789,810				791,035
Net (loss)								(3,986,455)	(3,986,455)
Balance, December 31, 2022	3,327,030	$ 3,327	147,930,459	$ 147,932	$ 130,601,692	$ (193,847)	$ -	$ (129,410,274)	$ 1,148,830

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE ALKALINE WATER COMPANY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Nine Months December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (19,877,071)	$ (28,540,132)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	610,162	477,045
Shares issued and vested, options and RSU expensed for employee and non-employee services	2,512,640	6,966,005
Amortization of debt discount	1,598,855	-
Debt conversion expense	2,405,612	-
Non-cash interest expense	47,472	-
Non-cash lease expense	(3,569)	9,624
Changes in operating assets and liabilities:		
Accounts receivable	(847,218)	684,980
Inventory	(154,053)	(4,421,839)
Prepaid expenses and other current assets	381,101	(1,224,743)
Accounts payable	3,217,482	333,821
Accrued expenses	188,627	(225,028)
NET CASH USED IN OPERATING ACTIVITIES	(9,919,960)	(25,940,267)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(787,817)	(493,329)
CASH USED IN INVESTING ACTIVITIES	(787,817)	(493,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayment of) revolving financing, net	(652,554)	2,102,189
Proceeds from sale of common stock, net	5,268,592	4,995,250
Proceeds from sale of preferred stock, net	1,100,000	-
Proceeds for the exercise of warrants, net	5,653,544	13,390,313
Proceeds for the exercise of stock options, net	-	108,180
CASH PROVIDED BY FINANCING ACTIVITIES	11,369,582	20,595,932

NET CHANGE IN CASH		661,805		(5,837,664)
CASH AT BEGINNING OF PERIOD		1,531,062		9,130,956
CASH AT END OF PERIOD	$	2,192,867	$	3,293,292
INTEREST PAID	$	892,687	$	411,866
TAXES PAID	$	-	$	-

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE 1 -NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company offers retail consumers bottled alkaline water in 500-milliliter, 700-milliliter, 1-liter, 1.5 -liter, 2,-liter, 3-liter and 1-gallon sizes, all of which is produced through an electrolysis process that uses specialized electronic cells coated with a variety of rare earth minerals to produce 8.8 pH drinking water without the use of any manmade chemicals. The Company also sells a line of Alkaline88® Sports Drinks and hemp-derived CBD bottled water under the brand name "Alkaline88CBD™". Our hemp-derived CBD bottled water is produced and sold in compliance with the Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill, Public Law 115-334).

Basis of presentation

The consolidated financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in U.S. dollars, have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission.

Principles of consolidation

The consolidated financial statements include the accounts of The Alkaline Water Company Inc. (a Nevada Corporation) and its wholly owned subsidiary, Alkaline 88, LLC (an Arizona Limited Liability Company). All significant intercompany balances and transactions have been eliminated. The Alkaline Water Company Inc. and Alkaline 88, LLC will be collectively referred herein to as the "Company". Any reference herein to "The Alkaline Water Company Inc.", the "Company", "we", "our" or "us" is intended to mean The Alkaline Water Company Inc., including its Alkaline 88, LLC subsidiary indicated above, unless otherwise indicated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be considered cash equivalents. The carrying value of these investments approximates fair value. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has not experienced any losses in such accounts and periodically evaluates the credit worthiness of the financial institutions and has determined the credit exposure to be negligible. The Company had $2,192,867 and $1,531,062 in cash at December 31, 2022 and March 31, 2022, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

The Company generally does not require collateral, and the majority of its trade receivables are unsecured. The carrying amount for accounts receivable approximates fair value.

Accounts receivable consisted of the following as of December 31, 2022 and March 31, 2022:

		December 31, 2022		March 31, 2022
Trade receivables	$	9,414,283	$	8,397,065
Less: Allowance for doubtful accounts		(640,000)		(470,000)
Net accounts receivable	$	8,774,283	$	7,927,065

Accounts receivable are periodically evaluated for collectability based on past credit history with clients. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions. The accounts receivable balance is pledged as collateral for the Company's revolving financing as disclosed in Note 3.

Inventory

Inventory represents raw materials and finished goods valued at the lower of cost or market with cost determined using the weight average method which approximates first-in first-out method, and with market defined as the lower of replacement cost or realizable value. The inventory balance is pledged as collateral for the Company's revolving financing as disclosed in Note 4.

As of December 31, 2022, and March 31, 2022, inventory consisted of the following:

		December 31, 2022		March 31, 2022
Raw materials	$	5,143,712	$	4,734,914
Finished goods		3,594,005		3,848,750

Total inventory	$ 8,737,717	$ 8,583,664

As of March 31, 2022, the presentation in the table above has been corrected for a transposition error as the amounts for raw materials and finished goods.

Property and Equipment

The Company records all property and equipment at cost less accumulated depreciation. Improvements are capitalized while repairs and maintenance costs are expensed as incurred. Depreciation is calculated using the straight-line (half-life convention) method over the estimated useful life of the assets, which the Company has determined to be 3 years.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Standards Codification ("ASC") 718. Stock-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. The Company estimates the fair value of stock-based payments using the Black-Scholes option-pricing model for common stock options and warrants and the closing price of the Company's common stock for common share issuances.

Revenue recognition

The Company recognizes revenue per ASC 606. The Company recognizes revenue when the Company's performance obligations are satisfied. The Company's primary obligation (the distribution and sale of beverage products) is satisfied upon the delivery of products to the Company's customers, which is also when control is transferred. The Company does not accept returns due to the nature of the product. However, the Company will provide credit to our customers for damaged goods. The Company provides credit to its customers which typically require payment within 30 days. As an incentive to pay early the Company also typically provides a 2% discount if the customer pays within 10 days. The Company estimates the amount of the discount that the customer is likely to take and recognizes it as variable consideration. The amounts are not considered material. After evaluating the revenue disclosure requirements, the Company does not believe that any revenues are required to be disaggregated.

Revenue consists of the gross sales price, less variable consideration, consisting of estimated allowances for which provisions are made at the time of sale, and less certain other discounts, allowances, and rebates that are accounted for as a reduction from gross revenue. Shipping and handling charges that are billed to customers are included as a component of revenue. Costs incurred by the Company for shipping and handling charges are included in selling expenses and amounted to $3,021,744 and $4,105,279 for the three months ended December 31, 2022 and 2021, respectively and $10,555,978 and $11,824,231 for the nine months ended December 31, 2022 and 2021, respectively.

Promotional and other allowances (variable consideration) recorded as a reduction to net sales, primarily include consideration given to the Company's retail customers or distributors including, but not limited to the following: (a) discounts granted off list prices to support price promotions to end-consumers by retailers; (b) reimbursements given to the Company's distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; and (c) the Company's agreed share of slotting, shelf space allowances and other fees given directly to retailers, club stores and/or wholesalers; The Company's promotional allowance programs with its retailers or distributors are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, typically ranging from one week to one year. The Company's promotional and other allowances are calculated based on various programs with retailers and distributors, and accruals are established at the time of initial product sale for the Company's anticipated liabilities. The Company believes that adequate provision has been made for cash discounts, returns and spoilage based on the Company's historical experience.

Disaggregated Net Revenues

The following table reflects disaggregated net revenue by sales channel for the three months ended December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Retailers	$ 10,828,060	$ 9,781,170
Distributors	4,904,169	3,188,802
Ecommerce/Other	142,738	130,076
Total Net Revenue	$ 15,874,967	$ 13,100,048

The following table reflects disaggregated net revenue by sales channel for the nine months ended December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Retailers	$ 34,640,713	$ 29,402,105
Distributors	15,757,777	9,767,904
Ecommerce/Other	878,886	514,456
Total Net Revenue	$ 51,277,376	$ 39,684,465

Concentration Risks

We have 2 major customers that together account for 23% (13% and 10%, respectively) of accounts receivable at December 31, 2022, 3 customer that accounts for 42% (17%, 15%, and 10% respectively) of total revenues for the three months ended December 31, 2022 and 2 customers that accounts for 30% (17% and 13%, respectively) of the total revenues earned for the nine months ended December 31, 2022. The Company has 1 vendors that accounts for 17% of purchases for the three months ended December 31, 2022 and 2 vendors that accounted for 38% (27%,and 11% respectively) of purchases for the nine months ended December 31, 2022.

The Company had 2 major customers that together accounted for 32% (17% and 15%, respectively) of accounts receivable at December 31, 2021, 2 customer that accounted for 34% (17% and 17%, respectively) of total revenues for the three months ended December 31, 2021 and 2 customers that accounted for 33% (19% and 14%, respectively) of the total revenues earned for the nine months ended December 31, 2021. The Company had 3 vendors that accounted for 52% (27%, 14% and 11% respectively) of purchases for the three months ended December 31, 2021 and 3 vendors that accounted for 49% (25%, 14% and 10% respectively) of purchases for the nine months ended December 31, 2021.

Income Taxes

The Company uses an estimated annual effective tax rate method in computing its interim tax provision. This effective tax rate is based on forecasted annual pre-tax income (loss), permanent tax differences and statutory tax rates. Deferred income taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to net operating loss carryforwards. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Basic and Diluted Loss Per Share

Basic and diluted earnings or loss per share ("EPS") amounts in the consolidated financial statements are computed in accordance with ASC 260- 10 "*Earnings per Share*", which establishes the requirements for presenting EPS. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares outstanding and dilutive common stock equivalents. Basic EPS is computed by dividing net income or loss available to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Potentially dilutive securities were excluded from the calculation of diluted loss per share because their effect would be anti-dilutive.

The Company had 8,679,234 and 4,033,949 shares relating to options and 1,805,000 and 780,009 shares relating to warrants at December 31, 2022 and 2021, respectively that were not included in the diluted earnings per share calculation because they were antidilutive.

Business Segments

The Company operates as a single operating segment for purposes of presenting financial information and evaluating performance. As such, the accompanying consolidated financial statements present financial information in a format that is consistent with the internal financial information used by management.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments including accounts payable, accrued expenses, and notes payable approximate fair value due to the relative short period for maturity of these instruments.

The Company does not use derivative financial instruments to hedge exposures to cash-flow, market, or foreign-currency risks.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2022, and 2021, the Company did not have any financial instruments that are measured on a recurring basis as Level 1, 2 or 3.

Correction of Previously Issued Financial Statements

The accompanying consolidated statement of operations for the three months and nine months ended December 31, 2021 have been corrected for the following: an adjustment to reclassify Sales and marketing expenses of $2,010,352 for the three months ended December 31, 2021 and $4,795,278 for the nine months ended December 31, 2021 as a reduction of Revenue as such amounts were related to consideration payable to a customer which the Company subsequently determined was not for distinct goods or services received. The Company assessed the materiality of the misstatement quantitatively and qualitatively and has concluded that the correction of the classification error is immaterial to the consolidated financials taken as a whole.

As a result of the correction, total Revenue decreased from $15,110,400 to $13,100,048 for the three months ended December 31, 2021 and from $44,479,743 to $39,684,465 for the nine months ended December 31, 2021 with a corresponding decrease of Gross Profit from $4,982,256 to $2,971,904 for the three months ended December 31, 2021 and from $14,949,173 to $10,153,895 for the nine months ended December 31, 2021. The correction had no impact on Total operating loss or Net loss for either the three or nine months ended December 31, 2021.

Recent Accounting Pronouncements

Standards Required to be Adopted in Future Years.

The Company has evaluated recent accounting pronouncements through December 31, 2022 and believes that none of them will have a material effect on our consolidated financial statements.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates realization of assets and satisfaction of liabilities in the normal course of business. Since its inception, the Company has been engaged substantially in developing its business plan and building its initial customer and distribution base for its products. As a result, the Company incurred accumulated net losses from Inception (June 19, 2012) through the period ended December 31, 2022 of ($129,410,274). In addition, the Company's development activities since inception have been financially sustained through debt and equity financing. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year from the of the date that the financial statements are issued.

The Company's cash position may not be sufficient to support the Company's daily operations. Management plans to raise additional funds by way of a private or ongoing public offering. While the Company believes in the viability of its strategy and its ability to generate sufficient revenue and to raise additional funds, there can be no assurances to that effect. Should the Company fail to raise additional capital, it may be compelled to reduce the scope of its planned future business activities.

The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan, to generate sufficient revenue and to raise additional funds by way of public and/or private offerings.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

	December 31, 2022	March 31, 2022
Machinery and equipment	$ 6,004,239	$ 4,766,303
Office equipment	55,439	55,439

Less: accumulated depreciation	(4,231,108)		(3,620,945)
Property and equipment, net	$ 1,858,570		$ 1,200,797

Depreciation expense for the three months ended December 31, 2022 and December 31, 2021 was $203,777 and $159,014, respectively.

Depreciation expense for the nine months ended December 31, 2022 and December 31, 2021 was $610,162 and $477,045, respectively.

NOTE 4 - REVOLVING FINANCING

On February 1, 2017, we entered into a credit and security agreement (the "Credit Agreement") with SCM Specialty Finance Opportunities Fund, L.P. ("SCM" or "Lender"), which subsequently changed its name to CNH Finance Fund I, L.P.

The Credit Agreement provides our company with a revolving credit facility (the "Revolving Facility"), the proceeds of which are to be used to repay existing indebtedness of our company, transaction fees incurred in connection with the Credit Agreement and for the working capital needs of our company.

Under the terms of the Credit Agreement, SCM has agreed to make cash advances to our company in an aggregate principal at any one time outstanding not to exceed the lesser of (i) $10 million (the "Revolving Loan Commitment Amount") and (ii) the Borrowing Base (defined to mean, as of any date of determination, 85% of net eligible billed receivables plus 65% of eligible unbilled receivables, minus certain reserves). The advanced under the credit agreement as of December 31, 2022 was $6,391,316.

The Credit Agreement expires on July 3, 2023, unless earlier terminated by the parties in accordance with the terms of the Credit Agreement.

The principal amount of the Revolving Facility outstanding bears interest at a rate per annum equal to (i) a fluctuating interest rate per annum equal at all times to the rate of interest announced, from time to time, within Wells Fargo Bank at its principal office in San Francisco as its "prime rate," plus (ii) 3.25%, payable monthly in arrears. The interest rate as of December 31, 2022 and March 31, 2022 was 9.5% and 8.0%, respectively.

To secure the payment and performance of the obligations under the Credit Agreement, we granted to SCM a continuing security interest in all of our assets and agreed to a lockbox account arrangement in respect of certain eligible receivables.

The Company agreed to pay to SCM monthly an unused line fee in amount equal to 0.083% per month of the difference derived by subtracting (i) the average daily outstanding balance under the Revolving Facility during the preceding month, from (ii) the Revolving Loan Commitment Amount. The unused line fee will be payable monthly in arrears. We also agreed to pay SCM as additional interest a monthly collateral management fee equal to 0.35% per month calculated on the basis of the average daily balance under the Revolving Facility outstanding during the preceding month. The collateral management fee will be payable monthly in arrears. Upon a termination of the Revolving Facility, we agreed to pay SCM a termination fee in an amount equal to 1% of the Revolving Loan Commitment Amount if the termination occurs before July 3, 2023. We must also pay certain fees in the event that receivables are not properly deposited in the appropriate lockbox account.

The interest rate will be increased by 5% in the event of a default under the Credit Agreement. Events of default under the Credit Agreement, some of which are subject to certain cure periods, include a failure to pay obligations when due, the making of a material misrepresentation to SCM, the rendering of certain judgments or decrees against our company and the commencement of a proceeding for the appointment of a receiver, trustee, liquidator or conservator or filing of a petition seeking reorganization or liquidation or similar relief.

The Credit Agreement contains customary representations and warranties and various affirmative and negative covenants including the right of first refusal to provide financing for our company and the financial and loan covenants, such as the loan turnover rate, minimum EBITDA, fixed charge coverage ratio and minimum liquidity requirements.

NOTE 5 - STOCKHOLDER EQUITY

Preferred Shares

On October 7, 2013, the Company amended its articles of incorporation to create 100,000,000 shares of preferred stock by filing a Certificate of Amendment to Articles of Incorporation with the Secretary of State of Nevada. The preferred stock may be divided into and issued in series, with such designations, rights, qualifications, preferences, limitations and terms as fixed and determined by our board of directors.

Series S Convertible Preferred Stock

On May 12, 2021, The Alkaline Water Company Inc. (the "Company") entered into an Endorsement Agreement (the "Endorsement Agreement"), with ABG-Shaq, LLC ("ABG-Shaq"), an entity affiliated with Shaquille O'Neal, for the personal services of Mr. O'Neal. Pursuant to the Endorsement Agreement, the Company received the right and license to use Mr. O'Neal's name, nickname, initials, autograph, voice, video or film portrayals, photograph, likeness and certain other intellectual property rights, in each case, solely as approved by ABG-Shaq, in connection with the advertising, promotion and sale of the Company's branded products. Mr. O'Neal will also provide brand ambassador services related to appearances, social media and public relations matters. The Endorsement Agreement also includes customary exclusivity, termination, and indemnification clauses.

As consideration for the rights and services granted under the Endorsement Agreement, the Company agreed to pay to ABG-Shaq aggregate cash payments of $3 million over the three years of the Endorsement Agreement. The Company will also pay expenses related to the marketing and personal services provided by Mr. O'Neal. As of December 31, 2022, the Company has paid $1,750,000 under this agreement. The Company will be paying $250,000 in each quarter in the fiscal years ended March 31, 2023 and March 31, 2024.

In addition, the Company agreed to grant 6,681,090 shares of Series S Preferred Stock to ABG, each vested share of which is convertible into one share of the Company's common stock. The shares of Series S Preferred Stock will vest as to 1/3 on May 12, 2021, May 1, 2022, and May 1, 2023, respectively. The term of the Endorsement Agreement is three years, commencing on May 1, 2021 and terminating on May 1, 2024 (the " Term"). The Series S Preferred Stock was value at $6,681,090 based on the Company's closing stock price of $1.00 per share on May 12, 2021. The Company valued each annual vested Series S Preferred Stock in the amount of $2,227,030, is being expensed over twelve months, for the three and nine months ended December 31, 2022, the expense relating to the Series S Preferred Stock was $556,758 and $1,670,273, respectively.

In the three and nine months ended December 31, 2022, the Company recognized an expense of $806,758 and $2,420,273 in connection with the agreement and anticipates recognizing an expense of $806,758 in the quarter ended March 31, 2023 for a total expense of $3,227,030 for the year ended March 31,2023. In the years ended March 31, 2024 and March 31, 2025, the Company anticipates recognizing an expense in the amount of $3,227,030 and $185,586 respectively.

Series E Convertible Preferred Stock

On November 23, 2022, we entered into private placement subscription agreements, whereby we issued an aggregate of 1,100,000 shares of our Series E Preferred Stock ("Series E Preferred Stock") at a deemed price of $1.00 per share of Series E Preferred Stock for gross proceeds of $1,100,000. Pursuant to the subscription agreements, in consideration for the subscribers' execution and delivery of the subscription agreements, we also issued an aggregate of 880,000 shares of our common stock (the "Commitment Shares") at a deemed price of $0.25 per Commitment Share.

Holders of the Series E Preferred Stock (the "Holders") are entitled to receive dividends at the rate per share (as a percentage of the stated value per share) of 6% per annum, payable on each anniversary date of the original issue date of shares of Series E Preferred Stock held by applicable Holders in a number of shares of our common stock per share of the Series E Preferred Stock equal to the quotient obtained by dividing the dollar amount of such dividend payment by applicable market price. As of December 31, 2022 the company has a dividend payable of $5,500. A stated value of each share of the Series E Preferred Stock is $1.00. Any accrued but unpaid dividends on the Series E Preferred Stock being converted will be paid in our common stock upon the conversion of the Series E Preferred Stock. If we pay a dividend on our common stock while the shares of the Series E Preferred Stock are outstanding, the Holders will be entitled to receive a dividend per share of Series E Preferred Stock equal to the dividend per share of our common stock. Such dividend will be payable on the same terms and conditions as the payment of the dividend on our common stock.

Each share of Series E Preferred Stock will be convertible, at any time after the date that is twelve months from the original issue date, at our option, into that number of units (each, a "Unit") determined by dividing the stated value of such share of Series E Preferred Stock by $0.25 (the "Conversion Price"). Each Unit will consist of one share of our common stock and one-half of one common stock purchase warrant with each whole common stock purchase warrant entitling the holder thereof to acquire one additional share of our common stock at an exercise price equal of 125% of the Conversion Price for a period of three years following the conversion date.

The Company identified the conversion into a Unit (one share of preferred stock and one-half warrant) as an embedded beneficial conversion feature (ASC 470), thus the Company valued (using Black-Scholes option-pricing model for common stock options and warrants) each component of the Unit. The Warrant was valued at in the aggregate $211,470 and the Common Stock was valued at $888,530. Accordingly, during the three-months ended December 31, 2022, the Company recognized an aggregate beneficial conversion feature of $211,470 upon issuance of the Series E Preferred Stock with a $211,470 increase in discount on preferred stock and a corresponding increase in additional paid-in capital. The value of the warrant is being amortized over 1 year (the period from issuance to the earliest allowable conversion date. As of December 31, 2022, the discount on preferred stock was $193,847.

A Holder may, at its option, at any time and from time to time after January 31, 2023, convert all, but no less than all, of shares of Series E Preferred Stock held by such Holder into that number of Units determined by dividing the stated value of such shares of Series E Preferred Stock by the Conversion Price. Each share of the Series E Preferred Stock will automatically convert, upon the occurrence of a Fundamental Transaction (as defined below), into that number of Units determined by dividing the stated value of such share of Series E Preferred Stock by the Conversion Price. The conversion right is subject to the beneficial ownership limitation, which will be 4.99% of the number of shares of our common stock outstanding immediately after giving effect to the issuance of shares of our common stock issuable upon conversion of the Series E Preferred Stock held by the applicable Holder. The Holder may increase or decrease the beneficial ownership limitation upon not less than 61 days' prior notice to our company, but in no event will such beneficial ownership exceed 9.99%.

Except with respect to a Fundamental Transaction, as required by law, or as required by the articles of incorporation of our company, the Holders and the holders of our common stock will be entitled to notice of any stockholders' meeting and to vote as a single class upon any matter submitted to the stockholders for a vote, on the following basis: (i) holders of our common stock will have one vote per share of our common stock held by them; and (ii) holders of Series E Preferred Stock will have one vote per share of Series E Preferred Stock held by them. With respect to a Fundamental Transaction, the Holders will be entitled to notice of any stockholders' meeting and to vote as a separate class and will have one vote per share of Series E Preferred Stock by them. A Fundamental Transaction means (i) any merger or consolidation of our company with or into another entity (but excluding a merger effected solely for the purpose of changing the jurisdiction of the incorporation of our company or changing the name of our company or liquidating, dissolving or winding-up one or more subsidiaries of our company), (ii) any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of our company's assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by our company or another individual or entity) is completed pursuant to which holders of our common stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding shares of our common stock, or (v) one or more related transactions consummating a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another individual or entity or group of individuals or entities whereby such other individual or entity or group acquires more than 50% of the outstanding shares of our common stock (not including any shares of common stock held by the other individual or entity making or party to, or associated or affiliated with the other individual or entity making or party to, such stock or share purchase agreement or other business combination).

Common Stock

On March 4, 2022, the Company entered into private placement subscription agreements, whereby it issued unsecured convertible notes (the "Notes") in the aggregate principal amount of $3.8 million. The Notes were to mature on September 4, 2022 and accrue interest at 8% per annum, which interest will be payable on the date of the maturity. Pursuant to the terms of the Notes, the holders of the Notes may convert all or any part of the principal amount outstanding under the Notes into units (the "Conversion Units") at a conversion price of $0.80 per Conversion Unit. Each Conversion Unit will consist of one share of the Company's common stock and one share purchase warrant. Each share purchase warrant would entitle the holder thereof to acquire one share of the Company's common stock at a price of $1.10 per share until March 4, 2025.

Pursuant to the aforementioned subscription agreements, in consideration for the subscribers' execution and delivery of the subscription agreements, the Company issued an aggregate of 475,000 shares which the Company recognized a debt discount in the amount of $345,455 which will be amortized over the term of the Notes. For the three and six months ended September 30, 2022, the Company recognized interest expense in connection with the amortization of the debt discount of $121,619 and $294,346, respectively.

In addition, the Company recognized a beneficial conversion feature in connection with the warrants in the amount of $1,524,750 which will be amortized over the term of the Notes. For the three and six months ended September 30, 2022, the Company recognized interest expense in connection with the amortization of the beneficial conversion feature of $542,133 and $1,304,508, respectively.

On July 25, 2022, the Company entered into debt settlement agreements the holders of the Notes in which the Company issued 10,459,354 common shares in settlement of the Company's Notes in an aggregate amount of $3,869,962 (principal of $3,800,000 and accrued and unpaid interest of $69,962) at settlement price per share of $0.37. The original conversion price per share of the Notes was $0.80 per share and the stock price at the date of the debt settlement was $0.429 per share. The settlement of the debt at $0.37 per share resulted in a non-cash debt settlement expense of $2,405,612.

Upon conversion of the Notes, the holders of the Notes received warrants to purchase 10,459,354 common shares in the Company at $1.10 per share. The Company lowered the warrant exercise price from $1.10 to $0.44 for thirty days. The holders of the Notes exercised all of the warrants, resulting in the Company receiving net proceeds of $4,602,116 and the issuance of 10,459,354 shares of its common stock. In connection with this exercise of the warrants, the Company expensed the unamortized amount of the above referenced beneficial conversion feature recognized in connection with the issuance of the warrants.

Share Issuances

Effective as of August 29, 2022, we issued an aggregate of 2,285,714 shares of our common stock upon exercise of our common stock purchase warrants with an exercise price of $0.46 per share for aggregate gross proceeds to the Company of $1,051,428. These warrants had an original exercise price of $1.25 per share. The Company reduced the exercise price of these warrants from $1.25 to $0.46 per share for a period of 30 days, commencing on August 9, 2022, in order to entice the holders of these warrant to exercise their warrants. Klutch Financial Corp., a company wholly owned by Aaron Keay, a director of the Company, exercised their 1,000,000 warrants during the aforementioned period allowed for the exercise price reduction. The Company received net proceeds of $460,000 in connection with the exercise of these 1,000,000 warrants by Klutch Financial Corp.

Restricted Awards

On November 16, 2022, we granted an award of 2,550,000 shares of our common stock as a "restricted award" under our 2020 Equity Incentive Plan to certain directors, officers and employees of the Company. Of these restricted awards: (i) 2,450,000 vest as to 50% on the grant date and 50% on the six month anniversary of the grant date; and (ii) 100,000 vest as to 50% on the six month anniversary of the grant date and 50% on the one year anniversary of the grant date.

NOTE 6 - OPTIONS

Options

Issuance of Options

On November 16, 2022, we granted an aggregate of900,000 stock options to certain directors, officers and employees of the Company for the purchase of up to 900,000 shares of our common stock pursuant to our 2020 Equity Incentive Plan. Each stock option is exercisable at a price of US$0.25 per share until November 16, 2032. All of these stock options vest 50% on each of the first and second anniversary of their grant date. The Company valued the stock options (using Black-Scholes option-pricing model for common stock options and warrants) at an implied price of $0.22 or an aggregate value of $194,400 which will be expensed over the 2-year vesting period. The Company recorded an expense of $8,100 in the three months ended December 31, 2022.

Forfeiture of Options

During the quarter, there were 948,000 options from 11 holders that were forfeited due to the Company's reduced headcount. The forfeiture of these options resulted in a reversal of prior stock option expense in the amount of $394,044. In addition, on November 16, 2022, the Company cancelled a previously issued granted to Mr. Aaron Keay, a director of the Company, of 750,000 stock options. The Company reversed the prior expense of $14,187 during the three months ended December 31, 2022.

NOTE 7 - LEASES

As of October 1, 2020, the company entered into a lease for9,166 square feet of corporate office and warehouse space from a third party through September 2023 at a rate of $10,083 per month for the first twelve months, then at a rate of $10,385 for the next 12 months, and $10,697 for the final 12 months of the lease. The Company determined this lease was an operating lease under ASC 842 and using an interest rate of 7%, the Company determined that the ROU for this lease was $337,932 and the lease liability for this lease was $337,932, at inception of this lease, respectively. Previously, the Company leased its corporate office space with a size of3,352 square feet leased from a third party which leased through November 2020 at the current rate of $7,891 per month.

As of November 1, 2020, the company entered into a lease for2,390 square feet of corporate office space from a third party through January 2024 at a rate of $5,280 per month for the first twelve months starting January 2021, then at a rate of $5,377 for the next 12 months, and $5,497 for the final 13 months of the lease. The Company determined this lease was an operating lease under ASC 842 and using an interest rate of 7%, the Company determined that the ROU for this lease was $177,629 and the lease liability for this lease was $177,629, at inception of this lease, respectively.

As of April 1, 2022, the Company entered into a lease for1,520 square feet of warehouse space from a third party through March 2025 at a rate of $1,812 per month for the first twelve months, then at a rate of $1,867 per month for the last next twelve months and then at a rate of $1,923 for the last twelve months. The Company determined this lease was an operating lease under ASC 842 and using an interest rate of 7%, the Company determined that the ROU for this lease was $60,737 and the lease liability for this lease was $60,737, at inception of this lease, respectively.

At inception the ROU and Lease Liability was calculated based on the net present value of the future lease payments over the term of the lease. When available, the Company uses the rate implicit in the lease discount payments as the incremental borrowing rate to calculate the net present value; however, the rate implicit in the lease is not readily determinable for our corporate office lease. In this case, the Company estimated its incremental borrowing rate as the interest rate it could borrow an amount equal to the lease payments over a similar term, with similar collateral as the lease, and in a similar economic environment. The Company estimated its rate using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. The Company records the straight-line lease expense and any contingent rent, if applicable, in general and administrative expenses on the condensed consolidated statements of operations. The corporate office, lease also requires the Company to pay real estate taxes, common area maintenance costs and other occupancy costs which are included in the general and administrative expenses on the condensed consolidated statements of operations.

Operating Lease expense for the three and nine months ended December 31, 2022 was $56,563 and $188,094, respectively. Operating lease expense for the three and nine months ended December 31, 2021 was $92,481 and $285,007, respectively.

Operating Leases:

		December 31, 2022
Operating lease right-of-use asset - current portion	$	159,384
Operating lease right-of-use asset - non-current portion		29,862
Total Operating lease right-of-use asset	$	189,246
Operating lease liability - current portion	$	176,251
Operating lease liability - non-current portion		32,840
Total Operating lease liability	$	209,091
Weighted average remaining lease term (in years):		
Operating leases		1.5
Weighted average discount rate:		
Operating leases		7%

Supplemental cash flow information related to leases is as follows:

Maturities of undiscounted lease liabilities as of December 31, 2022 are as follows:

		Operating Leases
Year ending March 31, 2023	$	54,018
Year ending March 31, 2024		141,552
Year ending March 31, 2025		23,075
Total lease payments		218,645
Adjusted for interest		(9,554)
Total lease obligations	$	209,091

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal proceedings, claims and litigation arising in the ordinary course of business. The Company does not believe that the disposition of matters that are pending or asserted will have a material effect on its consolidated financial statements.

NOTE 9 – RELATED PARTY TRANSACTIONS

Effective as of August 29, 2022, the Company issued an aggregate of 2,285,714 shares of its common stock upon exercise of common stock purchase warrants with an exercise price of $0.46 per share for aggregate gross proceeds to the Company of $1,051,428. These warrants had an original exercise price of $1.25 per share. The Company reduced the exercise price of these warrants from $1.25 to $0.46 per share for a period of 30 days, commencing on August 9, 2022, in order to entice the holders of these warrants to exercise their warrants. Klutch Financial Corp., a company wholly owned by Aaron Keay, a director of the Company, exercised its 1,000,000 warrants during the aforementioned period allowed for the exercise price reduction. The Company received net proceeds of $460,000 in connection with the exercise of these 1,000,000 warrants by Klutch Financial Corp.

On November 16, 2022, the Company cancelled a previously issued grant to Mr. Aaron Keay, a director of the Company, of 750,000 stock options. The Company reversed the prior expense of $14,187 during the three months ended December 31, 2022.

On November 16, 2022, the Company granted awards of and aggregate of 2,550,000 shares of its common stock as a "restricted award" under our 2020 Equity Incentive Plan to certain directors, officers and employees of the Company. Of these restricted awards: (i) 2,450,000 vest as to 50% on the grant date and 50% on the six-month anniversary of the grant date; and (ii) 100,000 vest as to 50% on the six-month anniversary of the grant date and 50% on the one-year anniversary of the grant date. The restricted stock awards granted to the officers and directors of the Company totaled 2,200,000.

On November 16, 2022, the Company granted an aggregate of 900,000 stock options to certain directors, officers and employees of the Company for the purchase of up to 900,000 shares of its common stock pursuant to the 2020 Equity Incentive Plan. Each stock option is exercisable at a price of US$0.25 per share until November 16, 2032. All of these stock options vest 50% on each of the first and second anniversary of their grant date. The stock options granted to the directors and officers of the Company totaled 750,000.

On November 23, 2022, the Company entered into private placement subscription agreements, whereby it issued an aggregate of 1,100,000 shares of its Series E Preferred Stock ("Series E Preferred Stock") at a deemed price of $1.00 per share of Series E Preferred Stock for gross proceeds of $1,100,000. Pursuant to the subscription agreements, in consideration for the subscribers' execution and delivery of the subscription agreements, the Company also issued an aggregate of 880,000 shares of its common stock (the "Commitment Shares") at a deemed price of $0.25 per Commitment Share. Mr. David Rauch, before he become a director of the Company, purchased $100,000 of the Series E Preferred Stock transaction and as part of the transaction received 80,000 Commitment shares. In addition, the general counsel of the Company purchased $500,000 of the Series E Preferred Stock and as part of the transaction received 400,000 Commitment shares.

NOTE 10 - SUBSEQUENT EVENTS

On January 11, 2023, the Company issued an aggregate of 78,821 shares of its common stock in consideration for $40,000 of services rendered to the Company at an average price of $0.51 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains "forward-looking statements." All statements other than statements of historical fact are "forward-looking statements" for purposes of applicable securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "expect" or "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward- looking statements, which speak only as of the dates on which they are made. Except as required by applicable law, including the securities laws of the United States and Canada, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- lack of working capital;
- inability to raise additional financing;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operations, and they may require our management to make estimates about matters that are inherently uncertain;
- deterioration in general or regional economic conditions;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- inability to efficiently manage our operations;
- inability to achieve future sales levels or other operating results; and
- the unavailability of funds for capital expenditures.

Unless otherwise indicated, all reference to "dollars", "$", "USD" or "US$" are to United States dollars and all reference to "CDN$" are to Canadian dollars.

Our financial statements are stated in United States Dollars ($ or US$) unless otherwise stated and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this quarterly report, unless otherwise specified, all references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report on Form 10-Q, the terms "we", "us" "our", the "Company" and "Alkaline" refer to The Alkaline Water Company Inc., a Nevada corporation, and its wholly-owned subsidiary, Alkaline 88, LLC (an Arizona Limited Liability Company), unless otherwise specified.

COVID-19

Our business could be materially and adversely affected by the risks, or the public perception of the risks, related to the outbreak of COVID-19. To date, we have managed to operate successfully throughout the pandemic without any material disruptions to our supply chain. Although retailers which carry our products may be considered essential businesses and therefore be allowed to remain operational, they may experience significantly reduced demand. The risk of a pandemic, or public perception of the risk, could cause customers to avoid public places, including retail properties, and could cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our inventory to our customers. Further, such risks could also adversely affect retail customers' financial condition, resulting in reduced spending on our products, which are marketed as premium products. "Shelter-in-place" or other such orders by governmental entities could also disrupt our operations, if our employees or the employees of our sourcing partners who cannot perform their responsibilities from home, are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of our co-packing facilities or operations of our sourcing partners.

Inflationary Pressure

We have seen significant margin contraction as a result of inflationary pressures over the last 12 months. We've taken a number of steps that will allow us to increase our margins in the year ended March 31, 2023. These steps include (1) an approximate 9% across the board price increase (effective across all banners for the entire fiscal 2023); (2) a potential leveling off or small reduction in freight costs due to the geographic distribution of our new co-packers and suppliers; and (3) our buying power allowing us to lock in price breaks on raw materials over the next 12 months.

Results of Operations

Three Months Ended December 31, 2022 and December 31, 2021

Our results of operations for the three months ended December 31, 2022 and December 31, 2021 are as follows

		For the three months ended December 31, 2022		For the three months ended December 31, 2021
Revenue	$	15,874,967	$	13,100,048
Cost of goods sold		11,947,892		10,128,144
Gross profit	$	3,927,075	$	2,971,904
Net Loss	$	(3,986,455)	$	(10,736,033)

Revenue and Cost of Goods Sold

We had revenue from sales of our product for the three months ended December 31, 2022 of $15,874,967 as compared to $13,100,048 for the three months ended December 31, 2021, an increase of 21% generated by sales of our alkaline water and flavored infused water. The increase in sales is due to the expanded distribution of our products to additional retailers throughout the country. We distribute our product through several channels. We sell through large national distributors (UNFI, KeHE, C&S, and Core-Mark), which together represent over 150,000 retail outlets. We also sell our product directly to retail clients, including drug store chains, warehouse clubs, convenience stores, natural food products stores, large ethnic markets and national retailers. Some examples of retail clients are: Walmart, CVS, Rite Aid, Sam's Club, Family Dollar, Albertson/Safeway, Kroger companies, Schnucks, Smart & Final, Jewel-Osco, Sprouts, Bashas', Stater Bros. Markets, Unified Grocers, Bristol Farms, Publix, Vallarta, Superior Foods, Ingles, Shaw's, Raley's, Harris Teeter, Festival Foods, HEB and Brookshire's.

Cost of goods sold is comprised of production costs, shipping and handling costs. For the three months ended December 31, 2022, we had cost of goods sold of $11,947,892, or 75% of revenue, as compared to cost of goods sold of $10,128,144 or 77% of revenue, for the three months ended December 31, 2021.

Expenses

Our operating expenses for the three months ended December 31, 2022 and December 31, 2021 are as follows:

		For the three months ended December 31, 2022		For the three months ended December 31, 2021
Sales and marketing expenses	$	4,949,002	$	7,561,927
General and administrative expenses		2,539,959		6,333,663
Total operating expenses	$	7,488,961	$	13,895,590

For the three months ended December 31, 2022, our total operating expenses were $7,488,961 as compared to $13,895,590 for the three months ended December 31, 2021.

For the three months ended December 31, 2022, the total included $4,949,002 of sales and marketing expenses. Sales and marketing expenses increased as a result of increased freight and sales promotional expenses due to our increase in sales. General and administrative expenses of $2,539,959, consisted primarily of approximately $0.3 million of professional fees, media fees and legal fees, stock option and restricted stock expense in the amount of approximately $0.2 million and approximately $1.7 million of wages and wage related expenses.

For the three months ended December 31, 2021, the total included $7,561,927 of sales and marketing expenses. Sales and marketing expenses increased as a result of increased freight and sales promotional expenses due to our increase in sales. General and administrative expenses of $6,333,663, consisted primarily of approximately $1.3 million of professional fees, media fees and legal fees, stock option and restricted stock expense in the amount of approximately $2.3 million and approximately $1.5 million of wages and wage related expenses.

Nine Months Ended December 31, 2022 and December 31, 2021

Our results of operations for the nine months ended December 31, 2022 and December 31, 2021 are as follows:

		For the nine months ended December 31, 2022		For the nine months ended December 31, 2021
Revenue	$	51,277,376	$	39,684,465
Cost of goods sold		40,296,127		29,530,570
Gross profit	$	10,981,249	$	10,153,895
Net Loss	$	(19,877,071)	$	(28,540,132)

Revenue and Cost of Goods Sold

We had revenue from sales of our product for the nine months ended December 31, 2022 of $51,277,376 as compared to $39,684,465 for the nine months ended December 31, 2021, an increase of 29% generated by sales of our alkaline water and flavored infused water. The increase in sales is due to the expanded distribution of our products to additional retailers throughout the country. We distribute our product through several channels. We sell through large national distributors (UNFI, KeHE, C&S, and Core-Mark), which together represent over 150,000 retail outlets. We also sell our product directly to retail clients, including drug store chains, warehouse clubs, convenience stores, natural food products stores, large ethnic markets and national retailers. Some examples of retail clients are: Walmart, CVS, Rite Aid, Sam's Club, Family Dollar, Albertson/Safeway, Kroger companies, Schnucks, Smart & Final, Jewel-Osco, Sprouts, Bashas', Stater Bros. Markets, Unified Grocers, Bristol Farms, Publix, Vallarta, Superior Foods, Ingles, Shaw's, Raley's, Harris Teeter, Festival Foods, HEB and Brookshire's.

For the nine months ended December 31, 2022, we had cost of goods sold of $40,296,127, or 79% of revenue, as compared to cost of goods sold of $29,530,570 or 74% of revenue, for the nine months ended December 31, 2021.

Expenses

Our operating expenses for the nine months ended December 31, 2022 and December 31, 2021 are as follows:

		For the nine months ended December 31, 2022		For the nine months ended December 31, 2021
Sales and marketing expenses	$	17,924,034	$	22,054,276
General and administrative expenses		7,979,938		16,549,788
Total operating expenses	$	25,903,972	$	38,604,064

For the nine months ended December 31, 2022, our total operating expenses were $25,903,972, as compared to $38,604,064 for the nine months ended December 31, 2021.

For the nine months ended December 31, 2022, the total included $17,924,034 of sales and marketing expenses. Sales and marketing expenses decreased as a result of decreased out-bound freight expense (approximately $1.3 million) and decreased marketing expenses (approximately $3.4 million). General and administrative expenses of $7,979,938, consisted primarily of approximately $0.9 million of professional fees, stock option and stock award expense in the amount of approximately $0.8 million and approximately $5.4 million of wage and wage related expenses.

For the nine months ended December 31, 2021, the total included $22,054,276 of sales and marketing expenses. Sales and marketing expenses increased compared to the nine months ended December 31, 2020 as a result of increased out bound freight to our customers of approximately $6.5 million, increased advertising and promotional expenses of approximately $2.9 million and increased non-cash stock expense of approximately $1.7 million. General and administrative expenses of $16,549,788, consisted primarily of approximately $6.8 million of professional fees, stock option and stock award expense in the amount of approximately $3.7 million and approximately $3.6 million of wage and wage related expenses.

Liquidity and Capital Resources

Working Capital

		At December 31, 2022		At March 31, 2022
Current assets	$	22,225,650	$	21,157,421
Current liabilities		22,902,412		21,920,686
Working capital	$	(676,762)	$	(763,265)

Current Assets

Current assets as of December 31, 2022 and March 31, 2022 primarily relate to $2,192,867 and $1,531,062 in cash, $8,774,283 and $7,927,065 in accounts receivable and $8,737,717 and $8,583,664 in inventory, respectively.

Current Liabilities

Current liabilities as of December 31, 2022 and March 31, 2022 primarily relate to $14,109,479 and $10,441,879 in accounts payable which increased due to lower balance on the revolver credit line and continued operating loss, revolving financing of $6,391,316 and $7,043,870, and accrued expenses of $2,225,366 and $2,036,739 respectively.

Cash Flows

Our cash flows for the nine months ended December 31, 2022 and December 31, 2021 are as follows:

		For the nine months ended December 31, 2022		For the nine Months ended December 31, 2021
Net cash used in operating activities	$	(9,919,960)	$	(25,940,267)
Net cash used in investing activities		(787,817)		(493,392)
Net cash provided by financing activities		11,369,582		20,595,932
Net increase (decrease) in cash and cash equivalents	$	661,805	$	(5,837,664)

Operating Activities

Net cash used in operating activities was $9,919,960 for the nine months ended December 31, 2022, as compared to $25,940,267 used in operating activities for the nine months ended December 31, 2021. The decrease of approximately $16 million in net cash used in operating activities is primarily due to approximately $8.7 million decrease of net loss in the nine months ended December 31, 2022 compared to the nine months ended December 31, 2021 and an increase in accounts payable of approximately $2.9 million.

Investing Activities

Net cash used in investing activities was $787,817 for the nine months ended December 31, 2022, as compared to $493,329 used in investing activities for the nine months ended December 31, 2021.

Financing Activities

Net cash provided by financing activities for the nine months ended December 31, 2022 was $11,369,582, as compared to $20,595,932 for the nine months ended December 31, 2021. The decrease of approximately $9.2 million in net cash provided by financing activities is primarily due to decrease of approximately $7.7 million of proceeds provided by the exercise of warrants.

Cash Requirements

Our ability to continue operating as a going concern is dependent on obtaining adequate capital to fund operating losses until we become profitable. We have initiated a cost-reduction strategy, which along with our cash on hand, plus anticipated warrant exercises and debt settlements, our line of credit and the sales agreement with Roth Capital Partners, LLC is planned to fund our current planned operations and capital needs. However, if our current plans change or are accelerated or we choose to increase our production capacity, we may seek to sell additional equity or debt securities or obtain additional credit facilities, including seeking investments from strategic investors. The sale of additional equity securities will result in dilution to our stockholders. The incurrence of indebtedness will result in increased debt service obligations and could require us to agree to operating and financial covenants that could restrict our operations or modify our plans to grow the business. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, will limit our ability to expand our business operations and could harm our overall business prospects.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with US GAAP, which requires us to make estimates and assumptions that affect the reported amounts in our consolidated financial statements. Critical accounting estimates are those that management believes are the most important to the portrayal of our financial condition and results and require the most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and that have had, or are reasonably likely to have, a material impact on our financial condition or results of operations. Judgments and uncertainties may result in materially different amounts being reported under different conditions or using different assumptions. We have identified the accounting estimates below as critical to understanding and evaluating the financial results reported in our consolidated financial statements.

Revenue Recognition – Promotional and other allowances (variable consideration) recorded as a reduction to net sales, primarily include consideration given to the Company's distributors or retail customers including, but not limited to the following: discounts granted off list prices to support price promotions to end-consumers by retailers; reimbursements given to the Company's distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; the Company's agreed share of fees given to distributors and/or directly to retailers for advertising, in-store marketing and promotional activities

Promotional allowance - The Company's promotional allowance programs with its distributors and/or retailers are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, ranging from one week to one year. The Company's promotional and other allowances are calculated based on various programs with distributors and retail customers, and accruals are established during the year for its anticipated liabilities. These accruals are based on agreed upon terms as well as the Company's historical experience with similar programs and require management's judgment with respect to estimating consumer participation and/or distributor and retail customer performance levels. Differences between such estimated expenses and actual expenses for promotional and other allowance costs have historically been insignificant and are recognized in earnings in the period such differences are determined.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our stockholders.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain "disclosure controls and procedures", as that term is defined in Rule 13a-15(e), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer to allow timely decisions regarding required disclosure.

As required by paragraph (b) of Rules 13a-15 under the Securities Exchange Act of 1934, our management, with the participation of our principal executive officer and our principal financial officer, evaluated our company's disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our management concluded that as of the end of the period covered by this quarterly report on Form 10-Q, our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to the material weaknesses in our internal control over financial reporting disclosed in our annual report on Form 10-K for the fiscal year ended March 31, 2022. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our management identified the following material weaknesses: (1) we had inadequate segregation of duties over both financial reporting and closing activities, (2) we had inadequate resources in the accounting department, (3) delays in the implementation of a new ERP accounting system which caused the system to not function as intended and as a result led to delays in our financial closing activities. In response to the material weaknesses discussed above, we are working on implementing a new integrated ERP system and have hired additional accounting personnel in December 2022. Once the ERP system in fully implemented within the next three months, we plan to engage a third-party consultant to develop a comprehensive control framework using the ERP and to document our internal controls based on the implementation of the ERP system.

We will continue to monitor and evaluate the effectiveness of our internal control over financial reporting on an ongoing basis and are committed to taking further action and implementing additional improvements as necessary.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2022 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

We know of no material pending legal proceedings to which our company or any of our subsidiaries is a party or of which any of our properties, or the properties of any of our subsidiaries, is the subject. In addition, we do not know of any such proceedings contemplated by any governmental authorities.

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or any of our subsidiaries or has a material interest adverse to our company or any of our subsidiaries.

Item 1A. Risk Factors.

Information regarding risk factors appears in our Annual Report on Form 10-K filed on July 14, 2022. There have been no material changes since July 14, 2022 from the risk factors disclosed in that Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Since the beginning of our fiscal quarter ended December 31, 2022, we have not sold any equity securities that were not registered under the Securities Act of 1933 that were not previously reported in a quarterly report on Form 10-Q or in a current report on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description
(3)	**Articles of Incorporation and Bylaws**
3.1	Articles of Incorporation (incorporated by reference from our Form S-1 Registration Statement, filed on October 28, 2011)
3.2	Certificate of Change (incorporated by reference from our Quarterly Report on Form 10-Q, filed on August 13, 2013)
3.3	Articles of Merger (incorporated by reference from our Quarterly Report on Form 10-Q, filed on August 13, 2013)
3.4	Certificate of Amendment to Articles of Incorporation (incorporated by reference from our Current Report on Form 8-K, filed on October 11, 2013)
3.5	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on October 11, 2013)
3.6	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on November 12, 2013)
3.7	Certificate of Change (incorporated by reference from our Current Report on Form 8-K, filed on December 30, 2015)
3.8	Certificate of Amendment to Articles of Incorporation (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
3.9	Certificate of Amendment to Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
3.10	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on April 5, 2016)
3.11	Certificate of Withdrawal of Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on April 4, 2017)
3.12	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on May 4, 2017)
3.13	Certificate of Amendment to Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on November 6, 2017)
3.14	Certificate of Withdrawal of Certificate of Designation (incorporated by reference from our Quarterly Report on Form 10-Q, filed on November 20, 2017)
3.15	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on May 19, 2021)
3.16	Certificate of Designation (incorporated by reference from our Current Report on Form 8-K, filed on November 23, 2022)
3.17	Amended and Restated Bylaws (incorporated by reference from our Current Report on Form 8-K, filed on October 15, 2018)
(10)	**Material Contracts**
10.1	Contract Packer Agreement dated November 14, 2012 between Alkaline 84, LLC and AZ Bottled Water, LLC (incorporated by reference from our Current Report on Form 8-K, filed on June 5, 2013)
10.2	Contract Packer Agreement dated October 7, 2013 with White Water, LLC (incorporated by reference from our Quarterly Report on Form 10-Q, filed on November 13, 2013)
10.3	Manufacturing Agreement dated August 15, 2013 with Water Engineering Solutions, LLC (incorporated by reference from our Registration Statement on Form S-1, filed on November 27, 2013)
10.4	Equipment Lease Agreement dated January 17, 2014 (incorporated by reference from our Current Report on Form 8-K, filed on January 27, 2014)
10.5	Revolving Accounts Receivable Funding Agreement dated February 20, 2014 (incorporated by reference from our Current Report on Form 8-K, filed on February 25, 2014)
10.6	Form of Securities Purchase Agreement dated as of April 28, 2014, between The Alkaline Water Company Inc. and the purchasers named therein (incorporated by reference from our Current Report on Form 8-K, filed on May 6, 2014)
10.7	Form of Common Stock Purchase Warrant (incorporated by reference from our Current Report on Form 8-K, filed on May 6, 2014)

10.8	Form of Placement Agent Common Stock Purchase Warrant (incorporated by reference from our Current Report on Form 8-K, filed on May 6, 2014)
10.9	Amendment #1 dated February 12, 2014 to Equipment Lease Agreement (incorporated by reference from our Quarterly Report on Form 10-Q, filed on August 13, 2014)
10.10	Equipment Sale/Lease Back Agreement dated April 2, 2014 (incorporated by reference from our Quarterly Report on Form 10-Q, filed on August 13, 2014)
10.11	Agreement dated August 12, 2014 with H.C. Wainwright & Co., LLC (incorporated by reference from our Current Report on Form 8-K, filed on August 21, 2014)
10.12	Form of Warrant Amendment Agreement (incorporated by reference from our Current Report on Form 8-K, filed on August 21, 2014)
10.13	Form of Common Stock Purchase Warrant (incorporated by reference from our Current Report on Form 8-K, filed on August 21, 2014)
10.14	Form of Warrant Amendment Agreement (incorporated by reference from our Current Report on Form 8-K, filed on October 9, 2014)
10.15	Form of Common Stock Purchase Warrant (incorporated by reference from our Current Report on Form 8-K, filed on October 9, 2014)
10.16	Master Lease Agreement dated October 28, 2014 with Veterans Capital Fund, LLC (incorporated by reference from our Current Report on Form 8-K, filed on November 4, 2014)
10.17	Warrant Agreement dated October 28, 2014 with Veterans Capital Fund, LLC (incorporated by reference from our Current Report on Form 8-K, filed on November 4, 2014)
10.18	Registration Rights Agreement dated October 28, 2014 with Veterans Capital Fund, LLC (incorporated by reference from our Current Report on Form 8-K, filed on November 4, 2014)
10.19	Form of Amending Agreement to Stock Option Agreement (incorporated by reference from our Current Report on Form 8-K, filed on November 4, 2014)
10.20	Securities Purchase Agreement dated as of May 11, 2015 with Assurance Funding Solutions LLC (incorporated by reference from our Annual Report on Form 10-K, filed on July 14, 2015)
10.21	Secured Term Note dated May 2015 issued to Assurance Funding Solutions LLC (incorporated by reference from our Annual Report on Form 10-K, filed on July 14, 2015)
10.22	General Security Agreement dated as of May 11, 2015 with Assurance Funding Solutions LLC (incorporated by reference from our Annual Report on Form 10-K, filed on July 14, 2015)
10.23	Securities Purchase Agreement dated as of August 20, 2015 with Assurance Funding Solutions LLC (incorporated by reference from our Quarterly Report on Form 10-Q, filed on November 23, 2015)
10.24	Secured Term Note dated August 20, 2015 issued to Assurance Funding Solutions LLC (incorporated by reference from our Quarterly Report on Form 10-Q, filed on November 23, 2015)
10.25	General Security Agreement dated as of August 20, 2015 with Assurance Funding Solutions LLC (incorporated by reference from our Quarterly Report on Form 10-Q, filed on November 23, 2015)
10.26	Loan Agreement dated November 30, 2015 with Neil Rogers (incorporated by reference from our Current Report on Form 8-K, filed on December 4, 2015)
10.27	Promissory Note dated November 30, 2015 issued to Neil Rogers (incorporated by reference from our Current Report on Form 8-K, filed on December 4, 2015)
10.28	Escrow Agreement dated November 30, 2015 with Neil Rogers and Escrow Agent (incorporated by reference from our Current Report on Form 8-K, filed on December 4, 2015)
10.29	2013 Equity Incentive Plan (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
10.30	Loan Agreement dated January 25, 2016 with Turnstone Capital Inc. (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
10.31	Promissory Note dated January 25, 2016 issued to Turnstone Capital Inc. (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
10.32	Escrow Agreement dated January 25, 2016 with Turnstone Capital Inc. and Escrow Agent (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)

10.33	Amendment Agreement dated January 25, 2016 with Neil Rogers (incorporated by reference from our Current Report on Form 8-K, filed on January 25, 2016)
10.34	Employment Agreement dated effective March 1, 2016 with Steven P. Nickolas (incorporated by reference from our Current Report on Form 8-K, filed on April 5, 2016)
10.35	Employment Agreement dated effective March 1, 2016 with Richard A. Wright (incorporated by reference from our Current Report on Form 8-K, filed on April 5, 2016)

10.36	Form of Promissory Note and Warrant Exchange Agreement (incorporated by reference from our Current Report on Form 8-K, filed on June 16, 2016)
10.37	Loan Facility Agreement dated September 20, 2016 with Turnstone Capital Inc. (incorporated by reference from our Current Report on Form 8-K, filed on September 22, 2016)
10.38	Credit and Security Agreement dated February 1, 2017 with SCM Specialty Finance Opportunities Fund, L.P. (incorporated by reference from our Current Report on Form 8-K, filed on February 7, 2017)
10.39	Payoff Agreement dated February 1, 2017 with Gibraltar Business Capital, LLC (incorporated by reference from our Current Report on Form 8-K, filed on February 7, 2017)
10.40	Form of Stock Option Agreement (incorporated by reference from our Current Report on Form 8-K, filed on May 4, 2017)
10.41	Settlement Agreement and Mutual Release of Claims dated October 31, 2017 with Steven P. Nickolas, Nickolas Family Trust, Water Engineering Solutions, LLC, Enhanced Beverages, LLC, McDowell 78, LLC and Wright Investments Group, LLC (incorporated by reference from our Current Report on Form 8-K, filed on November 6, 2017)
10.42	Exchange Agreement and Mutual Release of Claims dated November 8, 2017 with Ricky Wright (incorporated by reference from our Current Report on Form 8-K, filed on November 14, 2017)
10.43	Stock Option Forfeiture & General Release dated November 8, 2017 by Ricky Wright and Sharon Wright (incorporated by reference from our Current Report on Form 8-K, filed on November 14, 2017)
10.44	Form of Warrant Amendment Agreement (incorporated by reference from our Current Report on Form 8-K, filed on February 22, 2018)
10.45	Form of Common Stock Purchase Warrant (incorporated by reference from our Current Report on Form 8-K, filed on March 5, 2018)
10.46	2018 Stock Option Plan (incorporated by reference from our Current Report on Form 8-K, filed on April 25, 2018)
10.47	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on May 31, 2018)
10.48	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on October 3, 2018)
10.49	Underwriting Agreement, dated March 8, 2019, by and between The Alkaline Water Company Inc. and Canaccord Genuity LLC, as representative of the underwriters named therein (incorporated by reference from our Current Report on Form 8-K, filed on March 11, 2019)
10.50	Employment Agreement dated April 25, 2019 with Ronald DaVella (incorporated by reference from our Current Report on Form 8-K filed on May 3, 2019)
10.51	Sixth Amendment to Credit and Security Agreement dated June 27, 2019 with CNH Finance Fund I, L.P. (incorporated by reference from our Annual Report on Form 10-K filed on July 1, 2019)
10.52	Agreement and Plan of Merger, dated as of September 9, 2019 among The Alkaline Water Company Inc., AQUAhydrate, Inc. and AWC Acquisition Company Inc. (incorporated by reference from our Current Report on Form 8-K filed on September 12, 2019)
10.53	Amendment to the Agreement and Plan of Merger, dated as of October 31, 2019 among The Alkaline Water Company Inc., AQUAhydrate, Inc. and AWC Acquisition Company Inc. (incorporated by reference from our Current Report on Form 8-K filed on November 6, 2019)
10.54	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on April 20, 2020)
10.55	2020 Equity Incentive Plan (incorporated by reference from our Current Report on Form 8-K filed on April 28, 2020)
10.56	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on May 13, 2020)
10.57	Sales Agreement, dated as of February 22, 2021, by and between The Alkaline Water Company Inc. and Roth Capital Partners, LLC** (incorporated by reference from our Current Report on Form 8-K filed on February 23, 2021)
10.58	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on March 2, 2021)
10.59	Endorsement Agreement executed May 12, 2021 by The Alkaline Water Company Inc. and ABG-Shaq, LLC (incorporated by reference from our Current Report on Form 8-K filed on May 13, 2021)

10.60	Form of Subscription Agreement (incorporated by reference from our Current Report on Form 8-K filed on July 6, 2021)
10.61	Employment Agreement dated effective April 25, 2022 with Richard A. Wright (incorporated by reference from our Current Report on Form 8-K filed on April 29, 2022)
10.62	Underwriting Agreement, dated May 4, 2022, between The Alkaline Water Company Inc. and Aegis Capital Corp. (incorporated by reference from our Current Report on Form 8-K filed on May 6, 2022)
10.63	Separation Agreement & Release of All Claims dated June 2, 2022 by and between Richard Wright, The Alkaline Water Company Inc. and Alkaline 88, LLC (incorporated by reference from our Current Report on Form 8-K filed on June 2, 2022)
10.64	Employment Agreement dated July 29, 2022 with Frank Lazaran (incorporated by reference from our Quarterly Report on Form 10-Q filed on August 15, 2022)
10.65	Employment Agreement dated as of November 16, 2022 with David Guarino (incorporated by reference from our Current Report on Form 8-K filed on November 17, 2022)
10.66*	Employment Agreement dated as of November 16, 2022 with Frank Chessman
(31)	**Rule 13a-14 Certifications**
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
(32)	**Section 1350 Certifications**
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002
(101)	**Interactive Data File**
101.INS*	INS XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ALKALINE WATER COMPANY INC.

Date: February 28, 2023	By: */s/ Frank Chessman*
	Frank Chessman
	President and Chief Executive Officer

(Principal Executive Officer)

Date: February 28, 2023

By: */s/ David A. Guarino*

David A. Guarino
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is dated as of the 16th day of November , 2022.

BETWEEN:

THE ALKALINE WATER COMPANY INC. , a corporation incorporated pursuant to the laws of the State of Nevada and having an office for business located at 8541 E. Anderson Drive, Suite 100, Scottsdale, Arizona 85255

(the "**Company**")

AND:

FRANK CHESSMAN, an individual resident of the State of with an address of

(the "**Executive**")

RECITALS:

A. The Company, which is publicly listed on the NASDAQ Capital Market and Canadian Securities Exchange under the ticker symbol "WTER," is in the beverage industry and distributes alkaline water and various CBD products; and

B. The Company and the Executive have agreed to enter into an employment relationship for their mutual benefit.

NOW THEREFORE, in consideration of the mutual promises of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

1. DEFINITIONS

1.1 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) "**Agreement**" means this Agreement and all schedules and amendments hereto.

(b) "**Award**" has the meaning set out in the Plan.

(c) "**Award Agreement**" has the meaning set out in the Plan.

(d) "**Board**" means the Board of Directors of the Company.

(e) "**Bonus**" has the meaning set out in Section 3.1.

(f) "**Change of Control Event**" means the occurrence of any one of the events set out in Sections 1.1.(f)(i) to 1.1(f)(v) below:

(i) the acquisition, after the date of this Agreement and excluding any acquisitions from the Company, by any one individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities and Exchange Act of 1934), of beneficial ownership of 50% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors;

(ii) the approval by the stockholders of the Company of a reorganization, merger, amalgamation, combination or consolidation of the Company in which the individuals and entities who were the respective beneficial owners of the common stock and voting securities of the Company immediately prior to such reorganization, merger, amalgamation, combination or consolidation do not, following such reorganization, merger, amalgamation, combination or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Company resulting from such reorganization, merger, amalgamation, combination or consolidation;

(iii) the exercise of the voting power of all or any securities of the Company so as to cause or result in the election of a majority of members of the Board who were not previously incumbent directors thereof;

(iv) a tender offer, an exchange offer, a take-over bid or any other offer or bid by an entity, person or group (other than the Company or a wholly-owned subsidiary of the Company) of more than 50% of the issued and outstanding voting securities of the Company; or

(v) a liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

In the case of the occurrence of any of the events set forth in this Section 1.1(f), a Change of Control Event shall be deemed to occur immediately prior to the occurrence of any such events. An event shall not constitute a Change of Control Event if its sole purpose is to change the jurisdiction of the Company's organization or the name of the Company or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such event. Additionally, a Change of Control Event shall not be deemed to have occurred, with respect to the Executive, if the Executive is part of a purchasing group that consummates the Change of Control Event.

(g) "**Common Shares**" means the shares of common stock, par value $0.001, of the Company.

(h) "**Compensation Committee**" means the compensation committee of the Board.

(i) "**Confidential Information**" means information, whether or not originated by the Executive, that relates to the business or affairs of the Company, its affiliates, clients or suppliers and is confidential or proprietary to, about or created by the Company, its affiliates, clients, or suppliers. Confidential Information includes, but is not limited to, the following types of confidential information and other proprietary information of a similar nature (whether or not reduced to writing or designated or marked as confidential):

(i) the Company's properties and production methods, as well as information relating to strategies, research, communications, business plans, and financial data of the Company and any information of the Company which is not readily publicly available;

(ii) work product resulting from or related to work or projects performed for or to be performed for the Company or its affiliates, including but not limited to, the methods, processes, procedures, analysis, techniques and audits used in connection therewith;

(iii) any intellectual property contributed to the Company, and any other technical and business information of the Company, its subsidiaries and affiliates which is of a confidential, trade secret and/or proprietary character;

(iv) internal Company personnel and financial information, supplier names and other supplier information, purchasing and internal cost information, internal services and operational manuals, and the manner and method of conducting the Company's business;

(v) marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, current and prospective client lists, and future plans and potential strategies of the Company that have been or are being discussed; and

(vi) all information that becomes known to the Executive as a result of this Agreement, any prior employment agreements with the Company, or the services performed hereunder that the Executive, acting reasonably, believes is confidential information or that the Company takes measures to protect;

provided that Confidential Information does not include any of the following:

(vii) the general skills and experience gained by the Executive during the Executive's employment with the Company that the Executive could reasonably have been expected to acquire in similar retainers or engagements with other companies;

(viii) information publicly known without breach of this Agreement or similar agreements;

(ix) information, the disclosure of which by the Executive is required to be made by any law, regulation or governmental authority or legal process of discovery (to the extent of the requirement), provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent reasonably possible in the circumstances, the Company is afforded an opportunity to dispute the requirement; or

(x) information known to the Executive at the date of this Agreement.

(j) "**Date of Termination**" means the date of termination of this Agreement.

(k) "**Developments**" means all discoveries, inventions, designs, works of authorship, improvements and ideas (whether or not patentable or copyrightable) and legally recognized proprietary rights (including, but not limited to, patents, copyrights, trademarks, know-how and trade secrets), and all records and copies of records relating to the foregoing, that:

(i) result or derive from the Executive's employment or from the Executive's knowledge or use of Confidential Information;

(ii) are conceived or made by the Executive (individually or in collaboration with others) during the term of the Executive's employment by the Company;

(iii) result from or derive from the use or application of the resources of the Company or its affiliates; or

(iv) relate to the business operations of the Company or to actual or demonstrably anticipated research and development by the Company or its affiliates.

(l) "**Directors**" means the Directors of the Company, and "Director" means any one of them.

(m) "**Effective Date**" means October 1, 2022.

(n) "**Exchanges**" means the Nasdaq Capital Market and the Canadian Securities Exchange.

(o) "**Expense Report**" has the meaning set out in Section 4.5.

(p) "**Just Cause**" includes, but is not limited to:

(i) the Executive's failure to properly discharge his lawful duties after receiving a written notice from the Board which advises of the details of such failure and which provides the Executive 30 days to cure such failure;

(ii) the Executive's conviction for any crime respecting the property of the Company or which calls into question the Executive's personal honesty;

(iii) any breach by the Executive of the fiduciary duties normally owed by a Director of Sales and Operations of a corporation, including the duty to avoid conflicts of interest, and to act honestly and in good faith with a view to the best interests of the Company after receiving a written notice from the Board which advises of the details of such breach and which provides the Executive with 30 days to cure such breach; or

(iv) any material breach of this Agreement by the Executive after receiving a written notice from the Board which advises of the details of such breach and which provides the Executive 30 days to cure such breach.

(q) "**Pay Period**" means the recurring length of time over which employee time is recorded and paid by the Company.

(r) "**Plan**" means the 2020 Equity Incentive Plan adopted by the Board, as amended by the Board from time to time after the Effective Date, and any successor equity incentive plan that may be adopted by the Board from time-to-time after the Effective Date.

(s) "**Salary**" has the meaning set out in Section 3.1.

2. TERMS AND CONDITIONS OF EMPLOYMENT

2.1 Employment. The Company and the Executive agree that, as of the Effective Date, the Company shall employ the Executive on the terms and conditions set out in this Agreement. The Executive shall perform such duties as are regularly and customarily performed by the Director of Sales and Operations of a corporation, and any other duties consistent with the Executive's position in the Company. The Executive agrees that, in addition to role of CFO of the Company, the Executive shall:

(a) perform other related positions or duties of senior capacity as the President and CEO and/or Board may from time-to-time reasonably require; and

(b) the Executive shall always act in accordance with any reasonable decision of and obey and carry out all lawful and reasonable orders given to him by the Board.

2.2 Reporting. The Executive shall:

(a) report to the Company's President & CEO and take direction from theCompany's President & CEO directly and/or the Board by resolution and in the absence of, or pending a resolution of the Board on any matter, take direction from the Chairman of the Board;

(b) attend all meetings of the Board;

(c) at meetings of the Board, have the authority to propose any resolution for consideration by the Board; and

(d) ensure that all contracts and similar arrangements of the Company shall be approved and signed in accordance with the signing authorities authorized by the Board from time to time.

2.3 Term. The term of this Agreement shall commence on the Effective Date, and, unless renewed under Section 2.4 or otherwise terminated under Section 6, shall terminate on the second anniversary of the Effective Date (the "**Initial Term**").

2.4 Renewal. On the second anniversary of the Effective Date and on each annual anniversary date thereafter, the term of this Agreement shall automatically be extended by one additional year (each, a "**Renewal Term**") unless either party gives ninety (90) days' written notice to the other of its intention not to renew this Agreement.

2.5 Location. The Executive's employment shall be based in the Company's regional office in southern California The Executive understands that he will be required to travel regularly in order to fulfill his duties as Director of Sales and Operations of the Company, including regular travel to the Company's corporate headquarters in Scottsdale, Arizona.

2.6 Full Time and Efforts. Unless prevented by ill health, or physical or mental disability or impairment, the Executive shall, during the term hereof, devote his full-time attention, effort, care and attention to his duties set out in this Agreement and to the business of the Company in order to properly discharge his duties hereunder. Executive shall devote not less than fifty (50) hours per week to the Company's business. Except for serving on corporate board of directors that have been approved in advance by the Board, consulting with companies who Executive maintains a passive investment interest, and engaging in personal passive investment activities, the Executive shall not, without the prior express approval of the Board, be involved in any other outside business endeavours.

2.7 Authority, Approval Required for Pledging of Stock. The Executive shall have, subject always to the general or specific instructions and directions of the Board, full power and authority to manage and direct the business and affairs of the Company (except only the matters and duties as by law must be transacted or performed by the Board or by the stockholders of the Company in general meeting), including power and authority to enter into contracts, engagements or commitments of every nature or kind in the name of and on behalf of the Company and to engage and employ and to dismiss all managers and other employees and agents of the Company other than the senior management and officers of the Company, provided always that the contracts, engagements and commitments entered into are in accordance with the budgets presented to and approved by the Board. During the Term, the Executive shall not pledge, hypothecate or otherwise encumber his equity in the Company without the prior express written approval of the Board.

2.8 Fiduciary Role and Personal Use of Employees. The Executive acknowledges that, as the Director of Sales and Operations of the Company, he occupies a position of fiduciary trust and confidence and, as a fiduciary, he shall develop and acquire wide experience and knowledge with respect to all aspects in which the business of the Company is conducted. The Executive agrees to serve the Company in a manner which is consistent with the fiduciary duties owed to the Company. Except for personal assistance from the Executive's executive assistant and/or other administrative staff supporting the Executive and de minimus personal requests of other employees, the Executive shall not utilize any of the Company's employees for any of the Executive's personal affairs and business matters.

3. COMPENSATION

3.1 Salary and Bonus.

(a) During the Initial Term and any Renewal Terms in effect in which compensation has not been amended by mutual agreement of the Executive and Company, the Company shall pay the Executive the sum of $252,000.00 annually (the "**Salary**") or such other amount as may be determined by the Board from time to time, commencing on the Effective Date. During each of the Company's fiscal years during the Initial Term and any Renewal Terms (beginning with the fiscal year of April 1, 2022 to March 31, 2023 ("FY 23")), the Executive shall also be eligible for the following annual bonus: up to fifty percent (50%) of his Salary, with the exact amount of the bonus to be determined within thirty (30) days of the end of each fiscal year by the Compensation Committee, based ninety percent (90%) upon the Executive's performance during the immediately preceding fiscal year as measured bythe key performance indicators attached to this Agreement as Exhibit "A" (the "**KPI's**") and ten percent (10%) based upon the discretion of the Compensation Committee (the '**Bonus**").. During the Initial Term and any Renewal Terms, the KPI's attached to this Agreement: (i) shall be updated within thirty (30) days of the end of each fiscal year, with the first update being April 30, 2023 and with each of the Company and the Executive signing the updated KPI's to acknowledge their incorporation in to this Agreement; and (ii) shall be set and established in the sole discretion of the Compensation Committee. Notwithstanding the foregoing, the KPIs for FY 23 will be for the period October 1, 2022 through March 31, 2023 due to Effective Date of this Agreement and the applicable Bonus shall be pro-rated as to only apply to such six month's of Salary.

(b) All compensation payable to the Executive pursuant to this Section 3 or otherwise under this Agreement, shall be payable in accordance with the Company's normal payroll practices, as applicable, and shall be subject to all statutory deductions that the Company is required to make and remit.

(c) The Executive shall be responsible to pay for all federal, state and local taxes assessed on any income received from the Executive under this Agreement, which are over and above the amounts that were deducted and remitted on the Executive's behalf by the Company.

3.2 Awards.

(a) At the sole and absolute discretion of the Board and subject to compliance with the Plan, all applicable laws, regulations and rules of any governmental authority, quotation system or stock exchange, the Company may grant Awards to the Executive from time-to-time during the term of this Agreement but nothing in this Agreement shall obligate the Company to do so.

(b) Any Awards granted to the Executive during the Term of this Agreement will be subject to the terms of the Plan and the Company's standard form of Award Agreement. In the event of any inconsistency among this Agreement, the Award Agreement and the Plan, the terms of the Plan and the Award Agreement will control, in descending order (for clarity, in the event of any inconsistency between the Plan and the Award Agreement, the terms of the Plan will control).

4. EMPLOYEE BENEFITS AND EXPENSES

4.1 Employee Benefits. The Executive shall, to the extent eligible, be entitled to participate in all Company employee benefit plans including without limitation, any medical/hospital and extended health care benefits (collectively, the "Employee Benefits") provided by the Company to its senior officers in accordance with the terms thereof as such may be in effect from time to time. Should the Company not provide such plans at any time or if the Executive elects to remain on his current insurance coverage, the Company shall reimburse the Executive for the actual cost of any such plans obtained privately for the Executive and his spouse.

4.2 Benefits on Cessation of Employment. Unless otherwise agreed by the parties, upon cessation of employment with the Company for any reason, regardless of whether the cessation is voluntary or involuntary or constitutes termination with or without cause or adequate notice:

(a) the Employee Benefits and any reimbursement in lieu of such Employee Benefits in accordance with Section 4.1 will continue for a period of six months after which time the Executive shall cease to participate in the Employee Benefits and shall not be entitled to any further benefits thereunder; and

(b) after such six (6) month period, the Executive shall be solely responsible for obtaining personal benefit plans to replace any or all Employee Benefits, including, without limitation, medical/hospital and extended health care benefits. Notwithstanding the foregoing, in the event Company offers COBRA coverage and the Executive is eligible after the period set forth in Section 4.2(a) above, the Executive, at his sole cost and expense, may participate in such COBRA coverage.

4.3 Automobile Allowance. The Company shall provide the Executive with a $750 per month automobile allowance during the Term of this Agreement.

4.4 Vacation. The Executive shall be entitled in each calendar year to five (5) weeks' paid vacation, in addition to weekends and statutory holidays, to be taken in installments of no more than two (2) consecutive weeks of paid time off. Subject to the foregoing, paid vacation is to be taken at such time or times as the Executive may select and the Board may reasonably approve having regard to the business affairs and operations of the Company.

4.5 Expenses. The Company shall reimburse the Executive for any expenses that the Executive incurs in connection with his duties under this Agreement, provided that: (i) the Executive provides to the Company an itemized written account and written receipts acceptable to the Company within a reasonable time after they have been incurred (the "Expense Report"); and (ii) the Company's CFO has approved the applicable Expense Report and such Expense Report complies with all of the Company's audit and corporate governance guidelines then in effect.

5. CONFIDENTIAL INFORMATION AND DEVELOPMENTS

5.1 Confidential Information.

(a) All Confidential Information, whether developed by the Executive any time while he was employed by the Company, or by others employed or engaged by or associated with the Company or its affiliates or clients, is the exclusive and confidential property of the Company or its affiliates or clients, as the case may be, and shall at all times be regarded, treated and protected as such, as provided in this Agreement.

(b) As a consequence of the acquisition of Confidential Information or arising from his position asthe Director of Sales and Operations, the Executive shall occupy a position of trust and confidence with respect to the affairs and business of the Company, its affiliates, suppliers and clients. In view of the foregoing, it is reasonable and necessary for the Executive to make the following covenants regarding the Executive's conduct during and subsequent to the Executive's employment by the Company:

(i) at all times during and subsequent to the Executive's employment with the Company, the Executive shall not disclose Confidential Information to any person (other than as necessary in carrying out the Executive's duties on behalf of the Company) without first obtaining the Company's consent, and the Executive shall take all reasonable precautions to prevent inadvertent disclosure of any Confidential Information;

(ii) at all times during and subsequent to the Executive's employment with the Company, the Executive shall not use, copy, transfer or destroy any Confidential Information (other than as necessary in carrying out the Executive's duties on behalf of the Company) without first obtaining the Company's consent and the Executive shall take all reasonable precautions to prevent inadvertent use, copying, transfer or destruction of any Confidential Information. This prohibition includes, but is not limited to, licensing or otherwise exploiting, directly or indirectly, any products or services that embody or are derived from Confidential Information or exercising judgment or performing analysis based upon knowledge of Confidential Information; and

(iii) within ten (10) business days after the termination of the Executive's employment for any reason, the Executive shall promptly deliver to the Company all property of or belonging to or administered by the Company including without limitation all Confidential Information that is embodied in any form, whether in hard copy or on electronic media, and that is within the Executive's possession or under the Executive's control.

5.2 Intellectual Property.

(a) All Developments shall be the exclusive property of the Company and the Company shall have sole discretion to deal with the Developments. The Executive agrees that no intellectual property rights in the Developments are or shall be retained by him. For greater certainty, all work done during the term of employment by the Executive for the Company or its affiliates is the sole property of the Company or its affiliates, as the case may be, as the first author for copyright purposes and in respect of which all copyright shall vest in the Company or the relevant affiliate, as the case may be. In consideration of the benefits to be received by the Executive under the terms of this Agreement, the Executive hereby irrevocably sells, assigns and transfers and agrees in the future to sell, assign and transfer all right, title and interest in and to the Developments and intellectual property rights therein including, without limitation, all patents, copyright, industrial design, circuit topography and trademarks, and any goodwill associated therewith in United States and worldwide to the Company and the Executive shall hold all the benefits of the rights, title and interest mentioned above in trust for the Company prior to the assignment to the Company.

(b) The Executive shall do all further things that may be reasonably necessary or desirable in order to give full effect to the foregoing. If the Executive's cooperation is required in order for the Company to obtain or enforce legal protection of the Developments following the termination of the Executive's employment, the Executive shall provide that cooperation so long as the Company pays to the Executive reasonable compensation for the Executive's time at a rate to be agreed between the Executive and the Company.

5.3 Non-Competition. The Executive hereby covenants and agrees to and with the Company that he shall not either directly or indirectly as principal, agent, owner, partner, shareholder, director, officer or otherwise, own, operate, be engaged in the operation of or have any financial interest in any business operation whether a proprietorship, partnership, joint venture or private company, or otherwise carry on or be engaged in the beverage industry or CBD industry within North America for a period of one year following the voluntary termination of the employment relationship with the Company if the new venture would be in conflict or direct competition of or with the Company.

5.4 Consent to Enforcement. The Executive confirms that all restrictions in Sections 5.1, 5.2, and 5.3 are reasonable and valid and any defences to the strict enforcement thereof by the Company are waived by the Executive. Without limiting the generality of the foregoing, the Executive hereby consents to an injunction being granted by a court of competent jurisdiction in the event that the Executive is in breach of any of the provisions stipulated in Sections 5.1, 5.2 and 5.3. The Executive hereby expressly acknowledges and agrees that injunctive relief is an appropriate and fair remedy in the event of a breach of any of the said provisions.

5.5 Effect of Bankruptcy and other Events. In the event of bankruptcy of the Company, dissolution of business or the inability or failure of the Company to satisfy the terms of compensation or benefits contained in Sections 3 and 4, the non-competition provisions set out in Section 5.3 shall no longer apply.

5.6 Obligations Remain. Except where Section 5.5 applies, the Executive's obligations under each of Sections 5.1, 5.2, and 5.3 are to remain in effect in accordance with each of their terms and shall exist and continue in full force and effect despite any breach or repudiation, or alleged breach or repudiation, of this Agreement or the Executive's wrongful dismissal by the Company.

6. TERMINATION

6.1 Termination for Just Cause. The Company may terminate the Executive's employment for Just Cause at any time by delivering to the Executive written notice of termination. In the event that the Executive's employment with the Company is terminated by the Company for Just Cause, the Executive shall not be entitled to any additional payments or benefits hereunder (except as otherwise provided herein), other than for amounts due and owing to the Executive by the Company as at the Date of Termination, except for any Awards which shall be dealt with in accordance with the Plan and the Award Agreement.

6.2 Death or Disability. Subject to applicable employment laws or similar legislation, the Company may terminate the Executive's employment in the event the Executive has been unable to perform his duties for a period of eight (8) consecutive months or a cumulative period of twelve (12) months in any consecutive twenty-four (24) month period, because of a physical or mental disability. The Executive's employment shall automatically terminate on the Executive's death. In the event the Executive's employment with the Company terminates by reason of the Executive's death or disability, then upon and immediately effective on the Date of Termination the Company shall promptly pay and provide the Executive (or in the event of the Executive's death, the Executive's estate);

(a) any unpaid Salary and any outstanding and accrued regular and special vacation pay through the Date of Termination;

(b) reimbursement for any unreimbursed expenses incurred through to the Date of Termination; and

(c) any outstanding amounts due under any Awards which shall be dealt with in accordance with the Plan and the Award Agreement.

6.3 Severance for Disability. In the event the Executive's employment is terminated due to a disability pursuant to Section 6.2, the Company shall pay to the Executive the severance referred to in Section 6.4.

6.4 Termination by the Executive on Change of Control Event & Termination by the Company Other than for JustCause.

(a) If, within 90 days of the occurrence of a Change of Control Event, the Executive resigns from his employment relationship with the Company or the Company terminates this Agreement for any reason other than for Just Cause and the Executive signs the Release, then the Company shall pay the Executive severance in an amount equal to the following: 12 months' Salary.

(b) The Company may terminate the Executive's employment at any time for other than Just Cause by delivering to the Executive written notice of termination. If the Executive's employment with the Company is terminated pursuant to this Section 6.4(b) and the Executive signs the Release, then the Company shall pay the Executive severance in an amount equal to the following: 12 months' Salary.

(c) The severance amount calculated pursuant to Sections 6.4(a) or 6.4(b) shall be subject to the following conditions and terms: (i) the Executive must execute a broad based general release in favor of the Company (the "**Release**"); (ii) statutory deductions; and (iii) shall be payable in one (1) lump sum within then (10) days of such resignation or termination.

6.5 Fair and Reasonable Provisions. The Company and the Executive acknowledge and agree that the provisions of Section 6.4 regarding further payments of the Salary constitute fair and reasonable provisions for the consequences of such resignation or termination, and such payments and benefits shall not be limited or reduced by amounts the Executive might earn or be able to earn from any other employment or ventures during the remainder of the agreed term of this Agreement.

6.6 Resignation of Offices. On termination of this Agreement for any reason, the Executive shall immediately resign all offices held (including directorships if requested) in the Company and, save as provided by this Agreement, the Executive shall not be entitled to receive any severance payment or compensation for loss of office or otherwise by reason of the resignation. If the Executive, as applicable, fails to resign as required by this Section 6.6, the Company is irrevocably authorized to appoint some person in his name and on his behalf to execute any documents or do anything necessary or requisite to give effect to such resignation.

7. GENERAL

7.1 Indemnification by the Company. Provided that the Executive has acted within the scope of his authority, the Company shall indemnify and save harmless the Executive (including his heirs and legal representatives) against any and all costs, claims and expenses (including any amounts paid to settle any actions or satisfy any judgments) which:

(a) the Executive may suffer or incur by reason of any matter or thing which the Executive may in good faith do or have done or caused to be done as an employee, officer or director of the Company, any of its subsidiaries or of any of their respective affiliates; or

(b) was reasonably incurred by the Executive in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been an employee, officer or director of the Company, any of its subsidiaries or of any of their respective affiliates;

provided that, the foregoing indemnification will apply only if:

(c) the Executive acted honestly and in good faith with a view to the best interests of the Company, any of its subsidiaries or any of their respective affiliates; and

(d) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Executive had reasonable grounds for believing that his conduct was lawful.

7.2 Indemnification by the Executive. The Executive shall indemnify and save harmless the Company against, and agree to hold it harmless from, any and all damages, injuries, claims, demands, actions, liability, costs and expenses (including reasonable legal fees) incurred or made against the Company arising from or connected with the performance or non-performance of this Agreement by the Executive or the beach of any warranty, representation or covenant herein by the Executive, other than claims by the Executive pursuant to this Agreement. This Section shall survive the termination of this Agreement.

7.3 Insurance. If and to the extent the Company maintains directors' and officers' liability insurance for the protection of its executives in connection with acts and omissions occurring during their employment with the Company, the Executive shall be included as an officer and director who is covered by such policy on a basis no less favorable than made available to other executives of the Company.

7.4 Authorization. The Company represents and warrants that it is fully authorized and empowered to enter into this Agreement and perform its obligations hereunder, and that performance of this Agreement shall not violate any agreement between the Company and any other person, firm or organization nor breach any provisions of its corporate and organizational documents or governing legislation.

7.5 Obligations Continue. The Executive's obligations under Section 5 are to remain in full force and effect notwithstanding termination of this Agreement for any reason.

7.6 Amendment or Waiver. No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by the Executive and an authorized officer of the Company. No waiver by either party hereto of any breach by the other party hereto of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of the Company, as the case may be.

7.7 Compliance with Policies and Laws. The Executive agrees to abide by all the Company's policies and procedures. The Executive also agrees to abide by all laws applicable to the Company, in each jurisdiction that it does business.

7.8 Governing Law and Venue. This Agreement is governed by the laws of the State of Arizona and the federal laws of the United States of America as applicable therein. The Executive irrevocably attorns to the jurisdiction of the courts of the State of Arizona.

7.9 Notices. Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail posted in the United States, the notice to the following address or number:

(a) in the case of the Company:

Attn: Michael Reagan, Esq.
8541 E. Anderson Drive
Suite 100
Scottsdale, AZ 85255,
email:

(b) in the case of the Executive:

Email:

(or to such other address or number as any party may specify by notice in writing to another party).

Any notice delivered or sent by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy on a business day will be deemed conclusively to have been effectively given on the day the notice was delivered, or the transmission was sent successfully to the number set out above, as the case may be.

Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third business day after posting; but if at the time of posting or between the time of posting and the third business day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

7.10 Severability. If any provision contained herein is determined to be void or unenforceable for any reason, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision contained herein and the remaining provisions shall remain in full force and effect to the fullest extent permissible by law.

7.11 Entire Agreement. This Agreement contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

7.12 Currency. Unless otherwise specified herein all references to dollar or dollars are references to U.S. dollars.

7.13 Further Assurances. Each of the Executive and the Company shall do, execute and deliver, or shall cause to be done, executed and delivered, all such further acts, documents and things as the Executive or the Company may require for the purposes of giving effect to this Agreement.

7.14 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding on, the parties and their respective heirs, administrators, executors, successors and permitted assigns. The Company shall have the right to

assign this Agreement to any of its affiliates or to any successor (whether direct or indirect, by purchase, amalgamation, arrangement, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; the Executive shall not be entitled to any payment or other consideration or to any advance notice of any such assignment. The Executive by the Executive's signature hereto expressly consents to such assignment and, provided that such successor agrees to assume and be bound by the terms and conditions of this Agreement, all references to the "Company" hereunder shall include its successor. The Executive shall not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of the Executive's rights or obligations under this Agreement without the prior consent of the Company, which may be arbitrarily withheld.

7.15 Continuing Cooperation. The Executive agrees that he shall, both during the term of this Agreement and thereafter, fully co-operate with and assist the Company in the resolution of complaints, claims or disputes against the Company, including without limitation civil, criminal or regulatory proceedings.

7.16 Legal Advice. The Executive acknowledges and agrees that he has had the opportunity to seek independent legal advice in relation to the nature, contents, terms and effect of this Agreement and he fully understands the nature of this Agreement and that he is entering into this Agreement voluntarily.

7.17 Counterparts/Electronic Execution. This Agreement may be executed in several parts in the same form and such parts as so executed shall together constitute one original document, and such parts, if more than one, shall be read together and construed as if all the signing parties had executed one copy of the said Agreement. Electronic or PDF signatures shall be deemed original signatures.

[Signature page on following page]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

THE ALKALINE WATER COMPANY INC.

Per: /s/ Frank Lazaran
Authorized Signatory

EXECUTED by **FRANK CHESSMAN**:

/s/ Frank Chessman
FRANK CHESSMAN

EXHIBIT "A"

KPI'S for FY 23 (covering period October 1, 2022 to March 31, 2023) attached hereto

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank Chessman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Alkaline Water Company Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2023

/s/ Frank Chessman
Frank Chessman
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Guarino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Alkaline Water Company Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2023

/s/ David A. Guarino
David A. Guarino
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Frank Chessman, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the quarterly report on Form 10-Q of The Alkaline Water Company Inc. for the period ended December 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of The Alkaline Water Company Inc.

February 28, 2023

/s/ Frank Chessman
Frank Chessman
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, David A. Guarino, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the quarterly report on Form 10-Q of The Alkaline Water Company Inc. for the period ended December 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of The Alkaline Water Company Inc.

February 28, 2023

/s/ David A. Guarino
David A. Guarino
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)