

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): **July 10, 2019**

DAVIDsTEA

DAVIDsTEA Inc.

(Exact name of registrant as specified in its charter)

Canada

(State or other jurisdiction of incorporation)

98-1048842

(I.R.S. Employer Identification Number)

001-37404

(Commission File Number)

**5430 Ferrier,
Town of Mount-Royal,
Québec, Canada**

(Address of principal executive offices)

H4P 1M2

(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 2.02 Results of Operations and Financial Condition

On July 10, 2019 DAVIDsTEA Inc., a corporation incorporated under the *Canada Business Corporations Act* (the “Company”), issued a press release announcing the signing of additional distribution agreements with major Canadian grocery chains, expanding the availability of its tea sachets to over 2,500 grocery and pharmacy locations across Canada beginning fall of 2019.

The Company also presented a business update and outlined its priorities in a presentation made at its Annual General and Special Meeting of Shareholders.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press Release, dated July 10, 2019</u>
<u>99.2</u>	<u>Annual Meeting of Shareholders Presentation</u>

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: July 10, 2019

By: /s/ Frank Zitella

Name: Frank Zitella

Title: Chief Financial Officer and Chief Operating Officer



DAVIDsTEA EXPANDS AVAILABILITY OF TEA SACHETS IN ADDITIONAL NATIONAL GROCERY CHAINS

Combined with previously announced agreements, DAVIDsTEA's iconic tea sachets to be sold in over 2,500 grocery and pharmacy locations across Canada this Fall

Montréal, Québec – July 10, 2019 - DAVIDsTEA Inc. (Nasdaq:DTEA), North America's leading tea merchant, is pleased to announce the signing of additional distribution agreements with major Canadian grocery chains, expanding the availability of its tea sachets in the Canadian and Quebec grocery aisle to an additional 1,250 new grocery stores, effective in the fall of 2019.

DAVIDsTEA's iconic tea sachets are already available in over 450 Loblaw Companies Limited (TSX:L) banner locations across Canada since last August. In May, DAVIDsTEA expanded its arrangement with Loblaw and effective in the Fall, its tea sachets in a variety of best-selling flavours will be available in over 1,250 Loblaw pharmacy and grocery storefronts across Canada. Today's announcement adds new major grocery chains and brings the total number of retail locations that will carry DAVIDsTEA tea products to over 2,500 across the country.

"In the last 12 months, we have made significant headway as we aim to grow our wholesale business to diversify our distribution channels and stimulate long-term revenue growth. Sales in this channel have thus far surpassed our expectations and we see strong potential for continued growth," commented Frank Zitella, Chief Operating Officer and Chief Financial Officer.

Mr. Zitella added: "Our strategy is clear; wherever fine tea is purchased or consumed, we want it to be DAVIDsTEA. We will continue to actively explore additional opportunities to expand our wholesale distribution sales and capabilities. As a result, we anticipate our distribution channel mix to evolve in the coming years as we execute on our omnichannel strategy and adapt to evolving market dynamics. While our brick-and-mortar business remains key, over time, e-commerce and wholesale channels could come to represent a more significant portion of our total sales. We believe that by diversifying our distribution channels over the long term, our business will be stronger, our leadership position as specialty tea merchants will be further solidified, and we will be able to provide consumers with enhanced access to a true omnichannel shopping experience."

The expansion of the availability of DAVIDsTEA products in grocery stores across Canada was confirmed today, in conjunction with the Company's Annual and Special Meeting of Shareholders. The presentation from today's meeting is available for download in the Investor Relations section of the Company's corporate website at www.davidstea.com.

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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DAVIDsTEA

Annual Meeting of Shareholders

July 10, 2019

DAVIDsTEA



Cautionary Forward-Looking Statements

This presentation includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and there are, or may be deemed to be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”). The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the “safe harbor” provisions of the Act. These forward-looking statements generally can be identified by the use of forward-looking terminology, including the terms “believes,” “expects,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “approximately,” “intends,” “plans,” “estimates,” or “anticipates,” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the Company’s prospects, management’s turn-around strategy, plans for investment in marketing initiatives, changes to product offerings and assortment, and strategic plans.

While we believe these expectations and projections are based on reasonable assumptions, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us, including the risk factors set forth in the Company’s Annual Report or Form 10-K.

Actual results may differ materially from those in the forward-looking statements as a result of various factors, including but not limited to, the following: our ability to manage significant changes to our Board of Directors and leadership team; our efforts to expand beyond retail stores; our ability to maintain our brand image; significant competition within our industry; the effect of a decrease in customer traffic to the shopping malls and street locations where our stores are located; the results of our transfer pricing audit; our ability to attract and retain employees that embody our culture, including Tea Guides and store and district managers and regional directors; changes in consumer preferences and economic conditions affecting disposable income; our ability to source, develop and market new varieties of teas, tea accessories, food and beverages; our reliance upon the continued retention of key personnel; the impact from real or perceived quality or safety issues with our teas, tea accessories, food and beverages; our ability to obtain quality products from third-party manufacturers and suppliers on a timely basis or in sufficient quantities; the impact of weather conditions, natural disasters and manmade disasters on the supply and price of tea; actual or attempted breaches of data security; the costs of protecting and enforcing our intellectual property rights and defending against intellectual property claims brought by others; adverse publicity as a result of public disagreements with our shareholders; fluctuations in exchange rates; and the seasonality of our business and other risks set forth in the Company’s Form 10-K.

All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. These statements are based upon information available to us as of the date of this presentation, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially-available relevant information. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this presentation might not occur, and investors are cautioned not to unduly rely upon these statements.

DTEA's Distribution Channels Today

Brick and Mortar



188 Stores in Canada	46 Stores in the U.S.
82% Revenue	18% Revenue

**Footprint being
optimized**

E-commerce



63% Total sales in Canada	37% Total sales in the U.S.
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**Continued investments
to support growth**

Wholesale



+450 Loblaw stores all
banners included

**Expand distribution
channels**

⁽¹⁾ For the fiscal year ended February 2, 2019

Evolution of Distribution Channels



⁽¹⁾ For the fiscal year ended February 2, 2019

⁽²⁾ Based on Management's best estimates

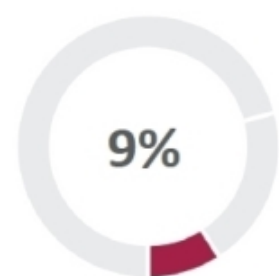
Product Sales Breakdown



Loose-Leaf Tea, Gifts
& Packaged Teas



Tea
Accessories



Beverage
& Food



Our Strategic Priorities



1

Maintaining brand leadership to align and drive sales results with a focus on quality and price efficiency



2

Improve operational efficiencies and stimulate in-store traffic



3

Position our e-commerce platform to fuel future growth



4

Expand our wholesale distribution capabilities

Maintaining Our Brand Leadership So That It's Relevant

1

Wherever Available to Align and Drive Sales Results with a Focus on Quality and Price Efficiency



Expand the addressable market

- Female demographic represents ~80% of total sales
- Opportunities to increase appeal among men
- Cross-promote tea with products and events popular with the male demographic
- Put more emphasis of the wellness aspects of tea
- Committed to being leaders in blending, sourcing and sustainability innovation

DAVIDsTEA

Improve Operational Efficiencies

and Stimulate In-Store Traffic



**Significantly reducing
and refining our overall
product mix**

- In the process of streamlining our product portfolio to ensure it resonates better with our customers
- Expand the portfolio of tea sachets
- New product mix to focus on supporting a tea lifestyle both at home and on-the-go with easy-to-use formats of tea sachets and travel accessories
- Re-invigorating and accentuating our hot and cold beverage offering
- Upcoming benefits from lower operating expenses and procurement costs

DAVIDsTEA

3

Position Our E-commerce Platform

to Fuel Future Growth



**U.S. e-commerce
penetration at more than
29% of total U.S. sales**

- Overall Q4 2018 e-commerce penetration at 17%
- Continue to make significant investments to elevate the overall user experience
- E-commerce playing a crucial role in the omnichannel shopping experience
- Frequent Steeper loyalty program has 2.1 million active members

DAVIDsTEA

Expand Our Wholesale

Distribution Capabilities



Projected to be in more than 2,500 stores across Canada starting in Fall 2019

- Initial launch with Loblaw surpassing expectations
- Announced expansion within Loblaw retail network in May to over 1,250 outlets starting fall 2019
- Further expansion with other major Canadian grocers adding over 1,250 additional outlets starting fall 2019
- Exploring additional opportunities to expand our wholesale distribution sales and capabilities

DAVID'sTEA

In Conclusion:

- ✓ Wide brand name recognition
- ✓ Demand for tea remains healthy in North America
- ✓ Inspired and strong leadership team in place
- ✓ Solid financial position



THANK YOU



DAVIDsTEA