



# TAAT GLOBAL ALTERNATIVES INC.

CSE: TAAT OTCQX: TOBAF FRANKFURT: 2TP

MARCH, 2022

# DISCLAIMER - FORWARD-LOOKING STATEMENTS



This Presentation contains forward-looking statements that relate to the Company's current expectations and views of future events and should be read together with the more detailed information and financial data and statements available on the Company's SEDAR profile at SEDAR.com. This Presentation does not contain all of the information you should consider before purchasing securities of the Company. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "might," "will," "expect," "anticipate," "estimate," "intend," "plan," "indicate," "seek," "believe," "predict" or "likely," or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to: the Company's expectations regarding its revenue, expenses and operations; the Company's intention and ability to grow the business and its operations, including its ability to complete research and development activities; future product rollouts in new markets; expectations regarding production and sales; expectations with respect to future production costs and capacity; expectations regarding our growth rates and growth plans and strategies; the Company's expected business objectives for the next twelve months; and the Company's expectations with respect to international developments and initiatives. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Presentation, the Company has made various material assumptions, including but not limited to: (i) obtaining or complying with the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions, including the ongoing impact of COVID-19; (iv) the Company's ability to successfully execute its plans and intentions, including with respect to the ramp-up of commercial operations and the achievement of expected revenues; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) that the Company's current good relationships with its suppliers, service providers and other third parties will be maintained. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors" in the Company's Listing Statement filed under the Company's SEDAR profile at SEDAR.com. The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

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**“AT TAAT, WE DON’T CREATE NEW SMOKERS, WE GIVE EXISTING TOBACCO SMOKERS THE CHOICE TO LEAVE NICOTINE BEHIND WHILE KEEPING THE EXPERIENCES THEY LOVE.”**

**– SETTI COSCARELLA, CEO TAAT**

# TAAT AT A GLANCE



## OUR STORY:



- TAAT Global Alternatives was founded to develop a best-of-class nicotine-free and tobacco-free smoking experience.
- TAAT represents a disruptive, attractive alternative to tobacco cigarettes and other smoking products.
- Under veteran leadership with a “Big Tobacco” pedigree, TAAT launched in Q4, 2020.

## OUR PRODUCT:



- TAAT’s patent-pending refinement technique goes through a 14-step proprietary process.
- The result is a product like no other that smells, tastes, smokes and feels like any other tobacco product.

## OUR PORTFOLIO:



- **ORIGINAL**  
(big, bold flavour)
- **SMOOTH**  
(silky flavour with a lighter taste)
- **MENTHOL**  
(delivers a minty hit of freshness)

## OUR CONSUMER:



- Blue-collar man (adventurer, early adopter, corporate jock by day, weekend warrior)
- Male 60%, female 40%
- Avg. # of cigarettes consumed daily = 13

# THE CURRENT CIGARETTE MARKETPLACE

SMOKERS ARE LOOKING FOR ALTERNATIVE PRODUCTS LIKE E-CIGARETTES, BUT MANY, IF NOT MOST, RETURN TO SMOKING.

- **Over 80% of smokers** have tried e-cigarettes but only **3.2% of the market** is e-cig category. <sup>1</sup>
- **NRTs (nicotine replacement therapies)** have been largely ineffective at impacting smoking incidence.
- **Smokers prefer a solution that is more familiar** and fits seamlessly with their smoking moments (morning coffee, afternoon commute, socializing with friends).
- **Smoking is expensive.** Consumers indicate that “the cost” is the **#1** reason they dislike smoking which is often driven by high tax incidence. <sup>2</sup>
- Potential new federal and state legislative bans on menthol flavours and reduction in nicotine levels in tobacco **make the TAAT brand a great alternative for smokers who want to continue to use these products.**



<sup>1</sup> <https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-021-00475-7>

<sup>2</sup> [https://www.who.int/mental\\_health/evidence/stop\\_smoking\\_whomdmdp01\\_4.pdf](https://www.who.int/mental_health/evidence/stop_smoking_whomdmdp01_4.pdf)

# THE OPPORTUNITY

## GLOBAL OPPORTUNITY

**\$793B USD / \$987B CAD MARKET <sup>1</sup>**

**WORLDWIDE:** There are over 1 billion smokers globally.

**USA:** USD \$75B market holds only 3% of smokers. <sup>2</sup>

**ONE PACK PER DAY, PER  
CIGARETTE RETAILERS =**

**\$1.5 to \$2 MILLION  
of daily revenue**

**CONVERTING 200,000 SMOKERS  
(HALF OF 1% MARKET SHARE) =**

**\$200 MILLION  
of annual revenue**



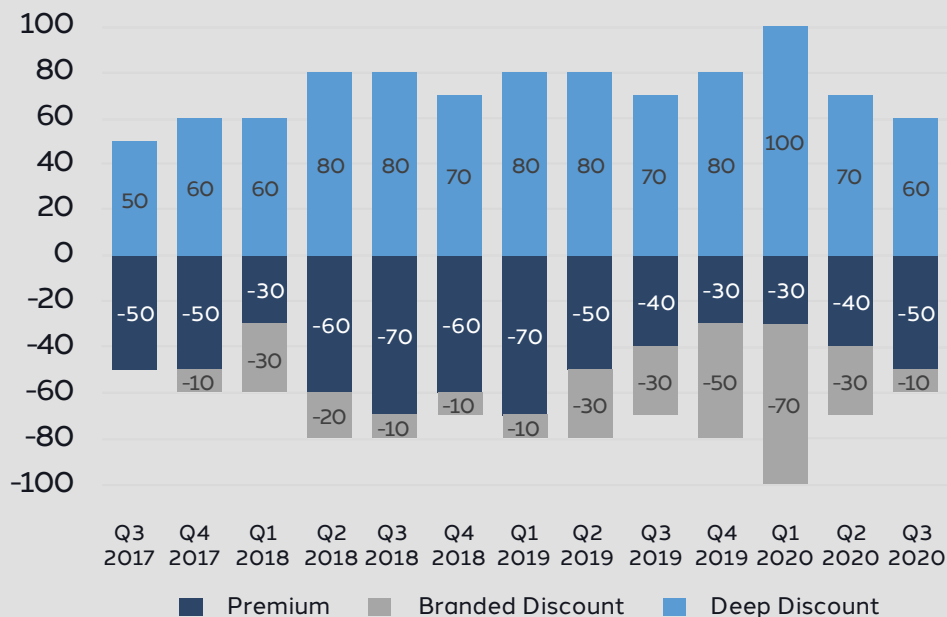
<sup>1</sup> <https://www.statista.com/forecasts/1098876/tobacco-global-market-value>

<sup>2</sup> <https://www.grandviewresearch.com/industry-analysis/tobacco-market>

# CIGARETTE MARKET TRENDS



**CIGARETTE MARKET SHARE GAIN/LOSS IN BPS**



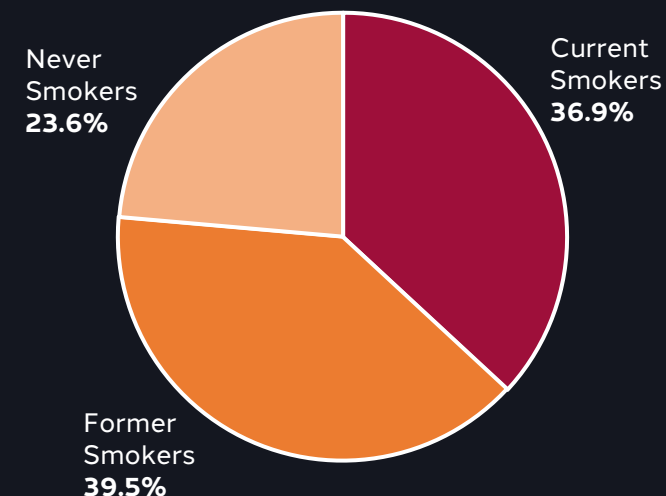
**CDC CIGARETTE INCIDENCE BY INCOME**



## E-CIGARETTE GROWTH MODEST AMONG CURRENT SMOKERS

- 80% of nicotine sales in convenience stores are still cigarettes
- Over 60% of e-cigarette users are not current smokers

## E-CIGARETTE USERS BY CIGARETTE SMOKER TYPE



# BEYOND NICOTINE EXPERIENCE

AMERICAN GROWN & MADE  
CIGARETTES ENGINEERED TO  
PROVIDE SMOKERS WITH  
THE SAME SMOKING EXPERIENCE.



**BEYOND NICOTINE™**



It looks like a cigarette.



It burns with a crackling sound.



It smells like a cigarette.



It tastes like tobacco.



You hold it the same way.





# FORMULATION COMPARISON

**HEMP =**

Hemp cigarette

**TAAT V1 =**

Original Beyond  
Tobacco formulation

**TOBACCO =**

Marlboro cigarette

**TAAT V2 =**

Advanced Beyond  
Tobacco formulation



**HEMP CIGARETTE**



**ORIGINAL BEYOND  
TOBACCO FORMULATION**

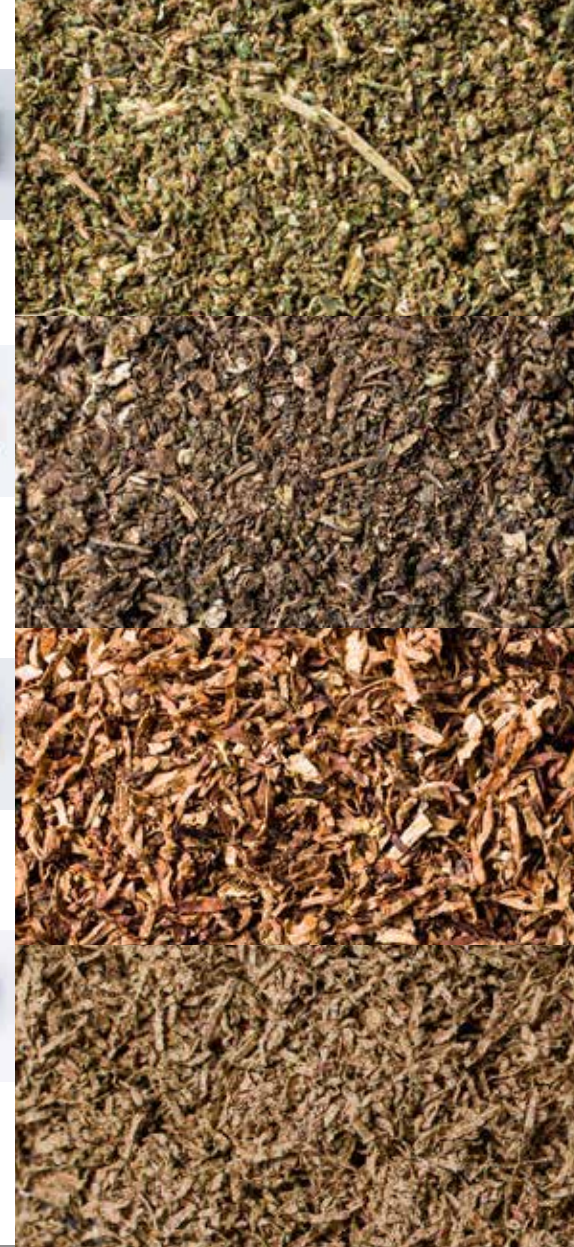


**MARLBORO CIGARETTE**



DIGITAL RENDERING OF MATERIAL COLOUR, ACTUAL  
COSMETIC APPEARANCE MAY DIFFER SLIGHTLY

**ADVANCED BEYOND  
TOBACCO FORMULATION**



# WHAT MAKES TAAT BETTER?

## ...THAN ANY OTHER TOBACCO-BASED PRODUCT?

- No nicotine
- Better price point and higher margins for retailers
- Non-addictive
- Trendy

## ...THAN ANY OTHER COMBUSTIBLE HEMP OR CANNABIS PRODUCT?

- Closest experience to smoking a tobacco cigarette
- Does not smell like, look like or taste like cannabis
- Consistent product manufacturing



# MANAGEMENT TEAM & ADVISORY BOARD



TAAT HAS AN EXPERIENCED MANAGEMENT TEAM WITH DEEP INDUSTRY ROOTS

## MANAGEMENT TEAM



**Setti Coscarella**

Chief Executive Officer

Joined TAAT after leading a successful dedicated Reduced-Risk Product unit at Philip Morris International. Brings extensive experience across a wide variety of disciplines.



**Joel Dumaresq**

Chief Financial Officer

Over 30 years of experience in finance and investment banking, as well as significant management experience in the natural resources sector. Previously CEO of TAAT.



**Joe Deighan**

Founder, Research and Development

Oversees R&D and production for TAAT. Production and distribution experience in the United States and internationally.

## ADVISORY BOARD



**Dr. Cindy Orser**

Extensive experience as an executive scientist at biotechnology and analytical diagnostic companies servicing U.S. government federal agencies.



**Michael Saxon**

More than 20 years of senior management experience in the international tobacco industry. Consultant to blue-chip institutional investors and venture capital and private equity firms.

# CORPORATE MILESTONES



2019 — 2020

Completed development of Beyond Tobacco™ products following ~12-month development process

**APRIL**  
Launch of TAAT Global Alternatives Inc. following reverse merger

**JUNE**  
Secured cigarette industry executives with significant experience  
  
Listed on CSE

**SEPTEMBER**  
U.S. patent filing made for refinement process

**OCTOBER**  
U.S. wholesaler places initial order  
  
Private placement with Hong Kong-based financier and Horizons Ventures

**NOVEMBER**  
In-house production of Beyond Tobacco™ scales to 600 lb/ 272 kg per day, sufficient to produce one 1,440-carton pallet

**DECEMBER**  
TAAT begins selling at retail  
  
Launch of products in Ohio

2021

**JANUARY**  
Research results: 60% of tobacco retailers who carried TAAT for three+ weeks placed reorders

**FEBRUARY**  
Manufacturing output expanded by 233%  
  
Engaged CROSSMARK to expand availability of TAAT products  
  
Launch of e-commerce sales on TAAT website

**APRIL**  
TAAT files to list on Nasdaq  
Secured 29,000-square-foot facility for manufacturing, R&D, distribution  
Applied for listing on Nasdaq Capital Market  
  
Received first USD \$1 million order

**JULY**  
Operational expansion by over 250% for R&D manufacturing and operations

**AUGUST**  
Distributor for U.K. and Ireland places order  
  
TAAT to be sold on three continents with Australian container order

**SEPTEMBER**  
Tobacco wholesalers in Germany, Poland, France and Switzerland acclaim reconstituted Beyond Tobacco™ formulation

# 2022 OBJECTIVES

IN 2022, TAAT INTENDS TO BE THE LEADING MANUFACTURER OF A COMBUSTIBLE ALTERNATIVE TO CIGARETTES.



# THREE-YEAR TARGETS

TAAT'S THREE-YEAR GOAL IS TO INCREASE ITS NUMBER OF CUSTOMERS, GLOBAL DISTRIBUTORS AS WELL AS ITS MANUFACTURING FOOTPRINT AS SET OUT IN THE TABLE BELOW.

YEAR	CONSUMER ACQUISITION GOALS (DAILY SMOKERS)	TARGET # OF GLOBAL DISTRIBUTORS	MANUFACTURING FOOTPRINT GOALS
2022	100,000	60	USA + Europe
2023	200,000	120	USA + Europe + Asia
2024	400,000	240	USA + Europe + Asia + South America

**\*AVERAGE COUNTRY DISTRIBUTION DEAL IS WORTH CAD \$1.5M OVER 18 MONTHS**



# MANUFACTURING AND DISTRIBUTION



# MANUFACTURING & DISTRIBUTION

## PRIMARY MANUFACTURING

- TAAT, in its production facility in Las Vegas, NV, deploys its patent-pending technology to create the core material for production.

## SECONDARY MANUFACTURING

- World-class contract manufacturing and packaging of cigarettes from TAAT material at a per-unit price.
- TAAT ships its proprietary material to a world-class contract manufacturer that creates the final product.
- Capable of shipping final products globally.
- Highly scalable.

## DISTRIBUTION

- Leverage existing tobacco sales channels globally.
- Build strategic relationships with industry leaders.
- Leverage off existing tobacco infrastructure.

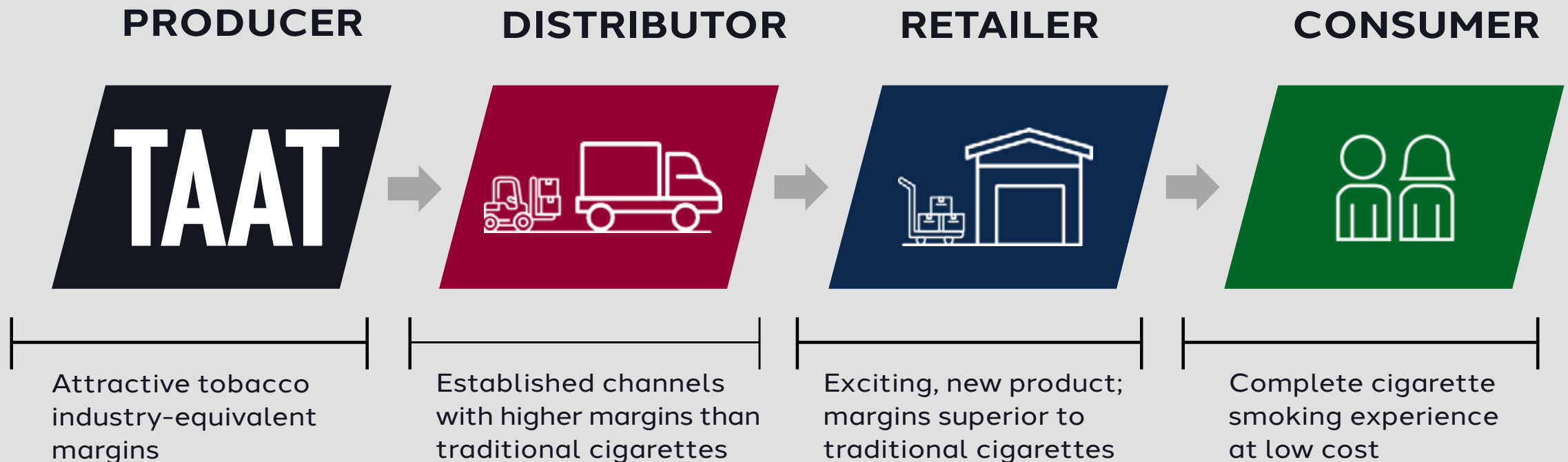




# WIN-WIN ECONOMICS



STRONG INCENTIVES TO SUPPORT TAAT'S BRANDS  
ACROSS THE SUPPLY CHAIN



# UK + IRELAND

- Green Global Earth (distributor for the U.K. and Ireland) placed a reorder (several times the amount of the initial order) within four months.
  - Purchase order for two containers of TAAT™ valued at €720,000 (approximately CAD \$1,075,000)
- TAAT's distributor received clearance to be sold in all of Great Britain (England, Scotland and Wales).
- TAAT will be sold in the United Kingdom at an attractive price point compared to leading brands of tobacco cigarettes, which stands to allow legal-aged smokers in the United Kingdom to benefit from cost savings by switching to TAAT.



# AUSTRALIA

- Received P.O. for €360,000 (approximately CAD \$536,000) for a full shipping container of TAAT to be distributed in Australia.
- Australia has the highest average price of a tobacco cigarette pack in the world — the equivalent of USD \$25.12 for a 20-pack of Marlboro, compared to USD \$8.00 in the United States.
- Current estimates indicate that TAAT™ will retail for approximately 30% less than tobacco cigarettes in Australia.
- Competitive advantage allows TAAT to sell its product in branded packaging, as Australian law requires tobacco cigarettes to be sold in “plain packaging.”

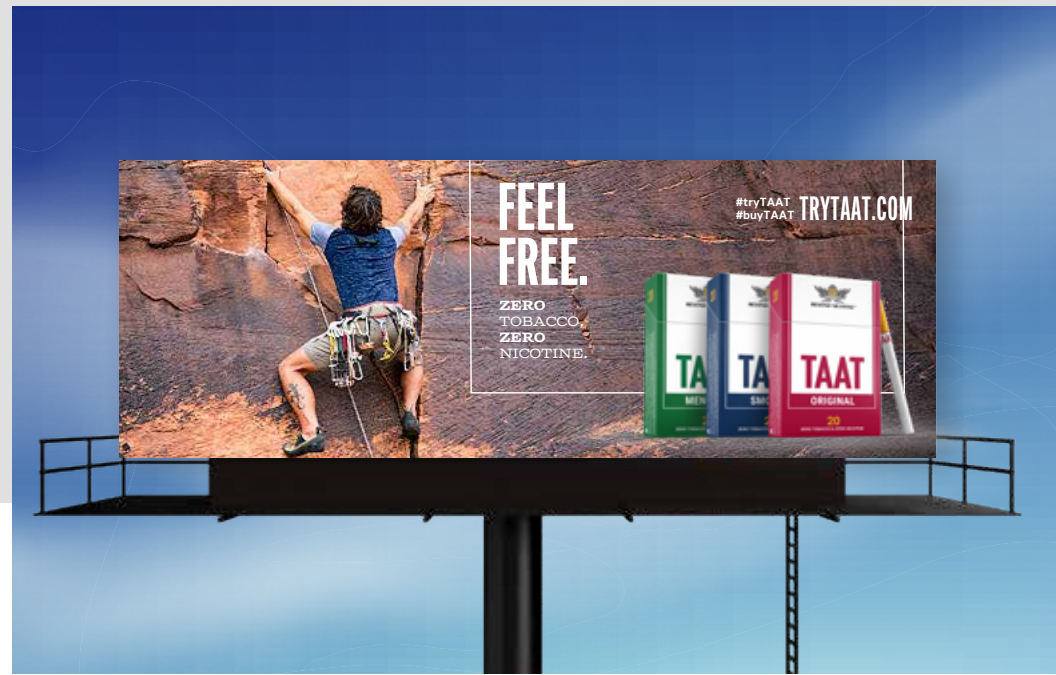


# MARKETING, SPONSORSHIP AND BRANDING



# MARKETING ADVANTAGES

- Not subject to tobacco taxation
- Capable of advertising where tobacco cannot
- Fewer global packaging constraints than tobacco
- Not subject to menthol ban
- More attractive price point



# BRAND BUILDING

STRATEGIC SPONSORSHIPS  
THAT FOCUS ON OUR TARGET  
CONSUMER

Proud sponsor:



# TACTICAL MARKETING

IN-STORE INTERCEPTS,  
LEGAL-AGE MEETING PLACES,  
PRODUCT IN HAND



# OMNICHANNEL MARKETING

EFFECTIVE MARKETING REQUIRES  
AN OMNICHANNEL STRATEGY



67%

of consumers use more than  
one purchasing channel

9.5

Number of visits  
before purchase

287%

Higher purchase rate by using  
3 or more channels earned a  
larger ROI than campaigns  
using a single channel

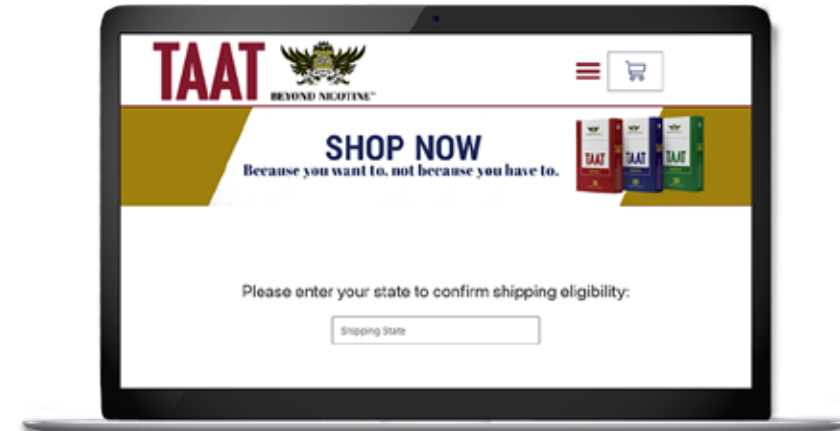




# TryTAAT.com

EFFECTIVE SALES CHANNEL THAT  
ALLOWS US TO BETTER UNDERSTAND  
OUR CUSTOMER PROFILE AND  
ENCOURAGE E-COMMERCE  
PURCHASING

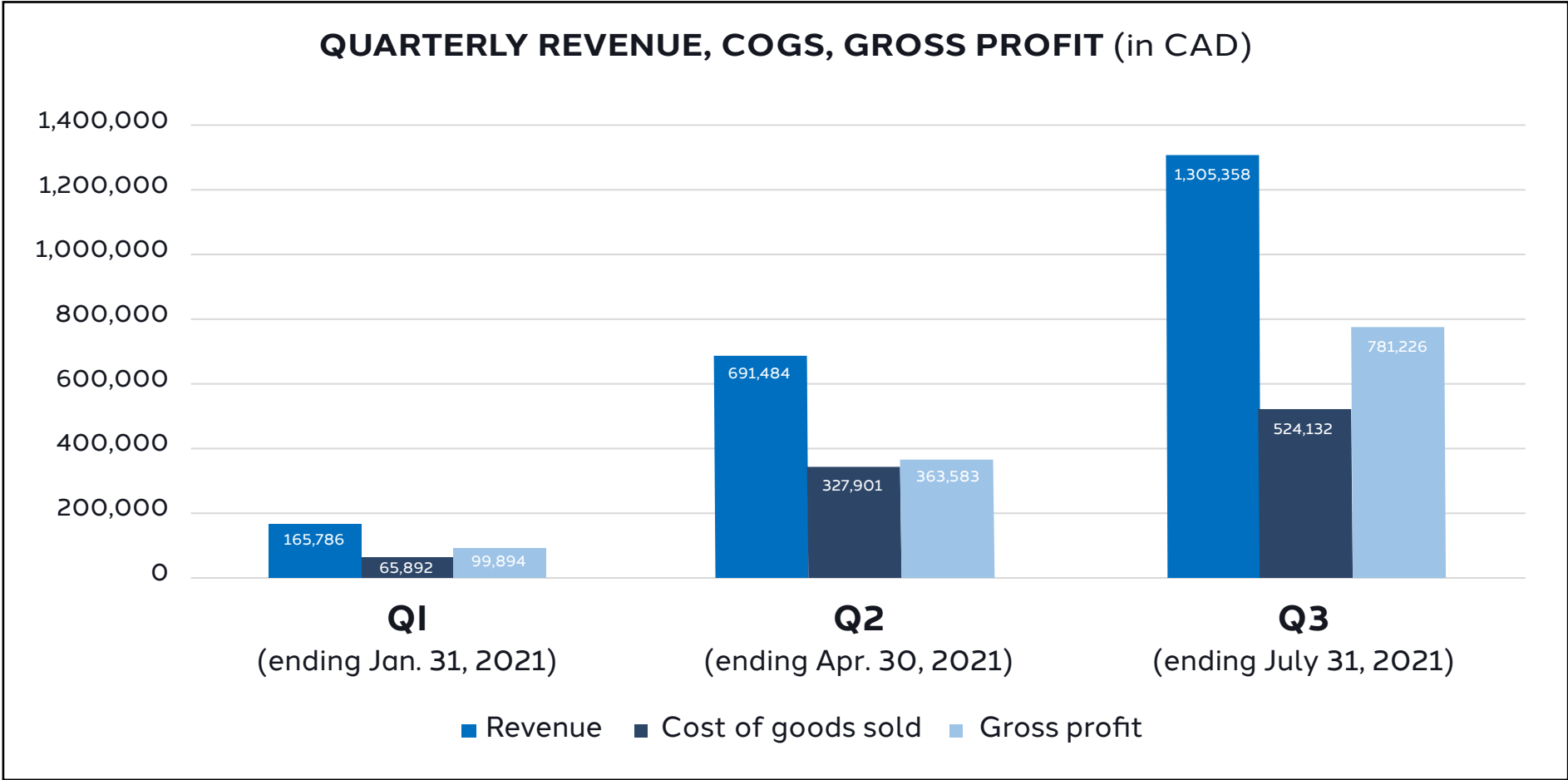
- Pack in hand strategy — free pack  
@trytaat.com



# FINANCE



# FINANCIAL OVERVIEW



# CURRENT SHARE STRUCTURE



## CAPITALIZATION TABLE (MILLIONS)

Insider ownership of common shares:	10,000,000
Other ownership of common shares:	91,437,341
Total # shares issued and outstanding:	101,437,341
<b>Insider ownership:</b>	<b>9.86%</b>
Warrants and options:	16,604,999
Total fully diluted shares outstanding	118,042,340



# CORPORATE FINANCING

## OCTOBER, 2020

Private placement of TAAT shares (CAD \$1.30 per unit) for CAD \$6.75 million led by Hong Kong-based financier and Horizons Ventures co-founder Ms. Debbie Chang. <sup>1</sup>

## DECEMBER, 2020

Group led by Ms. Debbie Chang voluntarily exercises warrants from October 2020 private placement for additional gross proceeds of CAD \$10 million. <sup>2</sup>

## OCTOBER, 2021

Private placement of TAAT shares (CAD \$3.00 per unit) for CAD \$10 million led by Ms. Debbie Chang in her personal capacity along with a group of venture investors. <sup>3</sup>



<sup>1</sup> **FULL PRESS RELEASE:** <https://bit.ly/3vcOR56>

<sup>2</sup> **FULL PRESS RELEASE:** <https://bit.ly/3FEbWRb>

<sup>3</sup> **FULL PRESS RELEASE:** <https://bit.ly/3ACqcG7>

# PUBLIC COMPANY COMPARABLES



COMPANY	TICKER	SHARE PRICE	MARKET CAP (IN MILL)	LIQUIDITY RATIO	SHARES OUTSTANDING (IN MILL)	GROSS PROFIT MARGIN
Philip Morris	PM	\$ 101.82	158,910	1.18	1,558.60	69%
Altria	MO	\$ 48.46	89,364	0.72	1,840.00	66%
British American Tobacco	BTI	\$ 36.51	83,778	0.78	2,290.00	83%
Japan Tobacco Inc.	JAPAF	\$ 19.75	35,770	1.71	1,774.50	60%
RLX Technology Inc.	RLX	\$ 4.51	6,800	4.06	1,345.90	45%
Beyond Meat	BYND	\$ 109.69	6,667	17.68	63.25	32%
Vector Group Ltd.	VGR	\$ 12.34	1,910	2.29	154.20	38%
22nd Century Group	XXII	\$ 2.97	498	7.68	162.74	7%
<b>TAAT Global Alternatives (in \$CAD)*</b>	<b>TAAT</b>	<b>\$ 4.18</b>	<b>377</b>	<b>13.41</b>	<b>91.90</b>	<b>53%</b>

\* As of June 30, 2021

ALL FIGURES IN USD UNLESS OTHERWISE NOTED

# CONTACT



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