From Big Tobacco to Beyond Tobacco™: Ex-Philip Morris Strategist Appointed CEO of Taat

After resigning as a lead strategist at Philip Morris International, the world’s largest tobacco company, Setti Coscarella has been appointed Chief Executive Officer of Taat as it approaches the planned launch of Beyond Tobacco™ cigarettes. At Philip Morris, Coscarella led a commercialization team for its Reduced Risk Products (“RRP”) portfolio and launched a new business unit as well as several initiatives that transformed how RRP s are marketed in Canada. The Company believes that Coscarella’s experience with RRP s is especially relevant to Beyond Tobacco™ given their substantially similar target markets. Over the course of this summer, Taat has announced many developments relating to Beyond Tobacco™ including positive results from initial retail market testing, a successful test production run, and agreements with two U.S. distributors. Taat anticipates that Mr. Coscarella’s leadership can maximize the early-stage and long-term performance of Beyond Tobacco™ following its planned launch.

LAS VEGAS and VANCOUVER, JULY 31, 2020 - TAAT LIFESTYLE & WELLNESS LTD. (CSE: TAAT) (OTC: TOBAF) (FRANKFURT: 2TP2) (the “Company” or “Taat”) is delighted to announce that it has appointed Setti Coscarella, who recently resigned as a lead strategist at Philip Morris International (“Philip Morris”), to lead Taat as its Chief Executive Officer as the Company prepares for the planned Q4 2020 launch of Beyond Tobacco™ cigarettes. Holding an MBA from the Schulich School of Business, Mr. Coscarella’s professional experience includes analyst and investment banking roles at three of Canada’s “Big Five” financial institutions, as well as positions in private equity and management consulting. Coscarella also co-founded The Gentlemen’s Expo (“TGE”), an annual consumer show in Toronto that attracts more than 25,000 attendees each year. During his tenure at Philip Morris, Coscarella led a commercialization team and was a lead strategist for Reduced Risk Products (“RRP”), an emerging category in the tobacco industry to provide alternatives for smokers to reduce their exposure to contents of traditional nicotine-based products that are known to be harmful. The Company believes that Mr. Coscarella is uniquely suited to the CEO role given his proven track record in finance, management, and entrepreneurship, as well as his familiarity with the tobacco industry from the perspective of its biggest player.

In its June 22, 2020 press release, the Company announced it was planning on launching Beyond Tobacco™ cigarettes as a better-for-you alternative to tobacco cigarettes that contains no nicotine or tobacco. The intended value proposition of Beyond Tobacco™ cigarettes is to offer a user experience that closely resembles the experience of smoking a traditional cigarette, which the Company has sought to achieve with a traditional “stick” format and cigarette-style packaging that it expects to be familiar to smokers. A proprietary blend of tobacco flavouring and an enhanced volume of smoke exhaled are designed to make the experience of smoking a
Beyond Tobacco™ cigarette substantially similar to that of smoking a tobacco cigarette. Each stick of Beyond Tobacco™ contains at least 50mg of cannabidiol (“CBD”, a non-psychoactive derivative of hemp), which has been shown to mitigate tobacco withdrawals and reduce dependency upon tobacco. Beyond Tobacco™ is to be offered in an “Original” variety as well as a “Menthol” variety.

Mr. Coscarella’s professional career began at Scotiabank, where he was a risk management analyst for commercial credit. In subsequent years, Coscarella pivoted to a financial analyst role at CIBC, and then to investment banking at TD Securities where he conducted research and built financial models relating to company valuations for M&A, IPOs, and secondary public offerings. Coscarella then founded the Toronto-based boutique advisory firm Severus where he provided management consulting services to mid-sized companies to assist with growth, structuring, and financing. Building upon his M&A experience, Coscarella was appointed director of corporate development for GL Capital Corp. (“GLCC”) where he administered the development of its investment portfolio consisting of assets to include real estate, operating companies, and equity in newly-launched startups. Coscarella centralized the “back office” functions of GLCC’s companies to improve overall efficiency of operations. Coscarella also developed innovative commercialization efforts resulting in 30% year-over-year revenue growth. In 2012 Coscarella co-founded TGE, which quickly became regarded as a high-profile men’s lifestyle consumer show in Toronto. Prior to the show being acquired by a large expo producer in 2016, Coscarella built a roster of more than 200 vendors and sponsors (including L’Oreal, Loblaws, Diageo, InBev, and OLG), and grew TGE’s attendance from 3,000 in 2012 to 25,000 in 2016.

In 2017, Coscarella joined Philip Morris in its Toronto office to lead a commercialization team for its RRP portfolio. In this capacity at Philip Morris, Coscarella rapidly ascended the ranks and began advising the senior executive team on innovative strategies for navigating the route into the Canadian market for the RRP category, which is one of Philip Morris’ fastest-growing categories globally. His leadership and execution led to the launch of numerous successful initiatives that collectively yielded a fivefold increase in leads and purchases for RRP. Between these initiatives and a new business unit created by Coscarella dedicated to the commercialization of RRP in Canada’s challenging regulatory environment, Mr. Coscarella played a significant role in revolutionizing how RRP is marketed in Canada.
The history of the Philip Morris global tobacco conglomerate dates back to 1847, when its founder opened a tobacco shop in London, England. Over time, Philip Morris expanded into numerous markets internationally. As of 2020 it is the world’s largest tobacco company with USD $79.82 billion annual revenue (2018) and the largest or second-largest market share position in several of more than 180 total markets served by Philip Morris. Well-known cigarette brands of Philip Morris include Marlboro (the #1 cigarette brand since 1972), L&M (4th best-selling cigarette outside of U.S. and China), Chesterfield, and its eponymous Philip Morris brand of cigarettes. Alongside competitors Altria, British American Tobacco, Imperial Brands, and Japan Tobacco International, Philip Morris is one of the five tobacco firms that comprise what is known as “Big Tobacco”.

In the Company’s June 29, 2020 press release, it detailed the results of its first phase of retail market testing in which test versions of Beyond Tobacco™ cigarettes were sold in more than 50 retail stores in Nevada and California. The sentiments of users consistently reflected the impression that the experience of smoking a Beyond Tobacco™ cigarette was comparable to that of a traditional cigarette with no significant experiential differences. During this research phase, more than 75% of participating retailers re-ordered Beyond Tobacco™ after their initial inventory sold out. The Company later announced that an intensive series of focus groups conducted by Nevada’s largest consumer product testing firm will be conducted to obtain further insights prior to the planned launch of Beyond Tobacco™. Additionally, in its July 20, 2020 press release the Company unveiled live-action footage of a full-scale test production run of
Beyond Tobacco™ in its cigarette production facility. This test run confirmed initial production capacity estimations of one million sticks per day which, on an annualized basis, equates to 0.168% of the total amount of individual cigarettes sold domestically in 2018 according to data from the Federal Trade Commission. With very few hurdles preceding the official launch of Beyond Tobacco™, the Company believes the induction of Mr. Coscarella as its CEO is a timely development that can potentially maximize the performance of the anticipated product launch.

“Becoming CEO of Taat is an incredible opportunity for me”, said Mr. Coscarella. “For a matter of decades, public attitudes towards tobacco have consistently called for a less-risky alternative to traditional cigarettes. This is something that Philip Morris recognized with its attention to the RRP category, as well as its Unsmoke campaign. What appealed to me about Taat is how they have developed Beyond Tobacco™ to be a cigarette alternative that is designed to emulate a tobacco cigarette, but without any tobacco or nicotine. Other consumer product categories have had their legacy incumbents disrupted by innovations in delivering desirable alternatives for meat, dairy, sugar, and even beer and wine. Consumers seem to be embracing this approach to positive changes in which they keep their habits such as eating meat or drinking milk while quietly cutting out the things they wish to avoid, and I believe this trend can carry over to tobacco as well. Over one billion tobacco users worldwide have one thing in common; they are consuming nicotine, a drug that is effectively useless. The molecule in our tobacco-free and nicotine-free cigarettes is delivered in a near-identical format to legacy tobacco products, and I strongly believe that smokers would be eager to make the switch if presented with the option. The early-stage market research results for Beyond Tobacco™ reflect an extraordinary reception of the product among smokers, and I am very eager to be in the driver’s seat of Taat as we approach the planned launch of Beyond Tobacco™ in Q4 2020.”

References

1 - http://media.corporate-ir.net/media_files/IROL/14/146476/PMI-FINALFILES/pdf/PMI_2018_Com pleteForm10K.pdf (Page 14)

2 - Table 1B (Page 13) of the FTC’s Cigarette Report for 2018 indicates that 216.9 billion cigarette units were sold domestically in 2018. Based on a projected production capacity of one million Beyond Tobacco™ sticks per day (365 million sticks per year), it is concluded that this annualized capacity equates to 0.168% of cigarette units sold domestically in the year 2018. https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-cigarette-report-2018-smokeless-tobacco-report-2018/p114508cigarettereport2018.pdf

3 - https://www.who.int/news-room/fact-sheets/detail/tobacco

On behalf of the Board of Directors of the Company,
TAAT LIFESTYLE & WELLNESS LTD.

“Joel Dumaresq”

Joel Dumaresq, CEO and Director

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About Taat Lifestyle & Wellness Ltd.

Taat Herb Co., the flagship brand of Taat Lifestyle & Wellness, is an early-stage life sciences company based in Las Vegas, Nevada innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. With a unique proprietary blend of all-natural ingredients and meticulous engineering of the user experience, Taat Beyond Tobacco™ cigarettes are designed to emulate every aspect of legacy tobacco products with no significant difference to the user. Taat Beyond Tobacco™ cigarettes provide benefits that include mitigation of tobacco withdrawals, and reduction of tobacco dependency. With an expert-led go-to-market strategy, the Company’s objective is to position itself in the US $814 billion (2018) global tobacco industry to capitalize on the growing worldwide demand for better-for-you alternatives to traditional cigarettes.

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

References

1 British American Tobacco - The Global Market

Statement Regarding Effects of CBD on Smoking Cessation

The Beckley/Exeter research program (University of Exeter) carried out a pilot study that found after several weeks following cannabidiol ("CBD") treatment, CBD helped tobacco smokers to reduce the amount of cigarettes smoked by as much as 40%. A follow-on study is planned, which will include a brain imaging component to examine the brain activity patterns underlying the probable therapeutic effects of CBD.

Source: https://beckleyfoundation.org/cbd-for-smoking-cessation/

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 Taat hemp cigarettes, in addition to the following: Potential outcomes from the appointment of Setti Coscarella as the Company’s Chief Executive Officer. 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 and CBD 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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**Statement Regarding Third-Party Investor Relations Firms**

Disclosures relating to investor relations firms retained by Taat Lifestyle & Wellness Ltd. can be found under the Company's profile on [http://sedar.com](http://sedar.com).