



President, CEO & Director Kevin Longe

MARCH 31, 2022

Dear Stakeholders:

DMC and its businesses navigated the second year of a global pandemic, and also reached a milestone on our path toward building a larger, stronger and more profitable company. On December 23, 2021, we acquired Arcadia, a leading provider of architectural building products. The transaction doubled our annual sales and more than tripled the size of our addressable markets.

The acquisition reflects DMC's strategy of building a portfolio of differentiated businesses that lead niche segments of the energy, industrial infrastructure and building products industries. By providing innovative products and services, each of our businesses has captured leading share, and generates industry-leading margins within its respective market. The addition of Arcadia also provides DMC with important diversification outside our more cyclical energy and industrial infrastructure markets.

The recovery in global energy demand during 2021 was an encouraging development for our DynaEnergetics and NobelClad businesses, which generate approximately 80% of their combined sales from distinct segments of the oil and gas industry. However, Covid-19 was a source of continued challenges in our upstream and downstream energy markets.

DynaEnergetics, our energy products business, experienced soft international demand as travel restrictions and logistical bottlenecks slowed customer well-completion programs. In North America, DynaEnergetics' largest geographic market, an excess supply of low-cost components and pre-wired

perforating carriers led to a weak pricing environment that reduced our margins. At NobelClad, our composite metals business, global supply chain disruptions delayed the delivery of metals to our facilities and slowed activity on several large industrial infrastructure projects.

Despite these challenges, DMC employees continued to execute to our strategic initiatives and operating plans. DynaEnergetics maintained its North American market share, added new international customers, and continued to invest in new technologies, products and market development initiatives. It also further improved efficiencies at its U.S. manufacturing center in Blum, Texas, where assembly of its integrated perforating systems requires 60% fewer direct-labor hours than prior to the pandemic.

At this writing, oil prices are near multi-year highs and global well completions are increasing. As completions accelerate, operators and service companies are increasingly focused on the efficiencies and performance benefits of DynaEnergetics' integrated perforating systems, which remain the safest and most reliable in the industry. These systems are delivered fully assembled, just-in-time to the wellsite, which means fewer people are required on location. As a single source provider, DynaEnergetics also takes full supply chain responsibility, reducing its customers' working capital costs and overhead investments.

DynaEnergetics' product development and digital transformation initiatives during 2021 are resulting in several commercial introductions this year. The first came in January, when DynaEnergetics launched a mobile version of its digital app. The intuitive platform enables customers to configure and purchase products, obtain technical support and maintain real-time communications with DynaEnergetics. Additional product introductions are planned for later this year, and will strengthen our portfolio of integrated perforating systems and IS2™ intrinsically safe™ initiating technologies.

NobelClad continued to invest in new applications for its composite metal plates during 2021, and also launched DetaPipe™, a unique clad-metal pipe product for use in corrosive, high-temperature and high-pressure industrial processing environments. DetaPipe™ is a cost-effective alternative to solid zirconium or titanium pipe, and strengthens NobelClad's position in industries ranging from chemical processing to semiconductor manufacturing equipment.

Operationally, NobelClad improved its manufacturing quality, strengthened the profitability of its European operations, and by the end of 2021, had surpassed 800 days without a lost-time accident. As 2022 progresses, we believe NobelClad's supply chain challenges will ease, activity on large industrial infrastructure projects will resume, and repair and maintenance work will recover.

Transformative Acquisition

We acquired a 60% controlling interest in privately held Arcadia on December 23, 2021. Based in Vernon, California, Arcadia manufactures exterior and interior aluminum framing systems, windows, curtain walls and interior partitions for the commercial buildings market. It also operates Arcadia Custom, a Tucson, Arizona-based manufacturer of premium steel, aluminum and wood windows and doors for America's high-end residential market.

Arcadia's commercial division has built a leading position in the Western and Southwestern United States, and is focused primarily on the low and mid-rise segment of the commercial buildings market. It works closely with architects and general contractors, and its diverse end markets include commercial offices, healthcare, higher education, retail, airports, civic buildings and religious facilities.

The commercial division serves approximately 2,000 glass and glazing contractors. By prioritizing superior service, short lead times and a broad product selection, Arcadia has earned strong loyalty from these customers, who place an average of 25 orders annually.

The Arcadia Custom division also works closely with architects, as well as high-end home builders and homeowners. Its premium windows and doors are sold by a national sales team and are carried by a network of high-end window and door dealers. As demand for its differentiated product offering accelerates, Arcadia Custom is strengthening its manufacturing capacity, increasing its engineering and technical service capabilities, improving customer service and expanding its sales organization. We are encouraged by Arcadia Custom's growing presence in the high-end residential market, the strong reputation of its brand, and its prospects for profitable, long-term growth.



Arcadia Custom's laser cut, thermally-broken steel window and door systems deliver architectural appeal and optimal energy performance.

From 2010 through 2020, Arcadia's sales increased at a 13% compound annual growth rate (CAGR), while adjusted EBITDA increased at a 23% CAGR. The company's growth has plateaued in recent years due to limitations in its

manufacturing capacity, processes and systems. We are working with Arcadia to design and install new paint and anodizing lines, which we expect will be operational by the first half of next year. A new enterprise resource planning (ERP) system should be in place later this year and will improve operating efficiencies and enhance the buying experience for Arcadia's commercial and residential customers.

Arcadia joined DMC with a talented leadership team, innovative product and service offering, and a growing \$4.5 billion end market. The U.S. building products industry is forecasting healthy growth, particularly in the regions served by Arcadia. The investments in new capacity, systems and people will ensure Arcadia is positioned to capitalize on this opportunity, and deliver strong sales and earnings growth beginning in 2023.

We acquired the controlling interest in Arcadia for \$282.7 million. We paid \$261.0 million in cash, and we issued \$21.7 million in DMC stock. We plan to acquire the remaining 40% interest in Arcadia through a three-year put and call option exercisable after December 2024.

The Arcadia acquisition was made possible by our strong balance sheet and equity sales. Prior to the acquisition, we raised net proceeds of approximately \$175 million through an at-the-market equity program and a follow-on equity offering. To complete the transaction, we supplemented these proceeds with funds from our amended credit facility.

Financial Performance

DMC's consolidated sales in 2021 were \$260.1 million, up 14% from \$229.2 million in 2020. The increase reflects the early stages of a recovery in DynaEnergetics' North American market. Full-year sales at DynaEnergetics were \$175.4 million, up 20% from \$146.4 million in 2020, while full-year sales at NobelClad were \$84.8 million, up 2% from \$82.8 million in 2020.

Consolidated gross margin declined to 23% from 25% in the prior year, which reflects the weak pricing environment in DynaEnergetics' North American markets. Full-year adjusted net income* attributable to DMC was \$2.9 million, or \$0.16 per diluted share, compared with adjusted net income of \$1.0 million, or \$0.07 per diluted share in 2020. Full-year adjusted EBITDA* attributable to DMC was \$20.2 million versus \$19.1 million in 2020.

On a pro forma basis, full-year sales inclusive of Arcadia were \$500.5 million, while gross margin was 28%. Pro forma adjusted EBITDA* attributable to DMC after accounting for the 40% held by Arcadia's noncontrolling interest holder was \$50.1 million.

Our debt-to-adjusted EBITDA leverage ratio at December 31, 2021 was 3.0, while our net-debt-to adjusted EBITDA at the end of the year was 2.3.

DMC's objective is to deliver superior returns for our stakeholders by adhering to three key performance tenets:

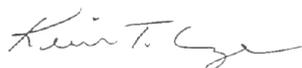
1. Maximize free cash flow through financial discipline
2. Maximize return on invested capital by achieving operational excellence and making discerning investment decisions
3. Invest in new technology, product and market development to drive sustained growth and increased profitability

Our accomplishments during 2021 will further enable us to achieve these objectives. We have entered 2022 with three strong businesses that have built respected brands, differentiated product and service offerings and leading positions in their markets. We also have exceptional leadership teams and a talented and dedicated workforce.

I want to thank DMC's employees around the world for their commitment and considerable efforts during another challenging year. I also want to again welcome Arcadia's leadership team and nearly 1,000 employees to the DMC family.

I speak for the entire DMC leadership team when I say we are very excited about DMC's future. We look forward to demonstrating the strength of your Company in 2022 and beyond.

Sincerely,



Kevin Longe
President, CEO & Director

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

Adjusted net income, adjusted EBITDA and pro forma adjusted EBITDA 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 the most directly comparable GAAP measures to non-GAAP measures, please see our annual report on Form 10-K for the year ended December 31, 2021.

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 additional planned product introductions at DynaEnergetics during 2022; our belief that NobelClad's supply chain challenges will ease as the year progresses, activity on industrial infrastructure projects will resume and repair and maintenance work will recover; our belief in Arcadia Custom's prospects for profitable, long-term growth; our expectation that new paint and anodizing lines will be operational at Arcadia by the first half of next year, and a new enterprise resource planning (ERP) system will be in place later this year; our belief that Arcadia will be positioned to deliver strong sales and earnings growth beginning in 2023; and our plans to acquire the remaining 40% interest in Arcadia. Such statements and information are based on numerous assumptions regarding present and future business strategies, the markets in which we operate, anticipated costs and 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; potential consolidation among DynaEnergetics' customers; fluctuations in foreign currencies; fluctuations in tariffs and quotas; the cyclical nature of our business; competitive factors; the timely completion of contracts; the timing and size of expenditures; the availability and price of metals and other raw materials; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; government actions or other changes in laws and regulations; trade and economic sanctions and other restrictions; civil unrest, acts of terrorism, war or other armed conflict; the availability and cost of funds; our ability to access our borrowing capacity under our credit facility; impacts of Covid-19 and any related preventive or protective actions taken by governmental authorities and resulting economic impacts, including recessions or depressions; general economic conditions, both domestic and foreign, impacting our business and the business of our customers and the end-market users we serve; and our ability to achieve the intended benefits of the acquisition of Arcadia, and 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, 2021. 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 letter, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

