

Taat Announces Closing of CAD \$6.75M Private Placement with Group of Investors including Ms. Debbie Chang

VANCOUVER, OCTOBER 9, 2020 - TAAT LIFESTYLE & WELLNESS LTD. (CSE: TAAT) (OTCQB: TOBAF) (FRANKFURT: 2TP2) (the “Company” or “Taat”) is pleased to announce that it has closed a private placement of CAD \$6,750,000 (the “**Placement**”) in escrow, subject to the Company confirming the delivery of the closing proceeds. The subscribers to the Placement were a group of investors (the “**Group**”) including Ms. Debbie Chang, co-founder of Horizons Ventures, in her personal capacity. The Placement is intended to help bolster the Company’s early-stage performance as it prepares to launch *Taat*, a tobacco-free and nicotine-free combustible analogue to cigarettes, in the United States later this quarter.

Beyond Tobacco™, the base material of Taat, has been meticulously engineered to mimic the experience of smoking actual tobacco despite containing no nicotine or tobacco whatsoever. Taat is offered in a combustible format with a realistic tobacco scent and taste created using a patent-pending refinement technique for the Beyond Tobacco™ base material. 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 smoking traditional tobacco cigarettes. The Company anticipates this similarity can be attractive to the large segment of the global population of 1.3 billion tobacco users that aspires to leave nicotine behind. For clarity, Taat is intended only for use by current tobacco smokers of legal age who would prefer the option of a nicotine-free combustible product. Marketing will be directed exclusively towards this segment, as it is not Taat’s objective to recruit new smokers.

In an October 6, 2020 press release issued by Taat, it announced an initial purchase order after entering into a binding distribution agreement with ADCO Distributors, Inc., a large tobacco wholesaler in the state of Ohio, where Taat is to be launched. Under this distribution agreement, Taat would be distributed to convenience channel retailers among top global cigarette brands (e.g., Marlboro, Newport, Camel) across Taat’s launch market.

In September 2020, the World Health Organization (“**WHO**”) issued a notice outlining the importance of tobacco control in China as it recovers from the COVID-19 pandemic¹. Data from the WHO also indicates the total economic cost of smoking in China rose by 1,000% between 2000 and 2014, with one death from tobacco use occurring approximately every thirty seconds². In addition to the public health and economic burdens of tobacco consumption, tobacco production has also been known to have an adverse environmental impact³. As Taat does not require any tobacco, its potential to lessen the effects of tobacco production offers another dimension of possible impact in addition to the product’s consumer-level utility.

With the CAD \$6.75 million raised in the Placement, the Company intends to expand its currently planned initiatives for launching Taat in the state of Ohio. This capital is also to be applied towards further research and development of both Taat and the Beyond Tobacco™ base material, as well as possible entry into additional markets in the United States.

Taat Chief Executive Officer Setti Coscarella commented, “It is with pleasure that I announce the escrowed closing of the Placement with Taat. With our experience-driven analogue to tobacco cigarettes that contains no tobacco or nicotine, our objective is to provide a choice for current tobacco smokers of legal age to leave nicotine behind. In doing so, we seek to create meaningful social, economic, and humanitarian impact by helping to alleviate the effects of tobacco use and production.”

Private Placement

The Company’s non-brokered private placement (the “**Offering**”) of units (the “**Units**”) with the Group, has raised gross proceeds of CAD \$6.75 million (or approximately USD \$5 million). Pursuant to the Offering, the Company sold an aggregate of 5,192,308 Units, each Unit was issued at a price of CAD \$1.30 and comprised of one common share of the Company (each a “**Common Share**”) and one common share purchase warrant (each whole warrant, a “**Warrant**”) of the Company. Each Warrant is exercisable to acquire one Common Share of the Company for a period of 12 months following the closing date at an exercise price of CAD \$2.00 per Common Share. The Warrants are subject to an acceleration clause should the Common Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Common Shares may be traded at such time) of CAD \$3.00 or greater per Common Share for a period of five (5) consecutive trading days at any time that is four months and one day from the closing date, in which event the Company may notify warrant holders that the Warrants must be exercised within a period of 30 days, or they will expire. All securities issued or issuable pursuant to the Offering are subject to a hold period of four months and one day.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Sources

1 - [World Health Organization: Tobacco Control - an urgent task as China recovers from COVID-19](#)

2 - [World Health Organization: Working towards tobacco-free China](#)

3 - [World Health Organization: Tobacco and its Environmental Impact: An Overview](#)

On behalf of the Board of Directors of the Company,

TAAT LIFESTYLE & WELLNESS LTD.

“Setti Coscarella”

Setti Coscarella, CEO

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THE CANADIAN SECURITIES EXCHANGE (CSE) HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE.

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 CAD \$6.75 million Placement detailed in this release. 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.

This news release may contain trademarked names of third-party entities (or their respective offerings with trademarked names) typically in reference to (i) relationships had by the Company with such third-party entities as referred to in this release and/or (ii) client/vendor/service provider parties whose relationship with the Company is/are referred to in this release. All rights to such trademarks are reserved by their respective owners or licensees.

Statement Regarding Third-Party Investor Relations Firms

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