



DAVIDsTEA Categorically Rejects Latest Highland Lawsuit

July 31, 2018

MONTREAL, July 31, 2018 (GLOBE NEWSWIRE) -- DAVIDsTEA Inc. (Nasdaq: DTEA) announces that three Highland limited partnerships, which together own 12.8% of the outstanding shares of DAVIDsTEA, have instituted a lawsuit against Rainy Day Investments Ltd. ("**RDI**") and Herschel Segal before the Québec Superior Court, Commercial Division. RDI owns approximately 46.4% of the issued and outstanding shares of DAVIDsTEA and is controlled by Herschel Segal, Executive Chairman and Interim Chief Executive Officer of DAVIDsTEA.

The lawsuit names DAVIDsTEA and its individual directors as third parties but does not name them as defendants.

The lawsuit seeks a variety of orders from the Québec Superior Court, including an order prohibiting Herschel Segal from serving as a director or Chairman of DAVIDsTEA, an order calling a special meeting of shareholders for the purpose of electing a new Board of Directors, and "subsidiarily", an order to revoke the current Board of Directors of DAVIDsTEA and replace it with a new Board named by the Court, with a proposed list of directors to be provided by Highland to the Court "in due course". The lawsuit also seeks an order compelling RDI to vote its shares of DAVIDsTEA in accordance with a settlement agreement entered into by RDI and the three Highland limited partnerships in August 2013, while DAVIDsTEA was a private company, and which was subsequently cancelled.

DAVIDsTEA considers that the Highland lawsuit is entirely without merit and is replete with old, baseless allegations. To the extent necessary, DAVIDsTEA will vigorously defend against the lawsuit and, more specifically, against orders which may affect the right of DAVIDsTEA's shareholders to elect directors or the right and responsibility of its directors to appoint management. At this time, DAVIDsTEA cannot predict in what year the lawsuit will be heard by the Québec Superior Court.

"This frivolous lawsuit will not distract us from the important work in front of us" said Herschel Segal, Executive Chairman and Interim Chief Executive Officer of DAVIDsTEA. "Our management team, with the support of our dynamic employees, continues to work tirelessly to establish strategic priorities aimed at effecting a turnaround of DAVIDsTEA."

The new lawsuit seemingly replaces a similar motion for a declaratory judgment instituted by Highland in June 2018, shortly before DAVIDsTEA's June 14, 2018 annual meeting of shareholders at which shareholders elected the current Board of Directors. That proceeding was recently withdrawn by Highland.

About DAVIDsTEA

DAVIDsTEA is a retailer of specialty tea, offering a differentiated selection of proprietary loose-leaf teas, pre-packaged teas, tea sachets and tea-related gifts, accessories and food and beverages, primarily through 240 company operated DAVIDsTEA stores throughout Canada and the United States as of May 5, 2018, and its website, davidstea.com. The Company is headquartered in Montréal, Canada.

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