UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 21, 2019**

DAVIDsTEA Inc.

(Exact name of registrant as specified in its charter)

Canada	**98-1048842**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification Number)

001-37404
(Commission File Number)

5430 Ferrier, Town of Mount-Royal, Québec, Canada	**H4P 1M2**
(Address of principal executive offices)	(Zip Code)

(888) 873-0006
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, no par value per share	DTEA	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. x

Item 1.01 Entry into a Material Definitive Agreement

Loan Agreement

On May 7, 2019, DAVIDsTEA Inc., a corporation incorporated under the *Canada Business Corporations Act* (the "Company") entered into a secured loan agreement, as further amended September 13, 2019 (the "Loan Agreement") with Oink Oink Candy Inc., doing business as "Squish" (the "Borrower") and Rainy Day Investments Ltd. ("RDI") as guarantor, pursuant to which the Company agreed to lend an amount of up to CDN$2.0 million. The loan bears interest, payable monthly, at Bank of Montreal's prime rate plus 1.0%, and is repayable no later than December 31, 2019. RDI has guaranteed all of the Borrower's obligations and, as security for the guarantee, has given a movable hypothec (or lien) (the "Hypothec") in favour of the Company on its share of DAVIDsTEA Inc.

The Borrower is a company controlled by Sarah Segal, the Company's Chief Brand Officer. RDI is the principal shareholder of the Company and is controlled by Herschel Segal, Executive Chairman, Interim Chief Executive Officer and director of the Company. Ms. Segal is also the daughter of Mr. Segal.

The foregoing description of the Loan Agreement and the Hypothec do not purport to be complete and are qualified in their entirety by reference to the full text of the Loan Agreement and the Hypothec, which are filed as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

Collaboration and Shared Services Agreement

The Company and the Borrower also entered into a Collaboration and Shared Services Agreement, dated February 21, 2019 (the "Collaboration and Shared Services Agreement"), pursuant to which the Company and the Borrower collaborate on and share various services and infrastructure including, among other things, merchandising, marketing, buying capabilities, supplier relationships, warehousing and office space.

The foregoing description of the Collaboration and Shared Services Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Collaboration and Shared Services Agreement, which is filed as Exhibit 10.3 and is incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition

On September 17, 2019, DAVIDsTEA Inc., a corporation incorporated under the *Canada Business Corporations Act* (the "Company"), issued a press release announcing its financial results for the three- and six-month periods ended August 3, 2019. A copy of the press release is furnished as Exhibit 99.1 hereto.

The information presented under Item 2.02 in this Current Report on Form 8-K and the accompanying exhibit attached herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("the Exchange Act"), or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Resignation of a member of the Board of Directors

Anne Darche resigned as a member of the Board of Directors effective September 11, 2019. Ms. Darche's resignation was not due to any matter relating to the Company's operations, policies or practices.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
10.1	Loan Agreement, effective May 7, 2019, as amended September 13, 2019, between DAVIDsTEA Inc. and Oink Oink Candy Inc.
10.2	Movable Hypothec on Securities between DAVIDsTEA Inc. and Rainy Day Investments LTD.
10.3	Collaboration and Shared Services Agreement, effective February 21, 2019, between DAVIDsTEA Inc. and Oink Oink Candy Inc.
99.1	Press Release, dated September 17, 2019

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DAVIDsTEA INC.

Date: September 17, 2019

By: */s/ Frank Zitella*
Name: Frank Zitella
Title: Chief Financial and Operating Officer

LOAN AGREEMENT entered into in the City of Montreal, Quebec, as of the 7th day of May, 2019

BETWEEN: **DAVIDSTEA INC.**, a corporation organized under the laws of Canada, having its head office at 5430 Ferrier Street, Mount-Royal, Québec, H4P 1M2

(as "**Lender**")

AND: **OINK OINK CANDY INC.**, a corporation organized under the laws of Canada, having its head office at 5695 Ferrier Street, Mount-Royal, Québec, H4P 1N1

(as "**Borrower**")

AND: **RAINY DAY INVESTMENTS LTD.**, a corporation organized under the laws of Canada, having its head office at 5695 Ferrier Street, Mount-Royal, Québec, H4P 1N1

(as "**Guarantor**")

WHEREAS the Borrower wishes to borrow a certain amount of funds from the Lender and the Lender is prepared to lend such funds to the Borrower on the terms and conditions contained herein;

NOW THEREFORE, THE PARTIES HAVE AGREED TO THE FOLLOWING:

1. THE FACILITY

The Lender agrees, upon the terms and subject to the conditions of this Agreement, to lend to the Borrower, an amount of up to but not exceeding, in the aggregate **CDN$4,000,000** (the "**Facility**"). The Facility is available on a revolving basis such that, during the period commencing on May 7, 2019 until May 6, 2021 (the "**Availability Period**"), subject to all the terms and conditions of this Agreement, the Borrower may re-borrow the whole or any part of any advance previously repaid to the extent of the then Available Facility. "**Available Facility**" means the amount of the Facility less the amount of the Loan then outstanding. "**Loan**" means the principal amount outstanding under the Facility at any time.

2. PURPOSE

Advances under the Facility shall be used by the Borrower as follows:

(i) an initial amount of CDN$452,100 for the purpose of guaranteeing certain suppliers;

(ii) a further initial amount of CDN$347,900 for the purpose of supplementing short-term cash flow; and

(iii) such other amounts as may be borrowed hereunder for the purpose of supplementing short-term cash-flow and general corporate purposes.

3. DISBURSEMENT

The Borrower may request advances from time to time under the Facility during the Availability Period upon prior written notice to the Lender of at least one business day, it being acknowledged that the amount of CDN$800,000 was advanced to the Borrower on May 7, 2019.

4. UNCOMMITTED NATURE OF FACILITY

The parties hereto agree that the Facility is made available to the Borrower pursuant to an uncommitted facility which means that the Lender may at any time, in its absolute discretion, terminate and cancel the Facility, refuse to fund any advance requested or demand payment of the entire amount of the Loan.

5. INTEREST

The principal amount outstanding under the Loan shall bear interest monthly at the Bank of Montreal's prime rate plus one (1) percent (1%).

6. MONTHLY INSTALMENTS

The interest payable in accordance with the foregoing provisions and computed as aforesaid on the principal amount outstanding under the Loan from time to time shall be payable in arrears, on the first (1st) business day of each and every calendar month of each year with respect to amounts of interest accrued to and including the last day of the previous month, with interest on all overdue interest at the rate applicable to the principal amount outstanding under the Loan during the period in which it remains unpaid, computed daily, compounded monthly and payable upon the demand of the Lender.

7. TERM

Payment in full of principal and interest outstanding pursuant to the Loan shall be due on May 7, 2021(the "**Maturity Date**").

8. REPAYMENT

The Borrower hereby undertakes and covenants to repay to the Lender the entire outstanding principal amount of the Loan and all interest thereon on the Maturity

Date and upon demand from the Lender made at any time following an Event of Default.

The Borrower may prepay the Loan at any time prior to the Maturity Date, in whole or in part in any amount, without penalty or premium, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

9. PLACE OF PAYMENT

The Borrower shall make all payments pursuant to this Agreement to the Lender in the lawful currency of the Canada, in immediately available funds at its address above-mentioned, or at any other place of business of the Lender, which the Lender may from time to time notify the Borrower of in writing.

10. GUARANTEE

10.1 Guarantee

The Guarantor, solidarily and jointly and severally with the Borrower, hereby irrevocably and unconditionally guarantees to the Lender the due and punctual payment, observance and performance of all of the obligations of the Borrower under this Agreement (the "**Guaranteed Obligations**") when and as due (whether on demand, by reason of acceleration or otherwise) in accordance with their respective terms, and each Guarantor hereby agrees to pay, observe or perform the same when so due or deemed to be due, upon demand therefor by the Lender.

10.2 Nature of Guaranteed Obligations

The Guarantor's obligations hereunder are solidary, joint and several, absolute and unconditional, present and continuing, unlimited, general and irrevocable and constitute a guarantee of payment and performance and not merely a guarantee of collection. The obligations of the Guarantor hereunder are independent of the Guaranteed Obligations, and a separate action may be brought against the Guarantor to enforce this guarantee.

10.3 No Release of the Guarantor

Save and except for, and only upon the cancellation in full of the Loan and the receipt by the Lender of the full and definitive payment of all amounts due under this Agreement, the obligations of the Guarantor hereunder shall not be reduced, limited or terminated, nor shall the Guarantor be discharged from any obligation hereunder, for any reason whatsoever.

10.4 Waivers

The Guarantor hereby waives:

10.4.1 any benefit of discussion or division including, without limitation, any requirement, and any right to require, that any power be exercised or any action be taken against the Borrower for any of the Guaranteed Obligations; and

10.4.2 any and all defences to and set-offs, counterclaims and claims of recoupment against any and all of the Guaranteed Obligations that may at any time be available to the Borrower.

10.5 **Rights of Subrogation**

The Guarantor will not enforce any right it may at any time have against the Borrower for any of the Guaranteed Obligations, including without limitation any rights of subrogation, exoneration, reimbursement and contribution and whether arising by operation of law or otherwise, until all of the Guaranteed Obligations have been paid, observed and performed in full.

10.6 **Continuance of the Guarantee**

This guarantee shall continue in full force and effect until the payment, observance and performance in full of the Guaranteed Obligations and the cancellation in full of the Loan.

11. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to the Lender that:

11.1.1 it is a corporation duly constituted, validly existing and in good standing with respect to the filing of its returns under the laws of its jurisdiction of constitution;

11.1.2 it has all requisite power and authority to own its property and to carry on its business;

11.1.3 it has the power, and it has taken all necessary action, to authorise it to borrow under the terms of this Agreement; and

11.1.4 this Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject, as to enforcement of remedies, to any applicable bankruptcy, insolvency or other similar law affecting the enforcement of creditors rights generally and subject to the limitation of the availability of the remedy of specific performance or injunctive relief under any law and affecting the enforcement of creditors rights generally, and subject to the limitation of the availability of the remedy of specific performance or injunctive relief which is subject to the

discretion of the court before which any proceeding therefore may be brought.

12. EVENTS OF DEFAULT AND REALIZATION

12.1 Events of Default

The occurrence of the following events while any principal amount remains outstanding under the Loan shall constitute an event of default (an "**Event of Default**"):

12.1.1 should the Borrower fail to make, upon demand from the Lender, any payment with respect to the Loan; or

12.1.2 should **(a)** an involuntary proceeding be commenced against the Borrower (i) seeking bankruptcy, liquidation, reorganization, dissolution, winding up, a composition or arrangement with creditors, a readjustment of debts, or other relief with respect to it or its debts under any bankruptcy laws or other customary insolvency actions or (ii) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets, the issuance of a writ of attachment, execution, or similar process, or like relief, and such involuntary proceeding shall remain undismissed and unstayed for a period of 30 days, **(b)** an order for relief is entered against the Borrower under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other present or future federal bankruptcy or insolvency Laws of Canada, **(c)** filing by the Borrower of an answer admitting the material allegations of a petition filed against it in any involuntary proceeding commenced against it or the Borrower stating that it is unable to pay its debts generally when they fall due, or **(d)** consent by the Borrower to any relief referred to in this paragraph or to the appointment of or taking possession by any such official in any involuntary proceeding commenced against it or the taking of any steps by the Borrower to obtain any such relief; or

12.1.3 should any representation or warranty which has been made by or on behalf of the Borrower to the Lender in or pursuant to this Agreement prove at any time to be either incorrect or substantially inaccurate with respect to a material aspect.

12.2 **Remedies**

If an Event of Default has occurred and is continuing and in every such event:

12.2.1 with the exception of an Event of Default specified in subsection 12.1.2, the Lender may declare as being immediately due and payable all of the principal amount then outstanding under the Loan, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, anything in the Agreement to the contrary notwithstanding and thereupon the Lender may exercise and all of its rights and recourses under this Agreement and all applicable law; and

12.2.2 upon the occurrence of an Event of Default specified in subsection 12.1.2, such principal referred to in subsection 12.2.1 shall thereupon and concurrently therewith become due and payable, all without any action by the Lender and without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement to the contrary notwithstanding, and thereupon the Lender may exercise any and all of its rights and recourses under this Agreement and all applicable law.

12.3 **Notices**

Save as otherwise expressly provided for herein, no notice or mise-en-demeure of any kind shall be required to be given to the Borrower by the Lender for the purpose of putting the Borrower in default, said party being in default by the mere passage of time allowed for the performance of an obligation or by the mere happening of any event constituting an Event of Default.

12.4 **Dealing with the Borrower**

The Lender may, subject to acting in a commercially reasonable manner, grant extensions of time and other indulgences, take and give securities, accept compositions, grant leases and discharges and otherwise deal with the Borrower as the Lender may see fit, without prejudice to the liability of the Borrower.

13. NOTICES

Any notice, direction or other document required or permitted to be given under the provisions hereof shall be in writing and may be given by delivering, mailing or sending same to the Lender or to the Borrower, as the case may be, at its co-ordinates above-mentioned.

14. PARTIES BOUND

This Agreement shall be binding upon and shall inure to the benefit of the Borrower and the Lender and their respective successors and assigns; provided, however, that the Lender may not, without prior written consent of the Borrower, assign or purport to assign, directly or indirectly, any of its rights, duties or obligations hereunder.

15. INTERPRETATION

This Agreement shall be interpreted in accordance with and governed by the Province of Québec and the laws of Canada applicable therein. In any place in this Agreement where the context requires it, the singular number shall be interpreted as plural and the neuter gender as either masculine or feminine. *Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.*

[*Signature page follows*]

IN WITNESS HEREOF, each of the parties hereto has executed this Agreement at the place and time first hereinabove indicated.

OINK OINK CANDY INC.
as Borrower

Per: _____
Name: Sarah Segal
Title: President

DAVIDSTEA INC.
as Lender

Per: _____
Name:
Title:

RAINY DAY INVESTMENTS LTD.
as Guarantor

Per: _____
Name:
Title:

BETWEEN: **DAVIDSTEA INC.**, a corporation organized under the laws of Canada, having its head office at 5430 Ferrier Street, Mount-Royal, Québec, H4P 1M2

(as "**Lender**")

AND: **OINK OINK CANDY INC.**, a corporation organized under the laws of Canada, having its head office at 5695 Ferrier Street, Mount-Royal, Québec, H4P 1N1

(as "**Borrower**")

AND: **RAINY DAY INVESTMENTS LTD.**, a corporation organized under the laws of Canada, having its head office at 5695 Ferrier Street, Mount-Royal, Québec, H4P 1N1

(as "**Guarantor**")

WHEREAS the Borrower, the Guarantor and the Lender entered into a loan agreement dated as of May 7, 2019 (the "**Original Loan Agreement**" and the Original Loan Agreement as amended by the terms hereof and as same may be further amended, supplemented or restated, the "**Loan Agreement**");

WHEREAS the Borrower, the Guarantor and the Lender wish to amend certain provisions of the Original Loan Agreement as of the date hereof;

NOW THEREFORE, THE PARTIES HAVE AGREED TO THE FOLLOWING:

1. AMENDMENTS

(a) Section 1 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*The Lender agrees, upon the terms and subject to the conditions of this Agreement, to lend to the Borrower, an amount of up to but not exceeding, in the aggregate CDN$2,000,000 (the "**Facility**"). The Facility is available on a non-revolving basis such that, the Borrower may not re-borrow the whole or any part of any advance previously repaid. "**Loan**" means the principal amount outstanding under the Facility at any time.*";

(b) Section 3 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*The Borrower hereby acknowledges that as of September 13, 2019, the full amount of the Facility has been advanced to it and a Loan in the amount of CDN$2,000,000 is outstanding.*";

(c) Section 7 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*Payment in full of principal and interest outstanding pursuant to the Loan shall be due and payable on December 31, 2019 (the "**Maturity Date**").*";

(d) Section 11 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*Each of the Borrower and the Guarantor represents and warrants to the Lender that:*

11.1.1 it is a corporation duly constituted, validly existing and in good standing with respect to the filing of its returns under the laws of its jurisdiction of constitution;

11.1.2 it has all requisite power and authority to own its property and to carry on its business;

11.1.3 it has the power, and it has taken all necessary action, to authorise it to borrow or, as the case maybe, guarantee, under the terms of this Agreement; and

11.1.4 this Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject, as to enforcement of remedies, to any applicable bankruptcy, insolvency or other similar law affecting the enforcement of creditors rights generally and subject to the limitation of the availability of the remedy of specific performance or injunctive relief under any law and affecting the enforcement of creditors rights generally, and subject to the limitation of the availability of the remedy of specific performance or injunctive relief which is subject to the discretion of the court before which any proceeding therefore may be brought.";

(e) Section 12.1 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*The occurrence of the following events while any principal amount remains outstanding under the Loan shall constitute an event of default (an "**Event of Default**"):*

12.1.1 should the Borrower or the Guarantor fail to make, upon demand from the Lender, any payment with respect to the Loan; or

12.1.2 should (a) an involuntary proceeding be commenced against the Borrower or the Guarantor (i) seeking bankruptcy, liquidation, reorganization, dissolution, winding up, a composition or arrangement with creditors, a readjustment of debts, or other relief with respect to it or its debts under any bankruptcy laws or other customary insolvency actions or (ii) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets, the issuance of a writ of attachment, execution, or similar process, or like relief, and such involuntary proceeding shall remain undismissed and unstayed for a period of 30 days, (b) an order for relief is entered against the Borrower or the Guarantor under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or any other present or future federal bankruptcy or insolvency Laws of Canada, (c) filing by the Borrower or the Guarantor of an answer admitting the material allegations of a petition filed against it in any involuntary proceeding commenced against it or the Borrower or the Guarantor stating that it is unable to pay its debts generally when they fall due, or (d) consent by the Borrower or the Guarantor to any relief referred to in this paragraph or to the appointment of or taking possession by any such official in any involuntary proceeding commenced against it or the taking of any steps by the Borrower or the Guarantor to obtain any such relief; or

12.1.3 should any representation or warranty which has been made by or on behalf of the Borrower or the Guarantor to the Lender in or pursuant to this Agreement prove at any time to be either incorrect or substantially inaccurate with respect to a material aspect.";

(f) Section 12.2 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*If an Event of Default has occurred and is continuing and in every such event:*

12.2.1 with the exception of an Event of Default specified in subsection 12.1.2, the Lender may declare as being immediately due and payable all of the principal amount then outstanding under the Loan, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, anything in the Agreement to the contrary notwithstanding and thereupon the Lender may exercise and all of its rights and recourses under this Agreement, any security document executed in connection herewith and all applicable law; and

12.2.2 upon the occurrence of an Event of Default specified in subsection 12.1.2, such principal referred to in subsection 12.2.1 shall thereupon and concurrently therewith become due and payable, all without any action by the Lender and without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement to the contrary notwithstanding, and thereupon the Lender may exercise any and all of its rights and recourses under this Agreement, any security document executed in connection herewith and all applicable law.";

(g) Section 12.4 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*The Lender may, subject to acting in a commercially reasonable manner, grant extensions of time and other indulgences, take and give securities, accept compositions, grant leases and discharges and otherwise deal with the Borrower as the Lender may see fit, without prejudice to the liability of the Borrower or the Guarantor.*";

(h) Section 14 of the Original Loan Agreement is hereby amended by replacing it in its entirety with the following:

"*This Agreement shall be binding upon and shall inure to the benefit of the Borrower and the Lender and their respective successors and assigns; provided, however, that (i) neither the Borrower nor the Guarantor may assign its rights and obligations under this Agreement without the express prior written consent of the Lender, and (ii) the Lender may assign, directly or indirectly, any of its rights, duties or obligations hereunder with the express prior written consent of the Borrower, which consent of the Borrower shall not be required at any time when an Event of Default has occurred and is continuing.*".

2. INTEREST PAYMENT

The Borrower covenants and agrees that it shall pay, on September 17, 2019, all outstanding interest on the Loan as of August 3rd, 2019, in the aggregate amount of CDN$12,800.

3. ORIGINAL LOAN AGREEMENT

Save as amended hereby, the provisions of the Original Loan Agreement shall continue to bind the parties hereto and remain in full force and effect.

4. COUNTERPARTS

This First Amendment to Loan Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

5. INTERPRETATION

This Agreement shall be interpreted in accordance with and governed by the Province of Québec and the laws of Canada applicable therein. In any place in this Agreement where the context requires it, the singular number shall be interpreted as plural and the neuter gender as either masculine or feminine. *Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.*

[*Signature page follows*]

IN WITNESS HEREOF, each of the parties hereto has executed this Agreement at the place and time first hereinabove indicated.

OINK OINK CANDY INC.
as Borrower

Per: */s/ Sarah Segal*
Name:
Title:

DAVIDSTEA INC.
as Lender

Per: */s/ Frank Zitella*
Name:
Title:

RAINY DAY INVESTMENTS LTD.
as Guarantor

Per: */s/ Herschel Segal*
Name:
Title:

MOVABLE HYPOTHEC ON SECURITIES

between

RAINY DAY INVESTMENTS LTD.
AS GRANTOR

and

DAVIDSTEA INC.
AS SECURED PARTY

DATED AS OF MAY 7, 2019

FASKEN

311208.00089/105557752.2

MOVABLE HYPOTHEC ON SECURITIES entered into in Montréal, Province of Québec, as of May 7, 2019.

BETWEEN: **RAINY DAY INVESTMENTS LTD.**, as Grantor

AND: **DAVIDSTEA INC.**, as Secured Party

WHEREAS a loan agreement dated as of May 7, 2019 was entered into among Oink Oink Candy Inc., as borrower (the "**Borrower**"), and DavidsTea Inc., as lender (the "**Lender**") (said agreement, as same may be amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is hereinafter referred to as the "**Loan Agreement**");

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HAVE AGREED WITH EACH OTHER AS FOLLOWS:

ARTICLE 1

INTERPRETATION

1.1 **Definitions.** The following words and expressions, whenever used in this Deed or in any deed, document or agreement supplemental or ancillary hereto, unless there be something in the subject or the context inconsistent therewith, shall have the following meanings:

1.1.1 "**Applicable Interest Rate**" means, for any day, the highest rate of interest applicable to the Loan on such day pursuant to the provisions of the Loan Agreement expressed as an annual rate, plus two percent (2%) per annum;

1.1.2 "**Applicable Law**" means, with respect to any Person, any law applicable to such Person or its properties or assets and any judgment or award binding on such Person or its properties or assets;

1.1.3 "**Borrower**" means Oink Oink Candy Inc. and includes any successor thereto;

1.1.4 "**Loan Agreement**" shall have the meaning ascribed to it in the first preamble paragraph;

1.1.5 "**Deed of Hypothec**", "**this Deed**", "**this Deed of Hypothec**", "**these presents**", "**herein**", "**hereby**", "**hereunder**" and other similar expressions refer to this Deed of Hypothec, its accompanying schedules as well as any and every deed or other instrument which is supplementary or ancillary hereto or in implementation hereof, the whole as same may be amended, supplemented or restated at any time and from time to time;

1.1.6 **"Event of Default"** shall have the meaning ascribed thereto in the Loan Agreement;

1.1.7 **"Governmental Authority"** means Canada, the Provinces thereof and any other regional, municipal, state, provincial, local or other subdivision of any jurisdiction, and any other governmental entity of any such jurisdiction and includes any agency, department, commission, office, régie, ministry, tribunal, central bank or other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

1.1.8 **"Grantor"** means Rainy Day Investments Ltd. and includes any successor thereto;

1.1.9 **"Hypothecated Property"** shall have the meaning ascribed thereto in Section 2.1;

1.1.10 **"Issuer"** means DavidsTea Inc., and includes any successor thereto;

1.1.11 **"Lien"** means any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a capital lease) including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, conditional sale agreement, deposit arrangement, deemed trust, title retention, capital lease, factoring or securitization arrangement;

1.1.12 **"Loan"** shall have the meaning ascribed thereto in the Loan Agreement;

1.1.13 **"Obligations"** shall have the meaning ascribed to "Guaranteed Obligations" in the Loan Agreement;

1.1.14 **"Person"** means any individual, corporation, company, limited liability company, estate, limited or general partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

1.1.15 **"Secured Party"** means DavidsTea Inc. and includes any successor or assign thereof;

1.1.16 **"Securities"** is the collective reference to **(i)** each and every one of the forms of investment to which the *Securities Act* (Québec) or the *Securities Transfer Act* applies, and **(ii)** to the extent not included in clause (i), all partnership units and other form of proprietary interests in partnerships;

1.1.17 **"Securities Transfer Act"** means the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec); and

1.1.18 **"Security Entitlements"** means all security entitlements (as such term is defined in the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec)).

1.2 **Plural and Masculine.** Unless there be something in the subject or the context inconsistent therewith, words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and vice versa, and any reference to dollars shall mean Canadian dollars.

1.3 **Division in Articles.** The division of this Deed into Articles, Sections, subsections and paragraphs and the insertion of titles are for convenience of reference only and do not affect the meaning or the interpretation of the present Deed.

ARTICLE 2

HYPOTHECS

2.1 **Principal Hypothec.** As a general and continuing collateral security for the performance of the Obligations, the Grantor hereby hypothecates to and in favour of the Secured Party the universality of all of the present and future Securities and Securities Entitlements issued by the Issuer now or hereafter owned by the Grantor including, without limiting the generality of the foregoing, all common shares held in the share capital of the Issuer, in each case, including the renewals thereof, substitutions therefor, accretions and additions thereto and all income and fruits of such Securities and Securities Entitlements (collectively referred to herein as the **"Hypothecated Property"**) to the extent of the sum of Two Million Five Hundred Thousand Dollars ($2,500,000), in lawful money of Canada, with interest thereon at the rate of twenty-five percent (25%) per annum.

ARTICLE 3

SPECIAL PROVISIONS RELATING TO SECURITIES AND SECURITY ENTITLEMENTS

3.1 **Exercise of the Right to Vote pursuant to the Securities forming part of the Hypothecated Property**. So long as any one of the Obligations is outstanding, the Secured Party may, after the occurrence and continuance of an Event of Default, vote the Securities forming part of the Hypothecated Property at any special or general meeting at which a holder thereof has the right to vote and shall also be authorized to confer a power of attorney or proxy, as the case may be, upon any Person for the purposes of exercising said right to vote the whole as the Secured Party may see fit. It is expressly understood that no vote can be exercised, no resolution signed and no consent, waiver or ratification given or any action taken by the Grantor which would give rise to an Event of Default.

3.2 **Authorization of the Secured Party to the Grantor to Collect the Fruits and Revenues of the Securities and Security Entitlements forming part of the Hypothecated Property**. The Secured Party expressly authorizes the Grantor to collect the fruits and revenues payable from time to time in virtue of the Securities forming part of the Hypothecated Property or deposited or credited from time to time in the accounts pertaining to the Security Entitlements forming part of the Hypothecated Property for so long as no Event of Default shall have occurred and be continuing and the Secured Party shall not have notified the Grantor of the withdrawal of the present authorization. In the event that such fruits or revenues are paid to the Grantor

following the receipt of such a notice, the Grantor shall hold same under gratuitous deposit for and on behalf of the Secured Party. The Grantor shall pay over the amounts so deposited to the Secured Party, on demand, the Grantor hereby expressly acknowledging the Secured Party's rights of ownership to said fruits and revenues.

ARTICLE 4

THE HYPOTHECATED PROPERTY

4.1 **Appointment of a Receiver**. If a receiver, a sequestrator or any other similar officer, lawfully appointed, takes possession of the Hypothecated Property, the of the Grantor with respect to the sale, transfer and disposition of the Hypothecated Property may be exercised by such receiver, sequestrator or other similar officer subject to the limitations imposed upon the Secured Party in that respect under the provisions of Article 7. Likewise, if the Secured Party takes possession of the Hypothecated Property pursuant to the terms hereof, it, in its discretion, may exercise the same powers, subject to the limitations imposed upon it under the provisions of Article 7.

4.2 **Deposit with the Secured Party**. Any consideration received for any part of the Hypothecated Property which may be released pursuant to the provisions of this Article or otherwise with the consent of the Secured Party on or before such release is given shall be deposited for the account of the Secured Party, in an interest bearing account, at a rate and for a term determined by the Secured Party and acceptable to the Grantor or shall be otherwise made subject to the Liens created hereunder as part of the Hypothecated Property.

ARTICLE 5

APPLICATION OF MONEY RECEIVED BY THE SECURED PARTY

5.1 **Use of Moneys Not Otherwise Released**. All the sums of money held by the Secured Party under the provisions of this Deed or in accordance with the Loan Agreement and all other sums of money of which the Secured Party is depositary in virtue of this Deed or of the Loan Agreement and in respect of which no other specific provision regulates the use thereof, are held by the Secured Party as security for the payment of the Obligations. However, the Secured Party, notwithstanding the provisions of Article 1572 and the second paragraph of Article 2743 of the *Civil Code of Québec* and every other legal rule concerning the imputation of payments, may apply such moneys to the full or partial reduction and to such of the indebtedness forming part of the Obligations, the whole as the Secured Party may deem appropriate.

ARTICLE 6

REPRESENTATIONS AND COVENANTS OF THE GRANTOR

So long as any Obligation is outstanding and unpaid or that the Borrower shall have the right to borrow under the Loan Agreement (whether or not the conditions to borrowing have been or can be fulfilled), the Grantor makes the following representations, provides the following warranties and covenants and agrees as follows:

6.1 **Hypothecated Property.** That it owns and will own the Hypothecated Property at all times, free and clear of all Liens, and shall not create, grant or suffer to exist any Lien on any of the Hypothecated Property at any time.

6.2 **Payment of Moneys Advanced by the Secured Party.** That it will repay to the Secured Party, on demand, all reasonable and documented expenditures incurred by the Secured Party in order to preserve and protect the Liens created hereunder or to perform or cause the performance of any obligation of the Grantor hereunder or in recovering any of the Obligations or in enforcing the security created hereby, with interest thereon calculated and payable at the Applicable Interest Rate, the whole without prejudice to any other rights the Secured Party may now or at any time hereafter have in this respect.

6.3 **Facilitating Realization of Security**. That it will, from time to time, execute and do or cause to be executed or done all such documents, instruments and things and provide all such assurances as the Secured Party may reasonably require in order to facilitate the realization of the Hypothecated Property, exercise all the powers and discretions hereby conferred upon the Secured Party and confirm to any purchaser of any of the Hypothecated Property the title to the property sold or proposed to be sold, and the Grantor will give or cause to be given all notices and directions as the Secured Party may consider appropriate.

6.4 **Information**. The Grantor shall notify the Secured Party without delay of:

6.4.1 any change of its name or in the location of its head office or chief executive office or its jurisdiction of incorporation; and

6.4.2 any acquisition of any Securities forming part of the Hypothecated Property, whether certificated or uncertificated, the establishment of a Security Entitlement forming part of the Hypothecated Property and the opening of a securities account with a securities intermediary (within the meaning of the Securities Transfer Act) in respect of any Securities or Security Entitlements forming part of the Hypothecated Property.

ARTICLE 7

REMEDIES

7.1 **Declaration by the Secured Party**. If an Event of Default shall occur and be continuing, the Secured Party may declare the whole or any part of the Obligations as being immediately due and payable, without presentment, demand, protest or other notice of any kind,

all of which are hereby expressly waived by the Grantor, anything in this Deed to the contrary notwithstanding. The Secured Party may also, at its discretion, declare the security hereby constituted to have become enforceable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Grantor, anything in this Deed to the contrary notwithstanding.

7.2 **Exercise of Recourses - Limitations.** If the security hereby constituted becomes enforceable the Secured Party may realize the security constituted hereunder and exercise all rights and remedies of a hypothecary creditor under the *Civil Code of Québec* and of a secured party under the laws of any jurisdiction where any Hypothecated Property shall be situated or where the security constituted hereunder shall be enforced, save and except for the recourse of taking in payment and any similar recourse under any Applicable Law. Notwithstanding the foregoing or any other provision of the Loan Agreement or this Deed or any Applicable Law, the Secured Party hereby acknowledges, covenants and agrees that:

7.2.1 the liability of the Grantor with respect to the Guaranteed Obligations shall be limited to the aggregate amount of Two Million Five Hundred Thousand Dollars in lawful money of Canada and, as a result, the Secured Party shall only exercise its rights, remedies and recourses against such number of the Securities and Securities Entitlements comprised in the Hypothecated Property having an aggregate market value, based on the most recent closing price of such Securities and Securities Entitlements at any time when such value is calculated, equal to the lesser of (i) the Guaranteed Obligations and (ii) Two Million Five Hundred Thousand Dollars in lawful money of Canada, it being agreed that if at such time, the Issuer is not a corporation whose Securities are listed on a stock exchange and publicly traded, the aggregate market value shall be calculated based on an independent valuation prepared by a qualified appraiser acceptable to the Grantor and the Secured Party; and

7.2.2 it shall not any time exercise the recourse of taking in payment or any similar recourse under any Applicable Law.

7.3 **Secured Party Appointed Mandatary of the Grantor**. The Grantor hereby irrevocably appoints the Secured Party to be its mandatary, as of from the occurrence and during the continuance of an Event of Default, to execute and perform, for and in the name of and on behalf of the Grantor, all deeds, documents, transfers, conveyances, consents, assignments, assertions, and things which the Grantor must sign, execute and do hereunder and generally to use the name of the Grantor in the exercise of all or any one of the powers hereby conferred on the Secured Party with full power of substitution and revocation, it being expressly understood that such mandate of the Secured Party is not governed by Articles 2138 to 2148 of the *Civil Code of Quebec*, the Grantor expressly renouncing to the benefit of each and every one of the aforementioned articles. The Secured Party undertakes not to exercise any of its rights under the aforementioned mandate prior to the occurrence and only during the continuance of an Event of Default.

7.4 **Limitation of Secured Party's Liability in Acting**. The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to Persons or property or for salaries or non-fulfilment of contracts during any period wherein the Secured Party shall take possession of the Hypothecated Property pursuant to the terms of any Applicable Law or this

Deed, nor shall the Secured Party be liable to account except in respect of amounts actually received or be liable for any loss on realization or for any default or omission for which a hypothecary or secured creditor might be liable, unless such loss results from the intentional or gross fault of the Secured Party, and the Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Grantor of any of the obligations or covenants imposed upon the Grantor under this Deed nor in any way to supervise or interfere with the conduct of the Grantor's business, unless and until the security created under this Deed has become enforceable and the Secured Party shall have become bound to enforce the same or has agreed to become bound by any agreement or undertaking of the Grantor and shall have been kept supplied with moneys necessary to provide for the expense of the required action and with satisfactory indemnity as aforesaid.

ARTICLE 8

MISCELLANEOUS

8.1 **Separate Security**. The present Deed and the Liens created herein, are and shall be in addition to and not in substitution for, any other security held by the Secured Party for the fulfilment of the Obligations and shall thus not operate as a novation of any Obligation of the Grantor towards the Secured Party.

8.2 **Continuing Security**. The Liens created hereunder shall constitute continuing security which shall remain in full force and effect until the Obligations shall have been fulfilled in full and the Liens hereof shall have been cancelled. The Grantor expressly acknowledges, for the purpose of Article 2797 of the Civil Code of Québec, that until it shall have received a written notice from the Secured Party to the effect that the Obligations have been fulfilled in full, it binds and obliges itself anew continuously under the Obligations.

8.3 **Notice**. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Deed when delivered to such party in accordance with the provisions of the Loan Agreement.

8.4 **Severability**. Any provision of this Deed which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

8.5 **Governing Law**. This Deed and the interpretation and enforcement thereof shall be governed by and in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. The Grantor irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Québec with respect to any matter arising hereunder or in relation herewith.

ARTICLE 9

LANGUAGE

9.1 **English Language**. The parties hereto have expressly required that the present Deed and all deeds, documents and notices relating thereto be drafted in the English language.

9.2 **Langue Anglaise**. Les parties aux présentes ont expressément exigé que le présent acte et tous autres contrats, documents et avis qui y sont afférents soient rédigés en langue anglaise.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have signed this Deed as of the date and in the place first hereinabove mentioned.

RAINY DAY INVESTMENTS LTD.,
AS GRANTOR

Per: _____

COLLABORATION AND SHARED SERVICES AGREEMENT

THIS **COLLABORATION AND SHARED SERVICES AGREEMENT** (the "**Agreement**") is made as of February 21, 2019, by and between **DAVIDsTEA INC.**, a corporation governed by the laws of Canada ("**DavidsTea**") and **OINK OINK CANDY INC.**, a corporation governed by the laws of Canada ("**Squish**").

WHEREAS DavidsTea is a public corporation governed by the laws of Canada whose shares are traded on the NASDAQ Global Market;

WHEREAS Squish is a privately-held corporation governed by the laws of Canada and is a related party of DavidsTea; and

WHEREAS DavidsTea and Squish (each, a "**Party**" and collectively, the "**Parties**") wish to share certain knowledge, expertise and infrastructure and to leverage their respective strengths for their mutual benefit, the whole upon the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises, mutual covenants, agreements and respective representations and warranties contained herein and other good and valuable consideration, the receipt and sufficiency for which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Whenever used in this Agreement, the following words and terms have the respective meanings set out below:

(a) "**Agreement**" has the meaning ascribed thereto in the preamble hereof;

(b) "**Confidential Information**" has the meaning ascribed thereto in Section 4.1;

(c) "**DavidsTea**" has the meaning ascribed thereto in the preamble hereof;

(d) "**Parties**" has the meaning ascribed thereto in the preamble hereof;

(e) "**Purchase Order**" means a purchase order furnished by the Supplying Party and executed by the Receiving Party;

(f) "**Requesting Party**" has the meaning ascribed thereto in Section 3.2;

(g) "**Services**" has the meaning ascribed thereto in Section 3.1;

(h) "**Squish**" has the meaning ascribed thereto in the preamble hereof;

(i) "**Supplying Party**" has the meaning ascribed thereto in Section 3.2; and

(j) "**Term**" has the meaning ascribed thereto in Section 2.1;

ARTICLE 2
TERM AND TERMINATION

2.1 Term

The term of this Agreement (the "**Term**") shall commence on the date hereof and shall continue in force until terminated in accordance with Section 2.2 hereof.

2.2 Termination

This Agreement may be terminated by either Party:

(a) immediately and upon simple written notice, in the event that the other Party: (i) becomes insolvent or otherwise unable to meet its financial obligations as they become due; (ii) files for or has filed against it a voluntary or involuntary petition under any bankruptcy, insolvency, reorganization, arrangement or receivership law; (iii) is the subject of a court appointment of a temporary or permanent receiver, trustee, or liquidator for such entity or a substantial part of its assets; or (iv) makes of an assignment for the benefit of its creditors;

(b) immediately and upon simple written notice, in the event that the other Party is in material breach of any of its obligations under this Agreement, and such default is not cured within fifteen (15) Business Days of receipt by that Party of written notice from the other Party setting out the nature of the material breach; or

(c) upon ninety (90) days' prior written notice to the other Party.

ARTICLE 3
COLLABORATION AND SHARED SERVICES

3.1 Services.

Subject to and in accordance with the terms of this Agreement, the Parties agree to collaborate to share, *inter alia*, the following services (collectively, the "**Services**"), the whole as set out in individual Purchase Orders to be negotiated between the Parties from time to time:

(a) visual merchandising capabilities;

(b) marketing capabilities;

(c) buying capabilities and supplier relationships;

(d) wholesale contacts and know-how;

(e) sales development and culture;

(f) package materials sourcing and onshore packaging capabilities;

(g) photography studio infrastructure and talent;

(h) increased purchasing power and negotiation capabilities;

(i) administration infrastructure and resources;

(j) warehousing and office space; and

(k) employees.

3.2 Purchase Orders

In the event that one Party wishes to procure one or more Services from the other Party during the Term, such Party (the "**Requesting Party**") shall submit to the other Party (the "**Supplying Party**") a written request to that effect. Within five (5) Business Days of receipt of such written request, the Supplying Party shall furnish to the Requesting Party a Purchase Order which shall set forth, *inter alia*, (i) a detailed description of the Service or Services to be provided, and (ii) the consideration for the Services. Upon execution of the Purchase Order by the Requesting Party, the Parties shall be bound and the Supplying Party shall perform the Service or Services in accordance with the terms of such Purchase Order. For greater certainty, no Purchase Order shall be binding on either Party until accepted and duly executed by the Requesting Party. Purchase Orders will be approved by the President of SQUISH on behalf of SQUISH and Purchase Orders on behalf of DAVIDsTEA will be approved by DAVIDsTEA CFO

3.3 Invoicing and Payment

Each Party shall furnish to the other Party, on a monthly basis, an invoice which shall include all amounts owing as of the date thereof in connection with Services rendered. All amounts owing pursuant to any invoice shall be due and payable within net thirty (30) days.

3.4 Relationship Between the Parties

The Parties are, and will remain at all times, independent contractors vis-à-vis one another in the performance of all Services hereunder. Nothing in this Agreement is intended to create or constitute a joint venture, partnership, agency, trust or other association of any kind between the Parties, and each Party will be responsible only for its respective obligations as set forth in this Agreement.

ARTICLE 4
CONFIDENTIALITY

4.1 Confidential Information

Each Party agrees that it shall treat and maintain all confidential and proprietary information ("**Confidential Information**") of the other Party as confidential, and shall not, at any time, without the express written consent of such Party, disclose, publish or divulge any confidential or proprietary information to any person, firm, corporation or other entity, or use any confidential or proprietary information, directly or indirectly, for the receiving Party's own benefit or the benefit of any person, firm, corporation or other entity, other than for the benefit of the disclosing Party or its affiliates or for the mutual benefit of the Parties in accordance herewith. "Confidential Information" includes, but is not limited to, products, specifications, software, devices, techniques, plans, business methods and strategies, organizational structure, sales and other financial information, forecasts and projections, marketing and development plans and strategies, advertising programs, creative materials, media schedules, business forms, drawings, blueprints, reproductions, data (including names, addresses and telephone numbers), business information, pricing policies, documents, letters or other paper work, trade secrets and know-how, including similar information pertaining to the disclosing Party, and the terms and conditions of this Agreement. Each Party acknowledges and agrees that any Confidential Information that it might receive from the other Party was developed and designed by such Party at great expense and over lengthy periods of time, is secret, confidential and unique, and constitutes the exclusive property and trade secrets of the disclosing Party.

4.2 Restriction on Disclosure

Each Party agrees that it shall not disclose Confidential Information to any of its directors, officers, agents or employees except those who need to know such Confidential Information, and shall reveal or transmit the Confidential Information to such persons only after advising them that the Confidential Information has been made available to such Party subject to this Agreement and such persons agree to be bound by the confidentiality provisions of this Agreement.

4.3 Required Disclosure

If either Party is required by law, regulation, or stock exchange rules (by oral questions, interrogatories, discoveries, requests for information or documents in legal proceedings, subpoena, civil investigative demand or similar process) to disclose any part of the Confidential Information, such Party shall provide the other Party with prompt written notice of any such request or requirement so that such Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.

4.4 Return of Confidential Information

Upon the request of the disclosing Party, the receiving Party shall promptly return any written Confidential Information, including all reproductions or copies thereof. The obligation of the receiving Party to maintain the secrecy of Confidential Information shall survive the termination of this Agreement.

4.5 Remedies

Due to the unique nature of the Confidential Information, each Party further acknowledges and agrees that any disclosure or use of Confidential Information by the receiving Party other than for the sole benefit of the disclosing Party or for the mutual benefit of the Parties in accordance herewith would be wrongful, would cause irreparable injury to the disclosing Party and that monetary damages would be inadequate to compensate the disclosing Party for such breach. Accordingly, each Party hereby acknowledges and agrees that in the event of any violation hereof, the disclosing Party shall be authorized and entitled to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

5.1 Representations and Warranties

Each Party hereby represents and warrants to the other Party as follows:

(a) It is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation.

(b) It has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder. The execution of this Agreement by its representatives whose signature is set forth below has been duly authorized by all necessary action of such Party's governing body or bodies; and when fully-executed, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles relating to or affecting creditors' rights generally or the effect of general principles of equity.

(c) It has all necessary experience, qualifications, expertise, authority, licenses and permits to enable it to perform its obligations under this Agreement, and the performance of the Service hereunder shall be performed in a good and workmanlike manner, in accordance with the standards of care and diligence and the level of skill, knowledge and judgment normally practiced by providers of services of a similar nature, and that all persons performing such obligations are adequately trained and competent to perform such obligations.

ARTICLE 6
INDEMNIFICATION

6.1 Indemnification

Each Party shall indemnify, hold harmless and, if requested by the other Party in its sole and absolute discretion, defend, at the indemnifying Party's sole cost and expense, the indemnified

Party and its affiliates, shareholders, managers, directors, officers, agents, representatives and employees from and against any claim, demand, suit, loss, damage, liability, judgment, lien, penalty, fine, cost and expense (including reasonable attorney's fees), directly or indirectly arising out of, related to, in connection with or resulting from (i) a breach of any representation, warranty, covenant, obligation or other term set forth in this Agreement, or (ii) the willful or negligent acts or omissions of the indemnifying Party, its subsidiaries or affiliates or any of their respective employees, agents or contractors, relating to the performance of the Services hereunder.

ARTICLE 7
GENERAL

7.1 Notices

Any notice or communication to be given or made hereunder by any Party to any other Party shall be in writing and delivered by email, or by certified or registered mail, postage prepaid, return requested, at the addresses designated below:

Notice to DavidsTea:

DAVIDsTEA Inc.
5430 rue Ferrier
Mont-Royal, Québec
H4P 1M2
Attention: Frank Zitella, Chief Financial Officer
E-mail: f.zitella@davidstea.com

Notice to Squish

Oink Oink Candy Inc.
5695 rue Ferrier
Mont-Royal, Québec
H4P 1N1

Attention: Sarah Segal, President
E-mail: Sarah@lovesquish.com

Any Party may change its email or mailing address by written notice to the other Party given in the manner herein prescribed. Each Party shall have the right to rely on the last known address of the other.

7.2 Public Notices

The Parties agree that there will be no public announcement, press release and/or any other publicity concerning this Agreement, unless such disclosure is required to meet timely disclosure obligations of DavidsTea under applicable law or stock exchange rules in circumstances where prior consultation with Squish is not practicable and a copy of such disclosure is provided to Squish at such time as it is made to the regulatory authority.

7.3 Governing Law and Forum

This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein (excluding any conflict of laws rule or principle, foreign or domestic, which might refer such interpretation to the laws of another jurisdiction). The Parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Québec and elect domicile in the City of Montreal with respect to any matter relating to the execution or construction of this Agreement or the exercise of any right or the enforcement of any obligation arising hereunder (excluding any conflict of forum rule or principle, foreign or domestic, which might refer such matter to the courts of another jurisdiction).

7.4 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

7.5 Entire Agreement

This Agreement, and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

7.6 Expenses

Except as otherwise provided in this Agreement, each Party shall pay its own costs and expenses (including the fees and disbursements of legal counsel and other advisers) in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement.

7.7 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by either Party, is binding unless executed in writing by both Parties.

7.8 Assignment and Enurement

Neither Party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other Party. This Agreement enures to the benefit of and is binding upon the Parties hereto and their respective successors (including any successor by reason of amalgamation of either Party) and permitted assigns.

7.9 Further Assurances

The Parties hereto shall, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

7.10 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original but both of which taken together shall be deemed to constitute one and the same agreement. A facsimile or electronic transmission of the Agreement bearing a signature on behalf of a Party shall be legal and binding on such Party.

7.11 Language

The Parties acknowledge that they have required that this Agreement and all related documents be drawn up in English. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

IN WITNESS OF WHICH the Parties hereto have duly executed this Agreement.

DAVIDSTEA INC.

By: _____
Name: Frank Zitella
Title: Chief Financial Officer

OINK OINK CANDY INC.

By: _____
Name: Sarah Segal
Title: President

DAVIDsTEA

DAVIDsTEA Reports Second Quarter Fiscal 2019 Financial Results

- Ø 52.8% increase in wholesale and e-commerce revenues
- Ø Operating loss of $5.4 million compared to loss of $14.0 million
- Ø EBITDA[1] of $0.2 million compared to a negative $11.9 million
- Ø Positive cash flow from operations of $3.1 million compared to negative $12.4 million
- Ø Net cash position of $29.7 million
- Ø Basic and fully diluted loss per share of $0.27

MONTREAL, September 17, 2019 - DAVIDsTEA Inc. (Nasdaq:DTEA) (DAVIDsTEA or "the Company"), the leading tea merchant in North America, announced its second quarter results for the period ended August 3, 2019 ("Fiscal 2019"). Unless otherwise indicated, the Company's results for the second quarter of Fiscal 2019 reflect the adoption of IFRS 16, as described below under "Adoption of IFRS 16 - Leases". All numbers are expressed in Canadian dollars.

"Our second quarter results highlight the solid performance of our e-commerce and wholesale channels with a combined growth of 53% over last year, reflecting the benefits of recent initiatives. Nearly a year into the launch of our tea sachets in major Canadian grocery chains, sales continue to surpass our expectations and reflect high demand for our brand wherever available. In addition, e-commerce continues to be our fastest growing channel as we continue to improve customer engagement," stated Herschel Segal, Founder, Executive Chairman and Interim Chief Executive Officer.

"In the first half of 2019, we concentrated our efforts on delivering the best fine tea on the market across all of our distribution channels. We also streamlined our product portfolio to simplify and improve the customer experience. While the second quarter is generally most impacted by seasonality, we nonetheless maintained a strong cash position driven by positive cash flow from operations, optimized inventory levels and a reduction in selling, general and administrative expenses," said Frank Zitella, Chief Financial and Operating Officer.

"We look forward to significantly expanding our wholesale distribution capabilities in the coming months with the availability of DAVIDsTEA tea sachets in over 2,500 third-party retail locations across Canada. We are also launching several exciting tea collections including a new and expanded wellness offering. I am thrilled by what the leadership team has been able to achieve, and I am confident that we are in a good position ahead of the holiday season. While we continue to face challenges, we are taking tangible steps towards a return to growth and profitability," concluded Mr. Zitella.

Operating Results for the Second Quarter of Fiscal 2019

The Company reported a net loss of $7.0 million for the quarter, a decrease of $3 million or 29.8% from a loss of $10.0 million for the comparable quarter in the prior year.

Sales for the three months ended August 3, 2019 decreased by 2.5%, or $1.0 million, to $39.2 million from $40.2 million in the prior year quarter. Sales from our e-commerce and wholesale channels increased $2.8 million, or 52.8%, driven primarily by greater online adoption as well as by increased demand in our grocery distribution channel. Offsetting this was a decline in retail sales of $3.8 million and a decline of $2.9 million, or 9.4%, in comparable same store sales.

Operating loss decreased by $8.6 million to $5.4 million. Excluding the impact of IFRS 16, loss from operating activities would have amounted to $7.4 million, a decrease of $6.6 million from the prior year quarter. This decrease is explained mainly by the absence of Adjusted Items[2] incurred in the comparable quarter of 2018.

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[1] Please refer to "Use of Non-IFRS financial measures" in this press release.

[2] Adjusted Items related to executive separation cost, impairment of property and equipment, the impact of onerous contracts and costs related to the strategic review and proxy contest incurred during the second quarter of 2018.

Selling, general and administration expenses ("SG&A") decreased by 13.1%, or $4.1 million, to $27.2 million in the three months ended August 3, 2019 from the prior year quarter. Excluding the impact of IFRS 16 for the three months ended August 3, 2019, and Adjusted Items incurred in the second quarter of 2018, Adjusted SG&A[1] decreased by $1.2 million for the three months ended August 3, 2019, mainly due to lower selling expenses.

EBITDA, which excludes non-cash and other items in the current and prior periods, was $0.2 million in the quarter ended August 3, 2019, compared to negative $11.9 million in the prior year quarter. Excluding the impact of IFRS 16, EBITDA would have amounted to negative $5.6 million, representing an improvement of $6.3 million over the prior year quarter. Adjusted EBITDA[1] for the quarter amounted to $0.4 million compared to negative $5.6 million in the prior year quarter. Excluding the impact of IFRS 16 and the Adjusting Items, Adjusted EBITDA increased by $0.1 million.

Fully diluted loss per common share was $0.27 compared to $0.39 in the second quarter of Fiscal 2018. Adjusted fully diluted loss per common share[1], which is Adjusted net loss[1] on a fully diluted weighted average shares outstanding basis, was $0.27 per share compared to $0.24 per share for the same quarter in 2018.

As at August 3, 2019, the Company had a cash balance of $29.7 million, and a working capital of $39.4 million. Decrease in cash during the three- and six-month periods was $5.8 million and $12.3 million, an improvement of $8.4 million and $11.5 million over the prior year quarter and six month period, respectfully. The improvement reflects a focus on optimizing working capital, selective capital investments and the avoidance of employee separation, and other one-time non-recurring disbursements incurred in fiscal 2018.

Net cash provided by operating activities amounted to $3.1 million for the three months ended August 3, 2019, from net cash used of $12.4 million for the three months ended August 4, 2018. Excluding the impact of IFRS 16, net cash used in operating activities amounted to $2.7 million, an improvement of $9.7 million from the prior year quarter. Net change in other non-cash working capital balances related to operations improved by $9.1 million primarily from a reduction in cash used for inventories and the collection of account receivables partially offset by a decrease in accounts payable and accrued liabilities, and an increase in prepaids.

Cash flows used in financing activities was $5.8 million for the three months ended August 3, 2019, compared to $0.1 million for the three months ended August 4, 2018. Excluding the impact of IFRS 16, net cash used in financing activities was nil.

Cash flows used in investing activities was $3.1 million for the three months ended August 3, 2019, compared to $1.9 million for the three months ended August 4, 2018. The increase in net cash used in investing activities relates to the loan advance made during the period, partially offset by a decrease in capital expenditures.

Adoption of IFRS 16 - Leases

The Company adopted IFRS 16 - Leases, replacing IAS 17 - Leases and Related interpretations, using the modified retrospective approach, effective for the annual reporting period beginning on February 3, 2019. As a result, the Company's results for the first half of Fiscal 2019 reflect lease accounting under IFRS 16. Comparative figures for the first half of Fiscal 2018 have not been restated and continue to be reported under IAS 17, Leases. Refer to Note 3 of the unaudited condensed consolidated interim financial statements for the first half of 2019 for additional details on the implementation of IFRS 16.

Loan Agreement

The Company also announces that it entered into a secured loan agreement with Oink Oink Candy Inc., doing business as "Squish", as borrower, and Rainy Day Investments Ltd. ("RDI"), as guarantor, pursuant to which the Company agreed to lend to Squish an amount of up to $2.0 million. The loan bears interest, payable monthly, at a rate of 1% over Bank of Montreal's prime rate, which currently stands at 3.95% and is repayable no later than December 31, 2019. RDI has guaranteed all of Squish's obligations to DAVIDsTEA and, as security in full for the guarantee, has given a movable hypothec (or lien) in favour of the Company on its shares of DAVIDsTEA. Squish is a company controlled by Sarah Segal, an officer of DAVIDsTEA. RDI, the principal shareholder of DAVIDsTEA, is controlled by Herschel Segal, Executive Chairman, Interim Chief Executive Officer and a director of DAVIDsTEA. Ms. Segal is the daughter of Mr. Segal. The Company and Squish previously entered into a Collaboration and Shared Services Agreement pursuant to which they collaborate on and share various services and infrastructure.

The Loan Agreement constitutes a related-party transaction under Québec *Regulation 61-101 Respecting Protection of Minority Security Holders in Special Transactions* but is exempt from the formal valuation and minority approval requirements thereof as neither the fair market value of the loan nor the fair market value of the consideration for the loan exceeds 25% of DAVIDsTEA's market capitalization.

Board Resignation

The Company announces that Anne Darche has resigned as a member of the Board of Directors due to time constraints. The Board of Directors and management would like to thank Ms. Darche for her valued contributions and wish her well in her future endeavors.

Note

This release should be read in conjunction with the Company's Management's Discussion and Analysis, which will be filed by the Company with the Canadian securities regulatory authorities on www.sedar.com and with the U.S. Securities and Exchange Commission on www.sec.gov and will also be available in the Investor Relations section of the Company's website at www.davidstea.com.

Use of Non-IFRS Financial Measures

This press release includes "non-IFRS financial measures" defined as including: 1) EBITDA and Adjusted EBITDA, 2) Adjusted operating loss, 3) Adjusted selling, general and administration expenses, 4) Adjusted net loss, 5) Adjusted fully diluted loss per share and 6) Adjusted selling, general and administration expenses as a percentage of sales. These non-IFRS financial measures are not defined by and in accordance with IFRS and may differ from similar measures reported by other companies. We believe that these non-IFRS financial measures provide knowledgeable investors with useful information with respect to our historical operations. We present these non-IFRS financial measures as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under IFRS, while isolating the effects of some items that vary from period-to-period but not in substitution to IFRS financial measures.

Please refer to the non-IFRS financial measures section in Management's Discussion and Analysis section of our Form 10-Q for a reconciliation to IFRS financial measures.

Conference Call Information

A conference call to discuss the first quarter Fiscal 2019 financial results is scheduled for today, September 17, 2019, at 5:00 pm Eastern Time. The conference call will be webcast and may be accessed via the Investor Relations section of the Company's website at www.davidstea.com. An online archive of the webcast will be available within two hours of the conclusion of the call and will remain available for one year.

Condensed Consolidated Financial Data
(Canadian dollars, in thousands, except per share information)

	For the three months ended			For the six months ended		
	August 3, 2019	August 3, 2019 Excluding impact of IFRS 16 (1)	August 4, 2018	August 3, 2019	August 3, 2019 Excluding impact of IFRS 16 (1)	August 4, 2018
	(Unaudited)					
Sales	$ 39,167	$ 39,167	$ 40,167	$ 83,432	$ 83,432	$ 85,953
Cost of sales	17,362	23,161	22,824	35,291	46,913	45,918
Gross profit	21,805	16,006	17,343	48,141	36,519	40,035
SG&A expenses	27,237	23,424	31,350	55,946	48,342	55,746
Operating loss	(5,432)	(7,418)	(14,007)	(7,805)	(11,823)	(15,711)
Finance costs	1,781	—	78	3,608	—	157
Finance income	(195)	(195)	(215)	(386)	(386)	(452)
Recovery of income tax	—	—	(3,872)	—	—	(4,216)
Net loss	$ (7,018)	$ (7,223)	$ (9,998)	$ (11,027)	$ (11,437)	$ (11,200)
EBITDA[1]	$ 196	$ (5,603)	$ (11,939)	$ 3,338	$ (8,284)	$ (11,775)
Adjusted SG&A[1]	27,237	23,424	24,642	55,946	48,342	49,760
Adjusted operating loss[1]	(5,432)	(7,418)	(7,299)	(7,805)	(11,823)	(9,725)
Adjusted EBITDA[1]	361	(5,438)	(5,564)	3,630	(7,992)	(5,964)
Adjusted net loss[1]	(7,018)	(7,223)	(3,290)	(11,027)	(11,437)	(5,214)
Fully diluted loss per common share	$ (0.27)	$ (0.28)	$ (0.39)	$ (0.42)	$ (0.42)	$ (0.43)
Adjusted fully diluted loss per common share[1]	$ (0.27)	$ (0.28)	$ (0.13)	$ (0.42)	$ (0.42)	$ (0.20)
Gross profit as a percentage of sales	55.7%	40.9%	43.2%	57.7%	43.8%	46.6%
SG&A as a percentage of sales	69.5%	59.8%	78.0%	67.1%	57.9%	64.9%
Adjusted SG&A as a percentage of sales[1]	69.5%	59.8%	61.3%	67.1%	57.9%	57.9%
Number of stores at end of period	233	233	239	233	233	239
Comparable sales decline for the period	(9.4)%	(9.4)%	(14.8)%	(7.7)%	(7.7)%	(10.8)%
Cash provided by (used in) operating activities	$ 3,083	$ (2,716)	$ (12,438)	$ 3,443	$ (8,179)	$ (19,544)
Cash provided by (used in) financing activities	(5,799)	—	74	(11,622)	—	74
Cash used in investing activities	(3,050)	(3,050)	(1,881)	(4,170)	(4,170)	(4,391)
Decrease in cash during the period	(5,766)	(5,766)	(14,245)	(12,349)	(12,349)	(23,861)
Cash, end of period	$ 29,725	$ 29,725	$ 39,623	$ 29,725	$ 29,725	$ 39,623

As at	August 3, 2019	Feb 2, 2019	August 4, 2018

Inventories	$ 27,893	$ 34,353	$ 33,680
Accounts receivable	$ 2,140	$ 3,681	$ 3,201

[1] Please refer to “Use of Non-IFRS financial measures” in this press release.

Cautionary Forward-Looking Statements

Certain material presented in this press release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by the use of words such as “anticipate,” “expect,” “plan,” “could,” “may,” “will,” “believe,” “estimate,” “forecast,” “goal,” “project,” and other words of similar meaning. These forward-looking statements address various matters including management’s beliefs about the Company’s prospects, management’s turn-around strategy, plans for investment in marketing initiatives, changes to product offerings and assortment, and strategic plans. The Company cannot assure investors that future developments affecting the Company will be those that it has anticipated. Actual results may differ materially from these expectations due to risks and uncertainties including: the Company’s ability to implement its strategy, the Company’s ability to maintain and enhance its brand image, particularly in new markets; the Company’s ability to compete in the specialty tea and beverage category; the Company’s ability to expand and improve its operations; changes in the Company’s executive management team; levels of foot traffic in locations in which the Company’s stores are located; changes in consumer trends and preferences; fluctuations in foreign currency exchange rates; general economic conditions and consumer confidence; minimum wage laws; the importance of the Company’s first and second fiscal quarters to results of operations for the entire fiscal year; and other risks set forth in the Company’s Annual Report on Form 10-K. If one or more of these risks or uncertainties materialize, or if any of the Company’s assumptions prove incorrect, the Company’s actual results may vary in material respects from those projected in these forward-looking statements. Any forward-looking statement made by the Company in this release speaks only as of the date on which the Company makes it. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

About DAVIDsTEA

DAVIDsTEA is a leading 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 through over 230 company-owned and operated DAVIDsTEA retail stores in Canada and the United States, as well as through its e-commerce platform at davidstea.com. A selection of DAVIDsTEA products are also available in grocery stores across Canada through its growing wholesale distribution channel. The Company is headquartered in Montréal, Canada.

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