



DMC 2025 Letter to Stakeholders

JAMES O'LEARY
EXECUTIVE CHAIRMAN
INTERIM PRESIDENT & CEO

DMC Stakeholders,

2024 was a very challenging year for your company. However, it was also a year during which we made significant progress on our two most critical fronts. After assuming the roles of Executive Chairman in October 2024 and then Interim CEO in November 2024, our leadership team and I immediately focused on two urgent priorities. First, we proactively addressed the looming put/call obligation associated with our 2021 Arcadia Products acquisition. Second, we began stabilizing operations across our organization following a nearly year-long review of strategic options for two of our businesses that the Board ultimately chose not to pursue. We are now implementing the most impactful and actionable operating initiatives across DMC.

Our first objective, addressing the put/call obligation associated with Arcadia Products, was critical since the obligation was exercisable by our Minority JV Partner on December 23, 2024. Given the challenged operating performance of DMC in 2024, the exercise of this obligation could have created significant equity dilution for our stockholders or meaningfully pressured DMC's liquidity. We immediately initiated negotiations with our Minority JV Partner, and extended their ability to exercise their put option to September 2026 at the earliest. The agreement provides us with the time and optionality to improve our balance sheet, maximize free cash flow, and potentially refinance the obligation on terms more favorable to our business and our stockholders.

Our second objective, stabilizing operations, was especially important at Arcadia and DynaEnergetics, which were addressing very challenging conditions in their respective construction and energy markets.

Our primary focus was maximizing absolute EBITDA growth and free cash flow conversion. A "back to basics" approach was adopted across the board, but especially at Arcadia, our architectural building products business, where we recently announced an important organizational change.

In January 2025, we welcomed Jim Schladen back to lead Arcadia. Jim previously spent 20 years growing Arcadia into a leading regional building products business, and he immediately implemented a plan that includes rightsizing its cost structure to match market realities and evaluating certain underperforming products within its high-end residential offering.

DynaEnergetics, our energy products business, faced lower well completion activity and weak pricing in its principal North American market during 2024. In response, management instituted two critical initiatives that will improve operational efficiencies and strengthen DynaEnergetics' overall competitiveness. The first was the development and introduction of DynaStage™ 2.0, the next generation of DynaEnergetics' flagship perforating system. The system was fully value re-engineered to be more compact and reliable than its predecessor. DynaStage 2.0 was officially launched in the fourth quarter and has been well received by our customers.

The second initiative was to automate the product assembly process at DynaEnergetics' North American manufacturing center in Blum, Texas. This initiative will reduce operating expenses and improve product reliability by minimizing human error. We expect this automation initiative to be fully implemented by mid-2025.

Finally, our NobelClad composite metals business delivered its strongest full-year sales performance in over a decade. The results reflect healthy activity in NobelClad's core downstream energy and petrochemical markets as well as growing demand from the LNG industry for NobelClad's Cylindra™ cryogenic transition joints.

We have taken the necessary steps in the last few months to set DMC on the right path. While we can't influence macroeconomic conditions, we are focusing on stabilizing and improving our operational performance and underlying cost structure as laid out above. Likewise, we are working with our businesses to assess our existing commercial strategies and identify those that will best improve profitable organic revenue growth going forward. We also have made important modifications to our incentive programs and internal metrics to support these initiatives by prioritizing absolute EBITDA improvement and free cash flow generation. These priorities are the most important and impactful steps we can take at the present

time to address our capital structure, strengthen operations, and create sustainable, long-term value.

On behalf of our entire leadership team, I would like to thank each of our employees around the world for their hard work and loyalty over the past year. I would also like to acknowledge Peter Rose, who diligently served on DMC's board for nearly a decade and will not stand for reelection at our May 2025 Annual Meeting. Finally, I would like to thank our stockholders for their patience and support. We appreciate that you have other investment opportunities, and we are committed to finding ways to maximize value on your behalf.

Sincerely,



James O'Leary
Executive Chairman

Interim President & Chief Executive Officer

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 expectation that we can improve our balance sheet, maximize free cash flow, and potentially refinance an obligation with our Minority JV Partner on more favorable terms; Arcadia's plans to right-size its cost structure to match market realities and evaluate certain underperforming products within its high-end residential offering; the expectation that recent initiatives at DynaEnergetics will improve operational efficiencies, strengthen overall competitiveness, reduce operating expenses, improve product reliability and be fully implemented by mid-2025; and DMC's plan to achieve profitable organic revenue growth and create sustainable value over the longer term. 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: our ability to realize sales from our backlog; our ability to obtain new contracts at attractive prices; the execution of purchase commitments by our customers, and our ability to successfully deliver on those purchase commitments; the size and timing of customer orders and shipments; changes to customer orders; product pricing and margins; fluctuations in customer demand; our ability to successfully navigate slowdowns in market activity or execute and capitalize upon growth opportunities; the success of DynaEnergetics' product and technology development initiatives; our ability to successfully protect our technology and intellectual property and the costs associated with these efforts; consolidation among DynaEnergetics' customers; fluctuations in foreign currencies; fluctuations in tariffs and quotas; the cost and availability of energy; the cyclical nature of our business; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timing and price of metal and other raw material; the adequacy of local labor supplies at our facilities; our ability to attract and retain key personnel; current or future limits on manufacturing capacity at our various operations; government actions or other changes in laws and regulations; the availability and cost of funds; our ability to access our borrowing capacity under our credit facility; geopolitical and economic instability, including recessions, depressions, wars or other military actions; inflation; supply chain delays and disruptions; transportation disruptions; general economic conditions, both domestic and foreign, impacting our business and the business of our customers and the end-market users we serve; 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, 2024. 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 stakeholder letter, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



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