

# Letter to Stakeholders

JAMES O'LEARY  
PRESIDENT & CEO

MARCH 2026



DMC 2026

## DMC Stakeholders,

Conditions in DMC's core U.S. construction and unconventional oil and gas markets were highly challenging during 2025, compounded by new tariff-related headwinds. Despite these external pressures, we made significant progress strengthening DMC's financial position, the primary objective we set last year.

We reduced our net debt\* by 67% to \$18.7 million—the lowest level since 2021 when we acquired a controlling interest in Arcadia Products, our building products business. This progress reflects our teams' focus on cash generation and controlling costs. For the full year, DMC generated \$53.5 million in operating cash flow, up 15% from 2024, and \$42.8 million in free cash flow\*, an increase of 41% year over year.

However, macroeconomic conditions weighed on our financial performance during 2025, with sales declining 5% year over year and adjusted EBITDA attributable to DMC\* declining 33%, as both highly competitive pricing and negative operating leverage worked against us as the year progressed.

**Arcadia** is operating in the most challenging construction environment in recent memory. The Architectural Billings Index (ABI) for its core western U.S. markets declined every month of 2025, reflecting the impact of stubbornly high interest rates, elevated labor costs and significantly higher input prices. By the fourth quarter, average aluminum prices were 55% higher than a year earlier and have continued to rise into 2026. Collectively, these factors led to widespread project deferrals and a highly competitive bidding environment.

Despite these pressures, we made progress stabilizing operations at Arcadia. As a result, full-year sales were essentially flat compared with 2024, while adjusted EBITDA attributable to DMC\* increased 12%. Our team refocused on improving operations across Arcadia, which is now functioning with a leaner structure and improved operational discipline. When interest rates moderate and commercial construction activity improves, we believe Arcadia will be well positioned to respond.

**DynaEnergetics**, our oilfield products business, faced especially challenging conditions throughout 2025, particularly in its core North American onshore market. Declines in rig counts, frac crews and well completions were among the factors contributing to a 6% year-over-year sales decline. Adjusted EBITDA\* declined 25% year over year and was directly impacted by more than \$10 million in tariff payments and approximately \$6 million in accounts receivable write-offs, as certain customers were negatively affected by market conditions. Results were also negatively impacted by highly competitive pricing, particularly in North America, as customer consolidation continued and purchasing practices changed.

DynaEnergetics continued executing product re-engineering and automation initiatives designed to streamline costs, improve operational efficiency and enhance long-term competitiveness. At the same time, the team accelerated its pursuit of growth avenues that leverage DynaEnergetics' core capabilities. These include opportunities in enhanced geothermal applications as well as emerging international shale markets.

**NobelClad**, our composite metals business, was negatively impacted by a tariff-driven slowdown in bookings during the first half of 2025, which resulted in lower shipments in the second half of the year. However, the latter half of 2025 was marked by a record \$25 million order for an international petrochemical project, which increased NobelClad's order backlog to \$62.6 million at year-end, up 28% from the end of 2024. We expect most of this work will ship during 2026.

Looking ahead, NobelClad is pursuing potential opportunities with the U.S. Navy, a long-standing strategic customer. The planned acceleration of the United States' Naval readiness program is expected to increase the pace of nuclear submarine construction, for which NobelClad's clad metal plates are used in mission-critical components. While timing and magnitude remain uncertain, this program aligns well with NobelClad's technical capabilities.



We operate in two markets—energy and construction—that are inherently cyclical. At present, both are under pressure. While we do not control tariff policy, interest rates or oil prices, we do control our cost structure, capital allocation and balance sheet. When conditions improve, our goal is to be well positioned to benefit from any “green shoots” as they appear.

In 2025, we made meaningful progress on the most important objective within our control: deleveraging and strengthening DMC’s financial position. That progress positions us to manage through continued volatility and respond as our cyclical markets improve. It also provides greater flexibility as we evaluate options related to the remaining 40% interest in the Arcadia Products joint venture, which is subject to a put option exercisable by our partner beginning in September 2026.

On behalf of the leadership team, I want to thank our DMC associates around the world. Their discipline, resilience and hard work are greatly appreciated.

Sincerely,

James O'Leary  
President & Chief Executive Officer  
DMC Global Inc.

#### **\*Use of Non-GAAP Financial Measures**

Adjusted EBITDA, Adjusted EBITDA attributable to DMC, free cash flow and net debt are non-GAAP financial measures used by management to measure operating performance. For a discussion of why we use non-GAAP financial measures and for reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures, please see our Annual Report on Form 10-K for the year ended December 31, 2025.

#### **Safe Harbor Language**

Except for the historical information contained herein, this Stakeholder Letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our belief that Arcadia will be well positioned to respond when interest rates moderate and commercial construction activity improves; our expectation that DynaEnergetics’ product re-engineering and automation initiatives will streamline costs, improve operational efficiency and enhance long-term competitiveness; DynaEnergetics’ prospects for success in the enhanced geothermal and emerging global shale markets; our belief that NobelClad’s large petrochemical order will ship during 2026; NobelClad’s potential opportunities associated with the acceleration of the United States’ Naval readiness program; and our plans to be well positioned to benefit from any economic “green shoots” as they appear. Such statements and information are based on numerous assumptions regarding present and future business strategies, the markets in which we operate, anticipated costs and the ability to achieve goals. Forward-looking information and statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results and performance to be materially different from those expressed or implied by such forward-looking information and statements, including but not limited to: changes in global economic conditions, including tariffs or reciprocal tariffs; our ability to obtain new contracts at attractive prices; the size and timing of customer orders and shipments; product pricing and margins; our ability to realize sales from our backlog and our ability to adjust our manufacturing and supply chain; fluctuations in customer demand; our ability to manage periods of growth and contraction effectively; general economic conditions, both domestic and foreign, impacting our business and the business of the end-market users we serve; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timely receipt of government approvals and permits; the price and availability of metal and other raw materials; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; the impact of catastrophic weather events on our business and that of our customers; our ability to successfully integrate acquired businesses; the ability to remain an innovative leader in our fields of business; the costs and impacts of pending or future litigation or regulatory matters; changes to legislation, regulation or public sentiment related to our business and the industries in which our customers operate; the impacts of trade and economic sanctions or other restrictions imposed by the European Union, the United States or other countries; costs and risks associated with compliance with laws and regulations, including the United States Foreign Corrupt Practices Act and similar legislation; the availability and cost of funds; fluctuations in foreign currencies; actions of activist stockholders or others; the impact of our stockholder protection rights agreement, which includes terms and conditions that could discourage a takeover or other transaction that stockholders may consider favorable, as well as the other risks detailed from time to time in our SEC reports, including the annual report on Form 10-K for the year ended December 31, 2025. We do not undertake any obligation to release public revisions to any forward-looking statement, including, without limitation, to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

