
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 20, 2023**

THE ALKALINE WATER COMPANY INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-38754
(Commission
File Number)

99-0367049
(IRS Employer
Identification No.)

8541 E. Anderson Drive, Suite 100
Scottsdale, Arizona, United States 85255
(Address of principal executive offices) (ZIP Code)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	WTER	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective February 20, 2023, Frank Lazaran resigned as the President and Chief Executive Officer of our company. On the same date, we appointed Frank Chessman as our Chief Executive Officer and President.

Mr. Chessman, age 70, is an accomplished executive with five decades of experience in sales, marketing, and operations. He holds a Bachelor of Science degree from the University of Southern California's Marshall School of Business and conducted graduate studies at the Anderson School at UCLA. Mr. Chessman served as Vice President of Sales and Advertising for Ralphs Grocery Company, now a major division of Kroger. He also spent 14 years at Simon Marketing as the Executive Vice President, where he gained valuable experience in marketing and promotions. His career also includes extensive beverage manufacturing experience prior to his time with our company. During the past five years, Mr. Chessman has been the director of national sales for our company and over the past eight months, Mr. Chessman had additional responsibility for operations as the director of sales and operations for our company. Our company has seen significant growth under his leadership, expanding to a national brand with over \$100 million in yearly retail sales. During our company's pivot last year to its Pathway-to-Profitability strategy, Mr. Chessman worked side-by-side with Mr. Lazaran, overseeing all aspects of sales and operations. Mr. Chessman's extensive experience and long-time commitment to the Alkaline88 brand make him an indispensable asset to our company and well-equipped to step in as our new president and chief executive officer.

Term of Executive Officer

The executive officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office.

Family Relationships

No family relationships exist between any of our directors or executive officers.

Certain Related Transactions and Relationships

Except as disclosed below, we have not been party to any transaction with Mr. Chessman since April 1, 2020, or any currently proposed transaction with Mr. Chessman in which we were or will be a participant and where the amount involved exceeds \$120,000, and in which Mr. Chessman had or will have a direct or indirect material interest.

Compensation and Employment Agreement

During the fiscal year ended March 31, 2021, we paid Mr. Chessman \$181,000 for his services to our company.

During the fiscal year ended March 31, 2022, we paid Mr. Chessman \$222,000 for his services to our company.

From April 1, 2022 to September 30, 2022, we paid Mr. Chessman \$117,250 for his services to our company.

On November 16, 2022, we entered into an employment agreement with Mr. Chessman pursuant to which, as of the effective date of October 1, 2022 (the "**Effective Date**"), we have agreed to employ Mr. Chessman and Mr. Chessman has agreed to 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 Mr. Chessman's position in our company. Pursuant to the terms of the employment agreement, we have agreed to pay Mr. Chessman \$252,000 annually or such other amount as may be determined by our board of directors from time to time, commencing on the Effective Date. On February 20, 2023, our board of directors increased the salary paid to Mr. Chessman, effective as February 1, 2023, by \$25,000 annually.

In addition, during each of our fiscal years during the term of the employment agreement (beginning with the fiscal year of April 1, 2022 to March 31, 2023 (the "**Fiscal 2023**"), Mr. Chessman will be eligible for the following annual bonuses: (i) up to 50% of Mr. Chessman's salary, with the exact amount of the bonus to be determined within 30 days of the end of each fiscal year by the compensation committee of our board of directors, based upon 90% of Mr. Chessman's performance during the immediately preceding fiscal year as measured by certain key performance indicators (the "**KPIs**"), and 10% upon the discretion of the compensation committee. During the term of the employment agreement, these KPIs (i) will be updated within 30 days of the end of each fiscal year, with the first update being April 30, 2023; and (ii) will be set and established in the sole discretion of the compensation committee of our board of directors. However, the KPIs for the Fiscal 2023 will be for the period from October 1, 2022 through March 31, 2023 due to Mr. Chessman's start date and transition time required.

In addition, Mr. Chessman will be entitled to participate in all of our employee benefit plans provided by our company to our senior officers. If we do not provide such plans at any time or if Mr. Chessman elects to remain on his current insurance coverage, we agreed to reimburse Mr. Chessman for the actual cost of any such plans obtained privately for Mr. Chessman and his spouse. We have also agreed to (i) provide Mr. Chessman with a \$750 per month automobile allowance during the term of the employment agreement; and (ii) reimburse Mr. Chessman for any expenses that he incurs in connection with his duties under his employment agreement. Mr. Chessman will be entitled in each year to five weeks' paid vacation, in addition to weekends and statutory holidays, to be taken in installments of no more than two consecutive weeks of paid time off.

The initial term of the employment agreement is two years from the Effective Date and, on the second anniversary of the Effective Date and on each annual anniversary date thereafter, the term of the employment agreement will automatically be extended by one additional year unless either party gives 90 days' written notice to the other of its intention not to renew the employment agreement.

If, within 90 days of the occurrence of a change of control event, Mr. Chessman resigns from his employment relationship with our company or our company terminates his employment agreement for any reason other than for just cause and Mr. Chessman signs a broad based general release in favor of our company (the "**Release**"), then we have agreed to pay Mr. Chessman severance in an amount equal to the 12 months' salary.

We may terminate Mr. Chessman's employment at any time for other than just cause by delivering to Mr. Chessman written notice of termination. In such a case, provided that Mr. Chessman signs the Release, we have agreed to pay Mr. Chessman severance in an amount equal to the 12 months' salary.

Subject to applicable employment laws or similar legislation, we may terminate Mr. Chessman's employment in the event he has been unable to perform his duties for a period of eight consecutive months or a cumulative period of 12 months in any consecutive 24 month period, because of a physical or mental disability. Mr. Chessman's employment will automatically terminate on his death. In the event Mr. Chessman's employment with our company terminates by reason of Mr. Chessman's death or disability, then upon and immediately effective on the date of termination we agreed to promptly pay and provide Mr. Chessman (or in the event of Mr. Chessman's death, Mr. Chessman's estate); any unpaid salary and any outstanding and accrued regular and special vacation pay through the date of termination; reimbursement for any unreimbursed expenses incurred through to the date of termination; and any outstanding amounts due under any awards which will be dealt with in accordance with the Plan and the award agreement. In the event Mr. Chessman's employment is terminated due to a disability, we have agreed to pay to Mr. Chessman the severance referred to above.

We may terminate Mr. Chessman's employment for just cause at any time by delivering to Mr. Chessman written notice of termination. In the event that Mr. Chessman's employment with our company is terminated by our company for just cause, Mr. Chessman will not be entitled to any additional payments or benefits (except as otherwise provided in his employment agreement), other than for amounts due and owing to Mr. Chessman by our company as of the date of termination, except for any awards under the Plan will be dealt with in accordance with the Plan and award agreement.

Provided that Mr. Chessman has acted within the scope of his authority, we have agreed to indemnify and save harmless Mr. Chessman (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: he may suffer or incur by reason of any matter or thing which he may in good faith do or have done or caused to be done as an employee, officer or director of our company, any of its subsidiaries or of any of their respective affiliates; or was reasonably incurred by him 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 our company, any of its subsidiaries or of any of their respective affiliates; provided that, the foregoing indemnification will apply only if: he acted honestly and in good faith with a view to the best interests of our company, any of its subsidiaries or any of their respective affiliates; and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

Mr. Chessman has agreed to indemnify and save harmless our company against, and has agreed 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 our company arising from or connected with the performance or non-performance of his employment by him or the breach of any warranty, representation or covenant herein by him, other than claims by him pursuant to his employment agreement.

If and to the extent we maintain directors' and officers' liability insurance for the protection of our executives in connection with acts and omissions occurring during their employment with our company, we have agreed that Mr. Chessman will 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 our company.

Restricted Awards and Stock Options

On April 3, 2020, we granted 300,000 stock options to Mr. Chessman under our 2018 Stock Option Plan. The stock options are exercisable at the exercise price of \$0.53 per share until April 2, 2030. The stock options vested as to 50% on the date of grant and 50% on the one year anniversary of the date of grant.

On April 30, 2020, we granted an award of 100,000 shares of our common stock to Mr. Chessman. We granted these shares as "restricted awards" under our 2020 Equity Incentive Plan. These shares vested on the one year anniversary of the grant date.

On March 31, 2021, we granted 200,000 stock options to Mr. Chessman under our 2020 Equity Incentive Plan. The stock options are exercisable at the exercise price of \$1.09 per share until March 31, 2031. The stock options vested as to 50% on the date of grant and 50% on the one year anniversary of the date of grant.

On March 31, 2021, we granted an award of 100,000 shares of our common stock to Mr. Chessman. We granted these shares as "restricted awards" under our 2020 Equity Incentive Plan. These shares vested on the one year anniversary of the grant date.

On November 11, 2021, we granted an award of 300,000 shares of our common stock to Mr. Chessman. We granted these shares as "restricted awards" under our 2020 Equity Incentive Plan. These shares vested on January 15, 2022.

On August 23, 2022, we granted 500,000 stock options to Mr. Chessman. The stock options are exercisable at the exercise price of \$0.51 per share until August 23, 2032. The stock options vests as to 50% on each of the first and second one year anniversary of the date of grant.

On November 16, 2022, we granted an award of 500,000 shares of our common stock to Mr. Chessman. We granted these shares as "restricted awards" under our 2020 Equity Incentive Plan. These shares vested as to 50% on the date of grant and 50% on the six month anniversary of the date of grant.

On November 16, 2022, we granted 375,000 stock options to Mr. Chessman under our 2020 Equity Incentive Plan. The stock options are exercisable at the exercise price of \$0.25 per share until November 16, 2032. The stock options vest as to 50% on the one year anniversary of the date of grant and 50% on the two year anniversary of the date of grant.

Item 7.01 Regulation FD Disclosure.

A copy of our news release dated February 24, 2023 is being furnished herewith as Exhibit 99.1

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 of this current report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "**Exchange Act**"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

[99.1](#) [News Release dated February 24, 2023](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

THE ALKALINE WATER COMPANY INC.

/s/ David Guarino

David Guarino
Chief Financial Officer and Director

February 24, 2023

The Alkaline Water Company Announces Change in Officers

Frank Lazaran Steps Down as CEO and President Due to Medical Concerns, Remains on Board of Directors

Director of Sales and Operations, Frank Chessman, Appointed CEO and President

SCOTTSDALE, Ariz., Feb. 24, 2023 - The Alkaline Water Company Inc. (NASDAQ and CSE: WTER), the largest independent alkaline water company in the country and the Clean Beverage™ company, announced that, due to unforeseen medical concerns, Frank Lazaran has stepped down from his positions as CEO and President of the company effective February 20, 2023. Frank Chessman, formerly the Company's Director of Sales and Operations, has been appointed as the new CEO and President. Frank Lazaran will continue to serve on the Board of Directors.

"We wish Frank Lazaran a speedy recovery and we want to thank him for his dedication and contributions to putting Alkaline88 on its Pathway to Profitability," said Aaron Keay, the Company's Chairman. "Frank has orchestrated an incredible pivot in the Company's direction and initiated many significant changes that will continue to have a positive impact on the bottom line. We look forward to his continued influence on the Board of Directors while he focuses on addressing his medical issues. There is always a spot for Frank with Alkaline88."

New President and CEO, Frank Chessman, has been with the Company since its inception as the architect of its consistent sales growth to approximately \$100 million in retail sales in 2022. Mr. Chessman has over five decades of experience in sales, marketing, and operations. Prior to joining the Company, he served as Vice President of Sales and Advertising for Ralphs Grocery Company and spent 14 years at Simon Marketing as the Executive Vice President. His extensive experience also includes a decade in beverage manufacturing.

Since the Company's pivot last year to its Pathway to Profitability, Mr. Chessman has worked side-by-side with Mr. Lazaran and has been an integral part of its design and implementation, overseeing all aspects of sales and operations.

"The appointment of Frank Chessman as our new CEO and President allows us to maintain important leadership continuity for the Company," said Mr. Keay. "Frank has been with the Company's since its inception and, in addition to working very closely with Mr. Lazaran and CFO, David Guarino, he has been involved in hiring and working with employees across all facets of the business. Mr. Chessman's extensive experience in sales, marketing, and operations, coupled with his longstanding commitment and passion for Alkaline88, make him an excellent choice to guide the Company through this transition as we continue to drive the brand forward."

About The Alkaline Water Company:

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

Founded in 2012, The Alkaline Water Company (NASDAQ and CSE: WTER) is headquartered in Scottsdale, Arizona. Its flagship product, Alkaline88®, is a leading premier alkaline water brand available in bulk and single-serve sizes along with eco-friendly aluminum packaging options. With its innovative, state-of-the-art proprietary electrolysis process, Alkaline88® delivers perfect 8.8 pH alkaline drinking water with trace minerals and electrolytes and boasts our trademarked "Clean Beverage" label. In 2021, The Alkaline Water Company was pleased to welcome Shaquille O'Neal to its board of advisors and to serve as the celebrity brand ambassador for Alkaline88®.

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

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

Notice Regarding Forward-Looking Statements

This news release contains "forward-looking statements." Statements in this news release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, the following: the statements relating to the Company's pathway to profitability; that many significant changes initiated by Frank Lazaran will continue to have a positive impact on the bottom line; that the Company looks forward to Frank Lazaran's continued influence on the Board of Directors while he focuses on addressing his medical issues and there is always a spot for Frank Lazaran with Alkaline88; and that Frank Chessman is an excellent choice to guide the Company through this transition as the Company continues to drive the brand forward.

The material assumptions supporting these forward-looking statements include, among others, that the Company's cost-saving and margin enhancement measures will be fully implemented and, once implemented, they will be effective to reduce the Company's annual expense and enhance the Company's margin to the extent anticipated by the Company; that the Company's burn rate to reach the level anticipated by the Company as a result of the Company's proactive reduction in its monthly burn rate; that the demand for the Company's products will continue to significantly grow; that the past production capacity of the Company's co-packing facilities can be maintained or increased; that there will be increased production capacity through implementation of new production facilities, new co-packers and new technology; that there will be an increase in number of products available for sale to retailers and consumers; that there will be an expansion in geographical areas by national retailers carrying the Company's products; that there will be an expansion into new national and regional grocery retailers; that there will be an expansion into new e-commerce, home delivery, convenience, and healthy food channels; that there will not be interruptions on production of the Company's products; that there will not be a recall of products due to unintended contamination or other adverse events relating to the Company's products; and that the Company will be able to obtain additional capital to meet the Company's growing demand and satisfy the capital expenditure requirements needed to increase production and support sales activity. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, governmental regulations being implemented regarding the production and sale of alkaline water or any other products, including products containing hemp/CBD; the fact that consumers may not embrace and purchase any of the Company's CBD-infused products; the fact that the Company may not be permitted by the FDA or other regulatory authority to market or sell any of its CBD-infused products; additional competitors selling alkaline water and enhanced water products in bulk containers reducing the Company's sales; the fact that the Company does not own or operate any of its production facilities and that co-packers may not renew current agreements and/or not satisfy increased production quotas; the fact that the Company has a limited number of suppliers of its unique bulk bottles; the potential for supply-chain interruption due to factors beyond the Company's control; the fact that there may be a recall of products due to unintended contamination; the inherent uncertainties associated with operating as an early stage company; changes in customer demand and the fact that consumers may not embrace enhanced water products as expected or at all; the extent to which the Company is successful in gaining new long-term relationships with new retailers and retaining existing relationships with retailers; the Company's ability to raise the additional funding that it will need to continue to pursue its business, planned capital expansion and sales activity; and competition in the industry in which the Company operates and market conditions. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by applicable law, including the securities laws of the United States and Canada. Although the Company believes that any beliefs, plans, expectations and intentions contained in this news release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Readers should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents the Company files with the SEC, available at www.sec.gov, and on the SEDAR, available at www.sedar.com.

The Alkaline Water Company Inc.

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