

DAVIDsTEA

Investor Presentation

January 2016

Disclaimer

This presentation contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this presentation, including statements regarding our strategy, future operations, future financial position, projected revenues, costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Each forward-looking statement contained in this presentation is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement.

Applicable risks and uncertainties include, among others, our ability to maintain and enhance our brand image, particularly in new markets, our ability to compete in the specialty tea and beverage markets; our ability to expand our operations; the seasonal nature of our business; changes in consumer trends and preferences; fluctuations in foreign currency exchange rates, including the U.S. dollar; and the risks identified under the heading “Risk Factors” in our prospectus dated June 4, 2015 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, and filed with the Securities and Exchange Commission, as well as the other information we file with the SEC. We caution investors not to place considerable reliance on the forward-looking statements contained in this presentation. You are encouraged to read our filings with the SEC, available at www.sec.gov, for a discussion of these and other risks and uncertainties. The forward-looking statements in this presentation speak only as of the date of this document, and we undertake no obligation to update or revise any of these statements. Our business is subject to substantial risks and uncertainties, including those referenced above. Investors, potential investors, and others should give careful consideration to these risks and uncertainties. The forward-looking statements contained in this presentation reflect DAVIDsTEA’s current views with respect to future events, we assume no obligation to update any forward-looking statements except as required by applicable law.

Non-IFRS financial measures such as Adjusted EBITDA, adjusted net income, and adjusted EPS, as included in this presentation, are supplemental measures that are not calculated in accordance with International Financial Reporting Standards (“IFRS”). For reconciliations to the most directly comparable IFRS measures, see slides 38 and 39. Our non-IFRS financial measures have limitations as analytical and comparative tools and are unlikely to be comparable to non-IFRS measures provided by other companies. You should consider Adjusted EBITDA in addition to, and not as a substitute for, the Company’s net income (loss), net cash provided by operating, investing or financing activities, as well as other measures of financial performance and liquidity reported in accordance with IFRS.

today's agenda and presenters

agenda

- ~ Introduction to DAVIDsTEA
- ~ Investment Highlights
- ~ Growth Strategy
- ~ Financial Overview
- ~ Q&A

presenters

Sylvain Toutant
CEO & President

Luis Borgen
Chief Financial Officer

reaffirming Q4 and fiscal 2015 guidance

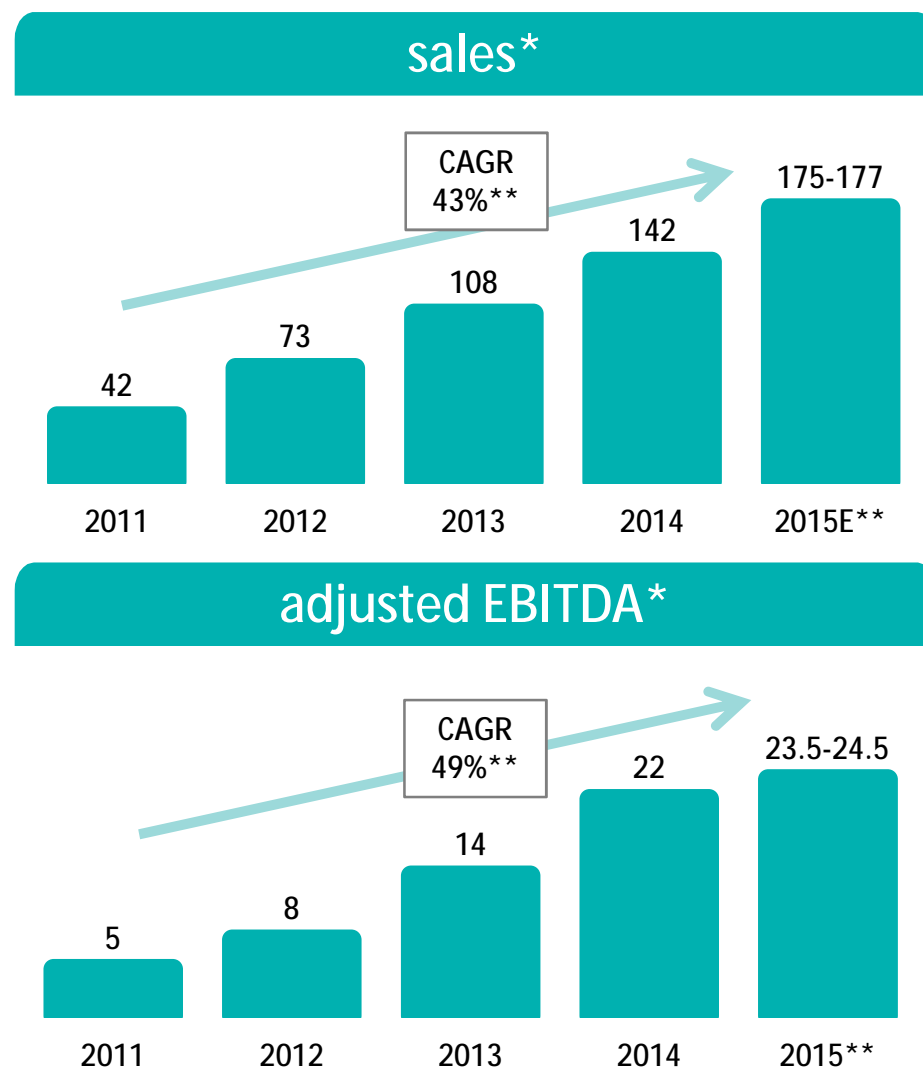
Q415 guidance	
Sales	C\$70.0m - C\$72.0m
Comp	Slightly above the MSD range
Adjusted EPS*	C\$0.42 - C\$0.44

FY15 guidance	
Sales	C\$175.0m - C\$177.0m
Comp	Slightly above the MSD range
Adjusted EPS*	C\$0.37 - C\$0.39

*Adjusted fully diluted income per common share excludes IPO-related costs and other one-time costs

a modern and accessible take on tea

- ~ Fast growing, modern tea brand offering innovative loose-leaf tea, tea accessories, and beverages
- ~ Broad consumer appeal
 - Health and wellness
 - Customization
- ~ Significant momentum
 - 25 consecutive quarters of positive comp sales growth through 3Q 2015
- ~ 193 stores in Canada and the United States (as of January 7, 2016)



Financial data in CAD \$M

* Sales and EBITDA figures for fiscal year end. For a reconciliation to the nearest IFRS measure, see slide 38.

** 2015E reflects guidance provided on December 10, 2015. CAGR is calculated based on the midpoint of the relevant guidance ranges.

DAVIDsTEA

our key milestones



COMPETITIVE STRENGTHS

competitive strengths

- ~ Fast growing, modern brand reinventing the tea experience with a breadth of assortment, innovation and customer service
- ~ Distinct retail concept and broad demographic appeal reinforces brand and customer loyalty and supports sustainable long-term growth
- ~ Effective grassroots marketing strategy drives customer trial and engagement
- ~ Versatile store model with compelling economics
- ~ Multi-year new store growth opportunity in both Canada and the United States
- ~ Engaging eCommerce platform
- ~ Passionate, knowledgeable customer-focused culture supported by experienced management team

modern brand reinventing the tea experience

friendly accessible
fun modern



DAVIDsTEA

...totally new

DAVIDsTEA

breadth of unique tea products

LOOSE TEA

- 8 Categories
- Straight vs Blended
- Core vs Seasonal

GIFTS & PACKAGED TEA

- Multi-tea samplers
- Single-tea packages
- Tea sachets

TEA ACCESSORIES

- Cups/Mugs
- Travel
- Teapots
- Infusers

BEVERAGES

- Hot / Iced Tea
- TeaPop
- Tea Latte

FOOD

- Sweeteners
- Chocolates
- Other food items

68%

tea, packaged teas & gifts

- ~ Extensive offering of loose-leaf teas and packaged teas
- ~ Approximately 150 tea varieties spanning eight different tea categories – white, green, oolong, black, pu'erh, mate, rooibos and herbal
- ~ Introduce approximately 30 new teas each year

22%

tea accessories

- ~ Assortment of products designed for tea preparation, consumption and storage
- ~ Includes cups, mugs, teapots and infusers

10%

beverages & food

- ~ Approximately 150 teas served hot or iced, innovative offerings: TeaPop + latte

Note: Percent of sales for 2014

DAVIDsTEA

the DAVIDsTEA experience

our tea guides drive the DAVIDsTEA experience



ADVENTURE...
EXPLORATION...
KNOWLEDGE...
PASSION for TEA

examples of our teas



Rooibos



Coconut



Pink Peppercorn



Green Tea



Pomegranate



Rose Hips



DAVIDsTEA

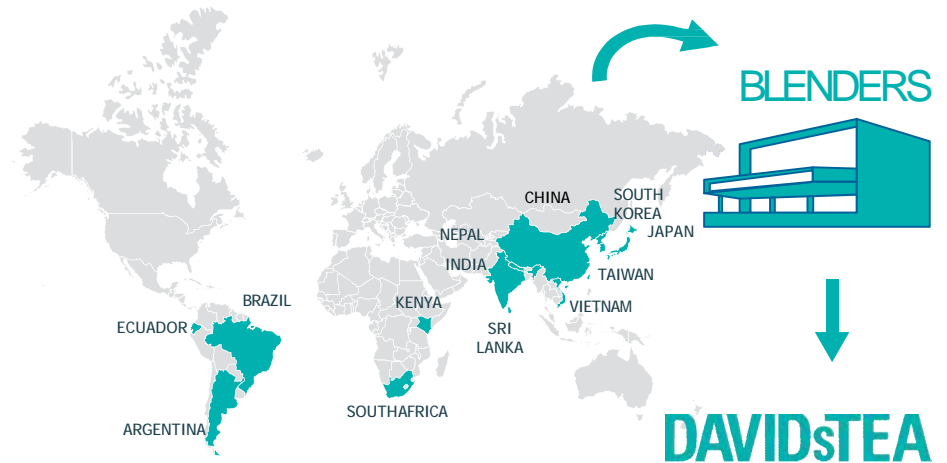
our focus on innovation and design

tea R&D



our research and development team works with our blenders to develop the special tea blends we sell on an exclusive basis

sourcing our teas



product design and innovation

exclusive blends



innovative tea prep



in-house designs



DAVIDsTEA

distinct retail concept with multiple formats



clean, modern aesthetic

our “Tea Wall” is the focal point of our stores



store formats

mall



street



lifestyle

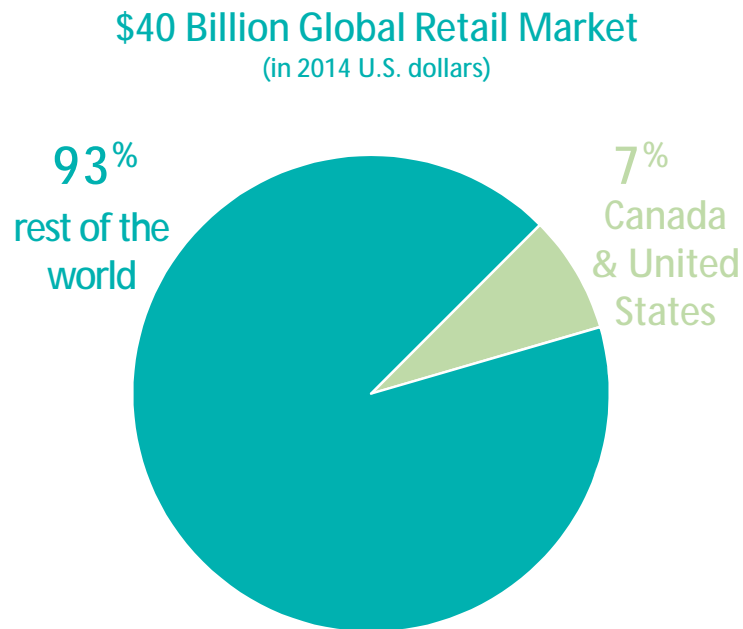


outlet



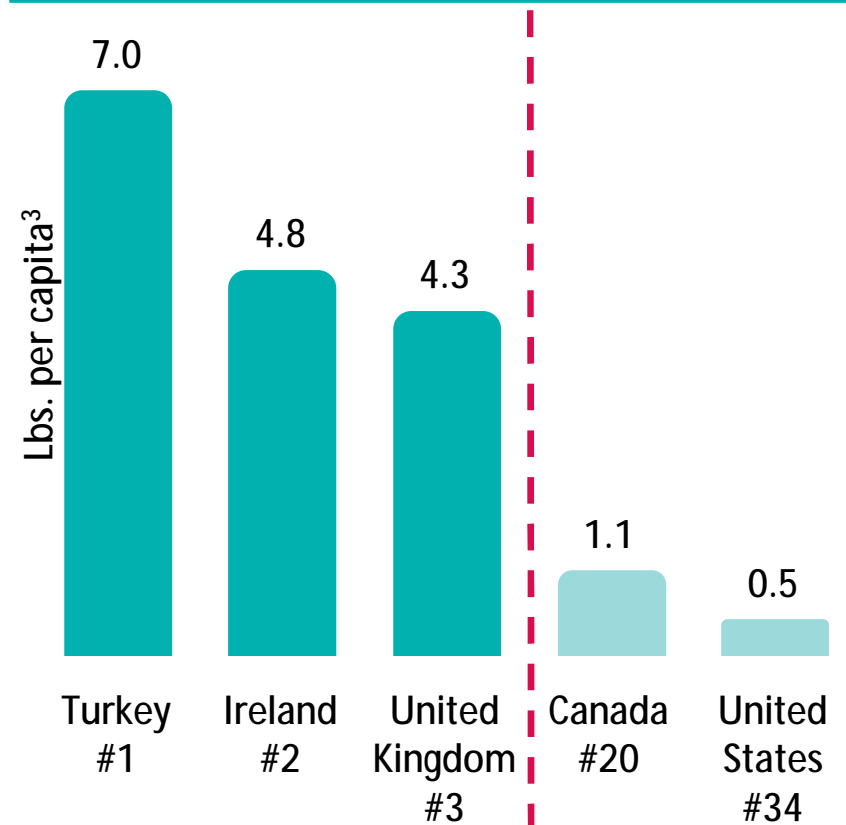
positioned in an attractive industry...

the tea industry is large¹...



The global tea market is expected to grow at a CAGR of 7-8% from 2014 through 2018

...with a growth opportunity in North America²



Low per capita consumption in North America provides significant runway for growth

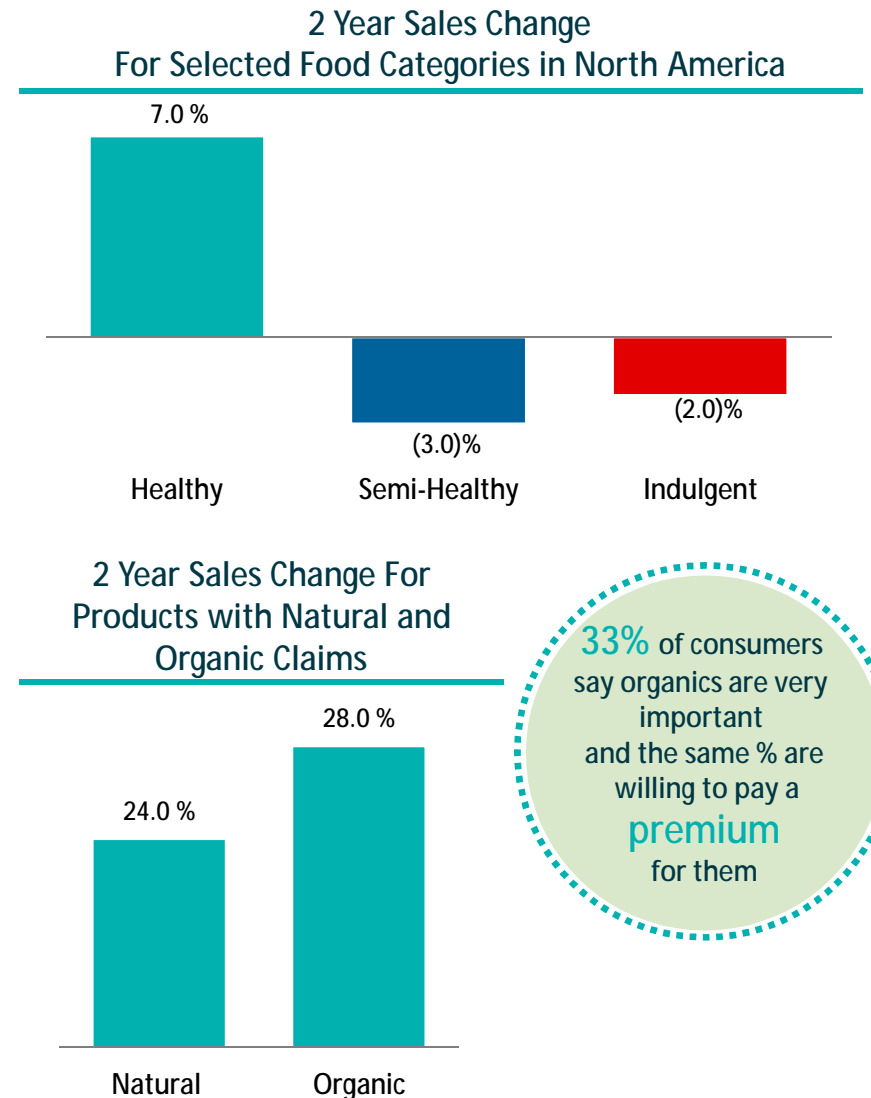
¹ Source: Euromonitor

² Source: World Tea News, The Economist

³ One pound of tea can produce approximately 180 6oz cups of tea

...and benefitting from consumer trends with broad demographic appeal

- ~ Shift to healthier lifestyles
- ~ Demand for natural and organic products
- ~ Growing tea enthusiasm among millennials
- ~ Consumers willing to pay a premium for higher quality tea
- ~ Desire for customization



our distinct community-based marketing approach

Hyper-local Events



Large-scale Events



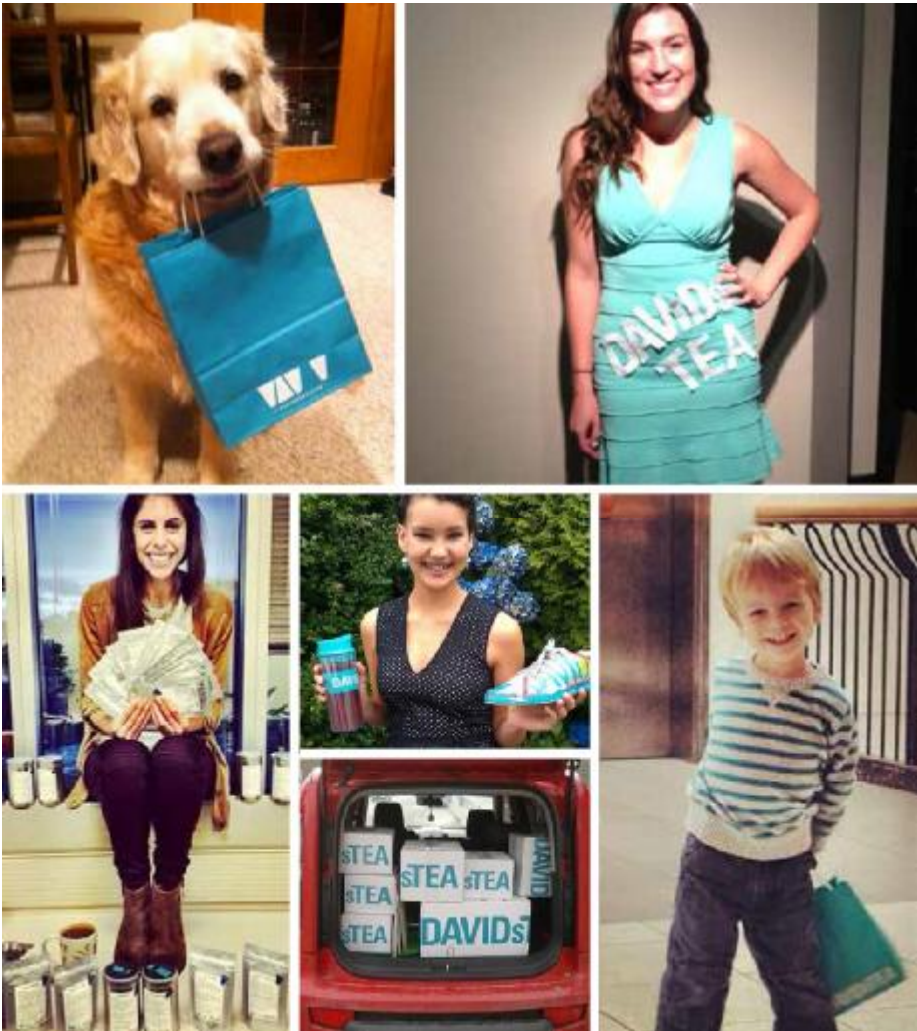
2,000 events reaching 350,000 people¹

- ~ OSHEAGA Music Festival (Montreal)
- ~ TIFF festivities (Toronto)
- ~ Wanderlust (Whistler, Mont-Tremblant)
- ~ Ghirardelli Chocolate Festival (San Francisco)
- ~ Snowboard Jamboree (Quebec)
- ~ PRIDE (Montreal, Toronto, Halifax, Vancouver)
- ~ Yoga for Hope (San Francisco)
- ~ SF Giants family day (San Francisco)
- ~ Boston Common Tree Lighting (Boston)
- ~ Remake (San Francisco)
- ~ Seawheeze Half Marathon (Vancouver)
- ~ Edmonton Fringe Festival (Edmonton)

¹ Last twelve months ended March 31, 2015.

our loyal customer

DAVIDsTEA super fan



¹ As of October 31, 2015.

frequent stepper program

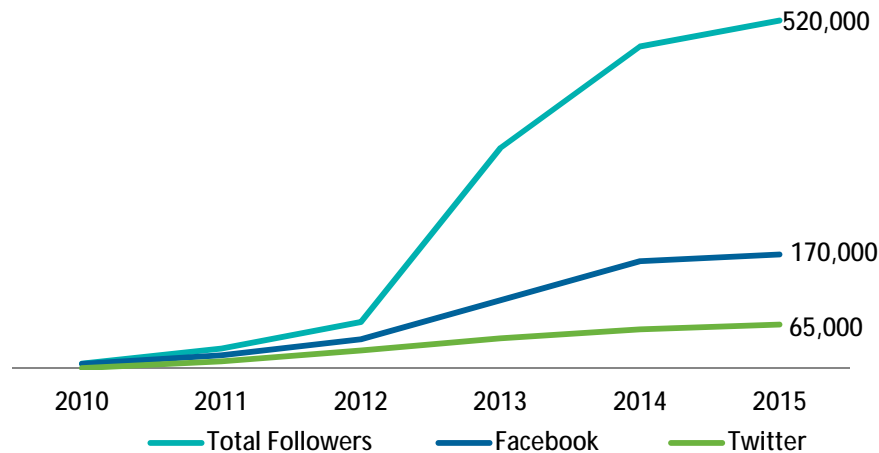
- ~ Customer loyalty program launched April 2014 across North America
- ~ Rewarding repeat purchases through a points-based program
- ~ Customers earn points with every purchase
- ~ ~80% of sales since launch are attributed to new or repeat Frequent Steepers
- ~ Over 1.8 million members¹ since launch



DAVIDsTEA

strong social media awareness

social media following







"Was reminded yesterday how good companies like @DAVIDsTEA are with their social media engagement #loyalcustomer"

- @aviash

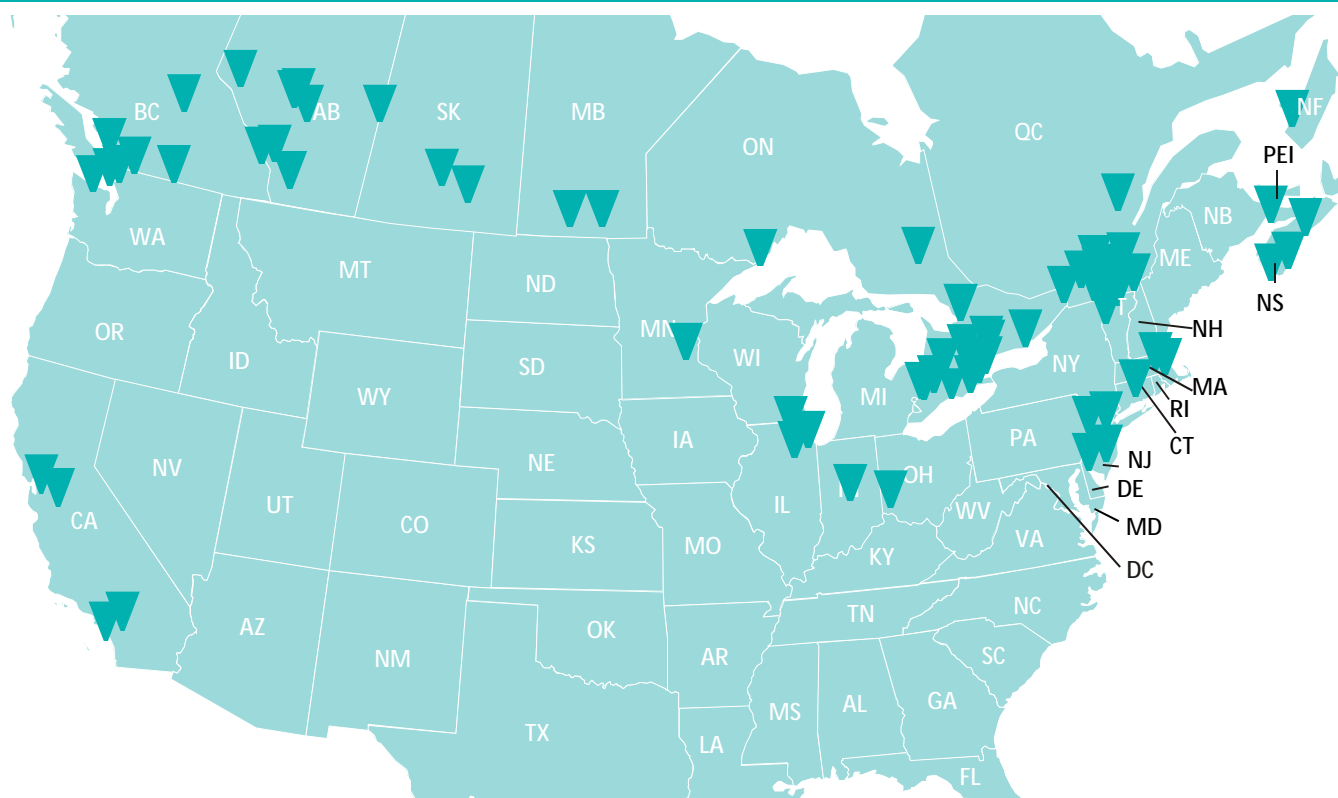
"@DAVIDsTEA Oh how I can't stop thinking about how incredible your social media team is. Keep up the great work"

- @shafpatel

	platform	followers
	Facebook	170,000
	Google +	135,000
	Instagram	85,000
	Twitter	65,000
total follower base: ~520k		

versatile store model with broad geographic reach

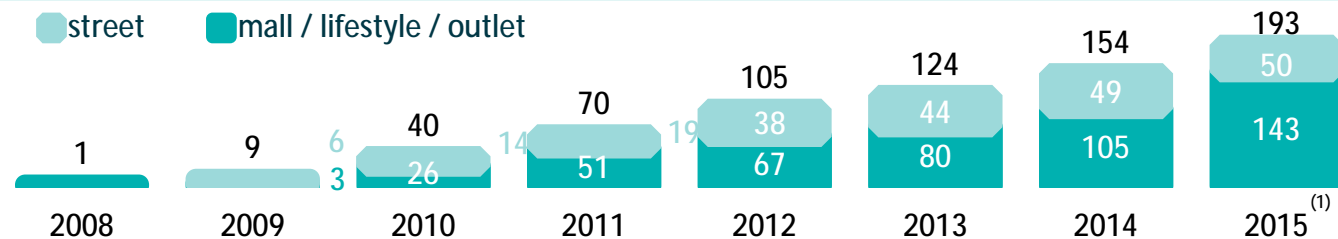
stores in all 10 Canadian provinces and 11 U.S. states



Canada ¹	
province	# of stores
Ontario	54
Quebec	36
British Columbia	27
Alberta	22
Manitoba	5
Nova Scotia	3
Saskatchewan	3
New Brunswick	3
Newfoundland	2
Prince Edward Island	1
Total Canada Stores	156

state	# of stores
California	9
Massachusetts	7
New York	7
Illinois	6
Connecticut	2
New Jersey	1
Pennsylvania	1
Indiana	1
Minnesota	1
Ohio	1
Vermont	1
Total US Stores	37

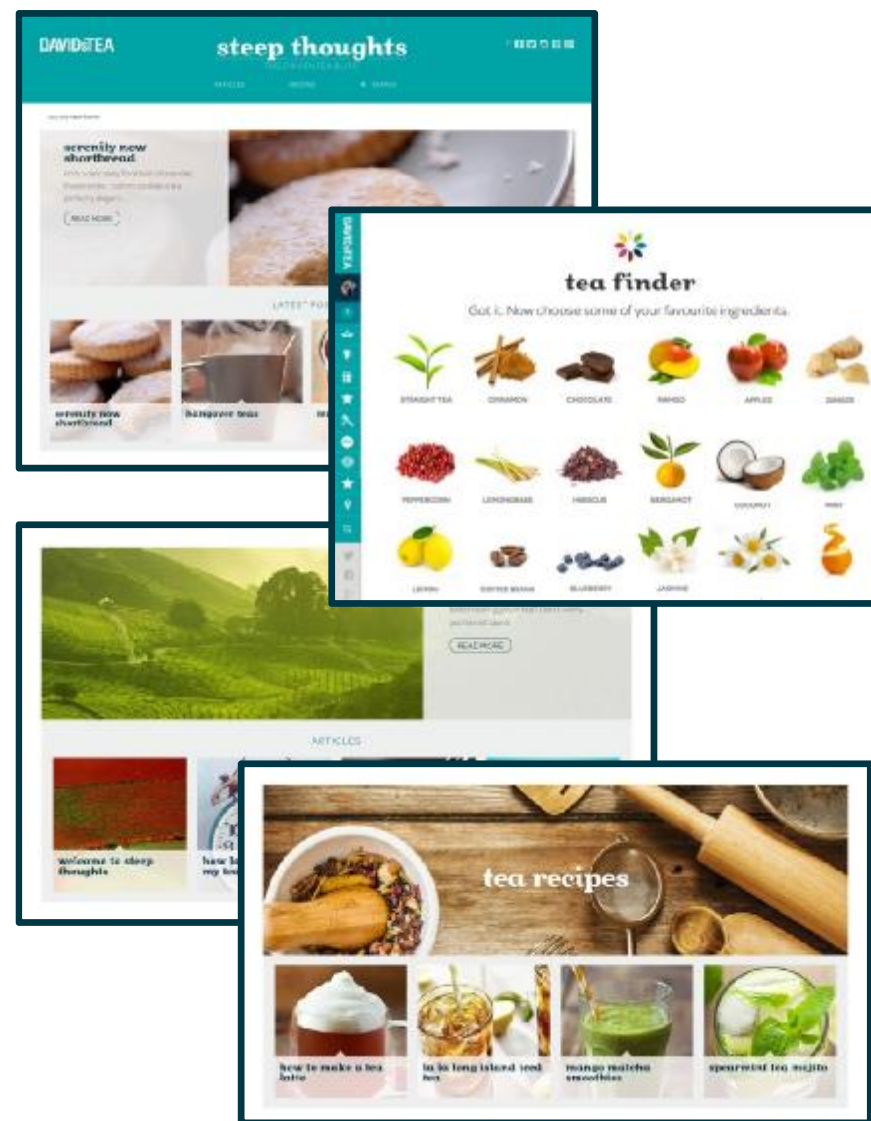
flexible real estate model



¹ As of January 7, 2016.

engaging eCommerce platform

- ~ DAVIDsTEA is a natural fit for eCommerce
 - Lightweight, easy-to-ship product
 - Encourages research
 - Facilitates online replenishment
 - Compelling and colorful content
- ~ Website blends product expertise, community and research tools
 - Shop by ingredient / Tea Finder
- ~ Strong synergies with stores, field marketing and social media
 - Cross channel marketing
 - Loyalty program
- ~ Long-term growth opportunity
 - eCommerce penetration grew from 2.7% of sales in 2010 to 7.9% in 2014
 - Long-term penetration target of +15%



our core values supported by our experienced management team

name	title	selected experience / years in industry		favorite tea
Sylvain Toutant	CEO & President	Keurig Green Mountain, Reno-Depot, SAQ	25 years	Jumpy Monkey
Luis Borgen	Chief Financial Officer	DaVita HealthCare Partners, Staples	16 years	Quangzhou Milk Oolong
Isabelle Grise	Chief Marketing and Merchandising Officer	President & CEO of Fruits & Passions and SVP of Marketing and Merchandising at LaSenza, a division of L- Brands	25 years	Glitter and Gold
David Segal	Co-founder and Brand Ambassador	Co-founder of DAVIDsTEA	10 years	Sencha Ashikubo
Doug Higginbotham	Head of Supply Chain	Yankee Candle	20 years	Main Squeeze
Marc Macdonald	Chief HR Officer	Home Depot, Keurig Green Mountain	15 years	North African Mint
Edmund Noonan	Head of Real Estate	Abercrombie & Fitch	20 years	Forever Nuts
Howard Tafler	Chief Accounting Officer	National Accounting Firm and CFO of privately held company	15 years	Vanilla Orchid

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GROWTH STRATEGY

our growth strategy

- ~ Increase brand awareness
- ~ Grow our store base
- ~ Drive comparable sales, including eCommerce
- ~ Expand adjusted EBITDA margins

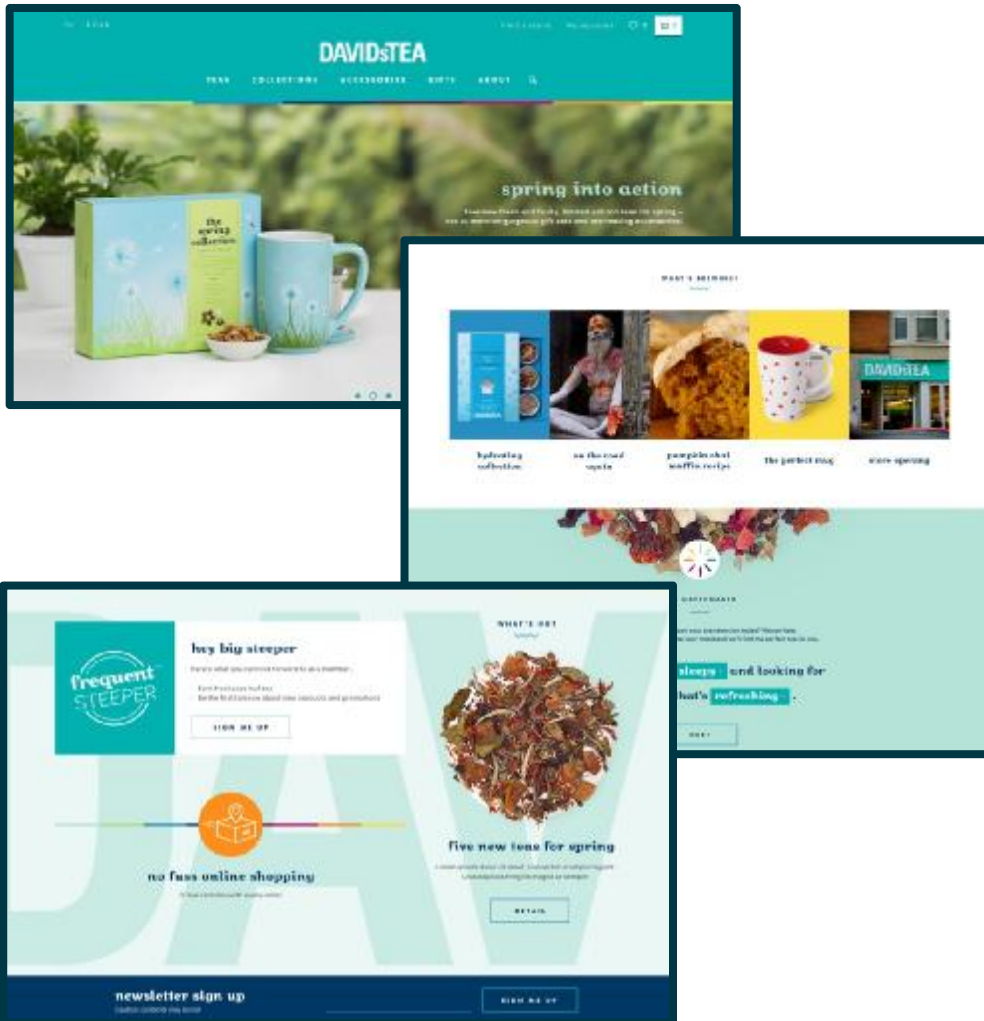
increase brand awareness: community-based marketing

- ~ Build brand awareness and drive traffic through field-based marketing and customer engagement initiatives
 - Field Marketing and Hyper-Local Social Engagement
 - Social Media
 - Public Relations
- ~ Collaborate with our brand enthusiasts to co-create experiences online



increase brand awareness: enhanced eCommerce platform

Launched our new website to allow customers to more easily discover new products, better connect with others, and get the most of our products 24/7

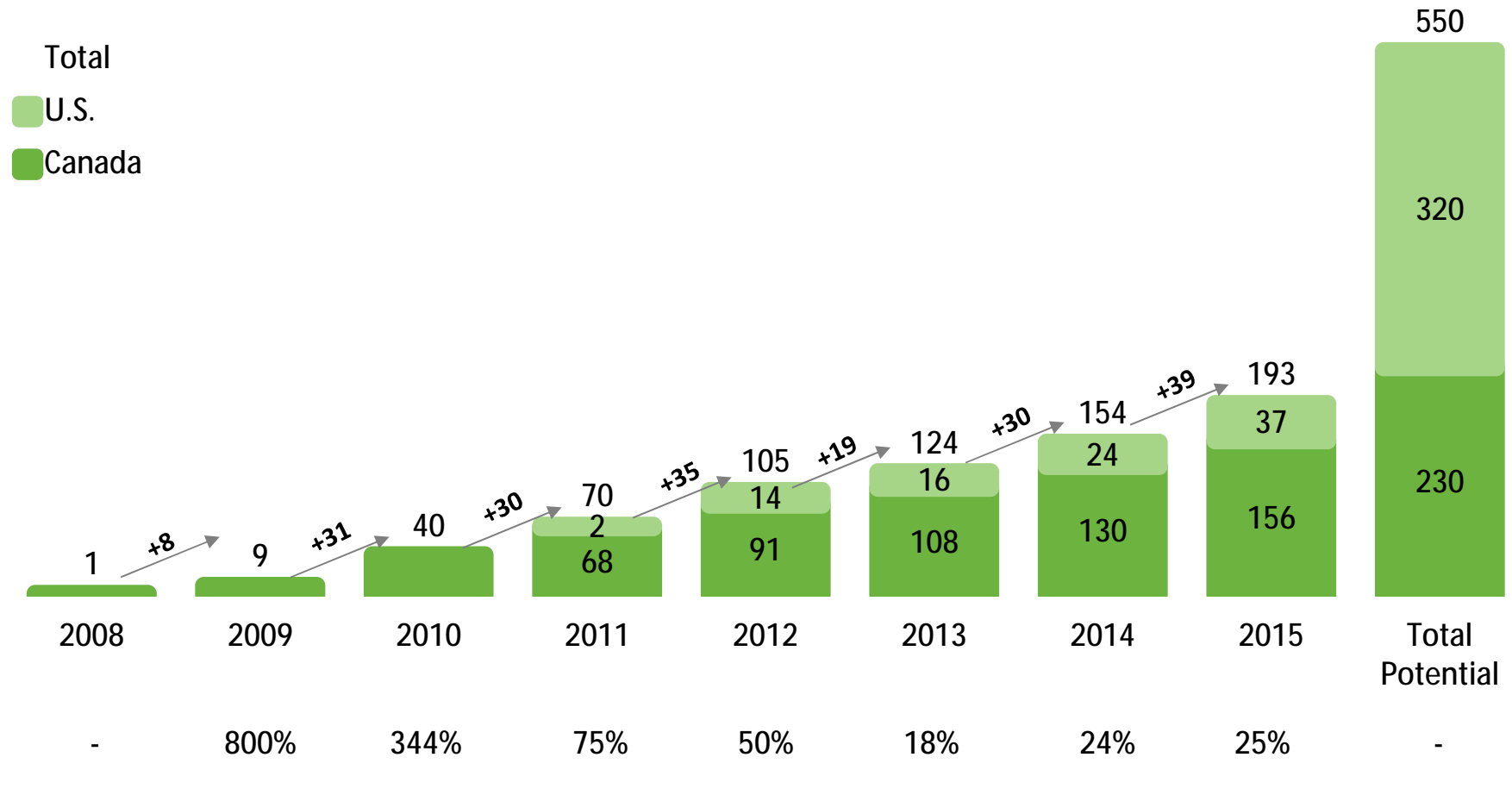


- | Full integration with all systems (ERP, ESP, CRM) for improved programmability
- | Open source compatibility to development tools allowing ability to evolve the platform to business and customer needs
- | Full integration to Loyalty Program and personalized content and improved self-serve
- | Improved site performance and stability
- | Improved merchandizing and promotion rules
- | Integrated user-generated content

increase brand awareness: targeted retail expansion

opportunity to more than triple the store base

potential for an additional ~75 stores in Canada and ~285 stores in the U.S.



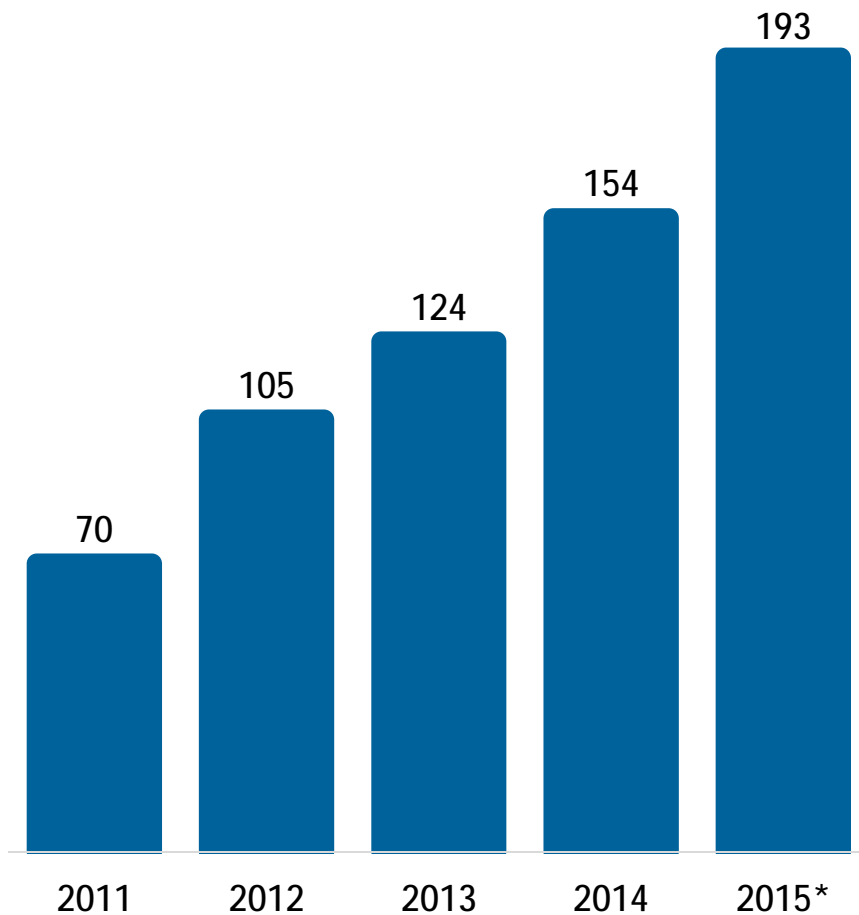
¹ Based on management's estimates and the model from Intalytics, a provider of real estate research and consulting services.

increase brand awareness: Hotel, Restaurants and Institutions sector

- | HRI sector is a large and growing Canadian market; Tea Association of Canada estimates the size at approximately 550 million cups annually.
- | Announced partnership with Air Canada in October 2015
 - *Forever Nuts* and *Cream of Earl Grey* teas now available for purchase on certain flights.
 - Marked our entry into the HRI sector.
- | Announced partnership with Le Germain and Alt Hotels across Canada in December 2015
 - A variety of DAVIDsTEA sachets served in our iconic 10-ounce teal cups are now available as part of the hotel's beverage service.
- | These partnerships are great opportunities to increase our brand visibility in North America.

grow our store base

store rollouts in North America



* Reflects fiscal 2015 store openings as of January 7, 2016.

robust real estate development process



target new store model

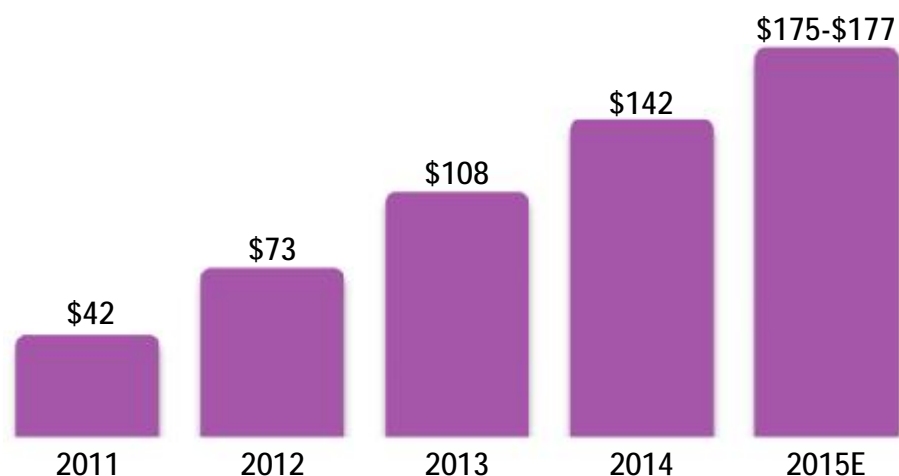
	Canada (in CAD \$K)	United States (in US \$K)
year 4 sales	~CAD \$750	~US \$780
year 4 adjusted EBITDA margin	28%	25%
capex	~CAD \$290	~US \$310
payback	~2 Years	~3 Years

U.S. expansion strategy

- ~ Focus on sites with multiple traffic drivers
- ~ Emphasis on proven shopping destinations to build the brand
- ~ Move toward balanced portfolio of store formats (mall, street, lifestyle, outlet)
- ~ Clustering approach to achieve economies of scale; methodical new market entry
- ~ Disciplined approach on capex and occupancy costs
- ~ Expansion into HRI (hotels, restaurants, institutions) channel

drive comparable sales growth

sales



comparable sales growth¹

2011	2012	2013	2014	2015E
33%	27%	18%	11%	Slightly Above MSD

- Continue to introduce new and unique teas, tea accessories and beverages
- Continue to drive brand awareness via hyper-local events and public relations outreach
- Utilize Frequent Steeper program to attract new customers and encourage incremental sales from existing customers
- Increase eCommerce penetration through new website functionality and enhanced online engagement
- Fully leverage integrated store, eCommerce, PR and field-based marketing campaigns
- Continue to improve staff recruitment, training (tea certification), and retention to maintain distinctive service levels

Data in CAD \$M

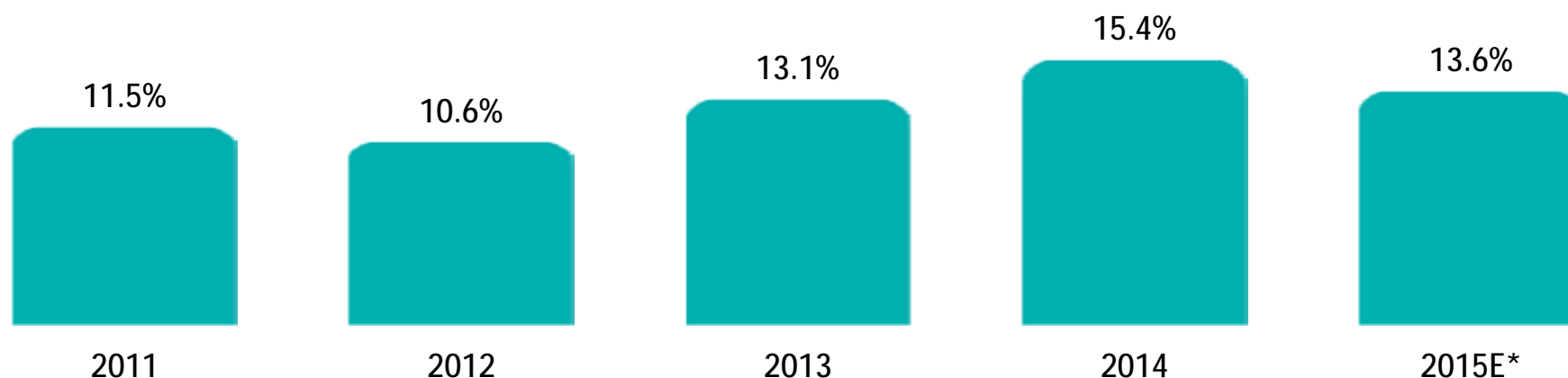
¹Includes eCommerce

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expand adjusted EBITDA margins

key drivers of margin expansion

- 1 gross profit leverage
 - ~ lower product costs and improve supply chain efficiencies
- 2 selling and G&A expenses
 - ~ improve operational efficiencies and capture scale savings
- 3 business mix
 - ~ increase eCommerce sales penetration

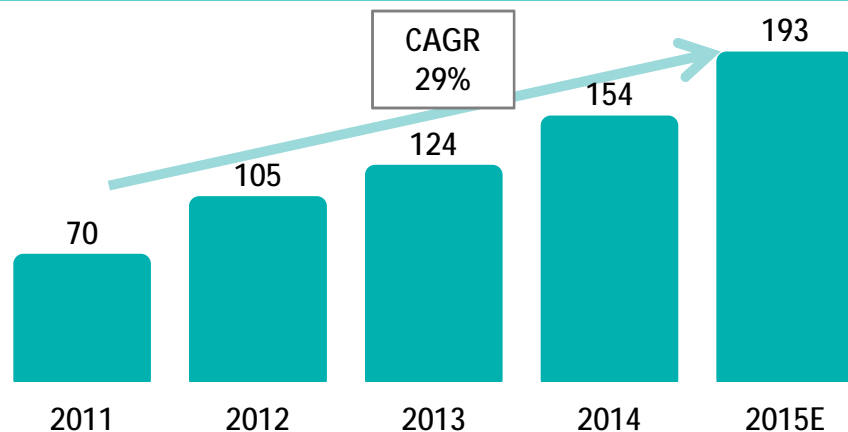


*2015E reflects midpoint of guidance provided on December 10, 2015

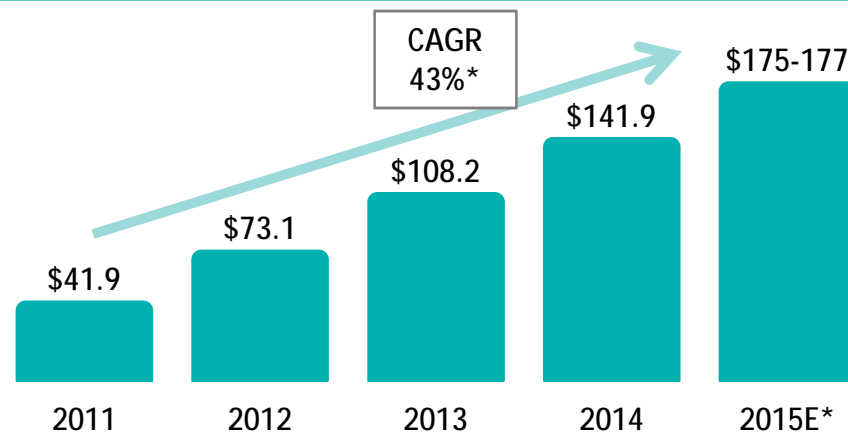
FINANCIAL OVERVIEW

financial history

stores

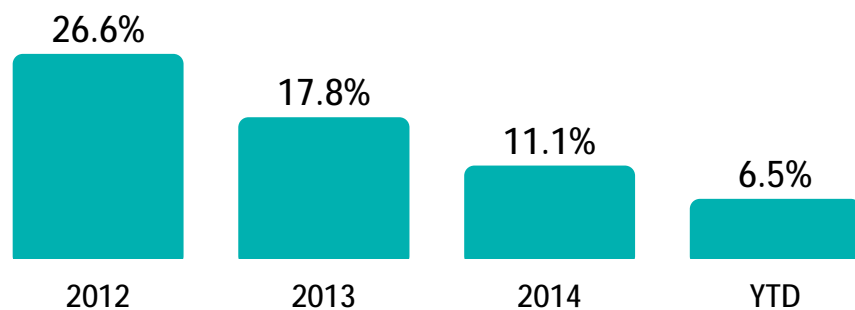


sales

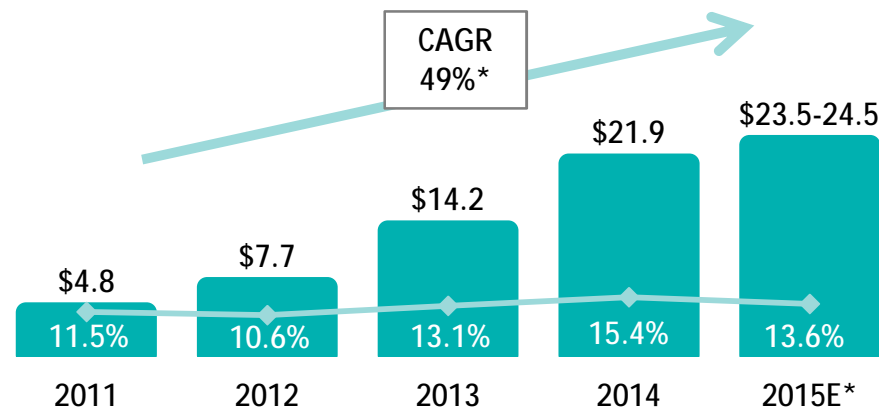


comp sales growth

25 consecutive quarters of positive comp sales growth



adjusted EBITDA¹



Data in CAD \$M

*2015E reflects guidance provided on December 10, 2015. CAGR and EBITDA margin are calculated based on the midpoint of the relevant guidance ranges.

1) For a reconciliation of adjusted EBITDA to net income, see slide 38.

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recent quarterly performance

Q3 2015 Results

of stores

183 stores
(+40 new stores vs Q3 2014)

revenue

\$36.3 million
(+32% vs Q3 2014)

comparable sales

+ 6.3%
(16.7% 2-year stack)

adjusted net loss¹

(\$0.8 million)

adjusted EPS¹

(\$0.03)

Data in CAD \$

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1) For a reconciliation of adjusted net loss and adjusted EPS to the nearest IFRS measure, see slide 39.

operating cash flow and capital spend summary

operating cash flow



capital expenditures



of new
stores

30

35

20

31

long-term growth targets

sales growth

~20%

store unit growth

high teens

comp sales growth

low-to-mid single digits

adjusted EBITDA margin

high teens

net income growth

~25%

APPENDIX

adjusted EBITDA reconciliation

	2011	2012	2013	2014
Net Income (loss)	1,088	(4,354)	(6,164)	6,454
Finance costs	1,394	1,829	1,967	2,345
Finance income	-	-	(45)	(133)
Depreciation and amortization	1,693	3,180	4,745	5,447
Loss on disposal of property and equipment	-	-	-	31
Provision for income tax (recovery)	235	1,692	3,067	(333)
EBITDA	4,410	2,347	3,570	13,811
Stock-based compensation expense	-	237	228	947
Impairment of property and equipment	-	-	1,192	2,740
Onerous contracts	-	-	-	805
Deferred rent	423	769	660	802
Accretion of preferred shares	-	416	514	1,044
Loss from embedded derivatives on Series A, A-1, and A-2 preferred shares	-	3,960	8,058	380
IPO Costs	-	-	-	856
Settlement costs related to former option holder	-	-	-	520
Adjusted EBITDA	4,833	7,729	14,222	21,905
Adjusted EBITDA%	11.5%	10.6%	13.1%	15.4%
Growth%		59.9%	84.0%	54.0%

Data in CAD \$K

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adjusted net loss reconciliation

	For the three months ended		For the nine months ended	
	October 31, 2015	October 25, 2014	October 31, 2015	October 25, 2014 [Restated]
Net loss	(871)	(228)	(146,185)	(1,476)
Stock-based compensation expense for cashless exercise	-	-	4,052	-
Finance costs related to preferred shares	-	335	477	926
Impairment of property and equipment	-	1,301	-	1,301
Provision for onerous contracts	-	529	-	529
Loss on derivative financial instruments	164	-	-	-
Loss on disposal of property and equipment	-	-	292	-
Accretion of preferred shares	-	300	401	754
(Gain)/Loss from embedded derivative on Series A, A-1 and A-2 preferred shares	-	(3,855)	140,874	(3,693)
IPO related costs	-	35	-	35
Settlement costs related to former option holder	-	520	-	520
Income tax expense adjustment	(43)	(632)	(1,151)	(632)
Adjusted net loss	(750)	(1,695)	(1,240)	(1,736)
Weighted average number of shares outstanding, fully diluted	23,977,040	12,024,835	18,360,119	11,965,521
Adjustment for conversion of preferred shares Series A, A-1 and A-2	-	8,128,805	3,855,205	8,128,805
Initial public company share issuance	-	3,414,261	1,619,263	3,414,261
Adjusted weighted average number of shares outstanding, fully diluted	23,977,040	23,567,901	23,834,587	23,508,587
Earnings per share, fully diluted - as reported	(0.04)	(0.02)	(7.91)	(0.12)
Adjusted earnings per share, fully diluted	(0.03)	(0.07)	(0.05)	(0.07)