

TAAT® Reports Fiscal Q2 2022 Results with Reorders Accounting for Over 54% of Gross Revenue

The Company's gross revenue grew by 9.7% from Fiscal Q1 to Fiscal Q2 2022, with over 54% of Fiscal Q2 2022 gross revenue coming from repeat orders. Enhanced production efficiency/velocity of the Beyond Tobacco™ base material of TAAT® using the advanced "V3" formulation partially contributed to an improvement in the Company's gross margin from 28.09% in Fiscal Q1 2022 to 46.1% in Fiscal Q2 2022.

LAS VEGAS and VANCOUVER, JUNE 29, 2022 - TAAT® GLOBAL ALTERNATIVES INC.

(CSE: TAAT) (OTCQX: TOBAF) (FRANKFURT: 2TP) (the "Company" or "TAAT®") is pleased to announce several corporate developments reflected in its Fiscal Q2 2022 financial statements (for the three-month period ended April 30, 2022). The Company's flagship product TAAT® is currently sold in over 2,700 U.S. stores, which include locations of major national and global chains in the convenience and gas categories. As a greater quantity of TAAT® in retail circulation is now manufactured with the *Version III* ("V3") formulation of its patent-pending Beyond Tobacco™ base material, the Company and its wholesale/retail partners have generally observed improvements to the conversion rates of adult smokers who choose TAAT® instead of their preferred brand of tobacco cigarettes. An overview of highlights reflected in the Company's Fiscal Q2 2022 financial statements is provided below. All monetary figures are in Canadian dollars unless specified otherwise.

TAAT® Fiscal Q2 2022 Highlights

- Sequential revenue growth of 9.7% in gross revenue from \$469,782 in Fiscal Q1 2022 to \$515,464 in Fiscal Q2 2022;
- The Company's cost of goods sold dropped from \$337,817 in Fiscal Q1 2022 to \$277,846 in Fiscal Q2 2022, reflecting an improvement in gross margin from 28.09% in Fiscal Q1 2022 to 46.1% in Fiscal Q2 2022;
- The reduction in cost of goods sold and increase to the Company's gross margin can partially be attributed to manufacturing efficiencies that are an inherent result of the manufacturing process for the V3 formulation of Beyond Tobacco™;
- Repeat orders ("reorders") from existing TAAT® accounts made up \$279,875 or 54.29% of the Company's gross revenue of \$515,464 in Fiscal Q2 2022;
- One-time reverse logistics expenditures impaired the Company's gross margin during Fiscal Q2 2022, primarily to conduct replacements of previous TAAT® shipments with TAAT® manufactured using the V3 formulation of Beyond Tobacco™;
- The Company entered into an agreement to acquire ADCO Distributors, Inc. ("ADCO"), an Ohio tobacco distributor with net revenues in 2021 exceeding CAD \$87 million (as detailed in a press release dated [February 25, 2022](#)); and
- The "TAAT®" brand name became a registered trademark in eight global markets to include the United States and the European Union (as detailed in a press release dated [March 25, 2022](#)).

Please refer to the Company's filings on SEDAR (<http://sedar.com>) for all disclosures made in the Company's Fiscal Q2 2022 financial statements.



The 18,000 square foot warehouse of ADCO is pictured above (Canton, Ohio), in which a staff of 28 conduct full-service distribution of TAAT® as well as legacy tobacco products and a full range of convenience category goods. As announced during the Company's Fiscal Q2 2022, TAAT® entered into an agreement to acquire ADCO, which was ultimately completed in May 2022.

Readers using news aggregation services may be unable to view the media above. Please access SEDAR or the *Investor Relations* section of the Company's website for a version of this press release containing all published media.

TAAT® Founder Joe Deighan commented, "Our Fiscal Q2 2022 was a pivotal timeframe for the Company as we made two key transitions. The first was the acquisition of ADCO, which added integrated distribution to our business model in addition to a steady revenue stream of over CAD \$87 million (based on 2021 financial results) to complement our existing sales pipeline of TAAT® throughout the United States. The second was rotating TAAT® inventory with our wholesale and retail partners to ensure TAAT® made with the V3 formulation of Beyond Tobacco™ is as available as possible across our nationwide footprint. It's tricky to articulate just how significant V3 is compared to our previous formulations. Consumer feedback from adult smokers who have tried V3 reflects validation of our mission to create an experience that is truly *better* than their preferred tobacco cigarette brand. This has done wonders for our conversion rates at the point of sale, which is why we elected to take the plunge to voluntarily replace existing inventory with product made using V3. With the added distribution bandwidth resulting from our acquisition of ADCO, we are excited to be carrying on as an integrated player in the

USD \$812 billion global tobacco category, and are thankful to our loyal base of investors for their continued support.”

On behalf of the Board of Directors of the Company,

TAAT® GLOBAL ALTERNATIVES INC.

“Joe Deighan”

Joe Deighan, COO and Director

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About TAAT® Global Alternatives Inc.

TAAT® develops, manufactures, and distributes alternative products in categories to include tobacco, hemp, kratom, and other emerging segments of the CPG industry. Its flagship product is a nicotine-free, tobacco-free cigarette with a patent-pending base material formulation, sold in over 2,700 U.S. stores. With over CAD \$80 million in overall net revenue in 2021, TAAT®’s facilities include a manufacturing plant in Nevada, as well as a distribution centre and multiple convenience stores in Ohio.

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

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 anticipated performance of TAAT® in the tobacco industry, in addition to the following: Potential outcomes from the Company’s acquisition of ADCO and replacing prior shipments with inventory manufactured using V3 of

Beyond Tobacco™, as well as continued performance of the Company as discussed in the press 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; (iii) changes to the regulatory landscape applicable to the Company's business; and (iv) 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

Disclosures relating to investor relations firms retained by TAAT® Global Alternatives Inc. can be found under the Company's profile on <http://sedar.com>.