UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO .

Commission file number 001-14775

DMC GLOBAL INC.
(Exact name of Registrant as Specified in its Charter)

Delaware	**84-0608431**
(State of Incorporation or Organization)	(I.R.S. Employer Identification No.)

11800 Ridge Parkway, Suite 300, Broomfield, Colorado 80021
(Address of principal executive offices, including zip code)

(303) 665-5700
(Registrant's telephone number, including area code)

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $0.05 Par Value	BOOM	The Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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 ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 under the Act). Yes ☐ No ☒

The number of shares of Common Stock outstanding was 15,833,470 as of April 22, 2021.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements throughout this quarterly report on Form 10-Q to be covered by the safe harbor provisions for forward-looking statements. Statements contained in this report which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. These statements can sometimes be identified by our use of forward-looking words such as “may,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” and other phrases of similar meaning. Such statements include expectations regarding improvements to DynaEnergetics’ end markets, our ability to access the capital markets and the availability of proceeds from our at-the-market offering to support our liquidity position and our expected future liquidity position. The forward-looking information is based on information available as of the date of this quarterly report and on numerous assumptions and developments that are not within our control. Although we believe that our expectations as expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Factors that could cause actual results to differ materially include, but are not limited to, those factors referenced in our Annual Report on Form 10-K for the year ended December 31, 2020 and such things as the following: impacts of COVID-19 and any related preventative or protective actions taken by governmental authorities and resulting economic impacts, including recessions or depressions; supply chain delays and disruptions; transportation disruptions; the 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; fluctuations in customer demand; fluctuations in foreign currencies; 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 material; fluctuations in tariffs or quotas; changes in laws and regulations, both domestic and foreign, impacting our business and the business of the end-market users we serve; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; our ability to successfully integrate acquired businesses; the impact of pending or future litigation or regulatory matters; the availability and cost of funds; our ability to access our borrowing capacity under our credit facility or access the capital markets; and global economic conditions and political and economic developments. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Part I - FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

DMC GLOBAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Share and Per Share Data)

	March 31, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 45,837	$ 28,187
Marketable securities	20,943	25,736
Accounts receivable, net of allowance for doubtful accounts of $2,631 and $2,605, respectively	35,609	31,366
Inventories	57,944	52,573
Prepaid expenses and other	7,855	5,448
Total current assets	168,188	143,310
Property, plant and equipment	178,752	180,278
Less - accumulated depreciation	(71,952)	(70,867)
Property, plant and equipment, net	106,800	109,411
Purchased intangible assets, net	2,927	3,665
Deferred tax assets	5,873	4,582
Other assets	21,029	18,677
Total assets	$ 304,817	$ 279,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 27,336	$ 17,574
Accrued expenses	7,727	5,301
Accrued income taxes	7,975	7,279
Accrued employee compensation and benefits	6,625	7,160
Contract liabilities	7,205	4,928
Current portion of long-term debt	—	3,125
Other current liabilities	1,505	1,741
Total current liabilities	58,373	47,108
Long-term debt	—	8,139
Deferred tax liabilities	1,211	2,254
Other long-term liabilities	26,803	25,230
Total liabilities	86,387	82,731
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, $0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares	—	—
Common stock, $0.05 par value; 25,000,000 shares authorized; 15,833,470 and 15,389,285 shares outstanding, respectively	820	796
Additional paid-in capital	144,094	117,387
Retained earnings	116,089	115,657
Other cumulative comprehensive loss	(24,929)	(22,962)
Treasury stock, at cost, and company stock held for deferred compensation, at par; 566,343 and 528,274 shares, respectively	(17,644)	(13,964)
Total stockholders' equity	218,430	196,914
Total liabilities and stockholders' equity	$ 304,817	$ 279,645

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

	Three months ended March 31,	
	2021	2020
Net sales	$ 55,658	$ 73,564
Cost of products sold	42,745	49,094
Gross profit	12,913	24,470
Costs and expenses:		
General and administrative expenses	7,929	8,126
Selling and distribution expenses	5,243	8,527
Amortization of purchased intangible assets	324	354
Restructuring expenses	127	1,116
Total costs and expenses	13,623	18,123
Operating (loss) income	(710)	6,347
Other income (expense):		
Other income, net	394	115
Interest expense, net	(135)	(238)
(Loss) income before income taxes	(451)	6,224
Income tax (benefit) provision	(883)	2,069
Net income	$ 432	$ 4,155
Net income per share		
Basic	$ 0.03	$ 0.28
Diluted	$ 0.03	$ 0.28
Weighted average shares outstanding:		
Basic	15,453,103	14,697,164
Diluted	15,463,923	14,717,836
Dividends declared per common share	$ —	$ 0.125

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Amounts in Thousands)
(unaudited)

	Three months ended March 31,	
	2021	2020
Net income	$ 432	$ 4,155
Change in cumulative foreign currency translation adjustment	(1,967)	(840)
Total comprehensive (loss) income	$ (1,535)	$ 3,315

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in Thousands, Except Share Data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Other Cumulative Comprehensive Loss	Treasury Stock and Company Stock Held for Deferred Compensation		Total
	Shares	Amount				Shares	Amount	
Balances, December 31, 2020	15,917,559	$ 796	$ 117,387	$ 115,657	$ (22,962)	(528,274)	$ (13,964)	$ 196,914
Net income	—	—	—	432	—	—	—	432
Change in cumulative foreign currency translation adjustment	—	—	—	—	(1,967)	—	—	(1,967)
Shares issued in connection with at-the-market offering program	397,820	20	25,242	—	—	—	—	25,262
Shares issued in connection with stock compensation plans	84,434	4	(4)	—	—	—	—	—
Stock-based compensation	—	—	1,469	—	—	—	—	1,469
Treasury stock activity	—	—	—	—	—	(38,069)	(3,680)	(3,680)
Balances, March 31, 2021	16,399,813	$ 820	$ 144,094	$ 116,089	$ (24,929)	(566,343)	$ (17,644)	$ 218,430

	Common Stock		Additional Paid-In Capital	Retained Earnings	Other Cumulative Comprehensive Loss	Treasury Stock and Company Stock Held for Deferred Compensation		Total
	Shares	Amount				Shares	Amount	
Balances, December 31, 2019	15,117,207	$ 756	$ 85,639	$ 119,002	$ (25,803)	(464,532)	$ (7,453)	$ 172,141
Net income	—	—	—	4,155	—	—	—	4,155
Change in cumulative foreign currency translation adjustment	—	—	—	—	(840)	—	—	(840)
Shares issued in connection with stock compensation plans	143,628	7	(7)	—	—	—	—	—
Adjustment for cumulative effect from change in accounting principle (ASU 2016-13)	—	—	—	(50)	—	—	—	(50)
Stock-based compensation	—	—	1,200	—	—	—	—	1,200
Dividends declared	—	—	—	(1,883)	—	—	—	(1,883)
Treasury stock activity	—	—	—	—	—	(45,061)	(1,034)	(1,034)
Balances, March 31, 2020	15,260,835	$ 763	$ 86,832	$ 121,224	$ (26,643)	(509,593)	$ (8,487)	$ 173,689

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
Cash flows provided by operating activities:		
Net income	$ 432	$ 4,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,698	2,352
Amortization of purchased intangible assets	324	354
Amortization of deferred debt issuance costs	56	40
Stock-based compensation	1,608	1,118
Deferred income taxes	(2,334)	(160)
(Gain) loss on disposal of property, plant and equipment	(288)	13
Restructuring expenses	127	1,116
Change in:		
Accounts receivable, net	(4,629)	10,277
Inventories	(6,184)	(8,187)
Prepaid expenses and other	(4,480)	383
Accounts payable	9,963	(2,752)
Contract liabilities	2,432	955
Accrued expenses and other liabilities	2,451	(4,744)
Net cash provided by operating activities	2,176	4,920
Cash flows provided by (used in) investing activities:		
Proceeds from maturities of marketable securities	4,799	—
Acquisition of property, plant and equipment	(1,365)	(5,121)
Proceeds on sale of property, plant and equipment	281	—
Net cash provided by (used in) investing activities	3,715	(5,121)
Cash flows provided by (used in) financing activities:		
Repayments on capital expenditure facility	(11,750)	(781)
Payment of dividends	—	(1,866)
Net proceeds from issuance of common stock through at-the-market offering program	25,262	—
Treasury stock purchases	(2,435)	(1,034)
Net cash provided by (used in) financing activities	11,077	(3,681)
Effects of exchanges rates on cash	682	(20)
Net increase (decrease) in cash and cash equivalents	17,650	(3,902)
Cash and cash equivalents, beginning of the period	28,187	20,353
Cash and cash equivalents, end of the period	$ 45,837	$ 16,451

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DMC GLOBAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

1. BASIS OF PRESENTATION

The information included in the condensed consolidated financial statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These condensed consolidated financial statements should be read in conjunction with the financial statements that are included in our Annual Report filed on Form 10-K for the year ended December 31, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of DMC Global Inc. ("DMC", "we", "us", "our", or the "Company") and its controlled subsidiaries. Only subsidiaries in which controlling interests are maintained are consolidated. All significant intercompany accounts, profits, and transactions have been eliminated in consolidation.

Marketable Securities

We typically invest in highly rated securities, with the primary objectives of preserving principal, providing access to liquidity to fund the ongoing operations and strategic needs of the Company and its subsidiaries, and achieving a yield that is commensurate with low risk and highly liquid securities. The Company's investment policy generally limits the amount of credit exposure to any one issuer.

Our investments in marketable debt securities are classified as either trading, available-for-sale or held-to-maturity based on the nature of the securities and their availability for use in current operations. The Company classifies its marketable debt securities on the Condensed Consolidated Balance Sheet as current or non-current based on maturities and our expectations of sales and redemptions in the following year.

As of March 31, 2021 and December 31, 2020, our investments were comprised solely of U.S. Treasury securities with maturities ranging from three to twelve months, and these investments have been classified and accounted for as trading securities. The Company's investments in U.S. Treasury securities are measured at fair value with gains and losses recognized in the Condensed Consolidated Statement of Operations within "Other income, net."

Accounts Receivable

The Company measures expected credit losses for its accounts receivable using a current expected credit loss model, which is based on historical experience, adjusted for current conditions and reasonable and supportable forecasts. The Company has disaggregated pools of accounts receivable balances by business, geography and/or customer risk profile and has used history and other experience to establish an allowance for credit losses at the time the receivable is recognized. To measure expected credit losses, we have elected to pool trade receivables by segment and analyze DynaEnergetics and NobelClad accounts receivable balances as separate populations. Within each segment, receivables exhibit similar risk characteristics.

During the three months ended March 31, 2021, our expected loss rate continued to reflect uncertainties in market conditions present in both of our businesses due to the ongoing COVID-19 pandemic. In addition, we reviewed receivables outstanding, including aged balances, and in circumstances where we are aware of a specific customer's inability to meet its financial obligation to us, we recorded a specific allowance for credit losses (with the offsetting expense charged to "Selling and distribution expenses" in our Condensed Consolidated Statements of Operations) against the amounts due, reducing the net recognized receivable to the amount we estimate will be collected. In total, provisions of $38 were recorded during the three months ended March 31, 2021.

The following table summarizes activity in the allowance for credit losses on receivables from DynaEnergetics and NobelClad customers:

		DynaEnergetics		NobelClad		DMC Global Inc.
Allowance for doubtful accounts, December 31, 2020	$	2,590	$	15	$	2,605
Current period provision for expected credit losses		38		—		38
Recoveries of amounts previously reserved		(10)		—		(10)
Impacts of foreign currency exchange rates and other		(2)		—		(2)
Allowance for doubtful accounts, March 31, 2021	$	2,616	$	15	$	2,631

Revenue Recognition

The Company’s revenues are primarily derived from consideration paid by customers for tangible goods. The Company analyzes its different goods by segment to determine the appropriate basis for revenue recognition. Revenue is not generated from sources other than contracts with customers and revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. There are no material upfront costs for operations that are incurred from contracts with customers.

Our rights to payments for goods transferred to customers arise when control is transferred at a point in time and not on any other criteria. Payment terms and conditions vary by contract, although terms generally include a requirement of payment within 30 to 60 days. In instances when we require customers to make advance payments prior to the shipment of their orders, we record a contract liability. We have determined that our contract liabilities do not include a significant financing component given the short duration between order initiation and order fulfillment within each of our segments. Please refer to Note 5 “Contract Liabilities” for further information on contract liabilities and Note 10 “Business Segments” for disaggregated revenue disclosures.

Income Taxes

We recognize deferred tax assets and liabilities for the expected future income tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. The deferred income tax impact of tax credits is recognized as an immediate adjustment to income tax expense. We recognize deferred tax assets for the expected future effects of all deductible temporary differences to the extent we believe these assets will more likely than not be realized. We record a valuation allowance when, based on current circumstances, it is more likely than not that all or a portion of the deferred tax assets will not be realized. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, recent financial operations and their associated valuation allowances, if any.

We recognize the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position that it will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that is more likely than not to be realized upon ultimate resolution. We recognize interest and penalties related to uncertain tax positions in operating expense.

Earnings Per Share

In periods with net income, the Company computes earnings per share (“EPS”) using a two-class method, which is an earnings allocation formula that determines EPS for (i) each class of common stock (the Company has a single class of common stock), and (ii) participating securities according to dividends declared and participation rights in undistributed earnings. Restricted stock awards are considered participating securities in periods with net income as they receive non-forfeitable rights to dividends similar to common stock. Restricted stock awards do not participate in net losses.

Basic EPS is calculated by dividing net income available to common stockholders of the Company by the weighted average number of shares of common stock outstanding during the period. Diluted EPS adjusts basic EPS for the effects of restricted stock awards, performance share units and other potentially dilutive financial instruments (dilutive securities), only in the periods in which such effect is dilutive. The effect of the dilutive securities is reflected in diluted EPS by application of the more dilutive of (1) the treasury stock method or (2) the two-class method assuming nonvested shares are not converted into shares of common stock. For the periods presented, diluted EPS using the treasury stock method was less dilutive than the two-class method; as such, only the two-class method has been included below.

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net income, as reported	$ 432	$ 4,155
Less: Distributed net income available to participating securities	—	(30)
Less: Undistributed net income available to participating securities	(5)	(37)
Numerator for basic net income per share:	427	4,088
Add: Undistributed net income allocated to participating securities	5	37
Less: Undistributed net income reallocated to participating securities	(5)	(37)
Numerator for diluted net income per share:	427	4,088
Denominator:		
Weighted average shares outstanding for basic net income per share	15,453,103	14,697,164
Effect of dilutive securities	10,820	20,672
Weighted average shares outstanding for diluted net income per share	15,463,923	14,717,836
Net income per share		
Basic	$ 0.03	$ 0.28
Diluted	$ 0.03	$ 0.28

Deferred compensation

The Company maintains a Non-Qualified Deferred Compensation Plan (the "Plan") as part of its overall compensation package for certain employees. Participants are eligible to defer a portion of their annual salary, their annual incentive bonus, and their equity awards through the Plan on a tax-deferred basis. Deferrals into the Plan are not matched or subsidized by the Company, nor are they eligible for above-market or preferential earnings.

The Plan provides for deferred compensation obligations to be settled either by delivery of a fixed number of shares of DMC's common stock or in cash, in accordance with participant contributions and elections. For deferred equity awards, subsequent to equity award vesting and after a period prescribed by the Plan, participants can elect to diversify contributions of equity awards into other investment options available to Plan participants. Once diversified, contributions of equity awards will be settled by delivery of cash.

The Company has established a grantor trust commonly known as a "rabbi trust" and contributed certain assets to satisfy the future obligations to participants in the Plan. These assets are subject to potential claims of the Company's general creditors. The assets held in the trust include unvested restricted stock awards ("RSAs"), vested company stock awards, company-owned life insurance ("COLI") on certain employees, and money market and mutual funds. Unvested RSAs and common stock held by the trust are reflected in the Consolidated Balance Sheets within "Treasury stock, at cost, and company stock held for deferred compensation, at par" at the par value of the common stock or unvested RSAs. These accounts are not adjusted for subsequent changes in the fair value of the common stock. COLI is accounted for at the cash surrender value while money market and mutual funds held by the trust are accounted for at fair value.

Deferred compensation obligations that will be settled in cash are accounted for on an accrual basis in accordance with the terms of the Plan. These obligations are adjusted based on changes in value of the underlying investment options chosen by Plan participants. Deferred compensation obligations that will be settled by delivery of a fixed number of previously vested shares of the Company's common stock are reflected in the Consolidated Statements of Stockholders' Equity within "Common stock" at the par value of the common stock or unvested RSAs. These accounts are not adjusted for subsequent changes in the fair value of the common stock.

The balances related to the deferred compensation plan were as follows:

	Consolidated Balance Sheet location	March 31, 2021	December 31, 2020
Deferred compensation assets	Other assets	$ 9,447	$ 7,596
Deferred compensation obligations	Other long-term liabilities	$ 13,500	$ 11,894

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are required to use an established hierarchy for fair value measurements based upon the inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- Level 1 — Inputs to the valuation based upon quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.

- Level 2 — Inputs to the valuation include quoted prices in either markets that are not active, or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data.

- Level 3 — Inputs to the valuation that are unobservable inputs for the asset or liability.

The highest priority is assigned to Level 1 inputs and the lowest priority to Level 3 inputs.

The carrying value of accounts receivable and payable, accrued expenses, revolving loans under our credit facility and borrowings under our capital expenditure facility approximate their fair value. Our U.S. Treasury marketable securities are valued using quoted prices in active markets that are accessible as of the measurement date. Our revolving loans and borrowings under our capital expenditure facility, when outstanding, reset each month at market interest rates. Money market funds and mutual funds of $5,955 as of March 31, 2021 and $4,244 as of December 31, 2020 were held to satisfy future deferred compensation obligations are valued based upon the market values of underlying securities, and therefore we classify these assets as Level 1 in the fair value hierarchy.

Our foreign currency forward contracts are valued using quoted market prices or are determined using a yield curve model based on current market rates. As a result, we classify these investments as Level 2 in the fair value hierarchy.

We did not hold any Level 3 assets or liabilities as of March 31, 2021 or December 31, 2020.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board issued a new accounting pronouncement regarding accounting for income taxes. The new standard removes certain exceptions to the general principles in ASC 740 *Income Taxes* and also clarifies and amends existing guidance to provide for more consistent application. The new standard became effective for the Company in the first quarter of fiscal 2021 and did not have a material impact on our consolidated financial statements.

3. INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. Significant cost elements included in inventory are material, labor, freight, subcontract costs, and manufacturing overhead. As necessary, we adjust inventory to its net realizable value by recording provisions for excess, slow moving and obsolete inventory. We regularly review inventory quantities on hand and values, and compare them to estimates of future product demand, market conditions, production requirements and technological developments.

Inventories consisted of the following at March 31, 2021:

	DynaEnergetics	NobelClad	DMC Global Inc.
Raw materials	$ 14,616	$ 11,403	$ 26,019
Work-in-process	7,997	8,763	16,760
Finished goods	14,532	401	14,933
Supplies	—	232	232
Inventories	$ 37,145	$ 20,799	$ 57,944

Inventories consisted of the following at December 31, 2020:

	DynaEnergetics	NobelClad	DMC Global Inc.
Raw materials	$ 13,250	$ 11,903	$ 25,153
Work-in-process	7,062	6,682	13,744
Finished goods	12,806	669	13,475
Supplies	—	201	201
Inventories	$ 33,118	$ 19,455	$ 52,573

4. PURCHASED INTANGIBLE ASSETS

Our purchased intangible assets consisted of the following as of March 31, 2021:

	Gross	Accumulated Amortization	Net
Core technology	$ 16,881	$ (13,954)	$ 2,927
Customer relationships	36,516	(36,516)	—
Trademarks / Trade names	2,102	(2,102)	—
Total intangible assets	$ 55,499	$ (52,572)	$ 2,927

Our purchased intangible assets consisted of the following as of December 31, 2020:

	Gross	Accumulated Amortization	Net
Core technology	$ 17,899	$ (14,234)	$ 3,665
Customer relationships	37,638	(37,638)	—
Trademarks / Trade names	2,194	(2,194)	—
Total intangible assets	$ 57,731	$ (54,066)	$ 3,665

The change in the gross value of our purchased intangible assets from December 31, 2020 to March 31, 2021 was due to foreign currency translation and the recognition of the tax benefit of tax deductible goodwill amortization related to the 2007 acquisition of our German subsidiaries. Prior to the impairment of the goodwill related to the NobelClad and DynaEnergetics reporting units at September 30, 2017 and December 31, 2015, respectively, the tax benefit of tax amortization reduced the goodwill balance. After we fully impaired the goodwill, which is only written off for U.S. GAAP purposes, the tax benefit of tax goodwill amortization reduces the gross value of the purchased intangible assets related to this acquisition.

5. CONTRACT LIABILITIES

On occasion, we require customers to make advance payments prior to the shipment of goods in order to help finance our inventory investment on large orders or to keep customers' credit limits at acceptable levels. Contract liabilities were as follows:

	March 31, 2021	December 31, 2020
NobelClad	$ 6,845	$ 4,450
DynaEnergetics	360	478
Total	$ 7,205	$ 4,928

We generally expect to recognize the revenue associated with contract liabilities over a time period no longer than one year, but unforeseen circumstances can cause delays in shipments associated with contract liabilities. Approximately 25% of the $4,928 recorded as contract liabilities at December 31, 2020 was recorded to net sales during the three months ended March 31, 2021.

6. LEASES

The Company leases real properties for use in manufacturing and as administrative and sales offices, and leases automobiles and office equipment. The Company determines if a contract contains a lease arrangement at the inception of the contract. For leases in which the Company is the lessee, leases are classified as either finance or operating. Right of use (ROU) assets are initially measured at the present value of lease payments over the lease term plus initial direct costs, if any, with the classification affecting the pattern of expense recognition. If a lease does not provide a discount rate and the rate cannot be readily determined, an incremental borrowing rate is used to determine the future lease payments. Lease and non-lease components within the Company’s lease agreements are accounted for together.

Nearly all of the Company’s leasing arrangements are classified as operating leases. ROU asset and lease liability balances were as follows for the periods presented:

	March 31, 2021	December 31, 2020
ROU asset	10,589	10,733
Current lease liability	1,505	1,741
Long-term lease liability	10,137	10,066
Total lease liability	$ 11,642	$ 11,807

The ROU asset was included in “Other assets” while the current lease liability was reported in “Other current liabilities” and the long-term lease liability was reported in “Other long-term liabilities” on the Company’s Condensed Consolidated Balance Sheet. Cash paid for operating lease liabilities are recorded as cash flows from operating activities in the Company’s Condensed Consolidated Statements of Cash Flows. For the three months ended March 31, 2021 and 2020, operating lease costs were $971 and $1,102, respectively, which were included in the Company’s Condensed Consolidated Statements of Operations. Short term and variable lease costs were not material for the three months ended March 31, 2021 and 2020.

Certain of the Company’s leases contain renewal options and options to extend the leases for up tofive years, and a majority of these options are reflected in the calculation of the ROU asset and lease liability due to the likelihood of renewal.

The following table summarizes the weighted average lease terms and discount rates for operating lease liabilities:

	March 31, 2021
Weighted average remaining lease term (in years)	8.03
Weighted average discount rate	5.1 %

The following table represents maturities of operating lease liabilities as of March 31, 2021:

Due within 1 year	$	1,505
Due after 1 year through 2 years		2,077
Due after 2 years through 3 years		1,967
Due after 3 years through 4 years		1,792
Due after 4 years through 5 years		1,733
Due after 5 years		5,727
Total future minimum lease payments		14,801
Less imputed interest		(3,159)
Total	$	11,642

7. DEBT

As of March 31, 2021 we hadno outstanding borrowings under our credit facility. As of December 31, 2020, outstanding borrowings consisted of the following:

Syndicated credit agreement:		
Capital expenditure facility	$	11,750
Outstanding borrowings		11,750
Less: debt issuance costs		(486)
Total debt		11,264
Less: current portion of long-term debt		(3,125)
Long-term debt	$	8,139

Syndicated Credit Agreement

On March 8, 2018, we entered into afive-year $75,000 syndicated credit agreement ("credit facility") which replaced in its entirety our prior syndicated credit facility entered into on February 23, 2015. The credit facility allows for revolving loans of up to $50,000 with a $20,000 US dollar equivalent sublimit for alternative currency loans. In addition, the agreement provided for a $25,000 Capital Expenditure Facility ("Capex Facility") which was used to assist in financing our DynaEnergetics manufacturing expansion project in Blum, Texas. At the end of year one, the Capex Facility converted to a term loan which was amortizable at 12.5% of principal per year with a balloon payment for the outstanding balance upon the credit facility maturity date in 2023. In February 2021, we repaid the remaining Capex Facility balance of $11,750.

The credit facility has a $100,000 accordion feature to increase the commitments under the revolving loan class and/or by adding a term loan subject to approval by applicable lenders. We entered into the credit facility with a syndicate of three banks, with KeyBank, N.A. acting as administrative agent. The syndicated credit facility is secured by the assets of DMC including accounts receivable, inventory, and fixed assets, as well as guarantees and share pledges by DMC and its subsidiaries.

Borrowings under the $50,000 revolving loan can be in the form of one-, two-, three-, or six-month LIBOR rate loans. Additionally, US dollar borrowings on the revolving loan can be in the form of Base Rate loans (Base Rate borrowings are based on the greater of the administrative agent's Prime rates, an adjusted Federal Funds rate or an adjusted LIBOR rate). LIBOR loans bear interest at the applicable LIBOR rate plus an applicable margin (varying from1.50% to 3.00%). Base Rate loans bear interest at the defined Base rate plus an applicable margin (varying from 0.50% to 2.00%).

Borrowings under the $20,000 alternate currency sublimit can be in euros, Canadian dollars, pounds sterling, and in any other currency acceptable to the administrative agent. Alternative currency borrowings denominated in euros, pounds sterling, and any other currency that is dealt with on the London Interbank Deposit Market shall be comprised of LIBOR loans and bear interest at the LIBOR rate plus an applicable margin (varying from 1.50% to 3.00%).

On June 25, 2020, we entered into an amendment ("Amendment") to the credit facility. The Amendment waives the debt service coverage ratio covenant for the quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. The debt service coverage ratio minimum of 1.35 to 1 will resume beginning with the quarter ending June 30, 2021 and thereafter. The debt service coverage ratio is defined in the credit facility as the ratio of Consolidated Pro Forma EBITDA less the sum of capital distributions paid in cash, cash income taxes and Consolidated Unfunded Capital Expenditures (as defined in the credit facility) to Debt Service Charges (as defined in the credit facility).

Additionally, the Amendment added a Minimum Liquidity covenant requirirg the total of cash and cash equivalents held by U.S. subsidiaries and available borrowing capacity under the credit facility to exceed $10,000 for the quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. The Minimum Liquidity covenant is not required after March 31, 2021.

During the period from the Amendment through August 31, 2020, borrowings outstanding under the credit facility bore interest at LIBOR plus a margin of 1.75% or at a Base Rate (as defined in the credit facility) plus a margin of 0.75%. For the period from September 1, 2020 through the date of receipt of the covenant compliance certificate for the quarter ending March 31, 2021, borrowings outstanding under the credit facility will bear interest at LIBOR plus a margin of 1.75% to 3.00% or at a Base Rate plus a margin of 0.75% to 2.00%. In each case, the margin is based on the Company's Leverage Ratio of Consolidated Funded Indebtedness (as defined in the credit facility) on the last day of such period to Consolidated Pro Forma EBITDA for such period. Additionally, the Amendment sets the minimum LIBOR at 0.75%.

On October 22, 2020, in connection with the commencement of our at-the-market offering, we entered into an amendment to the credit facility to waive the requirement that we repay outstanding balances under the credit facility from the proceeds of any equity offering. The waiver applies to at-the-market offerings up to $75 million.

The credit facility, as amended, includes various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders; redemption of capital stock; incurrence of additional indebtedness; mortgaging, pledging or disposition of major assets; and maintenance of specified ratios. As of March 31, 2021, we were in compliance with all financial covenants and other provisions of our debt agreements.

We also maintain a line of credit with a German bank for certain European operations. In July 2020, the German Bank Facility was amended to increase the borrowing capacity from €4,000 to €7,000. Of the €7,000 borrowing capacity, €3,781 was available as of March 31, 2021 after considering outstanding letters of credit.

Given that we had no outstanding debt as of March 31, 2021, our deferred debt issuance costs of $430 were reported in the “Other assets” line item on our Condensed Consolidated Balance Sheet. Our deferred debt issuance costs of $486 as of December 31, 2020 were reported in the “Long term debt” line item on our Condensed Consolidated Balance Sheet. Deferred debt issuance costs are being amortized over the remaining term of the credit facility which expires on March 8, 2023.

8. EQUITY PROGRAM

On October 22, 2020, the Company commenced an at-the-market ("ATM") equity program under its shelf registration statement, which allows it to sell and issue up to $75 million in shares of its common stock from time to time. The Company entered into an Equity Distribution Agreement on October 22, 2020 with KeyBanc Capital Markets Inc. ("KeyBanc") relating to the issuance and sale of shares of common stock pursuant to the program. KeyBanc is not required to sell any specific amount of securities but will act as our sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between KeyBanc and us. There is no specific date on which the ATM equity program will end and there are no minimum purchase requirements. KeyBanc will be entitled to compensation for shares sold pursuant to the program in an amount up to 1.5% of the gross proceeds of any shares of common stock sold under the Equity Distribution Agreement.

During the quarter ended March 31, 2021, the Company sold 397,820 shares of common stock through its ATM equity program for gross proceeds of $25,647 at a weighted average price per share of $64.47. Net proceeds from such sales were $25,262, after deducting commissions paid to the sales agents of approximately $385. Since the inception of the program, the Company has sold 1,006,180 shares of common stock through its ATM equity program for gross proceeds of $51,779 at a weighted average price per share of $51.46.

9. INCOME TAXES

The effective tax rate for each of the periods reported differs from the U.S. statutory rate primarily due to variation in contribution to consolidated pre-tax income from each jurisdiction for the respective periods, differences between the U.S. and foreign tax rates (which range from 20% to 34%), permanent differences between book and taxable income, and changes to valuation allowances on our deferred tax assets.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use existing deferred tax assets. Additionally, a three-year cumulative loss at a Consolidated Financial Statement level may be viewed as negative evidence impacting a jurisdiction that by itself is not in a three-year cumulative loss position. During the three months ended March 31, 2021 and March 31, 2020, we did not record any adjustments to valuation allowances. The Company will continue to monitor the realizability of deferred tax assets and the need for valuation allowances and will record adjustments in the periods in which facts support such adjustments.

The Tax Cuts and Jobs Act ("TCJA") provides that foreign earnings generally can be repatriated to the U.S. without federal tax consequence. We have assessed the assertion that cumulative earnings by our foreign subsidiaries are indefinitely reinvested. We continue to permanently reinvest the earnings of our international subsidiaries and therefore we do not provide for U.S. income taxes or withholding taxes that could result from the distribution of those earnings to the U.S. parent. Nevertheless, if any such earnings were ultimately distributed to the U.S. in the form of dividends or otherwise, or if the shares of our international subsidiaries were sold or transferred, we could be subject to additional U.S. federal and state income taxes. Due to the multiple avenues in which earnings can be repatriated, and because a large portion of these earnings are not liquid, it is not practical to estimate the amount of additional taxes that might be payable on these amounts of undistributed foreign income.

During the fourth quarter of 2019, our German operating entities commenced a tax audit for fiscal years 2015 through 2017. We expect this audit to be completed in the second quarter of 2021. If any issues addressed in the audit are resolved in a manner not consistent with our expectations, the Company could be required to adjust its provision for income taxes in future periods.

10. BUSINESS SEGMENTS

Our business is organized into two segments: DynaEnergetics and NobelClad. DynaEnergetics designs, manufactures and distributes products utilized by the global oil and gas industry principally for the perforation of oil and gas wells. NobelClad is a global leader in the production of explosion-welded clad metal plates for use in the construction of corrosion resistant industrial processing equipment and specialized transition joints.

Our reportable segments are separately managed strategic business units that offer different products and services. Each segment's products are marketed to different customer types and require different manufacturing processes and technologies.

Segment information is as follows:

	Three months ended March 31,	
	2021	2020
Net sales		
DynaEnergetics	$ 38,172	$ 53,220
NobelClad	17,486	20,344
Net sales	$ 55,658	$ 73,564

	Three months ended March 31,	
	2021	2020
Operating income		
DynaEnergetics	1,521	8,606
NobelClad	$ 1,604	$ 1,476
Segment operating income	3,125	10,082
Unallocated corporate expenses	(2,227)	(2,617)
Stock-based compensation	(1,608)	(1,118)
Other income, net	394	115
Interest expense, net	(135)	(238)
(Loss) income before income taxes	$ (451)	$ 6,224

	Three months ended March 31,	
	2021	2020
Depreciation and amortization		
DynaEnergetics	2,000	1,772
NobelClad	$ 939	$ 834
Segment depreciation and amortization	2,939	2,606
Corporate and other	83	100
Consolidated depreciation and amortization	$ 3,022	$ 2,706

The disaggregation of revenue earned from contracts with customers based on the geographic location of the customer is as follows.

DynaEnergetics

	Three months ended March 31,	
	2021	2020
United States	$ 27,831	$ 46,271
Canada	3,702	668
Hong Kong	1,190	136
Egypt	1,053	1,311
Oman	781	180
Indonesia	571	479
Pakistan	509	345
Ukraine	436	302
India	393	316
Romania	322	104
Germany	314	300
Rest of the world	1,070	2,808
Total DynaEnergetics	$ 38,172	$ 53,220

NobelClad

	Three months ended March 31,	
	2021	2020
United States	$ 8,347	$ 9,042
Canada	1,024	1,768
Russia	1,021	—
South Korea	886	990
France	669	1,491
United Arab Emirates	664	739
India	649	77
Netherlands	591	547
Australia	578	249
Italy	435	92
Spain	413	1,247
Germany	390	986
Norway	283	960
Taiwan	278	—
China	239	87
Rest of the world	1,019	2,069
Total NobelClad	$ 17,486	$ 20,344

During the three months ended March 31, 2021, one customer in our DynaEnergetics segment accounted for approximately10% of consolidated net sales. During the three months ended March 31, 2020, one customer accounted for approximately 15% of consolidated net sales.

11. DERIVATIVE INSTRUMENTS

We are exposed to foreign currency exchange risk resulting from fluctuations in exchange rates, primarily the U.S. dollar to euro, the U.S. dollar to Canadian dollar, and, to a lesser extent, other currencies, arising from inter-company and third-party transactions entered into by our subsidiaries that are denominated in currencies other than their functional currency. Changes in exchange rates with respect to these transactions result in unrealized gains or losses if such transactions are unsettled at the end of the reporting period or realized gains or losses at settlement of the transaction. We use foreign currency forward contracts to offset foreign exchange rate fluctuations on foreign currency denominated asset and liability positions. None of these contracts are designated as accounting hedges, and all changes in the fair value of the forward contracts are recognized in “Other income, net” within our Condensed Consolidated Statements of Operations.

We execute derivatives with a specialized foreign exchange brokerage firm. The primary credit risk inherent in derivative agreements is the possibility that a loss may occur from the nonperformance of a counterparty to the agreements. We perform a review of the credit risk of our counterparties at the inception of the contract and on an ongoing basis. We anticipate that our counterparties will be able to fully satisfy their obligations under the agreements but will take action if doubt arises regarding the counterparties’ ability to perform.

As of March 31, 2021 and December 31, 2020, the notional amounts of the forward currency contracts the Company held were $1,909 and $2,092, respectively. At March 31, 2021 and December 31, 2020, the fair values of outstanding foreign currency forward contracts were $0.

The following table presents the location and amount of net gains from hedging activities:

		Three months ended March 31,	
Derivative	Statements of Operations Location	2021	2020
Foreign currency contracts	Other income, net	$ 55	$ 834

12. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The Company records an accrual for contingent liabilities when a loss is both probable and reasonably estimable. If some amount within a range of loss appears to be a better estimate than any other amount within the range, that amount is accrued. When no amount within a range of loss appears to be a better estimate than any other amount, the lowest amount in the range is accrued.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

13. RESTRUCTURING EXPENSES

During the first quarter of 2021, NobelClad recorded an accrual for additional severance liabilities of $116 which were agreed to with local labor authorities for employees terminated as part of closing manufacturing operations in France in 2018.

During the first quarter of 2020, DMC reduced its workforce by 264 positions to address a sharp decline in well completions in the Company's core oil and gas end market principally due to the COVID-19 pandemic. The workforce reduction impacted full-time, part-time and temporary direct-labor roles in manufacturing and assembly at DynaEnergetics as well as general and administrative positions at DynaEnergetics, NobelClad, and at DMC's corporate office.

Total restructuring and impairment charges incurred for these programs are as follows and are reported in the "Restructuring expenses" line item in our Condensed Consolidated Statements of Operations:

	Three months ended March 31, 2021		
	Severance	Other Exit Costs	Total
NobelClad	$ 116	$ 11	$ 127
Total	$ 116	$ 11	$ 127

	Three months ended March 31, 2020			
	Severance	Contract Termination Costs	Other Exit Costs	Total
DynaEnergetics	$ 707	$ 11	$ 220	$ 938
NobelClad	54	—	5	59
Corporate	119	—	—	$ 119
Total	$ 880	$ 11	$ 225	$ 1,116

During the three months ended March 31, 2021, the changes to the restructuring liability associated with these programs is summarized below:

	December 31, 2020	Net expense	Payments and Other Adjustments	Currency Adjustments	March 31, 2021
Severance	$ 958	$ 116	$ (18)	$ (42)	$ 1,014
Other exit costs	—	11	(8)	—	3
Total	$ 958	$ 127	$ (26)	$ (42)	$ 1,017

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our historical consolidated financial statements and notes, as well as the selected historical consolidated financial data that is included in our Annual Report filed on Form 10-K for the year ended December 31, 2020.

Unless stated otherwise, all currency amounts are presented in thousands of U.S. dollars (000s).

Overview

General

DMC Global Inc. ("DMC") operates two technical product and process business segments serving the energy, industrial and infrastructure markets. These segments, DynaEnergetics and NobelClad, operate globally through an international network of manufacturing, distribution and sales facilities.

Our diversified segments each provide a suite of unique technical products to niche sectors of the global energy, industrial and infrastructure markets, and each has established a strong or leading position in the markets in which it participates. With an underlying focus on generating free cash flow, our objective is to sustain and grow the market share of our businesses through increased market penetration, development of new applications, and research and development of new and adjacent products that can be sold across our global network of sales and distribution facilities. We routinely explore acquisitions of related businesses that could strengthen or add to our existing product portfolios, or expand our geographic footprint and market presence. We also seek acquisition opportunities outside our current markets that would complement our existing businesses and enable us to build a stronger and more diverse company.

DynaEnergetics

DynaEnergetics designs, manufactures and distributes products utilized by the global oil and gas industry principally for the perforation of oil and gas wells. These products are sold to oilfield service companies in the U.S., Europe, Canada, Africa, the Middle East, and Asia. DynaEnergetics also sells directly to end-users. The market for perforating products, which are used during the well completion process, generally corresponds with oil and gas exploration and production activity. Exploration activity over the last several years has led to increasingly complex well completion operations, which in turn has increased the demand for high quality and technically advanced perforating products.

Cost of products sold for DynaEnergetics includes the cost of metals, explosives and other raw materials used to manufacture shaped charges, detonating products and perforating guns as well as employee compensation and benefits, freight in, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

NobelClad

NobelClad produces explosion-welded clad metal plates for use in the construction of corrosion resistant industrial processing equipment and specialized transition joints. While a significant portion of the demand for our clad metal products is driven by maintenance and retrofit projects at existing chemical processing, petrochemical processing, oil refining, and aluminum smelting facilities, new plant construction and large plant expansion projects also account for a significant portion of total demand. These industries tend to be cyclical in nature and timing of new order inflow remains difficult to predict. We use backlog as a primary means to measure the immediate outlook for our NobelClad business. We define "backlog" at any given point in time as all firm, unfulfilled purchase orders and commitments at that time. Most firm purchase orders and commitments are realized, and we expect to fill most backlog orders within the following 12 months. NobelClad's backlog increased to $43,191 at March 31, 2021 from $39,884 at December 31, 2020.

Cost of products sold for NobelClad includes the cost of metals and alloys used to manufacture clad metal plates, the cost of explosives, employee compensation and benefits, freight in, outside processing costs, depreciation of manufacturing facilities and equipment, manufacturing supplies and other manufacturing overhead expenses.

Factors Affecting Results

- Consolidated sales of $55,658 decreased 3% versus the fourth quarter of 2020 primarily related to the impact of the February 2021 winter storm in Texas, which led to a two-week shutdown for certain customers and approximately $5,100 of sales at DynaEnergetics that were pushed out of the first quarter. NobelClad also experienced shipping delays on approximately $1,700 of sales caused by timing of final customer inspection and approval of clad plates prior to shipment and the impact of widespread logistical bottlenecks in Europe in March 2021. Consolidated sales decreased 24% versus the first quarter of 2020 as the COVID-19 pandemic drove down energy demand, which negatively impacted North American unconventional drilling and completion activity and sales at DynaEnergetics. The winter storm in Texas and shipping delays at NobelClad also unfavorably impacted the year-over-year comparisons.
- DynaEnergetics sales of $38,172 in the first quarter of 2021 increased 8% compared with the fourth quarter of 2020 primarily due to a sequential increase in international sales, partially offset by the impact of the February 2021 winter storm in Texas. The 28% decline in sales compared with the first quarter of 2020 primarily was attributable to lower energy demand due to the COVID-19 pandemic, which negatively impacted unconventional drilling and completion activity in North America.
- NobelClad's sales of $17,486 in the first quarter of 2021 decreased 20% compared to the fourth quarter of 2020 and decreased 14% compared with the first quarter of 2020. The decline relates to shipment delays on several orders.
- Consolidated gross profit of 23% in the first quarter of 2021 decreased from 33% in the first quarter of 2020. The decline occurred at DynaEnergetics due to lower average selling prices and under-absorption of fixed overhead and research and development expenses from a 28% year-over-year sales decline. Additionally, DynaEnergetics incurred one-time costs associated with a one-week production shutdown during the February 2021 winter storm in Texas.
- Consolidated selling, general and administrative expenses were $13,172 in the first quarter of 2021 compared with $16,653 in the first quarter of 2020. The decrease primarily was due to reductions in provisions for expected credit losses, reduced headcount, lower variable bonus expenses, and reduced travel expenses. Consolidated selling, general and administrative expenses in the first quarter of 2021 included approximately $1,000 of patent litigation expenses related to actions we have taken against companies that we believe have infringed on DynaEnergetics' patents.
- Restructuring expenses of $127 in the first quarter of 2021 related to severance and legal expense for NobelClad relating to closing manufacturing operations in France in 2018. Restructuring expenses of $1,116 in the first quarter of 2020 primarily related to downsizing our direct labor workforce in response to the COVID-19 impact on demand at DynaEnergetics.
- Net cash of $66,780 (comprised of $66,780 in cash and marketable securities net of $0 of total debt) increased $24,121 from $42,659 (comprised of $53,923 in cash and marketable securities net of $11,264 of total debt) at December 31, 2020, primarily due to sales under our ongoing at-the-market equity offering program ("ATM equity program").

Outlook

The early momentum in North America's unconventional oil and gas sector in the first quarter of 2021 was disrupted by the February winter storm in Texas, our largest regional market. DynaEnergetics' U.S. manufacturing and assembly operations experienced a one-week production shutdown and approximately $5,100 of sales related to customer shutdowns were pushed out of the first quarter. Unconventional well completion activity began to accelerate at the end of the first quarter indicating that DynaEnergetics' end markets are improving. However, a sustained recovery for our business is predicated on stable oil prices, a successful global COVID-19 vaccine rollout, and achieving higher prices for our perforating systems. Additionally, in 2021 we expect to incur increased expenses related to litigation necessary to protect and enforce our intellectual property and patents.

NobelClad experienced shipping delays in the first quarter of 2021 related to the timing of customer inspection and approval of clad plates prior to shipment and the impact of widespread logistical bottlenecks in Europe in March 2021. NobelClad ended the first quarter of 2021 with a $43,191 backlog, and the business has made progress on a variety of application and product-development initiatives.

From time to time, we also may continue to use our ATM equity program, which was commenced in October 2020, to raise additional capital efficiently and responsibly. During the first quarter of 2021, we sold 397,820 shares of common stock at a weighted average price per share of $64.47 through our ATM equity program, and received net proceeds of $25,262.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP (generally accepted accounting principles) measure that we believe provides an important indicator of our ongoing operating performance and that we use in operational and financial decision-making. We define EBITDA as net income or loss plus or minus net interest, taxes, depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation, restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC's operating performance (as further described in the tables below). As a result, internal management reports used during monthly operating reviews feature Adjusted EBITDA and certain management incentive awards are based, in part, on the amount of Adjusted EBITDA achieved during the year.

Adjusted operating income is defined as operating income plus restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC's operating performance.

Adjusted net income is defined as net income plus restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC's operating performance. Adjusted diluted earnings per share is defined as diluted earnings per share plus restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC's operating performance.

Adjusted operating income, adjusted net income, and adjusted diluted earnings per share are presented because management believes these measures are useful to understand the effects of restructuring and impairment charges on DMC's operating income, net income and diluted earnings per share, respectively.

Net cash is a non-GAAP measure we use to supplement information in our Consolidated Financial Statements. We define net cash as total cash, cash equivalents and marketable securities less total debt. In addition to conventional measures prepared in accordance with GAAP, the Company uses this information to evaluate its performance, and we believe that certain investors may do the same.

The presence of non-GAAP financial measures in this report is not intended to suggest that such measures be considered in isolation or as a substitute for, or as superior to, DMC's GAAP information, and investors are cautioned that the non-GAAP financial measures are limited in their usefulness. Because not all companies use identical calculations, DMC's presentation of non-GAAP financial measures may not be comparable to similarly titled measures of other companies.

Consolidated Results of Operations

Three months ended March 31, 2021 compared with three months ended March 31, 2020

	Three months ended March 31,			
	2021	2020	$ change	% change
Net sales	$ 55,658	$ 73,564	$ (17,906)	(24)%
Gross profit	12,913	24,470	(11,557)	(47)%
Gross profit percentage	23.2 %	33.3 %		
COSTS AND EXPENSES:				
General and administrative expenses	7,929	8,126	(197)	(2)%
% of net sales	14.2 %	11.0 %		
Selling and distribution expenses	5,243	8,527	(3,284)	(39)%
% of net sales	9.4 %	11.6 %		
Amortization of purchased intangible assets	324	354	(30)	(8)%
% of net sales	0.6 %	0.5 %		
Restructuring expenses	127	1,116	(989)	(89)%
Operating (loss) income	(710)	6,347	(7,057)	(111)%
Other income, net	394	115	279	243 %
Interest expense, net	(135)	(238)	103	43 %
(Loss) income before income taxes	(451)	6,224	(6,675)	(107)%
Income tax (benefit) provision	(883)	2,069	(2,952)	(143)%
Net income	432	4,155	(3,723)	(90)%
Adjusted EBITDA	$ 4,047	$ 11,287	$ (7,240)	(64)%

Net sales decreased $17,906 compared with the first quarter of 2020 due to the impact of lower energy demand caused by the COVID-19 pandemic, which negatively impacted unconventional drilling and completion activity in North America. The first quarter of 2021 also was adversely impacted by sales at DynaEnergetics that were pushed out of the first quarter due to the February 2021 winter storm in Texas, DynaEnergetics' largest regional market. NobelClad also experienced shipping delays caused by timing of final customer inspection and approval of clad plates prior to shipment and the impact of widespread logistical bottlenecks in Europe in March 2021.

Gross profit percentage decreased to 23.2% compared with the first quarter 2020 primarily due to the impact of lower volume on fixed manufacturing overhead expenses and lower average selling prices. Additionally, DynaEnergetics incurred one-time costs associated with the one-week production shutdown and sales pushed out of the first quarter related to the February 2021 winter storm in Texas. These items were partially offset by the benefit of the Employee Retention Credit ("ERC") under the Coronavirus Aid, Relief, and Economic Security Act, as amended ("CARES Act").

General and administrative expenses decreased $197 compared with the first quarter of 2020 primarily due to headcount reductions and lower payroll-related costs by $193 and a $335 CARES Act benefit, partially offset by increases in other benefits costs.

Selling and distribution expenses decreased $3,284 compared with the first quarter of 2020 primarily due to reductions in provisions for expected credit losses by $2,261, reductions in salaries, benefits, other-payroll related costs, and variable bonus expenses by $466, including a $395 CARES Act benefit, reductions in travel expenses by $273, and lower shipping and freight costs by $141 related to lower sales volume.

Restructuring expenses of $127 in 2021 primarily related toadditional severance liabilities which were agreed to with local labor authorities for employees terminated as part of closing manufacturing operations in France in 2018. Expenses in 2020 primarily related to downsizing our direct labor workforce at DynaEnergetics in response to declining crude oil prices and corresponding demand for well perforating systems due to the COVID-19 pandemic.

Operating loss of $710 primarily was due to lower earnings at DynaEnergetics in the first quarter of 2021.

Other income, net of $394 in 2021 primarily related to gain on the sale of a fully depreciated fixed asset by DynaEnergetics combined with net unrealized and realized foreign currency exchange gains. Currency gains and losses can arise when subsidiaries enter into inter-company and third-party transactions that are denominated in currencies other than their functional currency, including foreign currency forward contracts used to offset foreign exchange rate fluctuations on certain foreign currency denominated asset and liability positions.

Interest expense, net of $135 decreased compared with the first quarter of 2020 primarily due to a lower average outstanding debt balance in 2021.

Income tax benefit of $883 was recorded on a pretax loss of $451. Our most significant operations are in the United States, which has a 21% statutory tax rate and Germany, which has a 33% statutory tax rate. The mix of pretax income between these jurisdictions is one of the main drivers of the difference between our 21% statutory tax rate and our effective tax rate. The effective rate was impacted favorably by discrete stock-based compensation windfall benefits of $720. The rate was also impacted unfavorably by geographic mix of pretax income, state taxes, and certain compensation expenses that are not tax deductible in the U.S. We recorded an income tax provision of $2,069 on pretax income of $6,224 for the first quarter of 2020. The effective rate was impacted unfavorably by geographic mix of pretax income, state taxes, and certain compensation expenses that are not tax deductible in the U.S. The effective rate was also impacted favorably by discrete items of $371.

Net income for the three months ended March 31, 2021 was $432, or $0.03 per diluted share, compared to net income of $4,155, or $0.28 per diluted share, for the same period in 2020.

Adjusted EBITDA decreased compared with the first quarter of 2020 primarily due to the factors discussed above. See “Overview” above for the explanation of the use of Adjusted EBITDA. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBITDA.

	Three months ended March 31,	
	2021	2020
Net income	$ 432	$ 4,155
Interest expense, net	135	238
Income tax (benefit) provision	(883)	2,069
Depreciation	2,698	2,352
Amortization of purchased intangible assets	324	354
EBITDA	2,706	9,168
Restructuring expenses	127	1,116
Stock-based compensation	1,608	1,118
Other income, net	(394)	(115)
Adjusted EBITDA	$ 4,047	$ 11,287

Adjusted Net Income and Adjusted Diluted Earnings per Share decreased compared with the first quarter of 2020 due to the factors discussed above. See "Overview" above for the explanation of the use of non-GAAP measures. The following is a reconciliation of the most directly comparable GAAP measures to Adjusted Net Income and Adjusted Diluted Earnings Per Share.

	Three months ended March 31, 2021				
	Pre-Tax	Tax (Benefit)	Net	Diluted weighted average shares outstanding	Diluted EPS
Net income, as reported	$ (451)	$ (883)	$ 432	15,463,923	$ 0.03
Restructuring programs:					
NobelClad	127	—	127	15,463,923	0.01
Adjusted net income	$ (324)	$ (883)	$ 559	15,463,923	$ 0.04

	Three months ended March 31, 2020				
	Pre-Tax	Tax Provision	Net	Diluted weighted average shares outstanding	Diluted EPS
Net income, as reported	$ 6,224	$ 2,069	$ 4,155	14,717,836	$ 0.28
Restructuring programs:					
DynaEnergetics	938	—	938	14,717,836	0.06
NobelClad	59	—	59	14,717,836	—
Corporate	119	—	119	14,717,836	0.01
Adjusted net income	$ 7,340	$ 2,069	$ 5,271	14,717,836	$ 0.35

Business Segment Financial Information

We primarily evaluate performance and allocate resources based on segment revenues, operating income and adjusted EBITDA as well as projected future performance. Segment operating income is defined as revenues less expenses identifiable to the segment. Segment operating income will reconcile to consolidated income before income taxes by deducting unallocated corporate expenses, including stock-based compensation, net other expense, and net interest expense.

DynaEnergetics

Three months ended March 31, 2021 compared with three months ended March 31, 2020

	Three months ended March 31,			
	2021	2020	$ change	% change
Net sales	$ 38,172	$ 53,220	$ (15,048)	(28)%
Gross profit	8,434	19,476	(11,042)	(57)%
Gross profit percentage	22.1 %	36.6 %		
COSTS AND EXPENSES:				
General and administrative expenses	3,574	3,832	(258)	(7)%
Selling and distribution expenses	3,140	5,840	(2,700)	(46)%
Amortization of purchased intangible assets	199	260	(61)	(23)%
Restructuring expenses	—	938	(938)	(100)%
Operating income	1,521	8,606	(7,085)	(82)%
Adjusted EBITDA	$ 3,521	$ 11,316	$ (7,795)	(69)%

Net sales were $15,048 lower than in the first quarter of 2020 due to sharply lower demand for well perforating systems at DynaEnergetics as the COVID-19 pandemic-related collapse in oil and gas demand led to a downturn in well completions in the U.S. Sales in the first quarter of 2021 were adversely impacted by sales that were pushed out of the first quarter due to the February 2021 winter storm in Texas, DynaEnergetics' largest regional market.

Gross profit percentage decreased to 22.1% compared with the first quarter of 2020 primarily due to significant slowdown in market activity leading to lower fixed cost absorption and lower average selling prices. First quarter 2021 gross profit percentage was also adversely affected by one-time costs associated with a one-week production shutdown and sales that were pushed out of the first quarter due to the February 2021 winter storm in Texas.

General and administrative expenses decreased $258 compared with the first quarter of 2020 primarily due to reductions in salaries and wages, variable bonus and other payroll-related costs by $398, partially offset by an increase in outside service costs by $173.

Selling and distribution expenses decreased $2,700 compared with the first quarter of 2020 primarily due to reductions in provisions for expected credit losses by $1,949, salaries and wages, variable bonus and other payroll-related costs by $358, travel expenses by $186, and shipping and freight costs by $139 on decreased sales volumes.

Restructuring expenses in 2020 primarily related to downsizing our direct labor workforce at DynaEnergetics in response to declining crude oil prices and corresponding demand for well perforating systems due to the COVID-19 pandemic.

Operating income decreased $7,085 compared with the first quarter of 2020 primarily due to the impact of lower volume on fixed manufacturing overhead costs, and lower average selling prices, partially offset by reduced general and administrative and selling and distribution spending.

Adjusted EBITDA decreased compared with the first quarter of 2020 due to the factors discussed above. See “Overview” above for the explanation of the use of Adjusted EBITDA. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBITDA.

	Three months ended March 31,	
	2021	2020
Operating income	$ 1,521	$ 8,606
Adjustments:		
Restructuring expenses	—	938
Adjusted operating income	1,521	9,544
Depreciation	1,801	1,512
Amortization of purchased intangibles	199	260
Adjusted EBITDA	$ 3,521	$ 11,316

NobelClad

Three months ended March 31, 2021 compared with three months ended March 31, 2020

	Three months ended March 31,			
	2021	2020	$ change	% change
Net sales	$ 17,486	$ 20,344	$ (2,858)	(14) %
Gross profit	4,617	5,154	(537)	(10) %
Gross profit percentage	26.4 %	25.3 %		
COSTS AND EXPENSES:				
General and administrative expenses	813	974	(161)	(17) %
Selling and distribution expenses	1,948	2,551	(603)	(24) %
Amortization of purchased intangible assets	125	94	31	33 %
Restructuring expenses	127	59	68	115 %
Operating income	1,604	1,476	128	9 %
Adjusted EBITDA	$ 2,670	$ 2,369	$ 301	13 %

Net sales of $17,486 decreased compared with the first quarter of 2020 primarily due to the timing of shipment of projects out of backlog, including shipment delays related to timing of final customer inspection and approval of clad plates prior to shipping and the impact of widespread logistical bottlenecks in Europe in March 2021.

Gross profit percentage of 26.4% increased compared with the first quarter of 2020 primarily due to a more favorable project mix.

General and administrative expenses decreased $161 compared with the first quarter of 2020 primarily due to reductions in salaries and wages, variable bonus and other payroll-related costs by $74 and outside service costs by $63.

Selling and distribution expenses decreased $603 compared with the first quarter of 2020 primarily due to reductions in provisions for expected credit losses by $312, salaries and wages, variable bonus and other payroll-related costs by $108, travel expenses by $86, and outside service costs by $54.

Restructuring expenses of $127 in 2021 related to additional severance liabilities which were agreed to with local labor authorities for employees terminated as part of closing manufacturing operations in France in 2018.

Operating income increased $128 compared with the first quarter of 2020 primarily due to lower general and administrative and selling expenses and a more favorable project mix, partially offset by the impact of lower net sales.

Adjusted EBITDA increased compared with the first quarter of 2020 primarily due to the factors discussed above. See "Overview" above for the explanation of the use of Adjusted EBITDA. The following is a reconciliation of the most directly comparable GAAP measure to Adjusted EBITDA.

	Three months ended March 31,	
	2021	2020
Operating income	1,604	1,476
Adjustments:		
Restructuring expenses	127	59
Adjusted operating income	1,731	1,535
Depreciation	814	740
Amortization of purchased intangibles	125	94
Adjusted EBITDA	2,670	2,369

Liquidity and Capital Resources

We have historically financed our operations from a combination of internally generated cash flow, revolving credit borrowings, and various long-term debt arrangements. The COVID-19 pandemic drove a sharp decline in DynaEnergetics' core oil and gas end markets and corresponding well-completion activity and demand for its perforating systems late in the first quarter of 2020. In April 2020, DMC announced several cost-containment actions to reduce our activity-based cost structure, limit spending and protect our balance sheet. These actions included reducing our workforce by 32%, implementing reduced work weeks at DynaEnergetics, significantly cutting selling, general and administrative expenses, reducing our capital expenditures budget by 50% and suspending the quarterly dividend. To further preserve liquidity, we entered into an amendment to our credit facility on June 25, 2020 to, among other things, maintain our $50,000 borrowing capacity under our revolving credit facility and to waive the debt service coverage ratio requirement for the quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. While the decline in crude oil prices and oil and gas demand accelerated early in the second quarter of 2020, sales volume has improved in the three consecutive quarters through the first quarter of 2021. Though NobelClad customers in the downstream energy industry have delayed various projects, NobelClad's order backlog increased to $43,191 at March 31, 2021 from $39,884 at December 31, 2020.

We have also taken action to allow flexibility in accessing the capital markets. We filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission, which became effective on May 28, 2020, pursuant to which we registered for sale up to $150 million of certain of our securities from time to time and on terms that we may determine in the future. On October 22, 2020, we commenced an at-the-market equity program under the shelf registration statement, which allows us to sell and issue up to $75 million in shares of our common stock from time to time, and since the inception of the program during the fourth quarter of 2020 we sold 1,006,180 shares of common stock for net proceeds of $51,002. In connection with the commencement of the at-the-market equity program, we also amended our credit facility to waive the requirement to repay outstanding amounts under the credit facility with proceeds from the program. Our ability to access this capital may be limited by market conditions at the time of any future potential sale. While we were able to sell shares during the fourth quarter of 2020 and first quarter of 2021, there can be no assurance that any future capital will be available on acceptable terms or at all.

These measures enabled us to improve our net cash position from $42,659 at December 31, 2020 to $66,780 at March 31, 2021, maintain our fully undrawn and available $50,000 revolving credit facility, repay our capital expenditure term loan in full, and provide covenant relief for three quarters.

With due consideration of the COVID-19 global pandemic and the resulting severe disruption of our end markets, we believe that cash flow from operations, funds available under our current credit facilities and any future replacement thereof, and potential proceeds from our at-the-market offering, will be sufficient to fund the working capital, debt service, and other capital expenditure requirements of our current business operations for the foreseeable future. We may also execute capital markets transactions to raise additional funds if we believe market conditions are favorable. Nevertheless, our ability to generate sufficient cash flows from operations will depend upon our success in executing our strategies. If we are unable to (i) realize sales from our backlog; (ii) secure new customer orders; (iii) continue selling products at profitable margins; and (iv) continue to implement cost-effective internal processes, our ability to meet cash requirements through operating activities could be impacted. Furthermore, any restriction on the availability of borrowings under our credit facilities could negatively affect our ability to meet future cash requirements. We will continue to monitor the continuing unprecedented financial and market conditions, including the impacts COVID-19 will have on credit availability and capital markets. We also continue to pursue potential acquisitions; the completion of any acquisition may significantly increase our capital requirements.

Debt facilities

As of March 31, 2021 we had no outstanding borrowings under our credit facility. On March 8, 2018, we entered into a five-year $75,000 credit facility which replaced in its entirety our prior syndicated credit facility entered into on February 23, 2015. The credit facility allows for revolving loans of up to $50,000 with a $20,000 US dollar equivalent sublimit for alternative currency loans. In addition, the agreement provides for a $25,000 Capex Facility which was used to assist in financing our DynaEnergetics manufacturing expansion project in Blum, Texas. At the end of year one, the Capex Facility converted to a term loan which was amortizable at 12.5% of principal per year with a balloon payment for the outstanding balance upon the credit facility maturity date in 2023. In February 2021, we repaid the outstanding Capex Facility balance of $11,750.

The facility has a $100,000 accordion feature to increase the commitments under the revolving loan class and/or to add a term loan subject to approval by applicable lenders. We entered into the credit facility with a syndicate of three banks, with KeyBank, N.A. acting as administrative agent. The syndicated credit facility is secured by the assets of DMC including accounts receivable, inventory, and fixed assets, as well as guarantees and share pledges by DMC and its subsidiaries.

Borrowings under the $50,000 revolving loan can be in the form of one-, two-, three-, or six-month LIBOR loans. Additionally, US dollar borrowings on the revolving loan can be in the form of Base Rate loans (Base Rate borrowings are based on the greater of the administrative agent’s Prime rates, an adjusted Federal Funds rate or an adjusted LIBOR rate). LIBOR loans bear interest at the applicable LIBOR rate plus an applicable margin (varying from 1.50% to 3.00%). Base Rate loans bear interest at the defined Base rate plus an applicable margin (varying from 0.50% to 2.00%).

Borrowings under the $20,000 Alternate Currency sublimit can be in euros, Canadian dollars, pounds sterling, and in any other currency acceptable to the administrative agent. Alternative currency borrowings denominated in euros, pounds sterling, and any other currency that is dealt with on the London Interbank Deposit Market shall be comprised of LIBOR loans and bear interest at the LIBOR rate plus an applicable margin (varying from 1.50% to 3.00%).

On June 25, 2020, we entered into an amendment ("Amendment") to the credit facility. The Amendment waives the debt service coverage ratio covenant for the quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. The debt service coverage ratio minimum of 1.35 to 1 was applicable for the quarter ending June 30, 2020 and will resume beginning with the quarter ending June 30, 2021 and thereafter.

Additionally, the Amendment adds a Minimum Liquidity covenant requiring the total of cash and cash equivalents held by U.S. subsidiaries and available borrowing capacity under the credit facility to exceed $10,000 for the quarters ending September 30, 2020, December 31, 2020, and March 31, 2021. The Minimum Liquidity covenant is not applicable after the quarter ending March 31, 2021.

During the period from the date of the Amendment through August 31, 2020, borrowings outstanding under the credit facility bore interest at LIBOR plus a margin of 1.75% or at a Base Rate (as defined in the credit facility) plus a margin of 0.75%. For the period from September 1, 2020 through the date of receipt of the covenant compliance certificate for the quarter ending March 31, 2021, borrowings outstanding under the credit facility will bear interest at a LIBOR plus a margin of 1.75% to 3.00% or at a Base Rate plus a margin of 0.75% to 2.00%. In each case, the margin is based on the Company's Leverage Ratio of Consolidated Funded Indebtedness (as defined in the credit facility) on the last day of such period to Consolidated Pro Forma EBITDA for such period. Additionally, the Amendment sets the minimum LIBOR at 0.75%.

As of March 31, 2021 our available borrowing capacity was $50,000. Future borrowings are subject to compliance with financial covenants that could significantly limit such availability.

As of March 31, 2021, there were two significant financial covenants under our credit facility, a debt-to-EBITDA leverage ratio (“leverage ratio”) and a minimum liquidity ratio. The leverage ratio is defined in the credit facility for any trailing four quarter period as the ratio of Consolidated Funded Indebtedness (as defined in the agreement) on the last day of such period to Consolidated Pro Forma EBITDA for such period. For the March 31, 2021 reporting period, the maximum leverage ratio permitted by our syndicated credit facility was 3.00 to 1.0. The actual leverage ratio as of March 31, 2021, calculated in accordance with the credit facility, as amended, was 0.0 to 1.0.

The Minimum Liquidity covenant requires the total of cash and cash equivalents held by U.S. subsidiaries and available borrowing capacity under the credit facility to exceed $10,000. The liquidity as of March 31, 2021, calculated in accordance with the credit facility, as amended, was $83,565.

Our credit facility, as amended, also includes various other covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, and mortgaging and pledging or disposition of major assets. As of March 31, 2021, we were in compliance with all financial covenants and other provisions of our debt agreements.

We also maintain a line of credit with a German bank for certain European operations. This line of credit provides a borrowing capacity of €7,000.

Other contractual obligations and commitments

Our long-term debt balance decreased to $0 at March 31, 2021 from $8,139 at December 31, 2020. Our other contractual obligations and commitments have not materially changed since December 31, 2020.

Cash flows provided by operating activities

Net cash provided by operating activities was $2,176 for the three months ended March 31, 2021 compared with $4,920 in the same period last year with the decrease primarily due to the decline in net income. Cash used in net working capital in 2021 included higher accounts receivable, higher inventory build in anticipation of increased sales activity in the second quarter due in part to shipping delays at NobelClad and the impact of the winter storm on sales at DynaEnergetics in the first quarter, as well as higher prepaid expenses and other assets driven by timing of annual insurance payments and recurring prepaid service contracts, partially offset by higher accounts payable and accrued expenses resulting from increased purchasing activity.

Cash flows provided by (used in) investing activities

Net cash flows provided by investing activities for the three months ended March 31, 2021 of $3,715 primarily related to proceeds from maturities of marketable securities of $4,799 from U.S. treasuries that were converted to cash upon maturity, partially offset by acquisitions of property, plant and equipment. Net cash flows used in investing activities for the three months ended March 31, 2020 totaled $5,121 and related to the acquisitions of property, plant and equipment at DynaEnergetics.

Cash flows provided by (used in) financing activities

Net cash flows provided by financing activities for the three months ended March 31, 2021 of $11,077 included proceeds from our ATM equity program of $25,262 partially offset by repayment in full of the Capex Facility of $11,750 and treasury stock purchases of $2,435. Net cash flows used in financing activities for the three months ended March 31, 2020 of $3,681 was due to dividend payments, treasury stock purchases, and repayments on the Capex Facility.

Payment of Dividends

We paid a quarterly cash dividend of $0.125 per share in the first quarter of 2020. In April 2020, we suspended the quarterly dividend indefinitely due to the uncertain economic outlook caused by the COVID-19 pandemic. Future dividends may be affected by, among other items, our views on potential future capital requirements, future business prospects, debt covenant compliance considerations, changes in income tax laws, and any other factors that our Board of Directors deems relevant. Any determination to pay cash dividends will be at the discretion of the Board of Directors.

Critical Accounting Policies

Except as described below, our critical accounting policies have not changed from those reported in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

There were no material changes in market risk for changes in foreign currency exchange rates and interest rates from the information provided in Item 7A – Quantitative and Qualitative Disclosures About Market Risk in the company's Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, and they have concluded that these controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Please see Note 12 to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no significant changes in the risk factors identified as being attendant to our business in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In connection with the vesting of Company restricted common stock under our equity incentive plans during the first quarter of 2021, we retained shares of common stock in satisfaction of withholding tax obligations. These shares are held as treasury shares by the Company.

	Total number of shares purchased (1) (2)	Average price paid per share
January 1 to January 31, 2021	—	$ —
February 1 to February 28, 2021	38,001	$ 65.75
March 1 to March 31, 2021	18,100	$ 65.37
Total	56,101	$ 65.63

(1) Share purchases in 2021 included 37,723 shares withheld to offset tax withholding obligations that occurred upon the vesting of restricted common stock under the terms of the 2016 Equity Incentive Plan and 18,378 share purchases related to the participant elections to diversify contributions of equity awards into other investment options available to participants in the Company's Amended and Restated Non-Qualified Deferred Compensation Plan.
(2) As of March 31, 2021, the maximum number of shares that may yet be purchased would not exceed the employees' portion of taxes withheld on unvested shares (312,426) and potential purchases upon participant elections to diversify equity awards held in the Company's Amended and Restated Non-Qualified Deferred Compensation Plan (182,202) into other investment options available to participants in the Plan.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Our Coolspring property is subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (The "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended March 31, 2021, we had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to our United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

Item 5. Other Information

None.

Item 6. Exhibits

10.8 Employment Agreement dated May 26, 2020, from the Company to Ian Grieves.

31.1 Certification of the President and Chief Executive Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from the Quarterly Report on Form 10-Q of DMC Global Inc. for the quarter ended March 31, 2021, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statement of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.*

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* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

In accordance with 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, thereunto duly authorized.

DMC Global Inc.
(Registrant)

Date: April 22, 2021

/s/ Michael Kuta
Michael Kuta, Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)

Geschäftsführeranstellungsvertrag

zwischen der

DynaEnergetics Europe GmbH

Kaiserstraße 3, 53839 Troisdorf

- nachfolgend als die „**Gesellschaft**" bezeichnet -

vertreten durch die Gesellschafterversammlung

und

Ian Grieves

Auf den zehn Morgen 27

53343 Wachtberg

- nachfolgend auch als „**Geschäftsführer**" bezeichnet -.

Managing Director's Agreement

Between

DynaEnergetics Europe GmbH

Kaiserstraße 3, 53839 Troisdorf

- hereinafter referred to as the "**Company**" -

represented by the its advisory board

and

Ian Grieves

Auf den zehn Morgen 27

53343 Wachtberg

- hereinafter also referred to as "**Managing Director**" -

Präambel

Herr Ian Grieves wurde mit Gesellschafterbeschluss vom 27. Dezember 2019 mit Wirkung ab dem 1. Januar 2020 zum Geschäftsführer der Gesellschaft bestellt.

Die geschäftlichen Beziehungen zwischen der Gesellschaft und Herrn Grieves bestimmen sich mit Wirkung ab dem 1. Januar 2020 an nach näherer Maßgabe des nachstehenden Geschäftsführer-Vertrages.

Die Gesellschaft ist ein Mitglied eines Konzerns, der aus der DMC Global Inc. und ihrer Tochtergesellschaften besteht (zusammen, der „**DMC-Konzern**").

Preamble

By its resolution of December 27, 2019, the shareholders' meeting appointed Mr. Ian Grieves as Managing Director (*Geschäftsführer*) of the Company with effect as of January 1, 2020.

The business relations between the Company and Mr. Grieves shall be governed by the provisions of the following Managing Director's Service Agreement with effect as from January 1, 2020.

The Company is a member of the group of companies consisting of DMC Global Inc. and its subsidiaries (together the "**DMC Group**").

§ 1
Aufgaben und Pflichten

1. Der Geschäftsführer übt seine Aufgaben mit der Sorgfalt eines ordentlichen Kaufmanns, in Übereinstimmung mit geltendem Recht, den Bestimmungen der Satzung der Gesellschaft in ihrer jeweiligen Fassung, diesem Vertrag, einer etwaigen Geschäftsordnung für die Geschäftsführung in ihrer jeweiligen Fassung und den Weisungen der Gesellschafter aus. Seine Aufgaben können durch Gesellschafterbeschluss abgeändert werden.

2. Die Aufgaben des Geschäftsführers bestehen in der Führung der Geschäfte der Gesellschaft und, falls nach §1.4 übertragen, der anderen DMC-Konzern-Gesellschaften.

3. Die Gesellschaft wird durch 2 Geschäftsführer gemeinsam oder einen Geschäftsführer und einen Prokuristen gemeinsam vertreten. Durch Gesellschafterbeschluss kann einzelnen Geschäftsführern die Befugnis zur Alleinvertretung übertragen und Befreiung von den Beschränkungen des § 181 BGB gewährt werden. Soweit nur ein Geschäftsführer bestellt ist, vertritt er die Gesellschaft allein.

4. Die Gesellschaft kann dem Geschäftsführer im Einzelfall auch die Ausübung von Tätigkeiten für verbundene Unternehmen der Gesellschaft im Sinne von § 15 Aktiengesetz sowie andere Beteiligungen der DMC-Konzern-Gesellschaften (einschließlich Joint-

Section 1
Duties and Responsibilities

1. The Managing Director shall perform his tasks with the diligence of a prudent businessman in compliance with applicable law, the provisions of the Articles of Association of the Company in their currently valid version, this Agreement, any by-laws applying to the management in their currently valid version and the instructions of the general shareholders. His tasks may be changed from time to time by a shareholder's resolution.

2. The duties of the Managing Director consist of the management of the business of the Company and, if delegated pursuant to §1.4, of other DMC Group companies.

3. The Company shall be jointly represented by two managing directors or one managing director jointly with a holder of procura (*Prokurist*). By shareholder's resolution one of several Managing Directors can be entitled to represent the Company acting alone and a Managing Director can be exempted from the restrictions contained in Section 181 of the German Civil Code. However, if only one Managing Directors has been appointed, this Managing Director shall represent the Company acting alone.

4. The Managing Director, upon demand by the Company, shall also act in individual cases on behalf of other affiliated companies of the Company according to Sec. 15 of the German Stock Companies Act (*Aktiengesetz*) as well as other shareholdings of the DMC Group

Venture und sonstigen Minderheitsbeteiligungen) übertragen. Herr Grieves soll insbesondere auch zum Geschäftsführer der NobelClad Europe GmbH bestellt werden. Diese Tätigkeiten sind von der Vergütung nach § 3 dieses Vertrages umfasst, soweit sie keine wesentliche Erweiterung des bisherigen Tätigkeitsbereichs darstellen. Die Parteien sind sich darüber einig, dass der Geschäftsführer während der Laufzeit dieses Vertrages im Wesentlichen für die Gesellschaft und im Kerngeschäftsbereich dieser Gesellschaft tätig sein soll.

companies (including any joint ventures and other minority shareholdings). In particular Mr. Grieves will be appointed as the Managing Director of the NobelClad Europe GmbH. Such tasks will be deemed encompassed by the remuneration pursuant to Section 3. For the avoidance of doubt, during the term of this Agreement, the Managing Director shall act primarily on behalf of the Company and in the Company´s core business.

§ 2
Ort der Tätigkeit

Die Parteien gehen davon aus, dass der Ort der Tätigkeit des Geschäftsführers der jeweilige Sitz der Gesellschaft, derzeit Troisdorf, Deutschland, sein wird. Es besteht jedoch Einigkeit darüber, dass die Durchführung von Geschäftsreisen im In- und Ausland zu den vertraglichen Aufgaben des Geschäftsführers gehört. Dauer und Ziel dieser Tätigkeiten/Reisen richten sich nach den Erfordernissen im Einzelfall.

Section 2
Place of Office

Parties agree, that the place of office of the Managing Director will be at the respective Company´s registered office, this is currently Troisdorf, Germany. However, Parties agree that business trips within the country and abroad are part of the Managing Director´s obligations under this Agreement. The duration and destination of such work/business trips are determined by the requirements in the individual case.

§ 3
Vergütung / Aufwendungen

1. Die Jahresvergütung des Geschäftsführers beträgt zum Datum dieses Vertrages EUR 315.000,00 brutto. Die Jahresvergütung ist in zwölf gleichen Teilbeträgen am jeweiligen Monatsletzten unter Abzug der gesetzlichen Abgaben zu

Section 3
Remuneration / Expenses

1. On the date of this agreement, the remuneration of Managing Director amounts to an annual amount of EUR 315,000.00 gross. The remuneration is to be paid in twelve equal installments on the final day of each month excluding

zahlen ist. Soweit das Jahresgehalt gemäß Satz 1 nicht der Sozialversicherungspflicht unterliegt, zahlt die Gesellschaft zusätzlich an den Geschäftsführer bis zur Höhe der jeweils diesbezüglich geltenden Bemessungsgrundlage einen Betrag in doppelter Höhe des auf diesen Teilbetrag fiktiv entfallenden Arbeitgeberanteils an den Beträgen zur Renten-, Kranken- und Pflegeversicherung.

Der Geschäftsführer und die Gesellschaft vereinbaren ausdrücklich, dass die Gesellschaft berechtigt ist, die oben genannte Vergütung des Geschäftsführers einmal jährlich durch eine schriftliche Mitteilung an den Geschäftsführer nach billigem Ermessen (§315 BGB) anzupassen, um die industrie- und konzernweiten Standards wider zu spiegeln. Der Geschäftsführer verpflichtet sich hiermit, auf schriftliche Anforderung der Gesellschaft alle Dokumente nach Treu und Glauben zu verhandeln und zu unterzeichnen, die notwendig sind, um die von der Gesellschaft mitgeteilten Anpassung der Vergütung die Wirksamkeit zu verleihen.

2. Mit der Vergütung gemäß § 3 Absatz 1 sind alle vom Geschäftsführer gemäß diesem Vertrag erbrachten Dienstleistungen, einschließlich der Leistungen über die normale Arbeitszeit hinaus und an Wochenenden oder Feiertagen und alle Dienstleistungen für die mit der Gesellschaft verbundenen Unternehmen in voller Höhe abgegolten.

3. Der Geschäftsführer erhält zusätzlich einen jährlichen Bonus bei Erreichen bestimmter zwischen der Gesellschaft

the deductions as required by law. In the instance that the yearly remuneration pursuant to clause 1 is not subject to social insurance contributions, the Company shall pay to the Managing Director until the applicable assessment basis (*Bemessungsgrundlage*) an amount twice as much as the employer's contribution (*Arbeitgeberanteil*) fictitiously incurring with regard to this partial amount as to the contributions to annuity insurance, health insurance and nursing insurance.

The Director and the Company expressly agree that the Company shall be entitled to adjust the aforementioned remuneration in its reasonable discretion (§315 BGB) by a written notice to the Director, in order to reflect the industry and group standards. The Director undertakes, upon a written request by the Company, to negotiate in good faith and execute any documentation that is required in order to effect the adjustment of the remuneration notified by the Company.

2. All services rendered by the Managing Director under this Agreement, including any services performed outside of normal working hours and on weekends or holidays, and any services rendered to affiliates of the Company shall be deemed to have been compensated in full by the compensation provided in Section 3 paragraph 1.

3. In addition, the Managing Director shall receive an additional success-related bonus per business year according to

und dem Geschäftsführer gesondert zu vereinbarender Zielvorgaben. Der Bonus wird anhand des aktuellen Bonusplans des DMC-Konzerns berechnet.

4. Solange die Gesellschaft Mitglied einer betrieblichen Pensionskasse ist, hat die Gesellschaft zur Altersversorgung des Geschäftsführers Beiträge in diese Pensionskasse einzuzahlen.

5. Ferner nimmt die Gesellschaft den Geschäftsführer in die von ihr abgeschlossene Firmen-Unfall-Versicherung auf, die folgende Versicherungsleistungen beinhaltet:

   Euro 250.000,00 im Todesfall

   Euro 500.000,00 im Invaliditätsfall,

   sowie weiterhin in eine "D & O-Versicherung", mit einem Mindestversicherungsschutz in Höhe von EUR 10 Mio. und einem Nachwirkungszeitraum von mindestens 5 Jahren.

6. Gemäß den schriftlichen Richtlinien der Gesellschaft und den jeweils gültigen Steuervorschriften erstattet die Gesellschaft dem Geschäftsführer alle angemessenen Aufwendungen und Auslagen im Zusammenhang mit seiner Tätigkeit.

7. Zusätzlich zu den persönlichen Einzahlungen des Geschäftsführer in seine private Rentenversicherung von bis zu 3% des festen Jahresgehalts (§ 3.1), leistet die Gesellschaft einen gleichmäßigen Beitrag zu den jährlichen Kosten für die private Rentenversicherung in Höhe von maximal 3 % des festen Jahresgehalts.

targets to be separately agreed by and between the Company and the Managing Director. The bonus is calculated under the terms of the bonus plan in place with the DMC Group for any given year.

4. As long as the Company is a member of a company pension scheme, the Company shall also render payments to such company pension scheme on behalf of the Managing Director.

5. The Company will also include the Managing Director into the company accident insurance that contains the following insurance benefits:

   Euro 250.000,00 in case of death.

   Euro 500.000,00 in case of invalidity,

   and into a "D & O-insurance having a coverage of at least Euro 10 million and a validity for at least 5 years after termination of this agreement or removal as managing director.

6. In accordance with Company's written policies and applicable German tax regulations, Company shall reimburse the Managing Director for all appropriate expenses and outlays associated with his job.

7. In addition to the contribution made personally by the Managing Director for his private pension of up to a maximum of 3% of the fixed yearly salary (§3.1), the Company shall pay a contribution to the annual expenses for such private pension in a matching amount in the maximum amount of 3 % of the fixed yearly salary.

8. Auf der Grundlage eines separaten Vertrages, der zwischen dem Geschäftsführer und DMC abzuschließen ist und an dem die Gesellschaft nicht als Vertragspartei beteiligt ist, erhält der Geschäftsführer veräußerungsbeschränkte Aktien an DMC in Abhängigkeit und nach Maßgabe des „DMC Global Inc. 2016 Omnibus Incentive Plan" und einer etwaigen Zuteilung durch den Vergütungsausschuss.

8. Under a separate contract between Managing Director and DMC, to which the Company is not a party, Managing Director shall be eligible to receive restricted shares of the common stock of DMC under "DMC Global Inc. 2016 Omnibus Incentive Plan" subject to the terms and conditions of such plan and as granted by the Compensation Committee.

§ 4 Sachzuwendungen

Der Geschäftsführer erhält von der Gesellschaft einen Dienstwagen zur Nutzung für geschäftliche und private Zwecke. Die monatlichen Leasingraten dürfen einen Betrag in Höhe von maximal EUR 1.200,00 netto nicht übersteigen. Die auf die private Nutzung des Dienstwagens entfallenden Steuern trägt der Geschäftsführer.

Der Geschäftsführer und die Gesellschaft vereinbaren ausdrücklich, dass die Gesellschaft berechtigt ist, den oben genannten Betrag für einen Dienstwagen nach billigem Ermessen (§315 BGB) gemäß dem in §3.1 beschriebenen Verfahren anzupassen.

Section 4 Benefits

The Company agrees to provide the Managing Director with a company car for business and private purposes. The monthly leasing rates shall not exceed an amount of a maximum of EUR 1.200,00 net. All taxes incurring due to the use of the company car for private purposes shall be borne by the Managing Director on his own.

The Director and the Company expressly agree that the Company shall be entitled to adjust the aforementioned threshold for a company car in its reasonable discretion (§315 BGB) in accordance with the procedure set out in §3.1.

§ 5 Abtretung

1. Forderungen des Geschäftsführers gegenüber der Gesellschaft auf Zahlung von Gehalt, Boni oder sonstiger Entschädigung, Leistung, Zuwendung, etc.

Section 5 Assignment

1. Any claims by the Managing Director against the Company for payment of salary, bonuses or other compensation, contribution, benefit, etc. may not be

können nicht ohne vorherige schriftliche Zustimmung der Gesellschaft verpfändet oder abgetreten werden.

pledged or assigned without the previous written consent of the Company.

2. Gegenüber Ansprüchen der Gesellschaft ist die Geltendmachung von Zurückbehaltungsrechten, Leistungsverweigerungsrechten und Aufrechnung, soweit rechtlich zulässig, ausgeschlossen.

2. The assertion of any right of retention, right to refuse performance or set-off of claims with regard to any Company's claim shall be excluded as far as permitted by applicable law.

§ 6
Urlaub

Section 6
Vacation

1. Der Geschäftsführer hat Anrecht auf 25 Werktage als Jahresurlaub. Werktage sind alle Kalendertage außer Samstage, Sonntage oder gesetzliche Feiertage in Deutschland. Kann der Geschäftsführer seinen Jahresurlaub nicht bis zum 31. März des Folgejahres nehmen, weil Interessen der Gesellschaft entgegenstehen, so verfällt der nicht genommene Urlaub ohne weitere Abgeltung.

1. The Managing Director shall be entitled to an annual vacation of 25 working days. Working days means all calendar days other than Saturdays, Sundays and legal holidays in Germany. If annual vacation was not fully taken by Managing Director prior to March 31 of the subsequent calendar year due to opposing Company interests, such vacation shall lapse without the Managing Director being entitled to compensation in return.

2. Der Geschäftsführer stimmt den Zeitpunkt seines Urlaubs mit etwaigen anderen Geschäftsführern angemessen frühzeitig ab. Dringende betriebliche Gründe gehen vor.

2. The Managing Director shall coordinate the dates of his vacation with other Managing Directors (if any) on an appropriately timely basis. Any grounds for pressing business shall take priority.

§ 7
Verhinderung und Vergütungsfortzahlung im Krankheitsfall

Section 7
Unavailability and Continued Payment of Compensation in the Event of Illness

1. Falls der Geschäftsführer auf Grund von Krankheit oder anderer Verhinderung

1. If the Managing Director cannot perform the duties arising out of this Agreement

seine Verpflichtungen aus diesem Vertrag nicht ausüben kann, wird er dies und die voraussichtliche Dauer dieser Verhinderung der Gesellschaft unverzüglich mitteilen. Der Geschäftsführer wird die Gesellschaft gleichzeitig auf dringend zu erledigende Geschäftsvorgänge hinweisen.

due to illness or otherwise being indisposed, he shall promptly inform the Company of the expected duration of his unavailability. The Managing Director shall also inform the Company of any business urgently in need of attention.

2. Im Falle der Arbeitsunfähigkeit infolge Krankheit ist der Geschäftsführer verpflichtet, vor Ablauf des dritten Kalendertages nach Beginn der Arbeitsunfähigkeit ein ärztliches Attest über seine Arbeitsunfähigkeit sowie über deren voraussichtliche Dauer vorzulegen. Bei einer über den im Attest angegebenen Zeitraum hinaus andauernden Erkrankung ist eine Folgebescheinigung innerhalb von zwei Tagen nach Ablauf des Zeitraums einzureichen.

2. In the event of an inability to work due to illness, the Managing Director is required to submit a doctor's excuse prior to the expiration of the third calendar day following the commencement and expected duration of the inability to work. In the event of an illness extending beyond the period specified in the excuse, a subsequent excuse must be submitted within two days of the expiration of this period.

3. Außer im Fall von Berufs- oder Erwerbsunfähigkeit wird dem Geschäftsführer während der Dauer seiner Arbeitsverhinderung auf Grund von unverschuldeter Krankheit für einen Zeitraum von bis zu maximal 6 Monaten im Einzelfall weiterhin sein Festgehalt gemäß § 3 Absatz 1 dieses Vertrags ausgezahlt. Ein während dieser Dauer dem Geschäftsführer gewährtes Krankengeld wird angerechnet.

3. Other than in the event of being disabled to work (*Berufs-/Erwerbsunfähigkeit*), the Managing Director shall continue to receive the fixed salary provided under Section 3 paragraph 1 of this Agreement for the duration of his inability to work due to any illness for which he is not at fault for a period of up to a maximum of 6 months in each individual case. Any sickness allowances granted to Managing Director during this time shall be deducted from the remuneration payment.

4. Der Geschäftsführer tritt der Gesellschaft hiermit alle Forderungen gegen Dritte in Verbindung mit den Gründen, die seine Arbeitsunfähigkeit verursacht haben, in einer Höhe ab, die der Vergütung des Geschäftsführers während der Dauer seiner Arbeitsunfähigkeit entspricht. Der Geschäftsführer ist ver-

4. The Managing Director hereby assigns to the Company all claims against third parties caused in connection with the reasons for his inability to work in an amount corresponding to the compensation of the Managing Director for the duration of his inability to work. The Managing Director is required to forward

pflichtet, der Gesellschaft alle Informationen, die zur Durchsetzung dieser Forderungen erforderlich sind, weiterzuleiten.

to the Company all information required to enforce these claims.

5. Stirbt der Geschäftsführer, so wird seinen Hinterbliebenen (der Witwe, oder, wenn nur Kinder vorhanden sind, den Kindern, die minderjährig sind oder in einer Berufsausbildung stehen und von ihm unterhalten worden sind) das feste Jahresgehalt (§ 3 Abs. 1) und der Bonus (§ 3 Abs. 4) zeitanteilig für die Dauer von drei vollen Kalendermonaten nach dem Zeitpunkt des Ablebens weitergezahlt. Für diese Zeit entfallen Leistungen an die Hinterbliebenen aufgrund einer etwa für den Geschäftsführer bestehenden betrieblichen Alterversorgung.

5. In the instance of the Managing Director's death occurring during the term of this Agreement, the fixed remuneration according to Section 3 paragraph 1 and the bonus according to Section 3 paragraph 4 shall be paid for three calendar months following the death of the Managing Director to his wife or to his children, provided they are still minors and received child support from the Managing at this time pro rata temporis. The surviving dependants shall not be entitled to receive any further payments from the Company due to the Managing Director's existing pension scheme during this time.

6. Nach Ablauf des dritten vollen Kalendermonats nach dem Zeitpunkt des Ablebens entfällt der Anspruch auf das feste Jahresgehalt (§ 3 Abs. 1) und auf den Bonus (§ 3 Abs. 4).

6. Upon expiry of the third full calendar month after the Managing Director's death, there is no further entitlement to the fixed remuneration according to Section 3 paragraph 1 and the bonus according to Section 3 paragraph 4.

§ 8
Nebentätigkeit

Section 8
Ancillary activities

1. Der Geschäftsführer setzt seine gesamte Arbeitskraft ausschließlich für die Gesellschaft und den DMC-Konzern ein. Er ist verpflichtet, sich nach besten Kräften zu bemühen, die gesamte Geschäftstätigkeit der Gesellschaft und, falls nach §1.4 übertragen, der anderen DMC-Konzern-Gesellschaften zu unterstützen und zu fördern.

1. The Managing Director shall devote all of business time exclusively to the Company and the DMC Group. He is required to make his best effort to support and promote the entire business of the Company and, if delegated pursuant to §1.4, of other DMC Group companies.

2. Die Übernahme jedweder Nebentätigkeit, sei sie entgeltlich oder unentgeltlich, bedarf der vorherigen schriftlichen Zustimmung der Gesellschaft. Dasselbe gilt auch für die Übernahme von (Ehren-) Ämtern in privaten Vereinen, Organisationen oder Verbänden.

3. Veröffentlichungen und Vorträge des Geschäftsführers bedürfen ebenfalls der vorherigen Zustimmung der Gesellschaft, wenn Interessen oder das Ansehen der Gesellschaft dadurch berührt werden.

4. Die Gesellschaft (vertreten durch ihre Gesellschafter) wird die Zustimmung nur verweigern, wenn Anlass zu der Befürchtung besteht, dass durch die beabsichtigte Betätigung berechtigte Interessen der Gesellschaft oder die Erfüllung der vertraglichen Pflichten des Geschäftsführers beeinträchtigt werden. Die Genehmigung kann jederzeit bei Vorliegen eines sachlichen Grundes widerrufen werden.

2. The assumption of any ancillary activities, be they compensated or uncompensated, requires the previous written consent of the Company. The same shall also apply to the assumption of any honorary posts in private clubs, organizations or federations.

3. Publications and addresses given by the Managing Director also require the previous written consent of the Company if interests or the reputation of the Company are affected thereby.

4. The Company (represented by its shareholders) shall deny its consent only if there is reason to suspect that the proposed activity would interfere with legitimate interests of the Company or the fulfillment of the contractual duties of the Managing Director. This consent is revocable at any time, provided the revocation is not unreasonable.

§ 9
Wettbewerbsverbot

1. Dem Geschäftsführer ist es während seiner Anstellung und für die Dauer von 2 Jahren nach Beendigung dieses Vertrags untersagt, in selbständiger, unselbständiger oder sonstiger Weise für ein Unternehmen tätig zu sein, welches mit der Gesellschaft in direktem oder indirektem Wettbewerb steht oder mit einem Wettbewerbsunternehmen verbunden ist. In gleicher Weise ist es dem Geschäftsführer untersagt, während der Dauer dieses Verbots ein solches Un-

Section 9
Non-Competition

1. The Managing Director may not work, as an employee, independently on a free-lance basis or in any other way, for third parties that are direct or indirect competitors of the Company, or third parties affiliated with such competitors, during the term and for a period of 2 years after termination of this Agreement. Furthermore, the Managing Director may not set up, buy or directly or indirectly hold shares in any such company for the time of the ban according to

ternehmen zu errichten, zu erwerben oder sich hieran unmittelbar oder mittelbar zu beteiligen. Ausgenommen von diesem Wettbewerbsverbot ist der Erwerb einer Beteiligung von weniger als 5 % am Grundkapital einer börsennotierten Aktiengesellschaft zum Zwecke der Vermögensanlage. Das Wettbewerbsverbot gilt auch zugunsten der mit der Gesellschaft verbundenen Unternehmen. Das nachvertragliche Wettbewerbsverbot gilt schließlich auch im Verhältnis für und gegen einen Rechtsnachfolger der Gesellschaft.

sentence 1. The acquisition of less than 5 % of the share capital in a publicly traded stock corporation acquired for investment purposes are excluded from this prohibition of competition. This non-competition clause also applies for the benefit of companies affiliated with the Company. Further, this non-competition clause applies to the advantage of and against any legal successor of Company

2. Während seiner Anstellung und für einen Zeitraum von 2 Jahren, beginnend mit der Beendigung dieses Anstellungsvertrags ist es dem Geschäftsführer untersagt, einen Kunden der Gesellschaft, der innerhalb von 2 Jahren vor der Beendigung dieses Vertrags ein Kunde der Gesellschaft war oder der als möglicher Kunde der Gesellschaft innerhalb von 12 Monaten seit Beendigung dieses Vertrags erschien, abzuwerben oder von ihm Arbeit anzunehmen, sofern dies den Geschäfts- und Tätigkeitsbereich der Gesellschaft betrifft. Die Kundenschutzklausel gilt auch zugunsten sonstiger DMC-Konzern-Gesellschaften.

2. During the term and for two years after the termination of this Agreement, the Managing Director is prohibited from soliciting or accepting work, if the Companies area of operation is affected, from any customer of the Company, which has been a customer of the Company within the two years prior to termination of this agreement or which was a prospective customer of the Company within 12 months prior to the termination of this agreement. The solicitation ban also applies for the benefit of any other DMC Group companies.

3. Für die Dauer des nachvertraglichen Wettbewerbsverbotes verpflichtet sich die Gesellschaft, dem Geschäftsführer eine Karenzentschädigung zu zahlen, die für jedes Jahr des Verbots die Hälfte der von dem Geschäftsführer zuletzt bezogenen festen Jahresvergütung gemäß § 3 Abs. 1 beträgt. Die Zahlung der Entschädigung wird in 12 gleichen Monatsraten am Ende eines Monats fällig.

3. For the duration of the post-contractual prohibition of competition, the Company undertakes to pay the Managing Director, for each year of non-competition, compensation in the amount of one half of the fixed yearly remuneration according to Section 3 paragraph 1 last paid to Managing Director. Payment of the compensation is due in 12 monthly instalments at the end of the month.

4. Auf die Entschädigung gemäß Abs. 3

4. Any income earned by the Managing

werden die Einkünfte angerechnet, die der Geschäftsführer während der Dauer des nachvertraglichen Wettbewerbsverbots aus selbstständiger, unselbstständiger oder sonstiger Erwerbstätigkeit erzielt oder zu erzielen unterlässt, soweit die Entschädigung unter Hinzurechnung der Einkünfte den Betrag der zuletzt von ihm bezogenen festen Jahresvergütung nach § 3 Abs. 1 übersteigen würde. Zu den Einkünften zählt auch etwaiges vom Geschäftsführer bezogenes Arbeitslosengeld. Der Geschäftsführer ist verpflichtet, der Gesellschaft auf Verlangen über die Höhe seiner Einkünfte Auskunft zu erteilen.

Director, or any income he consciously refrains from earning, during the post-contractual prohibition of competition, either as a self-employed person, as an employed person, or through any other form of work, will be deducted from the compensation pursuant to paragraph 3 if the compensation, taken together with the income earned, would exceed the fixed yearly remuneration according to Section 3 paragraph 1 last received. Income also includes any unemployment benefits received by the Managing Director. The Managing Director is obliged to provide the company, upon its request, with information concerning the extent of his income.

5. Die Gesellschaft (vertreten durch ihre Gesellschafter) kann den Geschäftsführer schriftlich während der Dauer des Anstellungsvertrags von diesem nachvertraglichen Wettbewerbsverbot oder der Kundenschutzklausel befreien. Endet das Anstellungsverhältnis aufgrund des Eintritts des Geschäftsführers in den vorzeitigen oder endgültigen Ruhestand, so tritt das nachvertragliche Wettbewerbsverbot nicht in Kraft.

5. The Company (represented by the shareholders) may notify the Managing Director in writing at any time during the term of this Agreement until the time when the termination notice is submitted by the Company or, in case of a termination of this Agreement by the Managing Director, within ten calendar days after receipt by the Company of the termination notice, that the non-compete or the non-solicitation obligation is waived. The post-contractual prohibition of competition does not come into effect if the employment relationship ends because the Managing Director retires, either early or definitively.

6. Für jeden Fall des Verstoßes gegen das Wettbewerbsverbot unter Absatz 1 beziehungsweise die Kundenschutzklausel unter Absatz 2 zahlt der Geschäftsführer der Gesellschaft eine Vertragsstrafe von EUR 100.000,00. Besteht die Zuwiderhandlung in einer fortgesetzten Tätigkeit, so ist für jeden angefangenen Monat ei-

6. In every case of infringement of the non-competition obligation under paragraph 1 and/or the non-solicitation obligation under paragraph 2 by the Managing Director, the Managing Director shall pay a contractual penalty in the amount of EUR 100,000.00. In case of a long-term infringement such penalty shall be pay-

ne Verstoßhandlung anzunehmen. Weiter gehende Ansprüche der Gesellschaft bleiben hiervon unberührt.

able by the Managing Director for each calendar month during which infringement has occurred. Any claims for further damages shall not be affected hereby.

§ 10
Abwerbung

1. Dem Geschäftsführer ist während des Bestehens und für einen Zeitraum von 2 Jahren nach Beendigung dieses Anstellungsvertrags jede Abwerbung oder jede Beteiligung an der Abwerbung eines Mitarbeiters der Unternehmen des DMC-Konzerns, jede Ermutigung dieser Mitarbeiter, eine Stelle bei den Unternehmen des DMC-Konzerns aufzugeben und jeder Abschluss eines Anstellungsvertrags oder eines ähnlichen Vertrags mit diesen Mitarbeitern außerhalb seiner Tätigkeit für das betreffende Unternehmen des DMC-Konzerns zugunsten von fremden Arbeitgebern untersagt.
2. Für jeden Fall der Zuwiderhandlung verpflichtet sich der Geschäftsführer, an die Gesellschaft eine Vertragsstrafe in Höhe von EUR 100,000 zu zahlen.

Section 10
Solicitation of Employees

1. During the employment and for a period of two years after the termination of this agreement, the Managing Director is prohibited from soliciting or participating in the soliciting of employees of the DMC Group companies, encouraging of such employees to leave the employ with the respective DMC Group companies and any hiring or other contracting with such employees outside of his duties for the respective DMC Group companies for the benefit of third employers.
2. In every case of infringement of this non-solicitation obligation by the Managing Director, the Managing Director shall pay a contractual penalty in the amount of EUR 100,000.

§ 11
Geheimhaltung / Rückgabe von Gesellschaftseigentum

1. Der Geschäftsführer ist während und auch nach Beendigung dieses Anstellungsvertrags mit der Gesellschaft verpflichtet, Stillschweigen über alle vertraulichen Informationen zu wahren, die

Section 11
Confidentiality / Return of Company Property

1. The Managing Director shall, during the period of employment with the Company and at any time thereafter, keep secret any confidential information concerning the business, contractual arrangements,

das Geschäft, die Vertragsbeziehungen, Geschäftsabwicklungen oder besondere Vorgänge der Gesellschaft oder anderer DMC-Konzern-Gesellschaften betreffen und er wird solche Informationen weder für seinen eigenen noch für den Vorteil Dritter verwenden. Diese vertraulichen Informationen betreffen insbesondere, aber nicht ausschließlich, den Schutz geistigen Eigentums der Gesellschaft oder anderer DMC-Konzern-Gesellschaften, den Kundenkreis, Preislisten, Preisfestsetzungsmethoden, Marketing, Pläne, Kontakte, Listen der Lieferanten/Anbieter, Verträge, Vereinbarungen, Ideen, Forschung, Technologie, Erfindungen, Know-How, Methoden, Produkte, Techniken, urheberrechtlich geschützte Werke, Designs, Systeme, Prozesse, Softwareprogramme, Projekt, Daten, Angebotsstrategien, Konzepte, Analysen, Namen von Angestellten, Gehaltsdaten, Strategien und jegliche Vorkommnisse bei der Gesellschaft, die als vertraulich oder als im Eigentum der Gesellschaft befindlich angesehen werden könnten.

2. Für jeden Fall des Verstoßes gegen diese Verpflichtung zahlt der Geschäftsführer der Gesellschaft eine Vertragsstrafe von EUR 100.000,00. Weiter gehende Ansprüche der Gesellschaft bleiben hiervon unberührt.

3. Der Geschäftsführer wird der Gesellschaft während des Bestehens dieses Vertrags auf Anforderung, bei seinem Ausscheiden aus diesem Anstellungsverhältnis unaufgefordert alles Gesellschaftseigentum und alle in seinem Besitz befindlichen, die Gesellschaft oder die ihr verbundenen Unternehmen be-

transactions or specific affairs of the Company or of the DMC Group companies and he will not use any such information for his own benefit or for the benefit of others. Such confidential information specifically includes, but is not limited to, Company's or the DMC Group companies' intellectual property, clientele, price lists, pricing methods, marketing, plans, customer contacts, supplier/vendor lists, contracts, agreements, ideas, research, technology, inventions, know-how, methods, products, techniques, works of author-ship, designs, systems, processes, software programs, projects, data, proposal strategies, concepts, analysis, names of employees, salary data, procedural/tactical approaches to areas of the business, strategic business decisions, and any other matters which may be considered confidential or proprietary to the Company.

2. In every case of infringement of this obligation of secrecy the Managing Director shall pay to the Company a contractual penalty in the amount of EUR 100,000.00. Any claims for further damages shall not be affected hereby.

3. During the term of this Agreement upon request and at the end of the term of this Agreement without request, the Managing Director shall return to the Company all Company property and any documentation in his possession which relates to the Company or to its affiliates, in particular all notes, memoranda,

treffenden Unterlagen – insbesondere alle Notizen, Aufzeichnungen, Zeichnungen, Protokolle, Berichte, Akten und andere ähnliche Dokumente (sowie Kopien oder sonstige Reproduktionen hiervon) zurückgeben. Sinngemäß gilt das Gleiche für nichtkörperliche Informationen und Materialen, z.B. Computerprogramme und auf Disketten gespeicherte Daten.

drawings, protocols, reports, files and other similar documentation (as well as copies or other reproductions thereof). Accordingly, the same applies to non-tangible information and material, for example computer programs or data stored on discs or the like.

4. Der Geschäftsführer erkennt an, dass die vorgenannten Unterlagen alleiniges Eigentum der Gesellschaft oder ihr verbundener Unternehmen sind. Der Geschäftsführer hat an den genannten Unterlagen kein Zurückbehaltungsrecht.

4. The Managing Director recognizes that the documentation referred to above is the sole property of the Company or its affiliates. The Managing Director has no right of retention with respect thereto.

§ 12
Urheber- und sonstige Schutzrechte

Section 12
Copyrights and other Intellectual Property Rights

1. Für Erfindungen des Geschäftsführers gelten die Bestimmungen des "Gesetzes über die Arbeitnehmererfindungen" und die dazu ergangenen Richtlinien in der jeweils gültigen Fassung entsprechend.
2. Die Rechte des Geschäftsführers aus Erfindungen während der Geltung des früheren Geschäftsführervertrages bleiben unberührt.

1. For all inventions of the managing director the "Employee inventions act" and the directives to that act in the relevant version apply.
2. The claims and rights of the managing director resulting from inventions during the former managing director's agreement remain in effect.

§ 13
Laufzeit

Section 13
Duration

1. Dieser Vertrag gilt ab dem 1. Januar 2020.
2. Er kann von jeder Partei unter Einhal-

1. This Agreement is in effect as of January 1, 2020.
2. This Agreement can be terminated by

tung einer Frist von 6 Monaten ordentlich gekündigt werden. Das Recht der Parteien, diesen Vertrag aus wichtigem Grund fristlos zu kündigen, bleibt hiervon unberührt. Ein wichtiger Grund liegt für die Gesellschaft insbesondere vor, wenn der Geschäftsführer seine vertraglichen oder gesetzlichen Pflichten verletzt. Die Kündigung muss schriftlich erfolgen.

either party in observance of a notice period of 6 months *ordentliche Kündigung*). The right of the parties to terminate this Agreement for important reasons (*aus wichtigem Grund*) without notice shall thereby remain unaffected. In particular, such important reasons for the Company exist, if the Managing Director breaches his contractual or statutory obligations. Any notice of termination must be in writing.

3. Die Gesellschaft ist berechtigt, den Geschäftsführer während der Dauer dieses Vertrags, unter Fortzahlung des Festgehalts gemäß § 3 Absatz 1 dieses Vertrags, jedoch unter Anrechnung auf den Jahresurlaub, von der weiteren Tätigkeit für die Gesellschaft freizustellen, insbesondere im Fall eines Widerrufs seiner Ernennung als Geschäftsführer oder der Kündigung dieses Vertrags.

3. The Company is entitled to exempt the Managing Director during the term of the Agreement, while continuing to be paid the fixed salary under Section 3 paragraph 1 of this Agreement but offsetting the annual vacation, from continuing to engage in his activities for the Company, in particular in the event that his appointment as Managing Director is revoked or this Agreement is terminated.

§ 14
Verfallfristen

Section 14
Time-barring

1. Alle Ansprüche einer Partei aus diesem Anstellungsvertrag und solche, die mit dem Anstellungsvertrag in Verbindung stehen, verfallen, wenn sie nicht innerhalb von zwölf Monaten nach Fälligkeit, spätestens jedoch zwölf Monate nach Beendigung dieses Vertrages gegenüber der jeweils anderen Partei zumindest in Textform geltend gemacht worden sind.

1. All claims by one party arising out of the Managing Director's Agreement or any associated with the Managing Director's Agreement, shall be time-barred if they are not asserted against the other party at least in text form within twelve months of falling due, latest within twelve months after termination of this agreement.

2. Lehnt die andere Partei den Anspruch ab oder erklärt sie sich nicht innerhalb

2. If the other party refuses to recognize the claim or does not speak out within 2

von 2 Wochen nach der Geltendmachung des Anspruchs, so verfällt dieser, wenn er nicht innerhalb von zwölf Monaten nach der Ablehnung oder dem Fristablauf gerichtlich geltend gemacht wird.

3. Ansprüche des Geschäftsführers auf den gesetzlichen Mindestlohn, gesetzliche Mindestengelte oder andere nach staatlichem Recht zwingende Mindestarbeitsbedingungen, und sonstige Ansprüche aus Gesetz, auf die nicht verzichtet werden kann, fallen nicht unter diese Ausschlussklausel.

weeks of asserting the claim, it shall become time-barred if not asserted in court within twelve months of being refused or the expiration of the deadline.

3. This clause of exclusion shall not apply to the Managing Director's claims for the statutory minimum wage, statutory minimum emoluments or any other minimum conditions of employment mandatory under national law and other claims based on law which cannot be waived.

§ 15 Verschiedenes

1. Mündliche Nebenabreden bestehen nicht. Änderungen und Zusätze zu diesem Vertrag - auch in Bezug auf diese Klausel - bedürfen zu ihrer Wirksamkeit der Schriftform.

2. Sollte eine Bestimmung dieses Vertrags ganz oder teilweise ungültig oder undurchsetzbar sein oder werden, so berührt dies nicht die Rechtsgültigkeit der übrigen Bestimmungen. In einem solchen Fall wird die ungültige oder undurchsetzbare Bestimmung durch eine gültige und durchsetzbare Bestimmung ersetzt, die dem Zweck der ungültigen oder undurchsetzbaren Bestimmung wirtschaftlich so genau wie möglich entspricht. Gleiches gilt entsprechend für Lücken in diesem Vertrag.

3. Dieser Vertrag unterliegt deutschem Recht. Ausschließlicher Gerichtsstand für alle sich in Verbindung mit der

Section 15 Miscellaneous

1. No oral agreements have been made. Any changes or supplements to this Agreement - also in regard to this clause - must be made in writing to be effective.

2. Should any of the provisions of this Agreement be or become invalid or impracticable in part or in full, this shall not affect the legal validity of the remaining provisions. In such a case, the invalid or impracticable provision shall be replaced by a valid and practicable provision corresponding economically as closely as possible to the purpose of the valid or impracticable provision. This shall also apply to any lacunae in this Agreement.

3. This Agreement is governed by German law. The location of the registered office of the Company shall be the exclusive place

Durchführung dieses Vertrags ergebenden Streitigkeiten ist der Sitz der Gesellschaft.

4. Der Vertrag wird in deutscher und englischer Fassung ausgefertigt. Bei Unstimmigkeiten und Widersprüchen zwischen der deutschen und der englischen Fassung hat die deutsche Fassung Vorrang.

5. Die Vertragsparteien bekennen, eine schriftliche Ausfertigung dieses Vertrages erhalten zu haben.

of jurisdiction for any disputes arising in connection with the implementation of this Agreement.

4. *The Agreement is* executed in *both a* German and an English version. In case of discrepancies or contradictions between the German and English versions, the German version shall prevail.

5. The contractual parties acknowledge having received a written copy of this Agreement.

Troisdorf; den 27.05.2020

WACHTBERG, den 26th May 2020.

DynaEnergetics Europe GmbH
represented by its managing director (*Geschäftsführer*) Achim Pabst

Ian Grieves

Exhibit 31.1

CERTIFICATIONS

I, Kevin T. Longe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DMC Global Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2021

/s/ Kevin T. Longe

Kevin T. Longe
President and Chief Executive Officer
of DMC Global Inc.

Exhibit 31.2

CERTIFICATIONS

I, Michael Kuta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DMC Global Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 22, 2021

/s/ Michael Kuta

Michael Kuta
Chief Financial Officer of DMC Global Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DMC Global Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin T. Longe, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2021

/s/ Kevin T. Longe
Kevin T. Longe
President and Chief Executive Officer
of DMC Global Inc.

A signed original of this written statement required by Section 906 has been provided to DMC Global Inc. and will be retained by DMC Global Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DMC Global Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kuta, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2021

/s/ Michael Kuta
Michael Kuta
Chief Financial Officer of DMC Global Inc.

A signed original of this written statement required by Section 906 has been provided to DMC Global Inc. and will be retained by DMC Global Inc. and furnished to the Securities and Exchange Commission or its staff upon request.