

Engine Capital Calls on Dye & Durham’s Board of Directors to Stop Entrenchment Tactics and Not Take Steps to Delay the August 20th Special Meeting

NEW YORK--(BUSINESS WIRE)-- Engine Capital LP (together with its affiliates, “Engine” or “we”), which owns approximately 7.1% of Dye & Durham Limited’s (TSX: DND) (“Dye & Durham” or the “Company”) outstanding shares, today issued the following letter to the Company’s Board of Directors (the “Board”):

July 8, 2024

Members of the Board:

We are growing increasingly concerned that the Board is compounding Dye & Durham’s poor governance and entrenchment as shareholder dissent continues to escalate. Notwithstanding the recent appointment of Colleen Moorehead as Chair, the Board’s rejection of a proposal from one of its largest shareholders OneMove Capital Ltd. (“OneMove”) on July 2nd made clear that nothing has changed in the Company’s boardroom.

The Board’s decision to reject OneMove’s shareholder proposal is not credible, has no legal basis and is entirely tactical to further entrench the current directors and frustrate shareholders’ overwhelming desire for change. Additionally, the Company’s announcement suggests that the Board is seeking to constrain how OneMove may vote its shares on the basis of its investor rights agreement (the “IRA”).¹ This appears to be at odds with the plain wording of the IRA and is yet another unfounded and ill-advised attempt to disenfranchise one of the Company’s largest shareholders. Fundamentally, we are concerned that the Board’s latest attempt to silence its shareholders – all with the knowledge that a challenge to the Board’s decisions would require costly and time-consuming litigation – would provide the Board with an excuse to delay the August 20th Special Meeting of Shareholders (“Special Meeting”) called by Engine.

In prior communications, we have warned the Board not to use scorched-earth or frivolous legal tactics to disenfranchise its investors. At this point, we believe the Board is aware that a large portion of its shareholders believe that change is essential but is nonetheless focused on protecting the status quo by all means necessary. The Board must stop wasting valuable time and corporate assets, allow OneMove’s entirely valid proposal onto the agenda for the Special Meeting and affirm OneMove’s fundamental right to vote its shares as it sees fit. **As we have recently seen at Gildan Activewear, boards of directors that frustrate the will of their shareholders do so at their own peril.**

In another press release issued on July 5th, the Company announced the resignation of director Leslie O’Donoghue with immediate effect, supposedly to facilitate a resolution with the nominating shareholders. We believe this to be misleading since there was no reason for Ms. O’Donoghue to resign in advance of a hypothetical agreement. The timing of this resignation is telling just a few days after the Board decided to reject a valid proposal from a key shareholder. We suspect that Ms. O’Donoghue is simply not comfortable with the decisions made by this Board, prefers to protect her reputation and resign now instead of continuing to have her name associated with Dye & Durham’s governance decisions.

We believe it is critical for the Special Meeting to proceed as scheduled on August 20, 2024 for the following reasons:

¹ The IRA is dated July 17, 2020 between the Company, Plantro Ltd. and OneMove.

1. Engine's requisition was sent on March 10, 2024 and the Board scheduled the meeting more than five months later. Any further delay would be unwarranted and entirely self-interested.
2. Given the abysmal performance of the Company under this Board, shareholders should not have to wait any longer to have an opportunity to vote for much-needed change.
3. Giving more time to this Board is dangerous. We are concerned that any delay will provide additional time for the Board to engage in actions that further destroy shareholder value, including potential dilutive share issuances or ill-conceived acquisitions.

Finally, we would be remiss not to mention the continued value destruction under your leadership. Since the Company's refinancing on April 5th, the stock is down around 25%. Independent directors should be reminded that they work on behalf of shareholders to create long-term value, not to protect a failed strategy or their own positions.

Engine continues to believe a peaceful resolution to this increasingly chaotic situation is the best path forward for the Company but is prepared to invest the time and resources all the way to the August 20th Special Meeting to allow shareholders to have their say. That said, all of this can still be avoided if the Board puts an immediate end to its self-preservation tactics and respects the will of its shareholders.

Sincerely,

Arnaud Ajdler
Managing Partner

No Solicitation

This press release does not constitute a solicitation of a proxy within the meaning of applicable laws, and accordingly, DND shareholders are not being asked to give, withhold or revoke a proxy.

About Engine Capital

Engine Capital LP is a value-oriented special situations fund that invests both actively and passively in companies undergoing change.

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