

Ohio Tobacco Wholesaler Places Initial Order of Taat Beyond Tobacco™

As part of forming a supply chain for Taat, the Company has entered into a binding distribution agreement with ADCO, a tobacco wholesaler in Ohio who distributes well-known global brands of tobacco cigarettes (e.g., Marlboro, Newport, Camel). Having been established in this market for 70 years, ADCO has built a roster of partnerships providing connections to more than 5,000 convenience points of sale across Ohio, which is Taat's launch market.

LAS VEGAS and VANCOUVER, OCTOBER 6, 2020 - TAAT LIFESTYLE & WELLNESS LTD. (CSE: TAAT) (OTCQB: TOBAF) (FRANKFURT: 2TP2) (the "Company" or "Taat") is pleased to announce that Ohio-based ADCO Distributors, Inc. ("ADCO"), an established distributor of tobacco cigarettes for top global brands (e.g., Marlboro, Newport, Camel) has entered into a binding comprehensive distribution agreement with the Company (dated Tuesday October 6, 2020) to carry Taat in its *Original*, *Smooth*, and *Menthol* varieties among its tobacco cigarette offerings. With direct and indirect connections to more than 5,000 convenience points of sale in Ohio, where Taat is to be launched in mid-Q4 2020, ADCO is also a distributor in other major convenience categories to include confection, snacks, and beverages. At the time of this press release, ADCO has issued an initial purchase order (dated Tuesday October 6, 2020) for a supply of all three Taat varieties.

The Company has developed Beyond Tobacco™, the nicotine-free and tobacco-free base material for Taat, its flagship product. Taat is a combustible analogue to tobacco cigarettes that has been meticulously engineered to closely emulate the experience of smoking a tobacco cigarette by mimicking the sensory and motor components of the tobacco-smoking "ritual". A patent-pending refinement technique for the Beyond Tobacco™ base material results in a scent and taste similar to tobacco, despite the base material containing no actual tobacco. In mid-2020 retail market testing in California and Nevada, legal-aged current tobacco smokers who sampled Taat for the first time indicated there were no significant experiential differences in comparison to traditional tobacco cigarettes.



Interior of the ADCO distribution centre in Ohio.

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The Company has selected Ohio as the launch market for Taat based on factors that include, but are not limited to the incidence rate of tobacco use among individuals of legal age, local excise taxes on tobacco products, and proximity to markets that the Company has identified for potential expansion opportunities in the future. ADCO has a well-established position in the tobacco products category across Ohio, and it has strategically aligned its network to efficiently cover more than 5,000 convenience points of sale through direct and indirect relationships. Through its in-house resources and a roster of key partners across the state of Ohio, ADCO will be able to maintain a high fulfillment rate for Taat and prevent stockouts by holding a “safety stock” of all Taat varieties in its distribution centre. Initiatives to place Taat in retail stores within ADCO’s network are to begin in the coming weeks.

“Obtaining regionally focused distribution is an important part of building the footprint of any new consumer product,” said Setti Coscarella, CEO of Taat. “Because we are competing with incumbent tobacco products, making Taat available to retailers through the same wholesale channel as tobacco products is an important part of getting the product on the shelf. Correspondingly, making it available for consumers to purchase at retail through the same channels as tobacco products is crucial to aligning the product with existing purchase routines of legal-aged current tobacco smokers, in order to also get the product off of the shelf. This distribution agreement with ADCO is an excellent accomplishment for the Company as we continue to build a supply chain and sales pipeline for Taat in the United States.”

Taat Chief Revenue Officer Tim Corkum commented, “Signing ADCO and getting a purchase order this quickly is an amazing step in our journey to bringing Taat to retail in the United States. It should be noted that the true ‘anchor’ task now begins, which is to solicit interest in Taat from stores in ADCO’s network, who would then ‘pull’ the product from ADCO, potentially along with their existing orders of tobacco cigarettes. These initiatives will be undertaken in parallel to our efforts to begin consumer-level marketing to legal-aged current tobacco smokers in Ohio, which would stand to contribute to stores’ interest in carrying Taat. With production of our first distribution-scale batch of product underway, and Taat to hit the market within the next several weeks, this distribution deal has brought us one step closer to our destination. We appreciate ADCO’s enthusiasm about both Taat and the Beyond Tobacco™ base material concept, and are confident that with their expertise and reach in our launch market they can be an invaluable partner to us as we seek to gain market share in the global tobacco industry.”

On behalf of the Board of Directors of the Company,

TAAT LIFESTYLE & WELLNESS LTD.

“Setti Coscarella”

Setti Coscarella, CEO

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About Taat Lifestyle & Wellness Ltd.

Having developed Beyond Tobacco™, which contains no tobacco or nicotine, Taat's objective is to introduce an innovative, experience-driven alternative to tobacco cigarettes for tobacco smokers who aspire to leave nicotine behind. Beyond Tobacco™, which is to be offered in "Original" and "Menthol" varieties, is designed to closely emulate every aspect of smoking a traditional cigarette. From the cigarette-style packaging and stick format, to the proprietary flavouring blend which imparts the flavour and scent of tobacco, to the draw sensation, and the amount of smoke exhaled, Beyond Tobacco™ has been meticulously engineered to enable smokers to continue enjoying the ritual of smoking, while discontinuing nicotine intake. Taat plans to launch Beyond Tobacco™ in mid-Q4 2020 and is seeking to position itself in the USD \$814 billion (2018)¹ global tobacco industry to capitalize on the growing worldwide demand for alternatives to traditional cigarettes.

For more information, please visit <http://taatusa.com>.

References

¹ [British American Tobacco - The Global Market](#)

Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, or be achieved. Forward-looking information in this news release includes statements regarding the potential launch of Beyond Tobacco™, in addition to the following: Potential outcomes from the Company's binding distribution agreement with ADCO. The forward-looking information reflects management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking information. Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such

information and no assurance can be given that such events will occur in the disclosed timeframes or at all. Factors that could cause actual results or events to differ materially from current expectations include: (i) adverse market conditions; (ii) changes to the growth and size of the tobacco markets; and (iii) other factors beyond the control of the Company. The Company operates in a rapidly evolving environment. New risk factors emerge from time to time, and it is impossible for the Company's management to predict all risk factors, nor can the Company assess the impact of all factors on Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking information. The forward-looking information included in this news release are made as of the date of this news release and the Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law.

The statements in this news release have not been evaluated by Health Canada or the U.S. Food and Drug Administration. As each individual is different, the benefits, if any, of taking the Company's products will vary from person to person. No claims or guarantees can be made as to the effects of the Company's products on an individual's health and well-being. The Company's products are not intended to diagnose, treat, cure, or prevent any disease.

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