

DAVIDsTEA

Investor Presentation

June 14, 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 10-K dated April 12, 2016 and filed April 13, 2016 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 29 and 30. 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

recent quarterly performance

Q1 2016 Results

of stores

5 stores
(+37 new stores vs Q1 2015, 23% unit growth)

revenue

\$44.5 million
(+24.3% vs Q1 2015)

comparable sales

+4.9%
(11.2% 2-year stack)

adjusted net income¹

\$1.5 million
(36% growth)

adjusted EPS¹

\$0.06
(50% growth)

Data in CAD \$

DAVIDsTEA

3

1) For a reconciliation of adjusted net income and adjusted EPS to the nearest IFRS measure, see slide 30.

Q2 and fiscal 2016 guidance

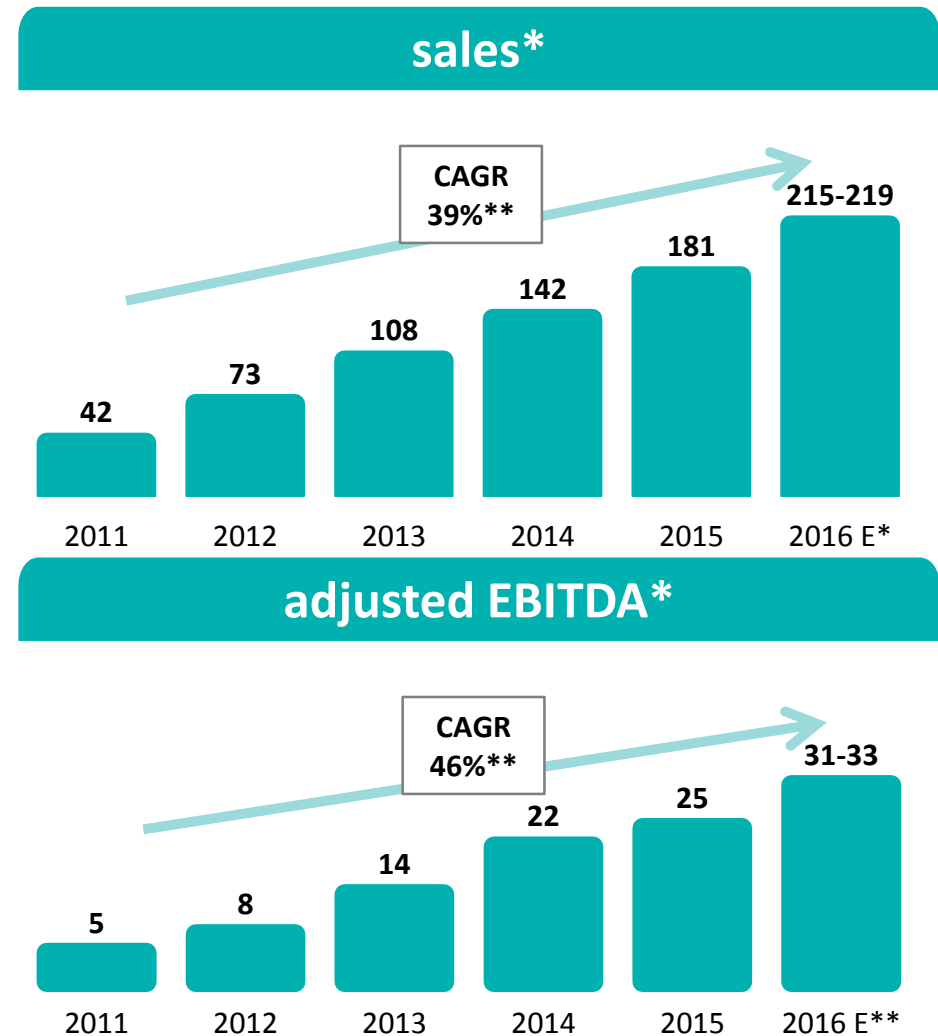
	Q2 16 guidance
Sales	C\$39.0m - C\$40.0m
Comp	MSD
Adjusted EPS*	C\$(0.08) - C\$(0.09)
Adjusted EBITDA*	C\$0.2m - C\$0.5m

	FY16 guidance
Sales	C\$215.0m - C\$219.0m
Comp	MSD
Adjusted EPS*	C\$0.50 - C\$0.54
Adjusted EBITDA*	C\$31.0m - C\$33.0m

*Adjusted fully diluted income per common share and adjusted EBITDA exclude 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
 - 27 consecutive quarters of positive comp sales growth through Q1 2016
- 201 stores in Canada and the United States (as of June 8, 2016)



Financial data in CAD \$M

* Sales and EBITDA figures for fiscal year end. For a reconciliation to the nearest IFRS measure, see slide 29.

** 2016E reflects guidance provided on June 8, 2016. CAGR is calculated based on the midpoint of the relevant guidance ranges.

DAVIDsTEA

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

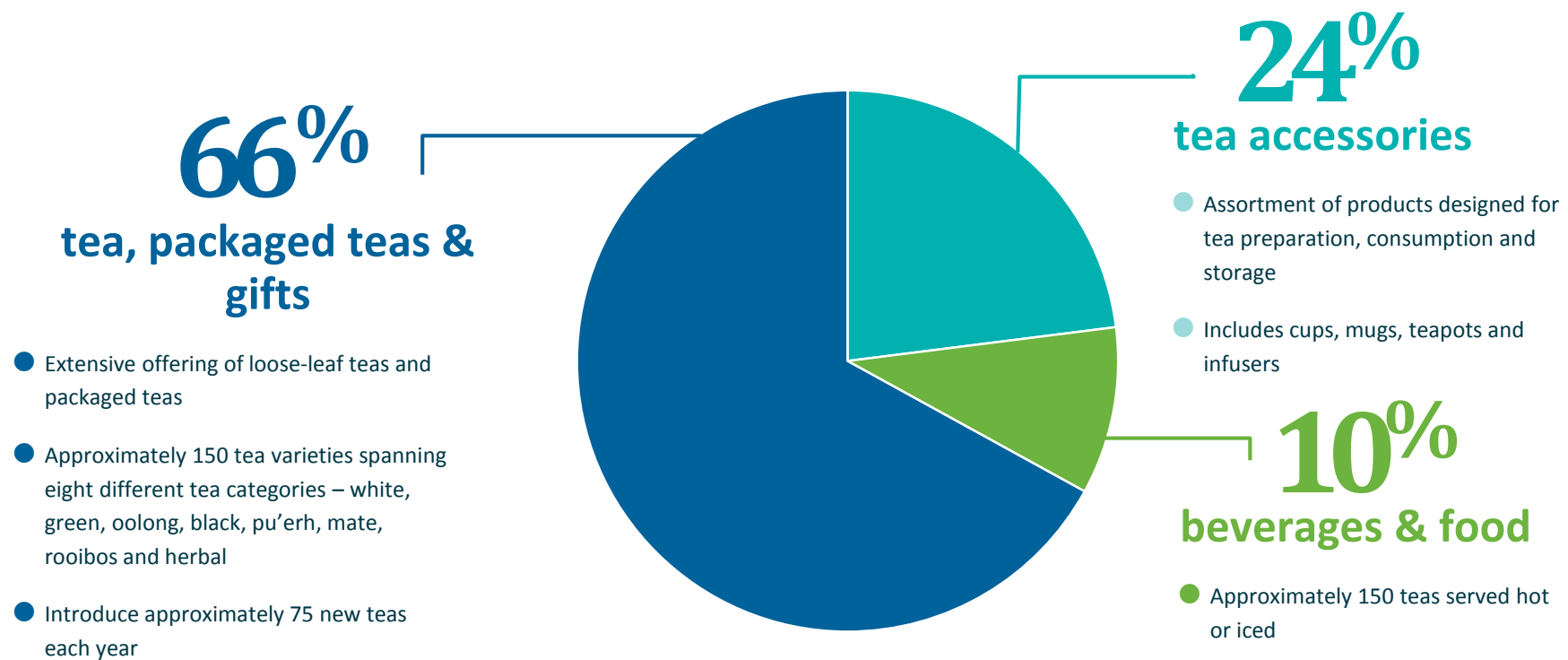
friendly
fun accessible
modern



...totally new

DAVID'sTEA

breadth of unique tea products



Note: Percent of sales for 2015

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



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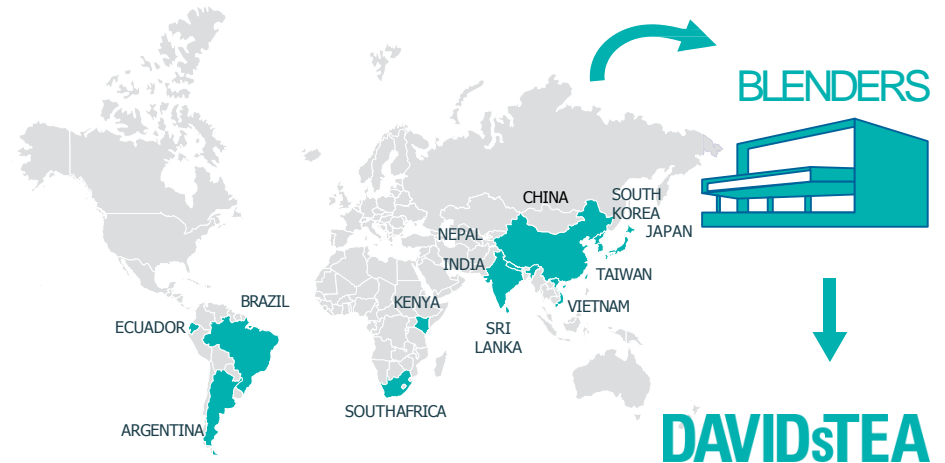
our focus on innovation and design

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



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

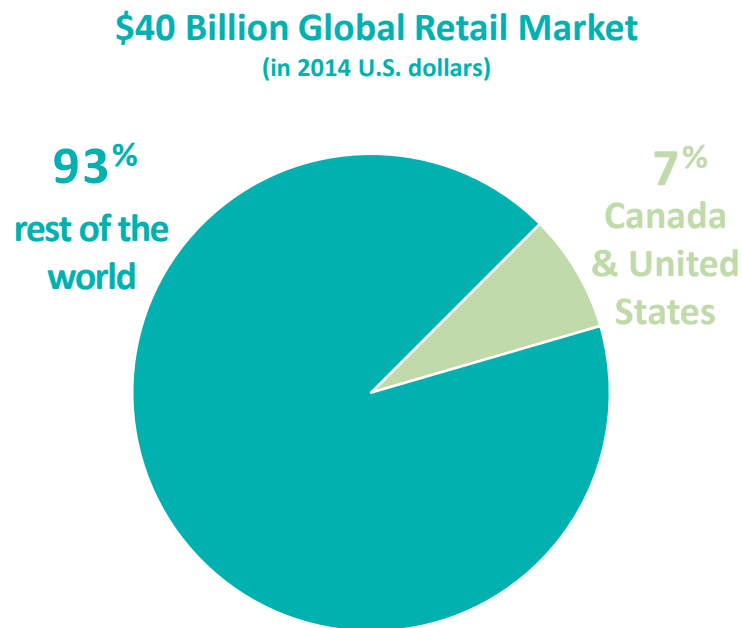


outlet



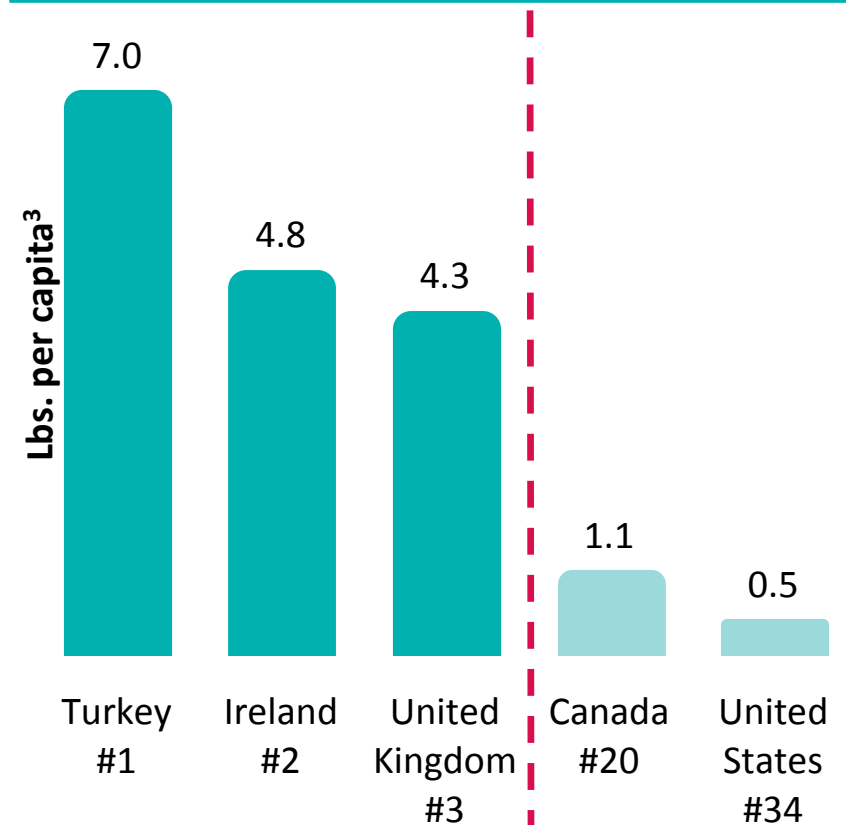
positioned in an attractive industry...

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

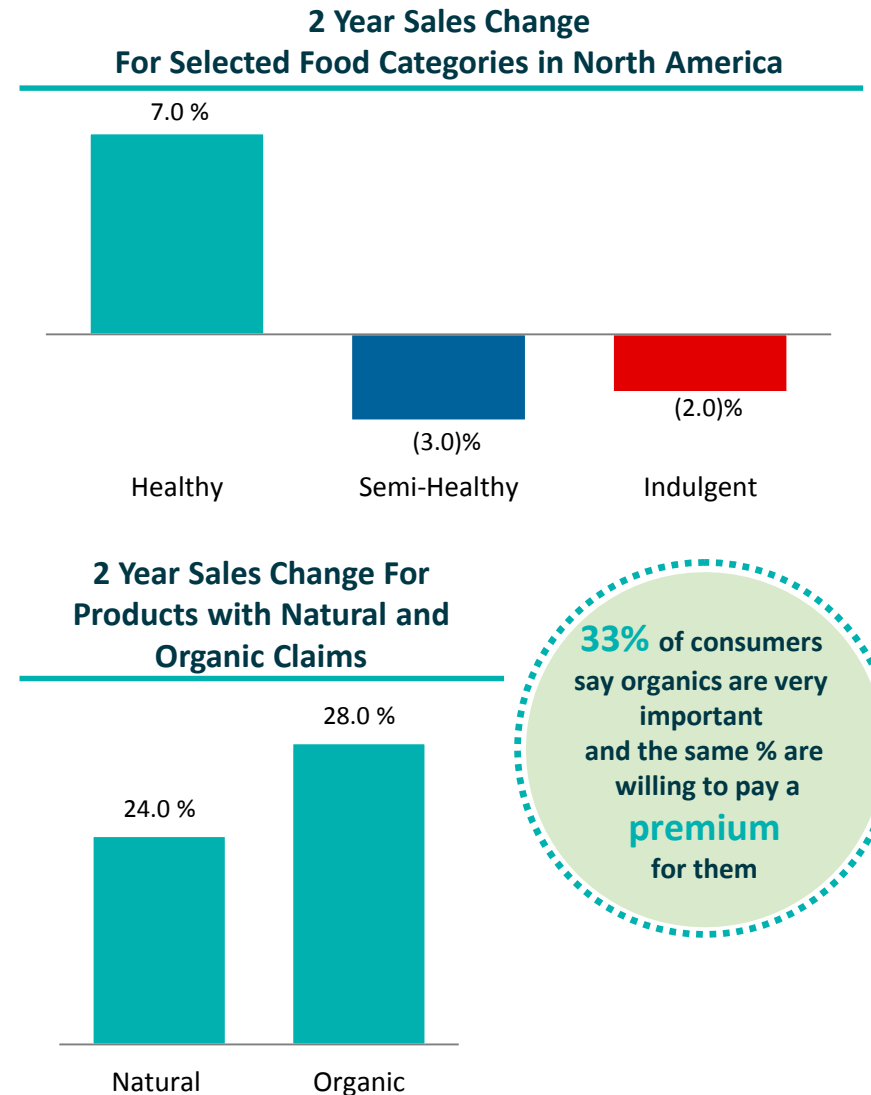
¹ Source: Euromonitor

² Source: World Tea News, The Economist

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

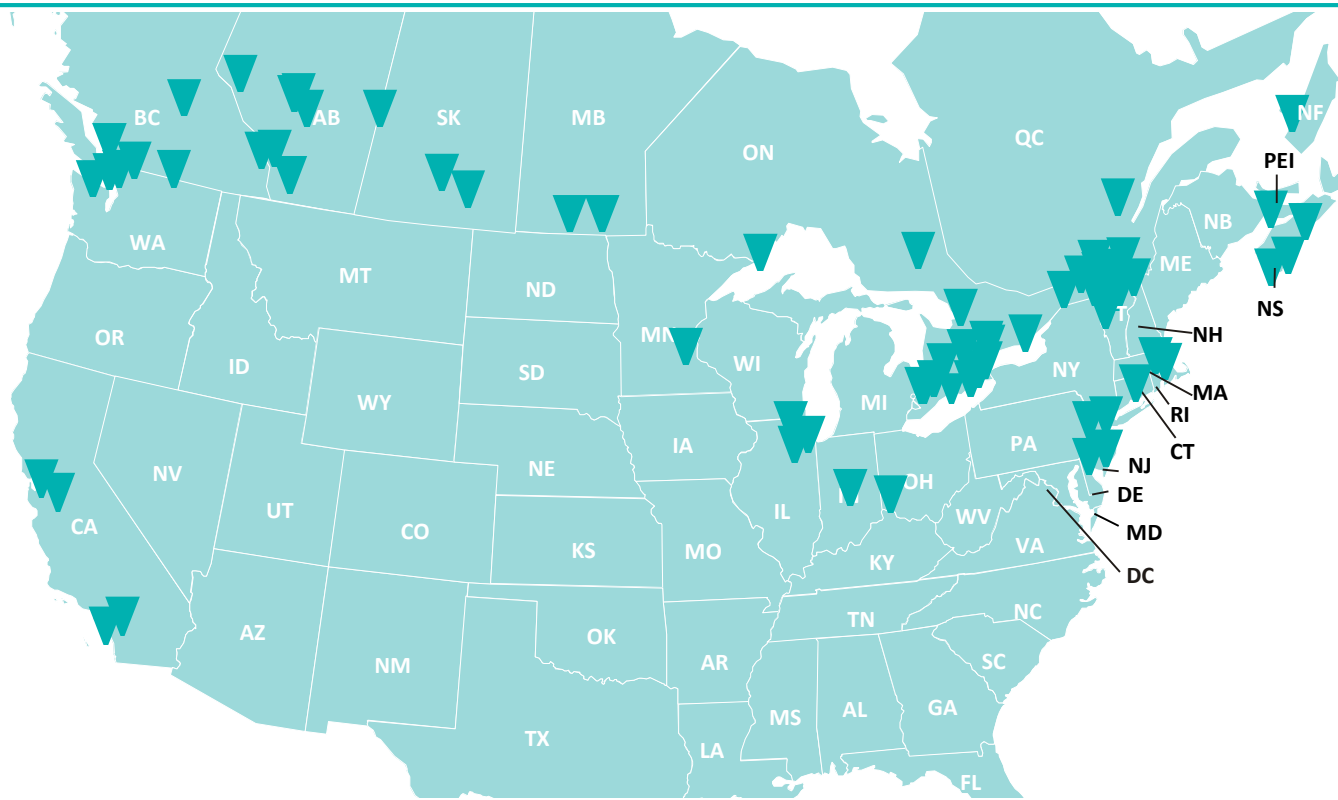
...and benefitting from consumer trends with broad demographic appeal

- 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



versatile store model with broad geographic reach

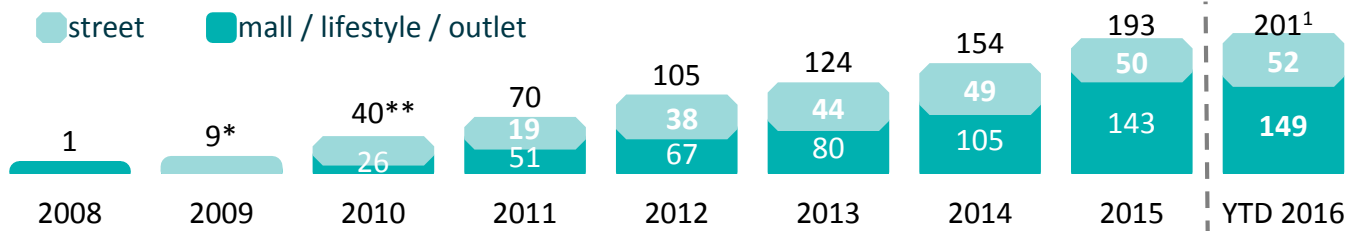
stores in all 10 Canadian provinces and 12 U.S. states



province	# of stores
Ontario	55
Quebec	36
British Columbia	27
Alberta	24
Manitoba	5
Nova Scotia	3
Saskatchewan	3
New Brunswick	3
Newfoundland	2
Prince Edward Island	1
Total Canada Stores	159

state	# of stores
California	9
Massachusetts	8
New York	7
Illinois	7
Connecticut	3
New Jersey	2
Pennsylvania	1
Indiana	1
Minnesota	1
Ohio	1
Vermont	1
Washington	1
Total US Stores	42

flexible real estate model



*2009: 6 Street; 3 mall/lifestyle/outlet
 **2010: 14 Street; 26 mall/lifestyle/outlet

¹ As of June 8, 2016.

DAVIDsTEA

GROWTH STRATEGY

our growth strategy

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

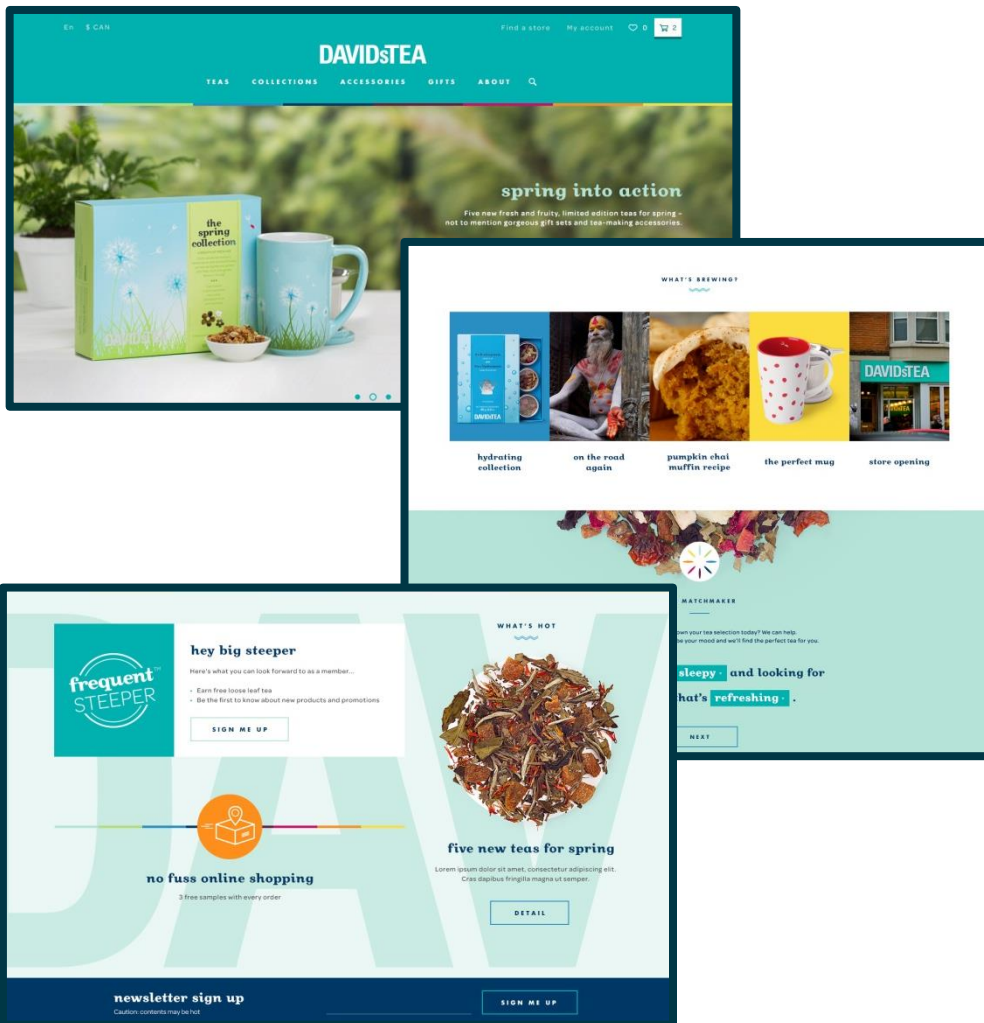
increase brand awareness: community-based marketing

- 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 in July 2015 to allow customers to more easily discover new products, better connect with others, and get the most of our products 24/7



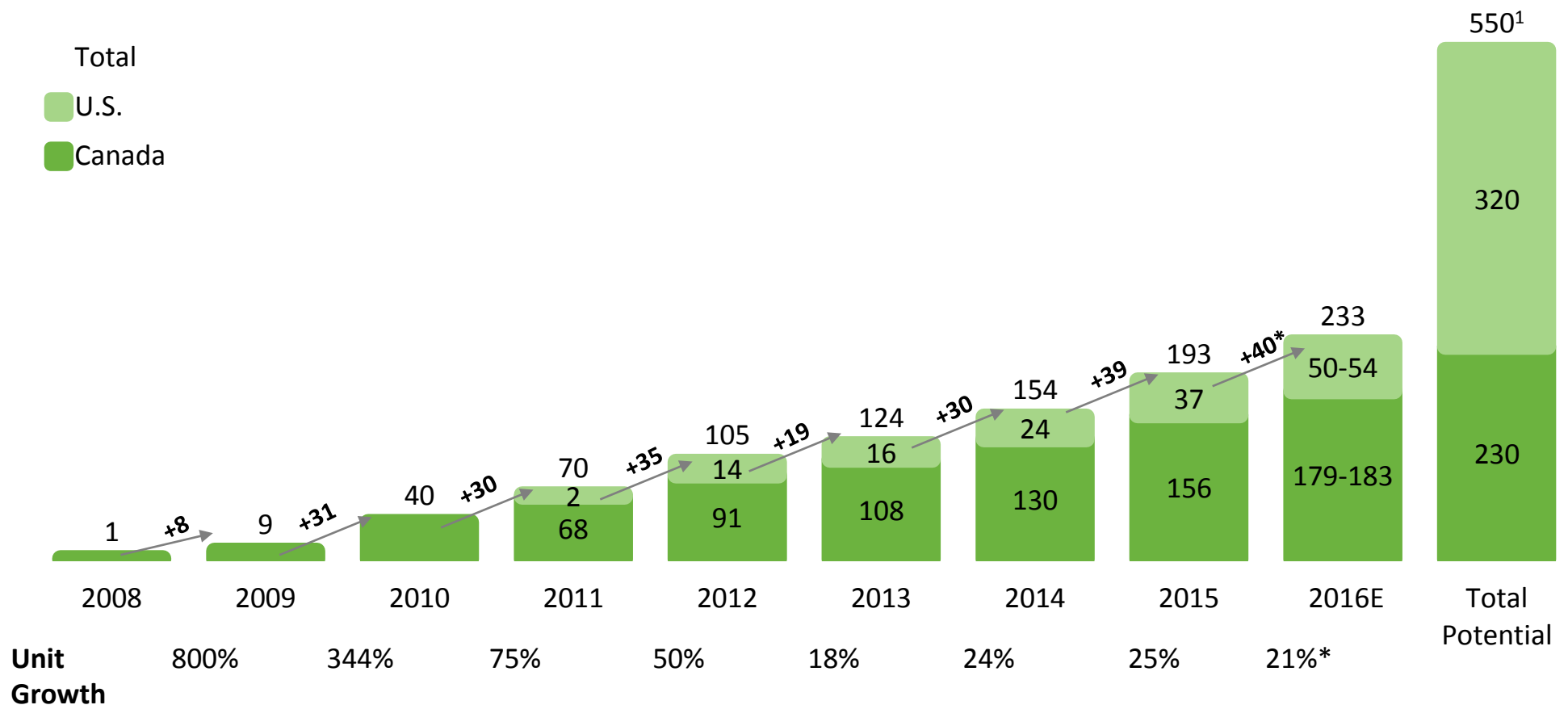
- Full integration with all systems (ERP, ESP, CRM) for improved programmability
- Open source compatibility to development tools allowing ability to evolve the platform to business and customer needs
- Full integration to Loyalty Program and personalized content and improved self-serve
- Improved site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

increase brand awareness: 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.
- In 1Q16, we signed an agreement with six original coffee and tea solution distributors in Canada
- These partnerships are great opportunities to increase our brand visibility in North America.

Grow Store Base

opportunity to add more than 300 stores in North America



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

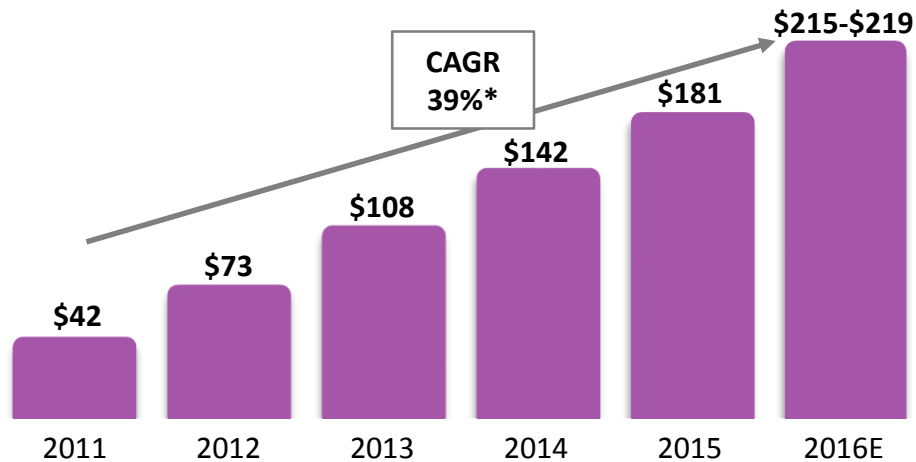
*Based on Company estimates as of June 8, 2016.

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
- Focus on e-commerce as we continue to see increased penetration and make progress towards long-term target of 15% of sales
- Expansion into HRI (hotels, restaurants, institutions) channel

drive comparable sales growth

sales



comparable sales growth¹

2011	2012	2013	2014	2015	2016
33%	27%	18%	11%	7%	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

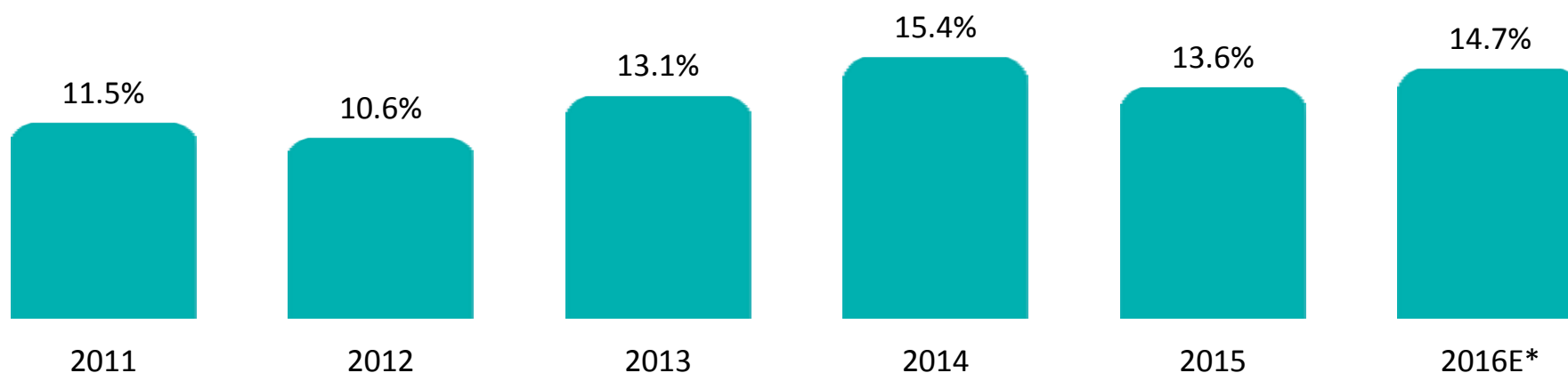
¹Includes eCommerce

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expand adjusted EBITDA margins

key drivers of margin expansion

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

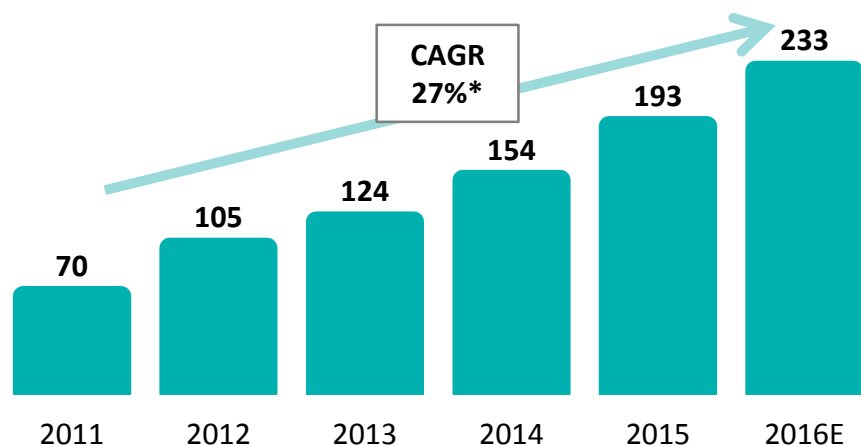


*2016E reflects midpoint of guidance provided on June 8, 2016

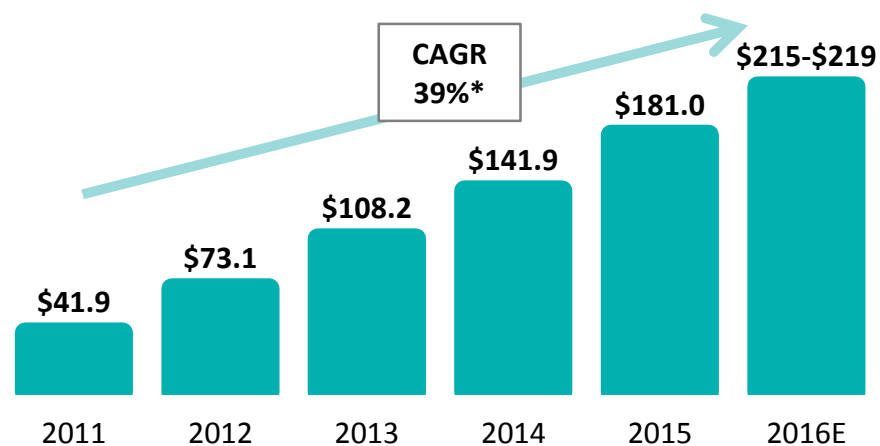
FINANCIAL OVERVIEW

financial history

stores

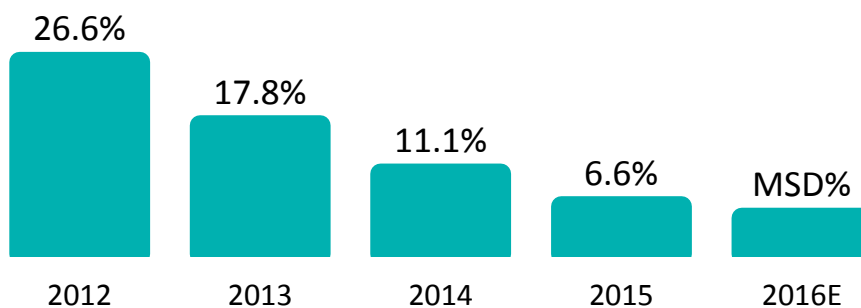


sales

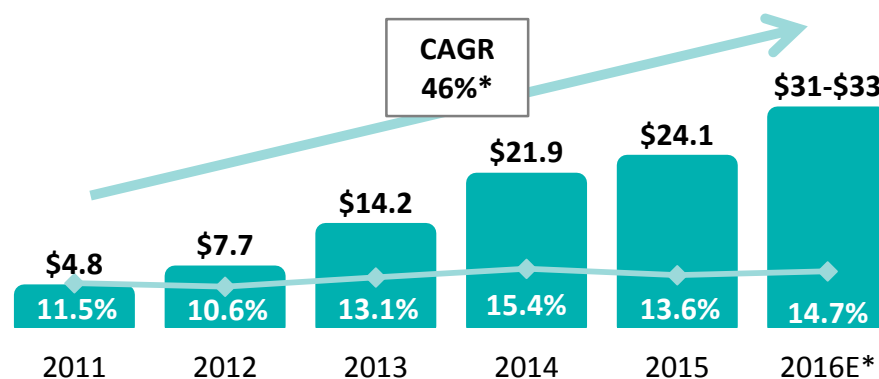


comp sales growth

27 consecutive quarters of positive comp sales growth



adjusted EBITDA¹



Data in CAD \$M

*2016E reflects guidance provided on June 8, 2016. 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 30.

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long-term growth targets

sales growth

~20%

store unit growth

high teens

comp sales growth

low-to-mid single digits

adjusted EBITDA margin

~20%

net income growth

~25%

APPENDIX

adjusted EBITDA reconciliation

	2011	2012	2013	2014	2015
Net Income (loss)	1,088	(4,354)	(6,164)	6,454	(131,431)
Finance costs	1,394	1,829	1,967	2,345	1,051
Finance income	-	-	(45)	(133)	(348)
Depreciation and amortization	1,693	3,180	4,745	5,447	6,445
Loss on disposal of property and equipment	-	-	-	31	5
Provision for income tax (recovery)	235	1,692	3,067	(333)	4,668
EBITDA	4,410	2,347	3,570	13,811	(119,610)
Stock-based compensation expense	-	237	228	947	1,749
Impairment of property and equipment	-	-	1,192	2,740	-
Provision (recovery) for onerous contracts	-	-	-	805	(265)
Deferred rent	423	769	660	802	1,165
Loss on disposal of property and equipment	-	-	-	-	292
Accretion of preferred shares	-	416	514	1,044	401
Loss from embedded derivatives on Series A, A-1, and A-2 preferred shares	-	3,960	8,058	380	140,870
IPO Costs	-	-	-	856	-
Settlement costs related to former option holder	-	-	-	520	-
Adjusted EBITDA	4,833	7,729	14,222	21,905	24,606
<i>Adjusted EBITDA%</i>	<i>11.5%</i>	<i>10.6%</i>	<i>13.1%</i>	<i>15.4%</i>	<i>13.6%</i>
<i>Growth%</i>		<i>59.9%</i>	<i>84.0%</i>	<i>54.0%</i>	<i>12.3%</i>

Data in CAD \$K

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adjusted net income reconciliation

	For the three months ended	
	April 30, 2016	May 2, 2015
Net income (loss)	1,514	(93,226)
Stock-based compensation expense related to cashless exercise	-	4,052
Finance costs related to preferred shares	-	351
Accretion of preferred shares	-	314
Loss from embedded derivative on Series A, A-1 and A-2 preferred shares	-	90,705
Income tax expense adjustment	-	(1,074)
Adjusted net income	1,514	1,122
Weighted average number of shares outstanding, fully diluted	25,892,598	12,057,474
Initial public company share issuance	-	3,414,261
Adjustment for anti-dilution	-	10,809,398
Adjusted weighted average number of shares outstanding, fully diluted	25,892,598	26,281,133
Net income (loss) per share, fully diluted	0.06	(7.73)
Adjusted net income per share, fully diluted	0.06	0.04