

REFINITIV

DELTA REPORT

10-Q

BOOM - DMC GLOBAL INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 799

█ CHANGES 201

█ DELETIONS 304

█ ADDITIONS 294

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, 2024** **June 30, 2024**

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
Stock Purchase Rights		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

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 expected benefits from enhancements to our systems and processes at Arcadia Products, North American well completion activity in the **Second** **third** quarter of 2024, anticipated profit margin improvements resulting from changes in manufacturing processes and the introduction of new products in DynaEnergetics, continued demand and realization of large order opportunities at NobelClad, our backlog at NobelClad, the result and timing of the strategic review process for our businesses, our ability to access capital markets transactions in the future, the availability of funds 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, 2023 and other potential factors, including: geopolitical and economic instability, including recessions or depressions; inflation; supply chain delays and disruptions; the availability and cost of energy; 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, aluminum, and other raw materials; 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; 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; global economic conditions; and wars, terrorism and armed conflicts. 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

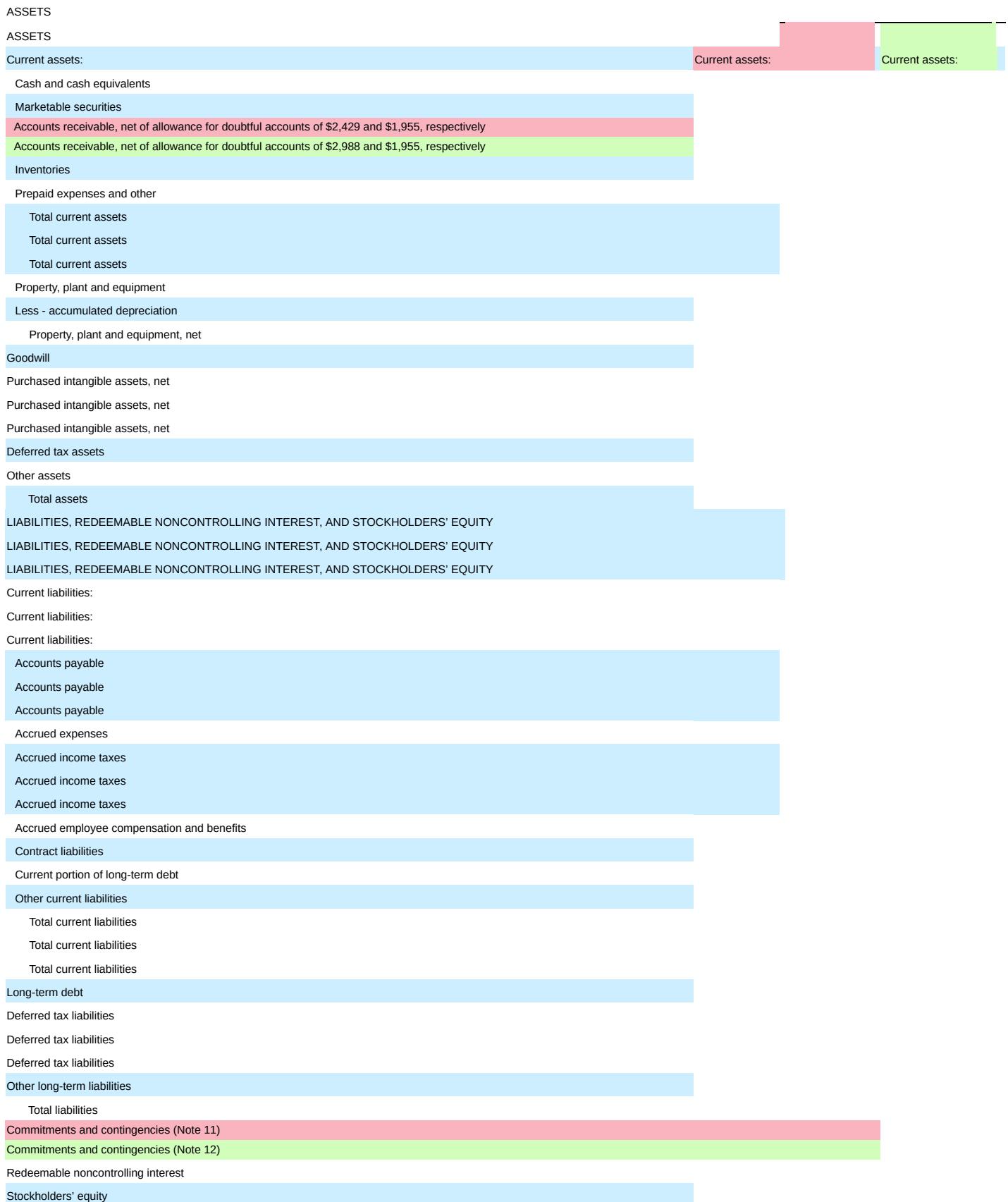
DMC GLOBAL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except Share and Per Share Data)

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
(unaudited)		

ASSETS



Preferred stock, \$0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares
Preferred stock, \$0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares
Preferred stock, \$0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares
Common stock, \$0.05 par value; 50,000,000 shares authorized; 20,704,004 and 20,467,495 shares issued, respectively
Common stock, \$0.05 par value; 50,000,000 shares authorized; 20,789,647 and 20,467,495 shares issued, respectively
Additional paid-in capital
Retained earnings
Other cumulative comprehensive loss
Treasury stock, at cost, and company stock held for deferred compensation, at par; 721,730 and 689,700 shares, respectively
Treasury stock, at cost, and company stock held for deferred compensation, at par; 748,266 and 689,700 shares, respectively
Total stockholders' equity
Total stockholders' equity
Total stockholders' equity
Total liabilities, redeemable noncontrolling interest, and stockholders' equity

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,			Three months ended June 30,		
	2024		2023	2024		2023
Net sales						
Net sales						
Net sales						
Cost of products sold						
Cost of products sold						
Cost of products sold						
Gross profit						
Gross profit						
Gross profit						
Costs and expenses:						
Costs and expenses:						
Costs and expenses:						
General and administrative expenses						
General and administrative expenses						
General and administrative expenses						
Selling and distribution expenses						
Selling and distribution expenses						
Selling and distribution expenses						
Amortization of purchased intangible assets						
Amortization of purchased intangible assets						
Amortization of purchased intangible assets						
Strategic review expenses						
Restructuring expenses						
Strategic review expenses						
Strategic review expenses						
Strategic review expenses						

Total costs and expenses	
Total costs and expenses	
Total costs and expenses	
Operating income	
Operating income	
Operating income	
Other expense:	
Other expense:	
Other expense:	Other expense:
Other expense, net	
Other expense, net	
Other expense, net	
Interest expense, net	
Interest expense, net	
Interest expense, net	
Income before income taxes	
Income before income taxes	
Income before income taxes	
Income tax provision	
Income tax provision	
Income tax provision	
Net income	
Net income	
Net income	
Less: Net (loss) income attributable to redeemable noncontrolling interest	
Less: Net (loss) income attributable to redeemable noncontrolling interest	
Less: Net (loss) income attributable to redeemable noncontrolling interest	
Net income attributable to DMC Global Inc. stockholders	
Net income attributable to DMC Global Inc. stockholders	
Less: Net income attributable to redeemable noncontrolling interest	
Net income attributable to DMC Global Inc. stockholders	
Net income (loss) per share attributable to DMC Global Inc. stockholders:	
Net income (loss) per share attributable to DMC Global Inc. stockholders:	
Net income (loss) per share attributable to DMC Global Inc. stockholders:	
Basic	
Basic	
Net income per share attributable to DMC Global Inc. stockholders:	
Net income per share attributable to DMC Global Inc. stockholders:	
Net income per share attributable to DMC Global Inc. stockholders:	
Basic	
Diluted	
Diluted	
Diluted	
Weighted average shares outstanding:	
Weighted average shares outstanding:	
Weighted average shares outstanding:	Weighted average shares outstanding:
Basic	
Basic	

Basic
Diluted
Diluted
Diluted

Reconciliation to net income (loss) attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest for purposes of calculating earnings per share

	Three months ended March 31, 2024	Three months ended March 31, 2024	Three months ended March 31, 2024	Three months ended June 30, 2024	Three months ended June 30, 2024	Six months ended June 30, 2024	Six months ended June 30, 2024	Six months ended June 30, 2023
Net income attributable to DMC Global Inc. stockholders				2024	2024	2023	2024	2023
Net income attributable to DMC Global Inc. stockholders								
Net income attributable to DMC Global Inc. stockholders								
Adjustment of redeemable noncontrolling interest								
Adjustment of redeemable noncontrolling interest								
Adjustment of redeemable noncontrolling interest								
Net income (loss) attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest								
Net income (loss) attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest								
Net income (loss) attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest								
Net income attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest								
Net income attributable to DMC Global Inc. stockholders after adjustment of redeemable noncontrolling interest								

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

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

	Three months ended March 31, 2024	Three months ended March 31, 2024	Three months ended March 31, 2024	Three months ended June 30, 2024	Three months ended June 30, 2024	Six months ended June 30, 2024	Six months ended June 30, 2024	Six months ended June 30, 2023
Net income				2024	2024	2023	2024	2023
Net income								
Net income								
Change in cumulative foreign currency translation adjustment								
Change in cumulative foreign currency translation adjustment								
Change in cumulative foreign currency translation adjustment								
Other comprehensive income								
Other comprehensive income								
Other comprehensive income								
Less: comprehensive (loss) income attributable to redeemable noncontrolling interest								
Less: comprehensive (loss) income attributable to redeemable noncontrolling interest								
Less: comprehensive (loss) income attributable to redeemable noncontrolling interest								

Less: comprehensive income attributable to redeemable noncontrolling interest
 Less: comprehensive income attributable to redeemable noncontrolling interest
 Less: comprehensive income attributable to redeemable noncontrolling interest

Comprehensive income attributable to DMC Global Inc. stockholders
 Comprehensive income attributable to DMC Global Inc. stockholders
 Comprehensive income attributable to DMC Global Inc. stockholders

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

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

	Stockholders' Equity and Redeemable Noncontrolling Interest										Additional					
	Common Stock		Paid-In Capital		Additional Paid-In Capital		Retained Earnings		Comprehensive Loss		Treasury Stock, at cost, and	Total	Redeemable	Non-Controlling Interest	Common Stock	Paid-In Capital
	Shares	Amount	Capital	Earnings	Comprehensive Loss	Stock Held for Deferred Compensation, at par	Stockholders' Equity	Shares	Amount	Stockholders' Equity	DMC Global Inc.	Non-Controlling Interest	Common Stock	Shares	Amount	
Balances, December 31, 2023																
Net income (loss)																
Change in cumulative foreign currency translation adjustment																
Shares issued in connection with stock compensation plans																
Stock-based compensation																
Distribution to redeemable noncontrolling interest holder																
Adjustment of redeemable noncontrolling interest																
Treasury stock activity																
Balances, March 31, 2024																

Net income
Change in cumulative foreign currency translation adjustment
Shares issued in connection with stock compensation plans
Shares issued in connection with stock compensation plans
Shares issued in connection with stock compensation plans
Stock-based compensation
Stock-based compensation
Stock-based compensation
Distribution to redeemable noncontrolling interest holder
Distribution to redeemable noncontrolling interest holder
Distribution to redeemable noncontrolling interest holder
Adjustment of redeemable noncontrolling interest
Treasury stock activity
Balances, June 30, 2024
Balances, June 30, 2024
Balances, June 30, 2024

		Common Stock		Additional		Other	Treasury Stock, at cost, and		Total	Redeemable
		Shares	Amount	Paid-In Capital	Retained Earnings	Cumulative	Company Stock Held for	Stockholders' Equity	DMC Global Inc.	Non-Controlling Interest

Balances, December 31, 2022	20,140,654	\$	1,007	\$	303,893	\$	125,215	\$	(28,758)	(605,723)	\$	(20,710)	\$	380,647	\$	187,522
Net income	—	—	—	—	909	—	—	—	—	—	—	—	—	909	—	1,230
Change in cumulative foreign currency translation adjustment	—	—	—	—	—	—	769	—	—	—	—	—	—	769	—	—
Shares issued in connection with stock compensation plans	258,807	13	(13)	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	4,795	—	—	—	—	—	—	—	—	—	—	4,795	—	232
Distribution to redeemable noncontrolling interest holder	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,600)
Adjustment of redeemable noncontrolling interest	—	—	—	—	(1,138)	—	—	—	—	—	—	—	—	(1,138)	—	1,138
Treasury stock activity	—	—	—	—	—	—	—	—	(77,184)	(3,705)	—	—	—	(3,705)	—	—
Balances, March 31, 2023	20,399,461	\$	1,020	\$	308,675	\$	124,986	\$	(27,989)	(682,907)	\$	(24,415)	\$	382,277	\$	187,522

DMC GLOBAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND REDEEMABLE NONCONTROLLING INTEREST

(Amounts in Thousands, Except Share Data)

(unaudited)

	Additional						Other	Treasury Stock, at cost, and		Total	Redeemable					
	Common Stock		Paid-In	Retained	Cumulative	Company Stock Held for		Deferred Compensation, at par								
	Shares	Amount	Capital	Earnings	Loss	Deferred Compensation, at par	Shares	Amount	Stockholders' Equity	Non-Controlling Interest						
Balances, December 31, 2022	20,140,654	\$	1,007	\$	303,893	\$	125,215	\$	(28,758)	(605,723)	\$	(20,710)	\$	380,647	\$	187,522
Net income	—	—	—	909	—	—	—	—	—	—	—	909	—	1,230	—	—
Change in cumulative foreign currency translation adjustment	—	—	—	—	—	769	—	—	—	—	—	769	—	—	—	—
Shares issued in connection with stock compensation plans	258,807	13	(13)	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	4,795	—	—	—	—	—	—	—	—	4,795	—	232	—	—
Distribution to redeemable noncontrolling interest holder	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,600)	—
Adjustment of redeemable noncontrolling interest	—	—	—	(1,138)	—	—	—	—	—	—	—	(1,138)	—	1,138	—	—
Treasury stock activity	—	—	—	—	—	—	(77,184)	(3,705)	—	—	—	(3,705)	—	—	—	—
Balances, March 31, 2023	20,399,461	\$	1,020	\$	308,675	\$	124,986	\$	(27,989)	(682,907)	\$	(24,415)	\$	382,277	\$	187,522
Net income	—	—	—	13,703	—	—	—	—	—	—	—	13,703	—	3,823	—	—
Change in cumulative foreign currency translation adjustment	—	—	—	—	446	—	—	—	—	—	—	446	—	—	—	—
Shares issued in connection with stock compensation plans	50,582	2	210	—	—	—	—	—	—	—	—	212	—	—	—	—
Stock-based compensation	—	—	1,570	—	—	—	—	—	—	—	—	1,570	—	129	—	—
Distribution to redeemable noncontrolling interest holder	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,840)	—	—
Adjustment of redeemable noncontrolling interest	—	—	—	112	—	—	—	—	—	—	—	112	—	(112)	—	—
Treasury stock activity	—	—	—	—	—	—	(2,635)	(14)	—	—	—	(14)	—	(14)	—	—
Balances, June 30, 2023	20,450,043	\$	1,022	\$	310,455	\$	138,801	\$	(27,543)	(685,542)	\$	(24,429)	\$	398,306	\$	187,522

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)

	Cash flows provided by operating activities:	Cash flows provided by operating activities:	Three months		Cash flows provided by operating activities:	Cash flows provided by operating activities:	Six months			
			ended March 31,				ended June			
			2024	2023			30,			
Cash flows provided by operating activities:	Cash flows provided by operating activities:	Cash flows provided by operating activities:			Cash flows provided by operating activities:	Cash flows provided by operating activities:	2024	2023		
Net income	—	—	—	—	—	—	—	—		
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:	—	—	Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:	—	—		
Depreciation	—	—	—	—	—	—	—	—		



Borrowings on revolving loans
Repayments on revolving loans
Payment of debt issuance costs
Payment of debt issuance costs
Payment of debt issuance costs
Distributions to redeemable noncontrolling interest holder
Net proceeds from issuance of common stock to employees and directors
Treasury stock purchases
Net proceeds from issuance of common stock to employees and directors
Treasury stock purchases
Net proceeds from issuance of common stock to employees and directors
Treasury stock purchases
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Effects of exchange rates on cash
Effects of exchange rates on cash
Effects of exchange rates on cash
Net decrease in cash and cash equivalents
Net decrease in cash and cash equivalents
Net decrease in cash and cash equivalents
Cash and cash equivalents, beginning of the period
Cash and cash equivalents, end of the period

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

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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. Certain information and footnote disclosures, including critical and significant accounting policies normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted for this quarterly presentation. 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, 2023.

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. All intercompany accounts, profits, and transactions have been eliminated in consolidation.

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 business segment and analyze each segment's accounts receivable balances as separate populations. Within each segment, receivables exhibit similar risk characteristics.

During the three and six months ended **March 31, 2024** June 30, 2024, our expected loss rate reflects uncertainties in market conditions present in our businesses, including supply chain disruptions, industry consolidation, rising interest rates, as well as global geopolitical and economic instability. 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 against the amounts due, reducing the net receivable recognized to the amount we estimate will be collected. The offsetting expense is charged to "Selling and distribution expenses" in our Condensed Consolidated Statements of Operations. During the three and six months ended **March 31, 2024** June 30, 2024, net provisions of **\$476** **\$560** and **\$1,036**, respectively, were recorded. During the three and six months ended **March 31, 2023** June 30, 2023, net recoveries of **\$154** **\$23** and **\$177**, respectively, were recorded.

The following table summarizes year-to-date activity in the allowance for credit losses on receivables from customers in each of our business segments:

	Arcadia Products	Arcadia Products	DynaEnergetics	NobelClad	DMC Global Inc.	Arcadia Products	DynaEnergetics	NobelClad	DMC Global Inc.
Allowance for doubtful accounts, December 31, 2023									
Current period provision for expected credit losses									
Current period provision for expected credit losses									
Current period provision for expected credit losses									
Write-offs charged against the allowance									
Recoveries of amounts previously reserved									
Impacts of foreign currency exchange rates and other									
Allowance for doubtful accounts, March 31, 2024									
Allowance for doubtful accounts, June 30, 2024									

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Redeemable noncontrolling interest

On December 23, 2021, DMC completed the acquisition of 60% of the membership interests in Arcadia Products, LLC, a Colorado limited liability company resulting from the conversion of Arcadia, Inc. (collectively, "Arcadia Products"). The limited liability company operating agreement for Arcadia Products (the "Operating Agreement") contains a right for the Company to purchase the remaining interest in Arcadia Products from the minority interest holder on or after the third anniversary of the acquisition closing date ("Call Option"). Similarly, the minority interest holder of Arcadia Products has the right to sell its remaining interest in Arcadia Products to the Company on or after the third anniversary of the acquisition closing date ("Put Option"). Both the Call Option and Put Option enable the respective holder to exercise their rights based upon a predefined calculation as included within the Operating Agreement.

The Company initially accounted for the noncontrolling interest at its acquisition date fair value. We determined that neither the Call Option nor the Put Option meet the definition of a derivative as the Operating Agreement does not allow for contractual net settlement, the options cannot be settled outside the Operating Agreement through a market mechanism, and the underlying shares are deemed illiquid as they are not publicly traded and thus not considered readily convertible to cash. Additionally, the settlement price for both options is based upon a predefined calculation tied to adjusted earnings rather than a fixed price, and the formula is based upon a multiple of Arcadia Products' average adjusted earnings over a three-year period, subject to a floor value as defined in the Operating Agreement which is based primarily upon a contractually stated equity value. As such, we have concluded that the Call Option and Put Option are embedded within the noncontrolling interest and therefore do not represent freestanding instruments.

Given that the noncontrolling interest is subject to possible redemption with redemption rights that are not entirely within the control of the Company, we have concluded that the noncontrolling interest should be accounted for in accordance with ASC 480 Distinguishing Liabilities from Equity ("ASC 480"). The noncontrolling interest is also probable of redemption, as the only criteria for the security to become redeemable is the passage of time. As such, the redeemable noncontrolling interest is classified in temporary equity, separate from the stockholders' equity section, in the Condensed Consolidated Balance Sheets.

At each balance sheet date subsequent to acquisition, two separate calculations must be performed to determine the value of the redeemable noncontrolling interest. First, the redeemable noncontrolling interest must be accounted for in accordance with ASC 810 Consolidation ("ASC 810") whereby income (loss) and cash distributions attributable to the redeemable noncontrolling interest holder are ascribed. After this occurs, applicable provisions of ASC 480 must be considered to determine whether any further adjustment is necessary to increase the carrying value of the redeemable noncontrolling interest. An adjustment would only be necessary if the estimated settlement amount of the redeemable noncontrolling interest, per the terms of the Operating Agreement, exceeds the carrying value calculated in accordance with ASC 810. If such adjustment is required, the impact is immediately recorded to retained earnings and therefore does not impact the Condensed Consolidated Statements of Operations or Comprehensive Income (Loss). As of **March 31, 2024** June 30, 2024 and December 31, 2023, the redeemable noncontrolling interest was \$187,080 and \$187,760, respectively. The **March 31, 2024** June 30, 2024 redeemable noncontrolling interest value is equal to the floor value per the Operating Agreement.

Promissory Note

In order to equalize after-tax consideration to the redeemable noncontrolling interest holder relative to an alternative transaction structure, immediately following the closing of the acquisition, the Company loaned \$24,902 to the redeemable noncontrolling interest holder. The loan was evidenced by an unsecured promissory note, and the loan will be repaid out of proceeds from the sale of the redeemable noncontrolling interest holder's interests in Arcadia Products, whether received upon exercise of the Put Option, the Call

Option or upon sales to third parties permitted under the terms of the Operating Agreement. The loan must be repaid in full at the earlier of the exercise of the Put or Call Option, or by December 16, 2051, and has been recorded within "Other assets" in the Condensed Consolidated Balance Sheets.

Revenue Recognition

The Company's revenues are primarily derived from consideration paid by customers for tangible goods. The Company analyzes its different products 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.

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Our rights to payments for goods transferred to customers within our DynaEnergetics and NobelClad business segments arise when control is transferred at a point in time and not on any other criteria. Our rights to payments for goods transferred to customers within our Arcadia Products business segment also predominantly arise when control is transferred at a point in time; however, at times, control of certain customized, project-based products passes to the customer over time. Payment terms and conditions vary by contract, although terms generally include a requirement of payment within 30 to 90 days across all of our segments. In instances when we require customers to make advanced 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. Refer to Note 9.10 "Business Segments" for disaggregated revenue disclosures.

See additional revenue recognition policy disclosures specific to each of our business segments within our Annual Report filed on Form 10-K for the year ended December 31, 2023.

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 bases 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 are 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 performance and existing 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 the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the Condensed 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 of net income as they receive non-forfeitable rights to dividends as common stock. Restricted stock awards do not participate in net losses.

Basic EPS is calculated by dividing net income (loss) attributable to the Company's stockholders after adjustment of redeemable noncontrolling interest by the weighted-average number of common shares outstanding during the period. Net income (loss) available to common shareholders of the Company includes any adjustment to the redeemable noncontrolling interest as of the end of the period presented. Refer to the "Redeemable noncontrolling interest" section above for further discussion of the calculation of the adjustment of the redeemable noncontrolling interest. Diluted EPS adjusts basic EPS for the effects of restricted stock awards, restricted stock units, 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. For the applicable periods presented, diluted EPS using the two-class method was more dilutive than the treasury stock method; as such, only the two-class method has been included below.

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	Three months ended March 31,		Six months ended June 30,	
	2024	2023	2024	2023
Net income attributable to DMC Global Inc. stockholders, as reported				

Net income attributable to DMC Global Inc. stockholders, as reported
Net income attributable to DMC Global Inc. stockholders, as reported
Adjustment of redeemable noncontrolling interest
Adjustment of redeemable noncontrolling interest
Adjustment of redeemable noncontrolling interest
Less: Undistributed net income available to participating securities
Less: Undistributed net income available to participating securities
Less: Undistributed net income available to participating securities
Numerator for basic net income (loss) per share:
Numerator for basic net income (loss) per share:
Numerator for basic net income (loss) per share:
Add: Undistributed net income allocated to participating securities
Add: Undistributed net income allocated to participating securities
Numerator for basic net income per share:
Add: Undistributed net income allocated to participating securities
Less: Undistributed net income reallocated to participating securities
Less: Undistributed net income reallocated to participating securities
Numerator for diluted net income (loss) per share:
Numerator for diluted net income (loss) per share:
Numerator for diluted net income (loss) per share:
Numerator for diluted net income per share:
Denominator:
Denominator:
Weighted average shares outstanding for basic net income (loss) per share
Weighted average shares outstanding for basic net income (loss) per share
Weighted average shares outstanding for basic net income (loss) per share
Weighted average shares outstanding for basic net income per share
Weighted average shares outstanding for basic net income per share
Weighted average shares outstanding for basic net income per share
Effect of dilutive securities ⁽¹⁾
Effect of dilutive securities ⁽¹⁾
Effect of dilutive securities ⁽¹⁾
Weighted average shares outstanding for diluted net income (loss) per share
Weighted average shares outstanding for diluted net income (loss) per share
Weighted average shares outstanding for diluted net income (loss) per share
Net income (loss) per share attributable to DMC Global Inc. stockholders
Net income (loss) per share attributable to DMC Global Inc. stockholders
Net income (loss) per share attributable to DMC Global Inc. stockholders
Weighted average shares outstanding for diluted net income per share
Net income per share attributable to DMC Global Inc. stockholders
Basic
Basic
Basic
Diluted
Diluted
Diluted

⁽¹⁾ For the three and six months ended March 31, 2024 June 30, 2024, 10,052 13,539 and 10,843 shares, respectively, have been excluded as their effect would have been anti-dilutive. Given we were in a net loss position after the adjustment of redeemable noncontrolling interest for For the three and six months ended March 31, 2023 June 30, 2023, all

potentially dilutive 18,337 and 12,883 shares, were anti-dilutive and were therefore respectively, have been excluded from the determination of diluted EPS as their effect would have been anti-dilutive.

Deferred Compensation Plan

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, such contributions will be settled by delivery of cash. Effective January 1, 2024, diversification of deferred equity awards is no longer permitted by the Plan.

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 current and former employees, and money market and mutual funds. Unvested RSAs and common stock held by the trust are reflected in the Condensed 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 Condensed Consolidated Statements of Stockholders' Equity and Redeemable Noncontrolling Interest 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 for the periods presented. The amounts included within "Prepaid expenses and other" and "Other current liabilities" pertain to scheduled distributions per the terms of the Plan that will occur within twelve months of **March 31, 2024** **June 30, 2024**.

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Balance Sheet location	Balance Sheet location	March 31, 2024	December 31, 2023	Balance Sheet location	June 30, 2024	December 31, 2023
Deferred compensation assets						
Deferred compensation assets						
Deferred compensation obligations						
Deferred compensation obligations						

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 cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair value. The carrying value of our revolving loans and term loan under our credit facility, when outstanding, also approximate their fair value because of the variable interest rate associated with these instruments, which reset each month at market interest rates. All of these account balances are considered Level 1 assets and liabilities.

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 instruments as Level 2 in the fair value hierarchy. Money market funds and mutual funds of **\$1,915** **\$1,930** as of **March 31, 2024** **June 30, 2024** and **\$3,257** as of December 31, 2023 held to satisfy future deferred compensation obligations are valued based upon the market values of underlying securities and are classified as Level 2 assets in the fair value hierarchy.

We did not hold any Level 3 assets or liabilities as of **March 31, 2024** **June 30, 2024** or December 31, 2023.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which amends reportable segment disclosure requirements to enhance disclosure of significant segment information on an annual and interim basis. The guidance is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted. ASU 2023-07 is to be applied retrospectively, and we are currently evaluating the impact on our financial statements and disclosures.

In December 2023, the FASB issued Accounting Standards Update 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvement to Income Tax Disclosures, which amends income tax disclosure requirements for the effective tax rate reconciliation to include incremental income tax information and expanded disclosures of income taxes paid. The guidance is effective for fiscal years beginning after December 15, 2024 and is applied prospectively. Early adoption and retrospective application of the amendments are permitted. We are currently evaluating the impact of ASU 2023-09 on our financial statements and disclosures.

We have considered all other recent accounting pronouncements issued, but not yet effective, and we do not expect any to have a material effect on the Company's Condensed Consolidated Financial Statements.

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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 raw materials, labor, freight, subcontract costs, and manufacturing overhead. As necessary, we write down inventory to its net realizable value by recording provisions for excess, slow moving and obsolete inventory. To determine provision amounts, 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, 2024** **June 30, 2024**:

Arcadia Products | Arcadia Products | DynaEnergetics | NobelClad | DMC Global Inc. | Arcadia Products | DynaEnergetics | NobelClad | DMC Global Inc.

Raw materials
Work-in-process
Finished goods
Supplies
Total inventories

Inventories consisted of the following at December 31, 2023:

	Arcadia Products	DynaEnergetics	NobelClad	DMC Global Inc.
Raw materials	\$ 9,257	\$ 26,107	\$ 7,089	\$ 42,453
Work-in-process	7,565	23,196	12,509	43,270
Finished goods	56,463	23,644	633	80,740
Supplies	—	—	249	249
Total inventories	\$ 73,285	\$ 72,947	\$ 20,480	\$ 166,712

4. PURCHASED INTANGIBLE ASSETS

Our purchased intangible assets consisted of the following at **March 31, 2024** **June 30, 2024**:

	Gross	Gross	Accumulated Amortization	Net	Gross	Gross	Accumulated Amortization	Net
Core technology								
Customer relationships								

Customer relationships
Customer relationships
Trademarks / Trade names
Trademarks / Trade names
Trademarks / Trade names
Total intangible assets

Our purchased intangible assets consisted of the following at December 31, 2023:

	Gross	Accumulated Amortization	Net
Core technology	\$ 283	\$ (269)	\$ 14
Customer backlog	22,000	(22,000)	—
Customer relationships	211,128	(34,913)	176,215
Trademarks / Trade names	22,000	(2,969)	19,031
Total intangible assets	\$ 255,411	\$ (60,151)	\$ 195,260

The change in the gross value of our unamortized purchased intangible assets at **March 31, 2024** **June 30, 2024** from December 31, 2023 was due to foreign currency translation.

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5. CONTRACT LIABILITIES

At times, we require customers to make advanced payments prior to the shipment of their orders to help finance our inventory investment on large orders or keep customers' credit limits at acceptable levels. Contract liabilities were as follows for the periods presented:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Arcadia Products		
NobelClad		
DynaEnergetics		
Total contract liabilities		

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, primarily supply chain delays and disruptions.

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. If a lease does not provide a discount rate and the implicit rate cannot be readily determined, an incremental borrowing rate is used to determine the present value of future lease payments. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term within the Condensed Consolidated Statements of Operations. Lease and non-lease components within the Company's lease agreements are accounted for together. Variable lease payments are recognized in the period in which the obligation is incurred. The Company has no leases in which the Company is the lessor.

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, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
ROU asset		
Current lease liability		
Current lease liability		
Current lease liability		
Long-term lease liability		
Total lease liability		

The ROU asset is reported in "Other assets" while the current lease liability is reported in "Other current liabilities" and the long-term lease liability is reported in "Other long-term liabilities" in the Company's Condensed Consolidated Balance Sheets. Cash paid for operating lease liabilities is recorded as operating cash outflows in the Company's

Condensed Consolidated Statements of Cash Flows.

Arcadia Products leases certain office, manufacturing, distribution and warehouse facilities from entities affiliated with the redeemable noncontrolling interest holder and former president of Arcadia Products. There were eight such leases in effect as of **March 31, 2024** **June 30, 2024**, with expiration dates ranging from calendar years 2025 to 2031. As of **March 31, 2024** **June 30, 2024**, the total ROU asset and related lease liability recognized for these leases was **\$24,515** **\$23,613** and **\$25,432**, **\$24,589**, respectively.

For the three months ended **March 31, 2024** **June 30, 2024** and 2023, operating lease expense was **\$3,348** **\$3,377** and **\$3,040**, **\$3,115**, respectively. For the six months ended **June 30, 2024** and 2023, operating lease expense was **\$6,725** and **\$6,155**, respectively. Related party lease expense for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 was **\$1,156** and **\$2,312**, respectively, in each period and is included in total operating lease expense. Short term and variable lease costs were not significant for any period presented.

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7. DEBT

Outstanding borrowings consisted of the following at:

	March 31, 2024	December 31, 2023
Syndicated credit agreement:	June 30, 2024	December 31, 2023
U.S. Dollar revolving loan		
Term loan		
Commerzbank line of credit		
Commerzbank line of credit		
Commerzbank line of credit		
Outstanding borrowings		
Less: debt issuance costs		
Total debt		
Less: current portion of long-term debt		
Long-term debt		

Syndicated Credit Agreement

On February 6, 2024, the Company and certain domestic subsidiaries entered into an amendment (the "First Amendment") to its existing credit agreement with a syndicate of banks, led by KeyBank National Association (the "credit facility"). The First Amendment provides for certain changes to the credit facility, including an increase in the maximum commitment amount from \$200,000 to \$300,000. The credit facility allows for revolving loans of up to \$200,000, a \$50,000 term loan facility, and a \$50,000 delayed draw term loan facility that can be accessed by the Company at its discretion until February 6, 2026. The \$50,000 term loan facility is amortizable at \$625 per quarter beginning on June 30, 2024 through March 31, 2026. Quarterly term loan amortization increases to \$938 on June 30, 2026 through March 31, 2028, and increases to \$1,250 from June 30, 2028 through December 31, 2028. A balloon payment for the outstanding term loan balance is due upon the credit facility maturity date of February 6, 2029. The credit facility retains a \$100,000 accordion feature to increase the commitments under the revolving loan and/or by adding one or more term loans subject to approval by the applicable lenders. The credit facility is secured by certain assets of DMC including accounts receivable, inventory, and fixed assets, including Arcadia Products and its subsidiary, as well as guarantees and share pledges by DMC and its subsidiaries. The revolving loan can also be used to issue bank guarantees to customers to secure their advanced payments. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, bank guarantees of \$443, respectively, were secured.

Borrowings under the \$200,000 revolving loan limit and \$50,000 Term Loan can be in the form of Adjusted Daily Simple Secured Overnight Financing Rate ("SOFR") loans or one month Adjusted Term SOFR loans. Additionally, U.S. 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 rate, an adjusted Federal Funds rate or an adjusted SOFR rate). SOFR loans bear interest at the applicable SOFR rate plus an applicable margin (varying from 2.25% to 3.25%). Base Rate loans bear interest at the defined Base Rate plus an applicable margin (varying from 1.25% to 2.25%).

The credit facility includes various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders; redemption of capital stock; incurring additional indebtedness; mortgaging, pledging or disposition of major assets; and maintenance of specified ratios.

The leverage ratio is defined in the credit facility as the ratio of Consolidated Funded Indebtedness (as defined in the credit facility) on the last day of any trailing four quarter period to Consolidated EBITDA (as defined in the credit facility) for such period. The maximum leverage ratio permitted by our credit facility is 3.0 to 1.0.

The debt service coverage ratio is defined in the credit facility as the ratio of Consolidated EBITDA less the sum of capital distributions paid in cash (other than those made with respect to preferred stock issued under the Operating Agreement), Consolidated Unfunded Capital Expenditures (as defined in the credit facility), and net cash income taxes divided by the sum of cash interest expense, any dividends on the preferred stock paid in cash, and scheduled principal payments on funded indebtedness. Under our credit facility, the minimum debt service coverage ratio permitted is 1.25 to 1.0.

As of **March 31, 2024** **June 30, 2024**, we were in compliance with all financial covenants and other provisions of our debt agreements.

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We also maintain a line of credit with a German bank with a borrowing capacity of €7,000 for our NobelClad and DynaEnergetics operations in Europe. This line of credit is also used to issue bank guarantees to customers to secure their advanced payments. As of **March 31, 2024** **June 30, 2024** and December 31, 2023, we had no outstanding borrowings under this line of credit and bank guarantees of **€1,619** **€1,512** and €1,696, respectively, were secured. The line of credit has open-ended terms and can be canceled by the bank at any time.

8. STOCKHOLDERS PROTECTION RIGHTS AGREEMENT

On June 5, 2024, the Company's board of directors (the "Board") adopted the Stockholder Protection Rights Agreement (the "Rights Agreement") and declared a dividend of one right ("Right") for each share of the Company's common stock outstanding at the close of business on June 17, 2024. One Right will also be issued together with each share of common stock issued by the Company after that date, but before the Separation Time (as defined in the Rights Agreement). Each Right initially represents the right to purchase one one-thousandth (0.001) of a share of Series B Participating Preferred Stock for \$75.00, subject to adjustment and upon such terms and subject to the conditions set forth in the Rights Agreement. Rights will generally become exercisable only if any person (or any persons acting as a group) acquires 10% or more, or 20% in the case of certain passive investors, of the Company's outstanding common stock. If Rights become exercisable, all holders of Rights (other than the person, entity or group triggering the Rights Agreement, whose rights will become void and will not be exercisable) will have the right to purchase from the Company for \$75.00, subject to certain potential adjustments, shares of the Company's common stock having a market value of twice that amount.

The Rights Agreement expires on June 4, 2025, unless earlier terminated or the Rights are redeemed or exchanged by the Board. There is currently no impact on the Company's Condensed Consolidated Financial Statements.

The Company's Certificate of Incorporation authorizes the issuance of preferred stock. However, as of June 30, 2024, no preferred stock has been issued.

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 33%), permanent differences between book and taxable income, and income or loss attributable to the redeemable noncontrolling interest holder.

Arcadia Products is treated as a partnership for U.S. tax purposes. With the exception of certain state taxes, income or loss flows through to the shareholders and is taxed at the shareholder level. Tax impacts related to income or loss from Arcadia Products that are included in consolidated pretax results but are attributable to the redeemable noncontrolling interest holder are not included in the consolidated income tax provision.

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 and six months ended **March 31, 2024** **June 30, 2024** and 2023, we did not record any adjustments to previously established valuation allowances, except for corresponding adjustments related to changes in deferred tax asset balances. These adjustments had no impact on the Condensed Consolidated Statements of Operations. 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 changes.

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. 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.

In March 2024, we were notified of a forthcoming tax audit in Germany of our NobelClad subsidiary for the years 2019 through 2021. In July 2024, we were notified of a forthcoming tax audit in Germany of our DynaEnergetics subsidiary for the years 2019 through 2020. Our tax provisions reflect our best estimate of state, local, federal, and foreign taxes. While the **audit is audits** are not unexpected, the outcome cannot be predicted with certainty. If any issues addressed in the Company's tax **audit audits** are resolved in a manner not consistent with our expectations, the Company could be required to adjust its provisions for income taxes in the period such resolution occurs.

9.10. BUSINESS SEGMENTS

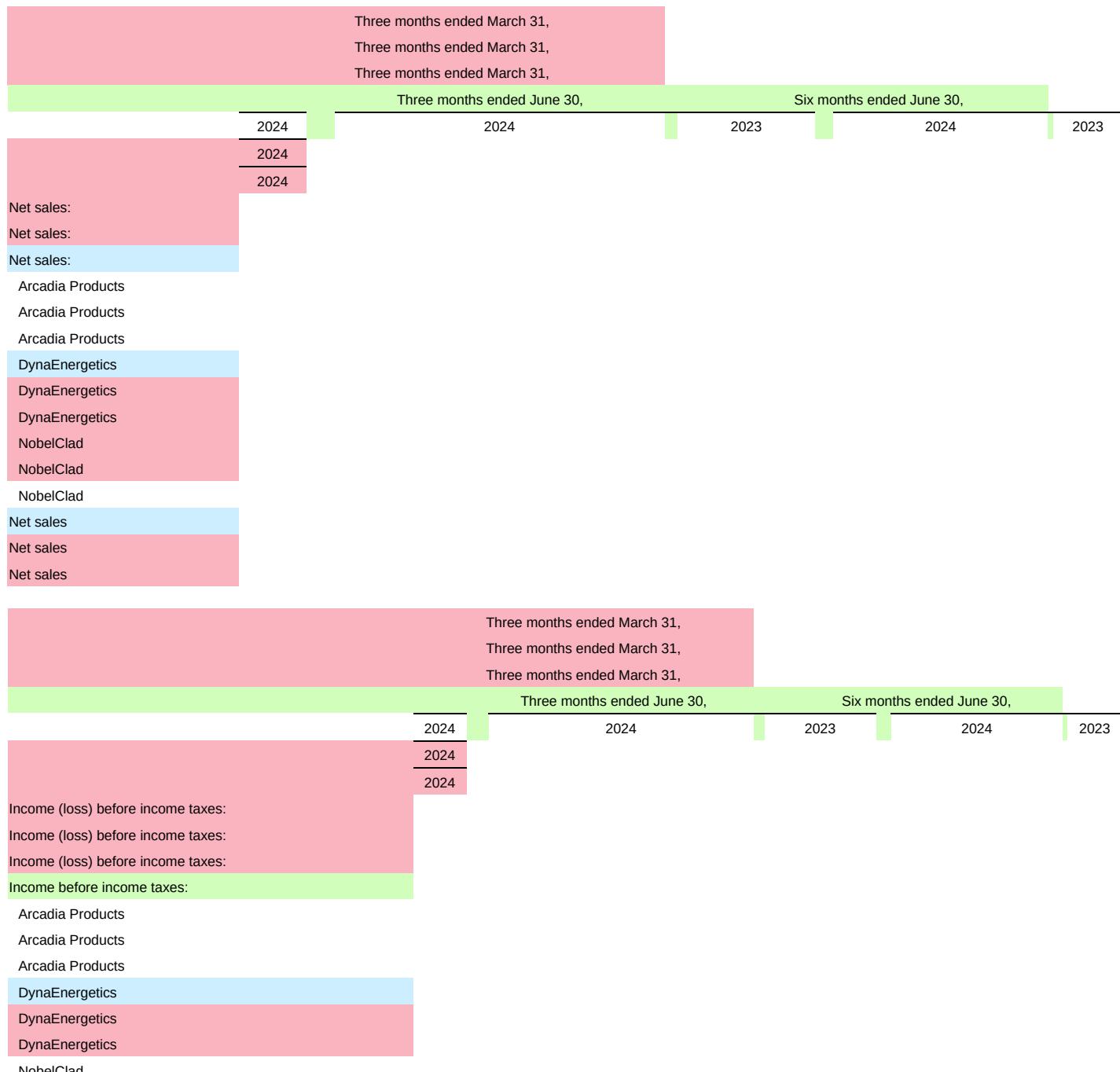
Our business is organized into three segments: Arcadia Products, DynaEnergetics and NobelClad. In December 2021, DMC acquired a 60% controlling interest in Arcadia Products. Arcadia Products designs, engineers, fabricates, and finishes aluminum framing systems, windows, curtain walls, storefronts, entrance systems, and interior partitions to the commercial construction market. Additionally, Arcadia **Products** supplies customized windows and doors for the ultra-high-end residential construction market. DynaEnergetics designs, manufactures, markets, and sells perforating systems and associated hardware for the global oil and gas industry. NobelClad produces explosion-welded clad metal plates

for use in the construction of corrosion resistant industrial processing equipment and specialized transition joints for commuter rail cars, ships, and liquified natural gas (LNG) processing equipment.

Our reportable segments are separately managed, strategic business units that offer different products and services, and each segment has separate financial information available that is evaluated regularly by the Chief Operating Decision Maker ("CODM") in allocating resources and assessing performance. Each segment's products are marketed to different customer types and require different manufacturing processes and technologies.

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Segment information is as follows:



NobelClad
NobelClad
Segment operating income
Segment operating income
Segment operating income
Unallocated corporate expenses
Unallocated corporate expenses
Unallocated corporate expenses
Unallocated stock-based compensation*
Unallocated stock-based compensation*
Unallocated stock-based compensation*
Other expense, net
Other expense, net
Other expense, net
Interest expense, net
Interest expense, net
Interest expense, net
Income before income taxes
Income before income taxes
Income before income taxes

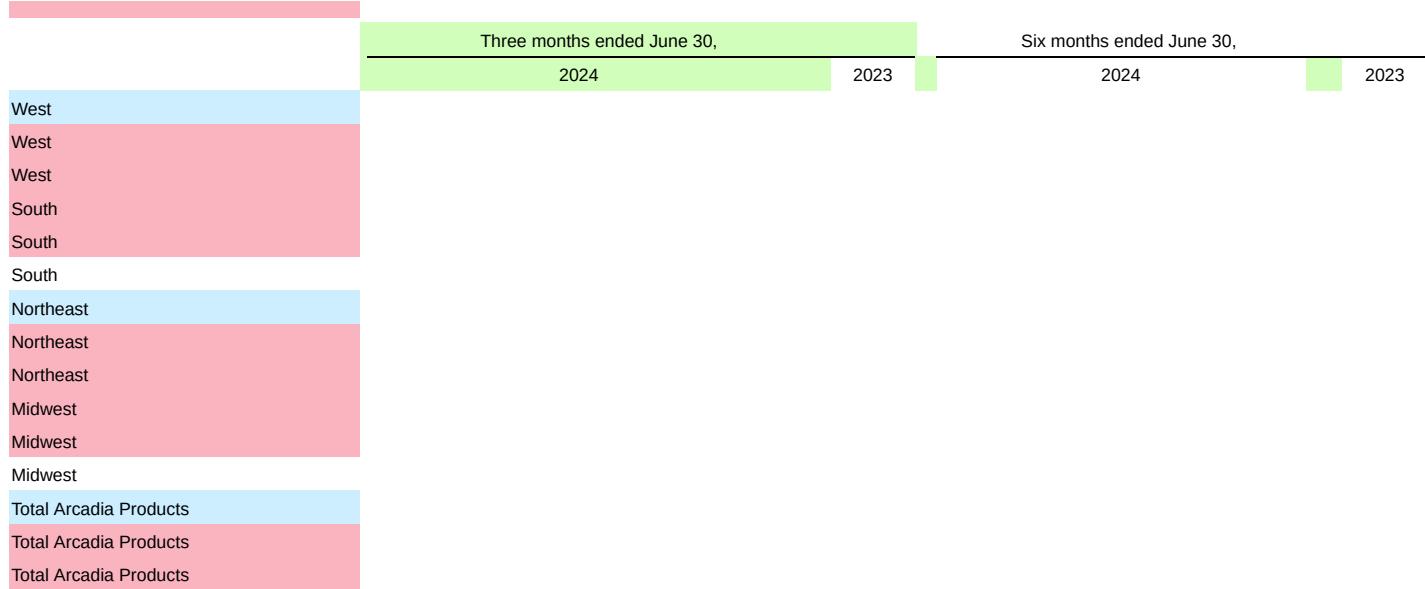
	Three months ended March 31,	
	2024	2023
Depreciation and amortization:		
Arcadia Products	\$ 6,152	\$ 6,469
DynaEnergetics	1,697	1,787
NobelClad	780	740
Segment depreciation and amortization	8,629	8,996
Corporate and other	82	71
Consolidated depreciation and amortization	\$ 8,711	\$ 9,067

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Depreciation and amortization:				
Arcadia Products	\$ 6,166	\$ 6,541	\$ 12,318	\$ 13,010
DynaEnergetics	1,700	1,728	3,397	3,515
NobelClad	790	700	1,570	1,440
Segment depreciation and amortization	8,656	8,969	17,285	17,965
Corporate and other	82	132	164	203
Consolidated depreciation and amortization	\$ 8,738	\$ 9,101	\$ 17,449	\$ 18,168

* Stock-based compensation is not allocated to wholly owned segments DynaEnergetics and NobelClad. Stock-based compensation is allocated to the Arcadia Products segment as 60% of such expense is attributable to the Company, whereas the remaining 40% is attributable to the redeemable noncontrolling interest holder.

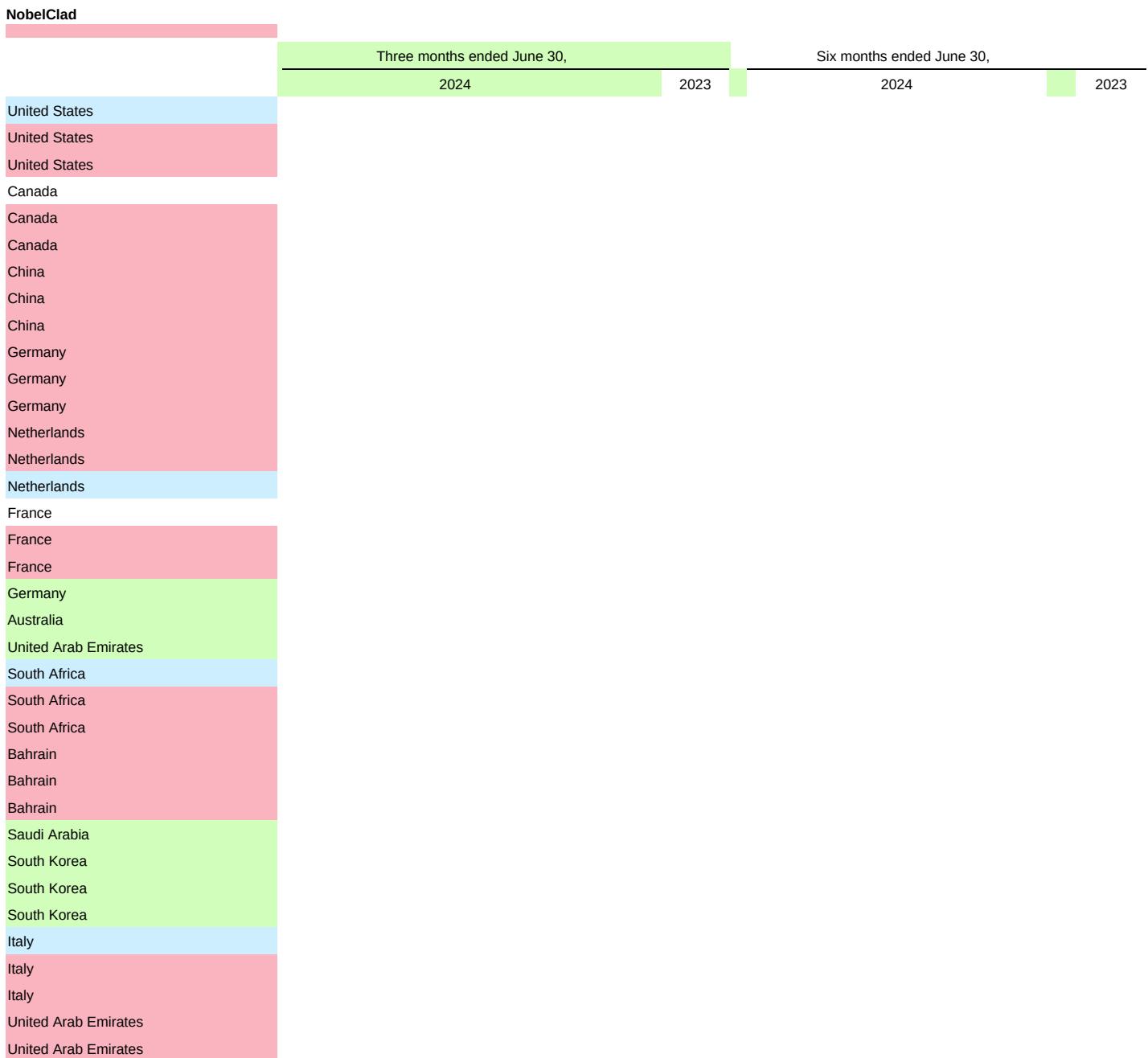
The disaggregation of revenue earned from contracts with customers is based on the geographic location of the customer. For Arcadia Products, net sales have been presented consistent with United States regional definitions as provided by the American Institute of Architects. For DynaEnergetics and NobelClad, all net sales are from products shipped from our manufacturing facilities and distribution centers located in the United States, Germany, and Canada.

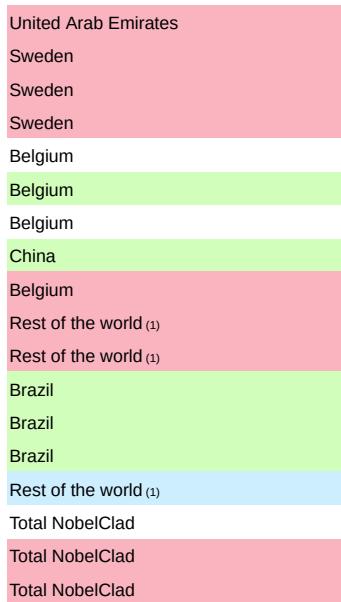
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Arcadia Products**DynaEnergetics**



⁽¹⁾ Rest of the world does not include any individual country comprising sales greater than 5% of total DynaEnergetics revenue for the periods presented.





⁽¹⁾ Rest of the world does not include any individual country comprising sales greater than 5% of total NobelClad revenue for the periods presented.

During the three and six months ended March 31, 2024 and 2023, June 30, 2024, one DynaEnergetics customer accounted for approximately 23% and 22% and 10% and 23%, respectively, of consolidated net sales. The During the three and six months ended June 30, 2023, the same DynaEnergetics customer accounted for approximately 31% and 10% of consolidated net sales. Additionally, the same DynaEnergetics customer accounted for approximately 29% and 32% of consolidated accounts receivable as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

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10.11. DERIVATIVE INSTRUMENTS

We are exposed to foreign currency exchange risk resulting from fluctuations in exchange rates, primarily the U.S. dollar to the euro, the U.S. dollar to the Canadian dollar and, to a lesser extent, other currencies, arising from intercompany 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" "Other expense, net" net within our Condensed Consolidated Statements of Operations.

We execute derivatives with a specialized foreign exchange brokerage firm as well as other large financial institutions. 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, 2024 June 30, 2024 and December 31, 2023, the net notional amounts of the forward contracts the Company held were \$33,179 \$21,009 and \$32,310, respectively. At March 31, 2024 June 30, 2024 and December 31, 2023, the fair value of outstanding forward contracts was \$0.

The following table reflects the location and amount of net (losses) gains from hedging activities for the periods presented. These hedging net (losses) gains offset foreign currency gains and losses recorded in the normal course of business, which are not shown below.

Derivative	Statements of Operations Location	Three months ended March 31,	
		2024	2023
Foreign currency contracts	Other expense, net	\$ (855)	\$ 171

Derivative	Statements of Operations Location	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Foreign currency contracts	Other expense, net	\$ (358)	\$ 7	\$ (1,213)	\$ 178

11.12. 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

In the ordinary course of its business, the Company is involved in a number of lawsuits and claims, both actual and potential. In addition to the matters discussed below, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, safety and health, commercial, tax, product liability, intellectual property infringement and employment matters, and other actions and claims arising out of the normal course of business. Although it is difficult to accurately predict the outcome of any such proceedings, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

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Wage and Hour Matters

Felipe v. Arcadia, Inc. and One Stop Employment Services, Inc. ("One Stop"). This complaint was filed on October 22, 2021 in Los Angeles Superior Court and purported to allege a class action on behalf of all non-exempt California employees who worked on behalf of One Stop or Arcadia Products at any time during the four years preceding the date of the complaint. One Stop is a staffing agency which provides temporary workers, including to Arcadia Products. The complaint stated claims under California's labor laws and under its general Unfair Business Practices Act, California Business & Professions Code section 17200. The plaintiff subsequently dismissed the class action claims without prejudice, acknowledging that Arcadia Products' arbitration agreement likely bars such class claims. The plaintiff also filed a separate action under California's Private Attorneys General Act ("PAGA") alleging essentially the same wage and hour violations. This action included other Arcadia Products employees. The California Supreme Court ruled that the representative PAGA claims are not barred by the arbitration agreement. The plaintiff also commenced arbitration on individual claims. This action was settled in April 2024 as described below.

Mayorga v. Arcadia, Inc. This complaint was filed on November 15, 2021 in Los Angeles Superior Court. It purported to allege a class action on behalf of all of the Company's non-exempt California employees who worked at the Company within four years before the date the complaint was filed. It asserted claims substantially similar to those asserted in the *Felipe* case but does not include One Stop as a defendant. The plaintiff amended his complaint to delete class action claims and any individual non-PAGA claims. Accordingly, plaintiff's complaint is limited to PAGA collective action claims. The plaintiff, however, commenced arbitration on a solely individual basis of his wage and hour claims. The arbitral body appointed an arbitrator to adjudicate those claims. However, the parties agreed to postpone any hearing pending the completion of the settlement described below.

The parties reached a settlement of both above actions. Under the settlement, Arcadia Products has agreed to pay \$375 of a total \$600 settlement amount to resolve its portion of all PAGA claims in both the *Mayorga* and *Felipe* actions. The settlement includes the individual claims of each plaintiff. The settlement was subject to court approval, which was received on April 26, 2024.

Arcadia Products previously reserved \$375 which represents its current estimate of loss to resolve all PAGA claims. Under the Equity Purchase Agreement, the Company is indemnified for the liability recognized to date related to these matters. Therefore, an offsetting receivable was also recognized such that there was no impact to the Company's Condensed Consolidated Statements of Operations related to these claims.

Environmental Matter

On February 21, 2024, Los Angeles Waterkeeper (Waterkeeper) sent Arcadia Products a 60-day Notice of Intent (NOI) to file a citizen suit related to alleged stormwater-related violations of the Clean Water Act at three Arcadia Products facilities located in Vernon, California. The alleged violations include exceedances of discharge-related requirements and limitations, certain alleged stormwater pollution prevention plan inadequacies, and certain monitoring and reporting violations. The Company has engaged an engineering and consulting firm to assist the Company in investigating the allegations and in responding to the NOI. The Company also has been in contact with the Los Angeles Regional Water Quality Control Board (LARWQCB) to address certain alleged reporting violations. The Company understands that reporting violations are subject to mandatory minimum penalties under the California Water Code. On April 26, 2024, Waterkeeper filed a complaint in the U.S. District Court for the Central District of California under the citizen suit provisions of the Clean Water Act but Act. The Company is in settlement discussions with Waterkeeper. Those discussion could include certain improvements to the Company's stormwater management infrastructure and practices at all three facilities. The Company also has not yet served been in contact with the complaint on Arcadia. Los Angeles Regional Water Quality Control Board (LARWQCB) to address certain alleged violations. The Company understands that certain violations may be subject to mandatory minimum penalties under the California Water Code. The Company cannot predict how the Waterkeeper allegations lawsuit will be resolved, or but has accrued \$450 for estimated reporting penalties based upon facts and circumstances currently known to the extent of any penalties that the LARWQCB might seek to impose.

Company.

12.13. STRATEGIC REVIEW EXPENSES

During the first quarter of 2024, the Company announced that its board of directors ("the Board") had initiated a review of strategic alternatives for the DynaEnergistics and NobelClad segments. In conjunction with the Board's consideration of various strategic, business, and financial alternatives, the Company has, and will continue to incur,

significant expenses. During the three months ended **March 31, 2024** **June 30, 2024**, strategic review expenses incurred were **\$2,169** **\$2,020** and primarily included **\$1,138** **\$1,030** in **diligence related** professional service fees and **\$489** **\$863** in employee retention compensation, including **\$72** **\$106** of stock-based compensation.

[Table During the six months ended June 30, 2024, strategic review expenses incurred were \\$4,189 and primarily included \\$2,170 in professional service fees and \\$1,351 in employee retention compensation, including \\$178 of Contents](#) **Stock-based compensation.**

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 that are included in our Annual Report filed on Form 10-K for the year ended December 31, 2023.

Unless stated otherwise, all dollar figures are presented in thousands (000s).

Overview

General

DMC Global Inc. ("DMC", "we", "us", "our", or the "Company") owns and operates Arcadia Products, DynaEnergetics and NobelClad, three innovative, asset-light manufacturing businesses that provide differentiated products and engineered solutions to niche segments of the construction, energy, industrial processing and transportation markets. Each of our businesses provides a unique suite of highly engineered products and differentiated solutions, and each has established a leadership position in its respective market. Our businesses seek to capitalize on their product and service differentiation to expand profit margins, increase cash flow and enhance shareholder value. Based in Broomfield, Colorado, DMC trades on Nasdaq under the symbol "BOOM."

Arcadia Products

On December 23, 2021, DMC completed the acquisition of 60% of the membership interests in Arcadia Products, LLC, a Colorado limited liability company resulting from the conversion of Arcadia, Inc. (collectively, "Arcadia Products"). Arcadia Products designs, engineers, fabricates, and finishes aluminum framing systems, windows, curtain walls, storefronts, entrance systems, and interior partitions to the commercial construction market. Additionally, Arcadia Products supplies customized windows and doors to the ultra-high-end residential construction market.

Cost of products sold for Arcadia Products includes the cost of aluminum, paint, and other raw materials used in manufacturing as well as employee compensation and benefits, manufacturing facility lease expense, depreciation of manufacturing equipment, supplies and other manufacturing overhead expenses.

DynaEnergetics

DynaEnergetics designs, manufactures, markets and sells perforating systems and associated hardware for the global oil and gas industry. These products are primarily sold to oilfield service companies in the U.S., Europe, Canada, Africa, the Middle East, and Asia. The market for perforating products, which are used during the well completion process, generally corresponds with oil and gas exploration and production activity. Well completion operations are increasingly complex, which in turn has increased the demand for intrinsically-safe, reliable and technically advanced perforating systems.

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, depreciation of manufacturing facilities and equipment, 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 for commuter rail cars, ships, and liquified natural gas (LNG) processing equipment. While most demand for our products is driven by maintenance and retrofit projects at existing plants and facilities, new projects for petrochemical processing, oil refining, and aluminum smelting facilities also account for a significant portion of total demand. These industries tend to be cyclical in nature and the timing of new order inflow remains difficult to predict. We use backlog, defined as all unfilled firm purchase orders and commitments at a point in time, to measure the immediate outlook for our NobelClad business. Most firm purchase orders and commitments are realized and shipped within twelve months. NobelClad's backlog was **\$52,380** **\$63,902** at **March 31, 2024** **June 30, 2024** compared to \$59,357 at December 31, 2023.

Cost of products sold for NobelClad includes the cost of metals, explosive powders and other raw materials used to manufacture clad metal plates and transition joints as well as employee compensation and benefits, outside processing costs, depreciation of manufacturing facilities and equipment, manufacturing facility lease expense, supplies and other manufacturing overhead expenses.

Factors Affecting Results

- Consolidated sales were **\$166,869** **\$171,179** in the **first** **second** quarter of 2024 versus **\$184,341** **\$188,664** in the **first** **second** quarter of 2023, a decrease of 9%. The decline in sales performance was driven by lower sales at Arcadia Products and DynaEnergetics.
- Arcadia Products reported sales of **\$61,925** **\$69,748** in the **first** **second** quarter of 2024, representing a decrease of **23%** **12%** compared with the **first** **second** quarter of 2023. The decrease was attributable primarily due to lower sales volumes attributable to a slowdown in our key short-cycle commercial and longer-cycle ultra-high-end residential markets combined with lower customer pricing in response to declines in base aluminum metal costs and certain short-cycle commercial markets.

- DynaEnergetics' sales of **\$78,122** **\$76,210** in the **first** **second** quarter of 2024 decreased **5%** **10%** compared with the **first** **second** quarter of 2023 primarily due to a decrease in pricing of DS perforating systems as a result of industry consolidation in the United States.
- NobelClad's sales of **\$26,822** **\$25,221** in the **first** **second** quarter of 2024 increased **22%** **2%** compared with the **first** **second** quarter of 2023 reflecting continued healthy activity in core energy and petrochemical end markets.
- Consolidated gross profit was **25.4%** **27.1%** in the **first** **second** quarter of 2024 versus **28.3%** **32.8%** in the **first** **second** quarter of 2023. The decline was primarily attributable to margin declines at DynaEnergetics as well as lower absorption of fixed manufacturing overhead costs as a result of the decrease in consolidated sales.
- Consolidated selling, general and administrative (SG&A) expenses were **\$28,203** **\$27,122** in the **first** **second** quarter of 2024 compared with **\$39,324** **\$29,226** in the **first** **second** quarter of 2023. **2023 SG&A included nonrecurring CEO transition expenses and related accelerated stock-based compensation of \$6,005, as well as patent infringement litigation costs at DynaEnergetics of \$3,065.** The remaining year-over-year decrease is primarily attributable to a reduction in **internal leadership and sales meeting expense and compensation costs as well as outside service services costs.**
- Cash and cash equivalents of **\$20,444** **\$14,567** at **March 31, 2024** **June 30, 2024** decreased **\$23,215** **\$29,092** from cash and cash equivalents and marketable securities of \$43,659 at December 31, 2023. The decrease was primarily attributable to debt repayments made **associated in conjunction** with the Company's credit agreement amendment executed in February 2024.
- The Company's leverage ratio, calculated in accordance with its credit facility, was **1.0** **1.10** to 1.0 as of **March 31, 2024** **June 30, 2024** in comparison to the maximum ratio permitted of 3.0 to 1.0. The Company's adjusted leverage ratio, calculated using net debt as of **March 31, 2024** **June 30, 2024**, was **0.77** **0.92** to 1.0.

Outlook

We expect Arcadia Products to be the primary driver of DMC's future financial and operational growth, reflecting the division's large addressable market and differentiated business model. Arcadia Products is capitalizing on new digital technologies and industrial engineering initiatives to strengthen operations and increase manufacturing capacity. Phase one of a new enterprise resource planning (ERP) system went live in the third quarter of 2023 and **is enhancing** **has enhanced** operating efficiencies and the internal control environment. Additional aluminum painting capacity was added in the second half of 2023, and the business expects industrial engineering programs, coupled with external sourcing, to further expand painting and anodizing capacity in 2024. Key growth initiatives for 2024 include utilizing new painting capacity to increase sales and ensuring each of Arcadia's product offerings (commercial exteriors, commercial interiors, and ultra-high-end residential) are represented across all branch locations throughout the western and southwestern United States.

At DynaEnergetics, U.S. well completion activity in the first quarter declined by approximately 10% versus the fourth quarter, **and was down sequentially another 4% in the second quarter**, according to the U.S. Energy Information Administration. We believe North American well completion activity will remain soft during the **second** **third** quarter of 2024 based on **recent** **year-to-date** declines in the number of active drilling rigs and well fracking crews. DynaEnergetics introduced various premium products in 2023 and is in the process of implementing **lower-cost** **product designs** and several operational excellence initiatives, including automated manufacturing and assembly processes, that collectively are expected to partially offset persistent pricing pressure in North America's well completions sector.

NobelClad **is experiencing** **continues to experience** strong demand for its Cylindra™ cryogenic transition joints for use in the processing of LNG; LNG, and recent enhancements to the Cylindra production process have reduced manufacturing lead times. **Early in the second quarter, NobelClad was awarded its largest-ever clad-plate order,** **and currently is pursuing additional large order opportunities in the energy and petrochemical industry,** **industries, some of which we believe could be awarded later in 2024.** NobelClad's order backlog was **\$52,380** **\$63,902** as of **March 31, 2024** **June 30, 2024**, **down up** from \$59,357 as of December 31, 2023. NobelClad expects to ship most orders in its backlog within twelve months.

On January 29, 2024, DMC announced its Board of Directors had initiated a review of strategic **alternatives for its DynaEnergetics and NobelClad businesses.** **alternatives.** The process **formalizes formalized** DMC's ongoing efforts to **consider opportunities that unlock shareholder value.** The Board has retained financial advisors to assist in evaluating the Company's current strategy, operations, and capital **structure.** **The Board structure, and** will consider various strategic, business, and financial **alternatives for both businesses, alternatives.** These could include, among other things, a sale, a merger, or other business **combination of a portion of DMC's business-unit assets, and/or a strategic investment, combination.** The Board has not set a timetable to complete the strategic review process, and there can be no assurance that the review process will result in any transactions.

Use of Non-GAAP Financial Measures

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the United States (GAAP), the Company also discloses certain non-GAAP financial measures that we use in operational and financial decision making. Non-GAAP financial measures include the following:

- **EBITDA:** defined as net income (loss) plus net interest, taxes, depreciation and amortization.
- **Adjusted EBITDA:** excludes from EBITDA stock-based compensation, restructuring expenses and asset impairment charges (if applicable) and, when appropriate, nonrecurring items that management does not utilize in assessing DMC's operating performance (as further described in the tables below).
- **Adjusted EBITDA attributable to DMC Global Inc.:** excludes the Adjusted EBITDA attributable to the 40% redeemable noncontrolling interest in Arcadia Products.
- **Adjusted EBITDA for DMC business segments:** defined as operating income (loss) plus depreciation, amortization, allocated stock-based compensation (if applicable), restructuring expenses and asset impairment charges (if applicable) and, when appropriate, nonrecurring items that management does not utilize in assessing DMC's operating performance.
- **Adjusted net income (loss):** defined as net income (loss) attributable to DMC Global Inc. stockholders prior to the adjustment of redeemable noncontrolling interest plus restructuring expenses and asset impairment charges (if applicable) and, when appropriate, nonrecurring items that management does not utilize in assessing DMC's operating performance.
- **Adjusted diluted earnings per share:** defined as diluted earnings per share attributable to DMC Global Inc. stockholders (exclusive of adjustment of redeemable noncontrolling interest) plus restructuring expenses and asset impairment charges (if applicable) and, when appropriate, nonrecurring items that management does not utilize in assessing DMC's operating performance.

- **Net debt:** defined as total debt less total cash, cash equivalents and marketable securities.
- **Free-cash flow:** defined as cash flows provided by (used in) operating activities less net acquisitions of property, plant and equipment.

Management believes providing these additional financial measures is useful to investors in understanding the Company's operating performance, excluding the effects of restructuring, impairment, and other nonrecurring charges, as well as its liquidity. Management typically monitors the business utilizing the above non-GAAP measures, in addition to GAAP results, to understand and compare operating results across accounting periods, and certain management incentive awards are based, in part, on these measures. 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. Given that 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.

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Consolidated Results of Operations

Three months ended **March 31, 2024** June 30, 2024 compared with three months ended **March 31, 2023** June 30, 2023

		Three months ended March 31,		Three months ended June 30,			
		2024		2023		\$ change	
		2024		2023			
Net sales	Net sales	\$ 166,869	\$	\$ 184,341	\$	\$ (17,472)	\$ (9)
Gross profit	Gross profit	42,352	52,211	52,211		(9,859)	(9,859)
Gross profit percentage							(19)
COSTS AND EXPENSES:							
COSTS AND EXPENSES:							
COSTS AND EXPENSES:							
General and administrative expenses	General and administrative expenses	15,980	26,500	26,500		(10,520)	(10,520)
% of net sales							(40)
Selling and distribution expenses	Selling and distribution expenses	12,223	12,824	12,824		(601)	(601)
% of net sales							(5)
Amortization of purchased intangible assets	Amortization of purchased intangible assets	5,292	5,667	5,667		(375)	(375)
% of net sales							(7)
Strategic review expenses	Strategic review expenses						

Strategic review expenses	2,169	—	—	2,169	2,169	2,169	100
Operating income							
Restructuring expenses							
Operating income							
Restructuring expenses							
Restructuring expenses	279	—	—	279	279	279	1
Operating income	6,688	7,220	7,220	(532)	(532)	(532)	(7)
Other expense, net	(409)	(200)	(200)	(209)	(209)	(209)	105
Interest expense, net	(2,317)	(2,381)	(2,381)	64	64	64	(3)
Income before income taxes	3,962	4,639	4,639	(677)	(677)	(677)	(15)
Income tax provision	1,643	2,500	2,500	(857)	(857)	(857)	(34)
Net income	2,319	2,139	2,139	180	180	180	8
Less: Net (loss) income attributable to redeemable noncontrolling interest	(244)		1,230		(1,474)		(1)
Less: Net income attributable to redeemable noncontrolling interest	2,281		3,823		(1,542)		(6)
Net income attributable to DMC Global Inc.	2,563	909	909	1,654	1,654	1,654	182
Adjusted EBITDA attributable to DMC Global Inc.	\$ 16,683	\$ 20,091	\$ (3,408)				(17)

Net sales were \$166,865 \$171,179 for the three months ended March 31, 2024 June 30, 2024, or a decrease of 9% compared with the same period in 2023, due to lower sales at Arcadia Products and DynaEnergetics. The decrease at Arcadia Products was attributable primarily due to lower sales volumes attributable to a slowdown in our key short-cycle commercial and longer-cycle ultra-high-end residential markets combined with lower and certain short-cycle commercial markets. customer pricing in response to declines in base aluminum metal costs. DynaEnergetics' lower sales were primarily due to a decrease in pricing of DS perforating systems as a result of industry consolidation in the United States.

Gross profit percentage was 25.4% 27.1% versus 28.3% 32.8% in the same period in 2023. The decline compared to prior year was primarily attributable to margin declines at DynaEnergetics as well as lower absorption of fixed manufacturing overhead costs as a result of the decrease in consolidated sales.

General and administrative expenses decreased \$10,520 \$1,903 for the three months ended March 31, 2024 June 30, 2024 compared with the same period in prior year. 2023 included nonrecurring CEO transition expenses year primarily due to lower compensation costs of \$1,139, and lower outside services costs related accelerated stock-based compensation of \$6,005, and to patent infringement litigation costs litigation at DynaEnergetics of \$3,065. The remaining year-over-year decrease is primarily attributable to a reduction in internal leadership and sales meeting expense of \$1,068 and ERP implementation costs at Arcadia of \$509.

Selling and distribution expenses decreased \$601 for the three months ended March 31, 2024 compared with the same period in 2023. The year-over-year decrease was driven by a reduction in compensation costs of \$1,045 and outside services costs of \$241. These decreases were partially offset by an increase in bad debt expense of \$631. \$1,032.

Amortization of purchased intangible assets decreased \$375 \$360 for the three months ended March 31, 2024 June 30, 2024 compared to the same period in 2023 as the Arcadia Products customer relationship purchased intangible asset is amortized using an accelerated amortization method.

Strategic review expenses of \$2,169 \$2,020 for the three months ended March 31, 2024 June 30, 2024 relate to the initiation of a review of strategic alternatives for the DynaEnergetics and NobelClad business segments. In connection with this process, strategic review

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expenses incurred primarily included \$1,138 \$1,030 in diligence related professional service fees and \$489 \$863 in employee retention compensation, including \$72 \$106 of stock-based compensation.

Operating income of \$6,688 \$11,685 for the three months ended March 31, 2024 June 30, 2024 decreased compared to \$7,220 \$26,997 in the same period in 2023. The reduction in operating income was the result of decreased financial performance at Arcadia Products and DynaEnergetics.

Other expense, net of \$409 284 for the three months ended March 31, 2024 June 30, 2024 primarily related to net realized and unrealized foreign currency exchange losses. 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 \$2,317 for the three months ended March 31, 2024 was consistent with the same period in 2023.

Income tax provision of \$1,643 \$2,792 was recorded on income before income taxes of \$3,962 \$9,085 for the three months ended March 31, 2024 June 30, 2024. Our most significant operations are in the United States, which has a 21% statutory income tax rate, and Germany, which has a 32% combined statutory income tax rate. The mix of income or loss before income taxes between these jurisdictions is one of the primary drivers of the difference between our 21% statutory tax rate and our effective tax rate. The effective rate was impacted unfavorably by the geographic mix of pretax income, state taxes, and certain compensation expenses that are not tax deductible in the U.S. The operating results of Arcadia Products that are attributable to the redeemable noncontrolling interest holder are not taxed at DMC, which resulted in a partially offsetting favorable impact to the effective tax rate. We recorded an income tax provision of \$2,500 \$6,600 on income before income taxes of \$4,639 \$24,126 for the three months ended March 31, 2023 June 30, 2023. The prior year rate was impacted by the same factors previously discussed.

Net income attributable to DMC Global Inc. for the three months ended March 31, 2024 June 30, 2024 was \$2,563 \$4,012, compared to \$909 \$13,703 for the same period in 2023.

Adjusted EBITDA decreased for the three months ended March 31, 2024 decreased June 30, 2024 compared with the same period in 2023 primarily due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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,		Three months ended June 30,
	2024	2023	2024
Net income			
Interest expense, net			
Income tax provision			
Depreciation			
Amortization of purchased intangible assets			
EBITDA			
Stock-based compensation			
Strategic review expenses			
Restructuring expenses			
CEO transition expenses			
Other expense, net			
Other expense, net			
Other expense, net			
Adjusted EBITDA			
Less: adjusted EBITDA attributable to redeemable noncontrolling interest			
Adjusted EBITDA attributable to DMC Global Inc.			

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Adjusted Net Income and Adjusted Diluted Earnings per Share decreased for the three months ended March 31, 2024 decreased June 30, 2024 compared with the same period in 2023 primarily due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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, 2024	Three months ended March 31, 2024	Three months ended March 31, 2024	Three months ended June 30, 2024	Three months ended June 30, 2024	Three months ended June 30, 2024	
	Amount		Amount	Amount	Per Share (1)	Amount	Per Share (1)
Net income attributable to DMC Global Inc. (2)							
Strategic review expenses, net of tax							
Restructuring expenses, net of tax							
As adjusted							
As adjusted							
As adjusted							

(1) Calculated using diluted weighted average shares outstanding of **19,622,455** **19,671,169**

(2) Net income attributable to DMC Global Inc. prior to the adjustment of redeemable noncontrolling interest

	Three months ended March 31, 2023	Three months ended March 31, 2023	Three months ended March 31, 2023	Three months ended June 30, 2023	Three months ended June 30, 2023	Three months ended June 30, 2023	
	Amount		Amount	Amount	Per Share (1)	Amount	Per Share (1)
Net income attributable to DMC Global Inc. (2)							
CEO transition expenses and accelerated stock-based compensation, net of tax (3)							
As adjusted							
As adjusted							
As adjusted							

(1) Calculated using diluted weighted average shares outstanding of **19,462,636** **19,504,963**

(2) Net income attributable to DMC Global Inc. prior to the adjustment of redeemable noncontrolling interest

Six months ended June 30, 2024 compared with six months ended June 30, 2023

	Six months ended June 30,		\$ change	% change
	2024	2023		
Net sales	\$ 338,048	\$ 373,005	\$ (34,957)	(9 %)
Gross profit	88,765	114,101	(25,336)	(22 %)
Gross profit percentage	26.3 %	30.6 %		
COSTS AND EXPENSES:				
General and administrative expenses	31,603	44,026	(12,423)	(28 %)
% of net sales	9.3 %	11.8 %		
Selling and distribution expenses	23,722	24,524	(802)	(3 %)
% of net sales	7.0 %	6.6 %		
Amortization of purchased intangible assets	10,599	11,334	(735)	(6 %)
% of net sales	3.1 %	3.0 %		
Strategic review expenses	4,189	—	4,189	100 %
Restructuring expenses	279	—	279	100 %
Operating income	18,373	34,217	(15,844)	(46 %)

Other expense, net	(693)	(639)	(54)	8 %
Interest expense, net	(4,633)	(4,813)	180	(4 %)
Income before income taxes	13,047	28,765	(15,718)	(55 %)
Income tax provision	4,435	9,100	(4,665)	(51 %)
Net income	8,612	19,665	(11,053)	(56 %)
Net income attributable to redeemable noncontrolling interest	2,037	5,053	(3,016)	(60 %)
Net income attributable to DMC Global Inc.	6,575	14,612	(8,037)	(55 %)
Adjusted EBITDA attributable to DMC Global Inc.	\$ 36,103	\$ 51,867	\$ (15,764)	(30 %)

Net sales were \$338,048 for the six months ended June 30, 2024, a decrease of 9% compared with the same period in 2023, primarily due to lower Arcadia sales volumes in longer-cycle ultra-high-end residential and certain short-cycle commercial markets, and a decrease in pricing of DynaEnergetics' DS perforating systems as a result of industry consolidation in the United States.

Gross profit percentage was 26.3% versus 30.6% in 2023. The decline compared to the prior year was primarily attributable to lower customer pricing as well as lower absorption of fixed manufacturing overhead costs as a result of the decrease in net sales at DynaEnergetics.

General and administrative expenses decreased \$12,423 for the six months ended June 30, 2024 compared with the same period in 2023. 2023 included nonrecurring CEO transition expenses and related accelerated stock-based compensation of \$6,578, and patent infringement litigation costs at DynaEnergetics of \$3,610. The remaining year-over-year decrease is primarily attributable to a reduction in internal leadership and sales meeting expense of \$1,176 and ERP implementation costs of \$480.

Selling and distribution expenses decreased \$802 for the six months ended June 30, 2024 compared with the same period in 2023. The lower expense was primarily due to decreases in compensation costs of \$1,152 and marketing and other outside services costs of \$647. These reductions were partially offset by an increase in bad debt expense of \$1,214 primarily at DynaEnergetics.

Strategic review expenses of \$4,189 for the six months ended June 30, 2024 relate to a review of strategic alternatives for the DynaEnergetics and NobelClad business segments. In connection with this process, strategic review expenses primarily included \$2,170 in professional service fees and \$1,351 in employee retention compensation, including \$178 of stock-based compensation.

Amortization of purchased intangible assets decreased \$735 for the six months ended June 30, 2024 compared to the same period in 2023 as the Arcadia Products customer relationship purchased intangible asset is amortized using an accelerated amortization method.

Operating income was \$18,373 for the six months ended June 30, 2024 compared to \$34,217 in the same period last year. The decrease in operating income was the result of decreased financial performance at Arcadia Products and DynaEnergetics.

Other expense, net of \$693 for the six months ended June 30, 2024 primarily related to net realized foreign currency exchange losses. 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.

Income tax provision of \$4,435 was recorded on income before income taxes of \$13,047 for the six months ended June 30, 2024. Our most significant operations are in the United States, which has a 21% statutory income tax rate, and Germany, which has a 32% combined statutory income tax rate. The mix of income or loss before income taxes between these jurisdictions is one of the primary drivers of the difference between our 21% statutory tax rate and our effective tax rate. The effective rate was impacted unfavorably by the geographic mix of pretax income, state taxes, and certain compensation expenses that are not tax deductible in the U.S. The operating results of Arcadia Products that are attributable to the redeemable noncontrolling interest holder are not taxed at DMC, which resulted in a partially offsetting favorable impact to the effective tax rate. We recorded an income tax provision of \$9,100 on income before income taxes of \$28,765 for the six months ended June 30, 2023. The prior year rate was impacted by the same factors previously discussed.

Net income attributable to DMC Global Inc. for the six months ended June 30, 2024 was \$6,575, compared to \$14,612 for the same period in 2023.

Adjusted EBITDA decreased for the six months ended June 30, 2024 decreased compared with the same period in 2023 primarily due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

	Six months ended June 30,	
	2024	2023
Net income	\$ 8,612	\$ 19,665
Interest expense, net	4,633	4,813

Income tax provision	4,435	9,100
Depreciation	6,850	6,834
Amortization of purchased intangible assets	10,599	11,334
EBITDA	35,129	51,746
Stock-based compensation	3,153	6,726
Strategic review expenses	4,189	—
Restructuring expenses	279	—
CEO transition expenses	—	3,538
Other expense, net	693	639
Adjusted EBITDA	43,443	62,649
Less: adjusted EBITDA attributable to redeemable noncontrolling interest	(7,340)	(10,782)
Adjusted EBITDA attributable to DMC Global Inc.	\$ 36,103	\$ 51,867

Adjusted Net Income and Adjusted Diluted Earnings per Share decreased for the six months ended June 30, 2024 compared with the same period in 2023 primarily due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

	Six months ended June 30, 2024	
	Amount	Per Share ⁽¹⁾
Net income attributable to DMC Global Inc. ⁽²⁾	\$ 6,575	\$ 0.33
Strategic review expenses, net of tax	3,142	0.16
Restructuring expenses, net of tax	125	0.01
As adjusted	\$ 9,842	\$ 0.50

⁽¹⁾ Calculated using diluted weighted average shares outstanding of 19,647,005

⁽²⁾ Net income attributable to DMC Global Inc. prior to the adjustment of redeemable noncontrolling interest.

	Six months ended June 30, 2023	
	Amount	Per Share ⁽¹⁾
Net income attributable to DMC Global Inc. ⁽²⁾	\$ 14,612	0.75
CEO transition expenses and accelerated stock-based compensation, net of tax ⁽³⁾	5,663	0.29
As adjusted	\$ 20,275	\$ 1.04

⁽¹⁾ Calculated using diluted weighted average shares outstanding of 19,485,863

⁽²⁾ Net income attributable to DMC Global Inc. prior to the adjustment of redeemable noncontrolling interest.

⁽³⁾ Includes CEO transition expenses of \$2,965 and accelerated stock-based compensation of \$3,538 and net of tax.

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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. DMC consolidated operating income and Adjusted EBITDA include unallocated corporate expenses and unallocated stock-based compensation expense. Stock-based compensation is not allocated to wholly owned segments, DynaEnergetics and NobelClad. Stock-based compensation is allocated to the Arcadia Products segment as 60% of such expense is attributable to the Company, whereas the remaining 40% is attributable to the redeemable noncontrolling interest holder. Segment operating income will reconcile to consolidated income before income taxes by deducting unallocated corporate expenses, unallocated stock-based compensation, other (expense) income, net, and interest expense, net.

Arcadia Products

Three months ended **March 31, 2024** June 30, 2024 compared with three months ended **March 31, 2023** June 30, 2023

Net sales decreased \$18,413 for the three months ended **March 31, 2024** June 30, 2024 compared to the same period in 2023 primarily due to lower sales volumes attributable to a slowdown in our key short-cycle commercial and longer-cycle ultra-high-end residential markets combined with and certain short-cycle commercial markets.

Gross profit percentage decreased to 33.2% for the three months ended June 30, 2024 compared to the same period in 2023 primarily due to lower customer pricing, lower absorption of fixed manufacturing overhead costs as a result of the decrease in response to declines in base aluminum metal costs, consolidated sales, partially offset by direct labor reductions and recently enacted operational efficiencies.

General and administrative expenses decreased \$201 \$441 for three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 primarily due primarily to lower ERP system implementation costs.

Selling and distribution expenses decreased \$984 for three months ended **March 31, 2024** compared to the same period in 2023 due primarily to lower compensation costs.

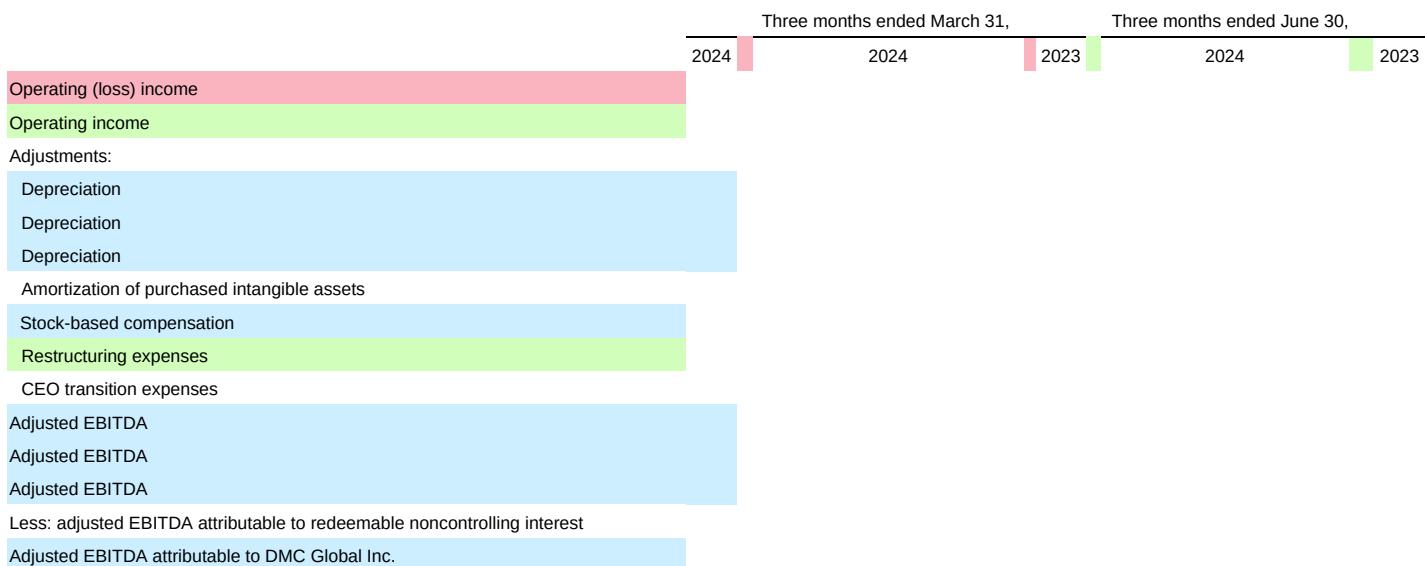
Amortization of purchased intangible assets decreased \$375 \$374 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 as the customer relationship purchased intangible asset is amortized using an accelerated amortization method.

Restructuring expenses of \$279 for the three months ended **June 30, 2024** relates to employee severance associated with headcount reductions.

Operating income decreased \$3,721 \$3,861 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 primarily due to the decrease decline in gross profit.

Adjusted EBITDA decreased for the three months ended **March 31, 2024** **June 30, 2024** compared with the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

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DynaEnergetics Six months ended June 30, 2024 compared with six months ended June 30, 2023

Three months ended March 31, 2024 compared with three months ended March 31, 2023

	Three months ended March 31,		\$ change	% change
	2024	2023		
Net sales	\$ 78,122	\$ 81,968	\$ (3,846)	(5 %)
Gross profit	16,971	24,437	(7,466)	(31 %)
Gross profit percentage	21.7 %	29.8 %		
COSTS AND EXPENSES:				
General and administrative expenses	2,891	6,197	(3,306)	(53 %)
Selling and distribution expenses	5,223	5,057	166	3 %
Amortization of purchased intangible assets	15	15	—	— %
Operating income	8,842	13,168	(4,326)	(33 %)
Adjusted EBITDA	\$ 10,539	\$ 14,955	\$ (4,416)	(30 %)

Six months ended June 30,

	2024	2023	\$ change	% change
Net sales	\$ 131,673	\$ 159,496	\$ (27,823)	(17 %)
Gross profit	39,970	49,553	(9,583)	(19 %)
Gross profit percentage	30.4 %	31.1 %		
COSTS AND EXPENSES:				
General and administrative expenses	15,421	16,063	(642)	(4 %)
Selling and distribution expenses	8,584	9,473	(889)	(9 %)
Amortization of purchased intangible assets	10,555	11,304	(749)	(7 %)
Restructuring expenses	279	—	279	100 %
Operating income	5,131	12,713	(7,582)	(60 %)
Adjusted EBITDA	18,351	26,956	(8,605)	(32 %)
Less: adjusted EBITDA attributable to redeemable noncontrolling interest	(7,340)	(10,782)	(3,442)	(32 %)
Adjusted EBITDA attributable to DMC Global Inc.	\$ 11,011	\$ 16,174	\$ (5,163)	(32 %)

Net sales decreased \$3,846 \$27,823 for the **three six** months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 primarily due to a decrease lower sales volumes in pricing of DS perforating systems as a result of customer consolidation in the United States, longer-cycle ultra-high-end residential and certain short-cycle commercial markets.

Gross profit percentage decreased to 21.7% 30.4% for the **three six** months ended **March 31, 2024** **June 30, 2024** primarily due to lower customer pricing as well as lower absorption of fixed manufacturing overhead costs as a result of the decrease decrease in **net sales**, consolidated sales, partially offset by direct labor reductions and recently enacted operational efficiencies.

General and administrative expenses were lower by \$3,306 \$642 for the **three six** months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 driven by a decrease due to decreases in patent infringement litigation outside services costs of \$2,864. The remaining decrease is primarily attributable to the implementation of a reduction in compensation costs of \$592, new ERP system.

Selling and distribution expenses were higher by \$166 decreased \$889 for the **three six** months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 due primarily to an increase in bad debt expense of \$447, offset by a decrease in marketing consulting lower compensation costs of \$314, \$404, as well as a reduction in certain outside services costs and business related travel.

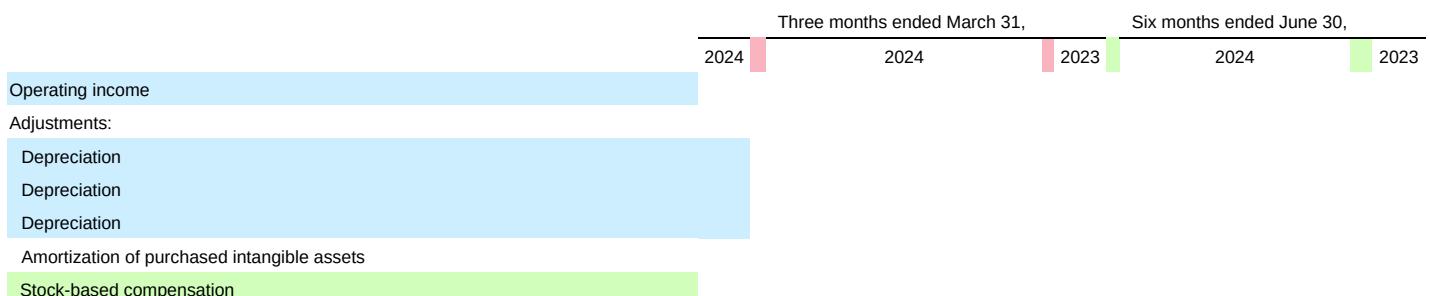
Amortization of purchased intangible assets decreased \$749 for the six months ended June 30, 2024 compared to the same period in 2023 as the customer backlog purchased intangible asset was fully amortized in 2023.

Restructuring expenses of \$279 for the six months ended June 30, 2024 relates to employee severance associated with headcount reductions.

Operating income decreased \$4,326 \$7,582 for the **three six** months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 due to the decline in gross profit.

Adjusted EBITDA decreased for the **three six** months ended **March 31, 2024** **June 30, 2024** compared with the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

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Restructuring expenses	
CEO transition expenses	
Adjusted EBITDA	
Adjusted EBITDA	
Adjusted EBITDA	
Less: adjusted EBITDA attributable to redeemable noncontrolling interest	
Adjusted EBITDA attributable to DMC Global Inc.	

NobelClad

DynaEnergetics

Three months ended **March 31, 2024** **June 30, 2024** compared with three months ended **March 31, 2023** **June 30, 2023**

		Three months ended March 31,		Three months ended June 30,			
		2024		2023		\$ change	
		2024	2024	2023	2023	2024	2023
Net sales	Net sales	\$ 26,822	\$ 22,035	\$ 22,035	\$ 22,035	\$ 4,787	\$ 22,035
Gross profit	Gross profit	8,644	5,783	5,783	5,783	2,861	5,783
Gross profit percentage						2,861	5,783
COSTS AND EXPENSES:							
COSTS AND EXPENSES:							
COSTS AND EXPENSES:							
General and administrative expenses	General and administrative expenses	1,074	923	923	923	151	923
Selling and distribution expenses	Selling and distribution expenses	2,470	2,239	2,239	2,239	231	2,239
Amortization of purchased intangible assets		29		15		14	
Operating income	Operating income						
Operating income	Operating income	5,100	2,621	2,621	2,621	2,479	2,621
Adjusted EBITDA	Adjusted EBITDA	\$ 5,880	\$ 3,361	\$ 3,361	\$ 3,361	\$ 2,519	\$ 3,361
						75	3,361
							75

Net sales increased \$4,787 decreased \$8,544 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 primarily due primarily to higher activity a decrease in core energy and petrochemical end markets, including increased pressure vessel plate shipments, pricing of DS perforating systems as a result of industry consolidation in the United States.

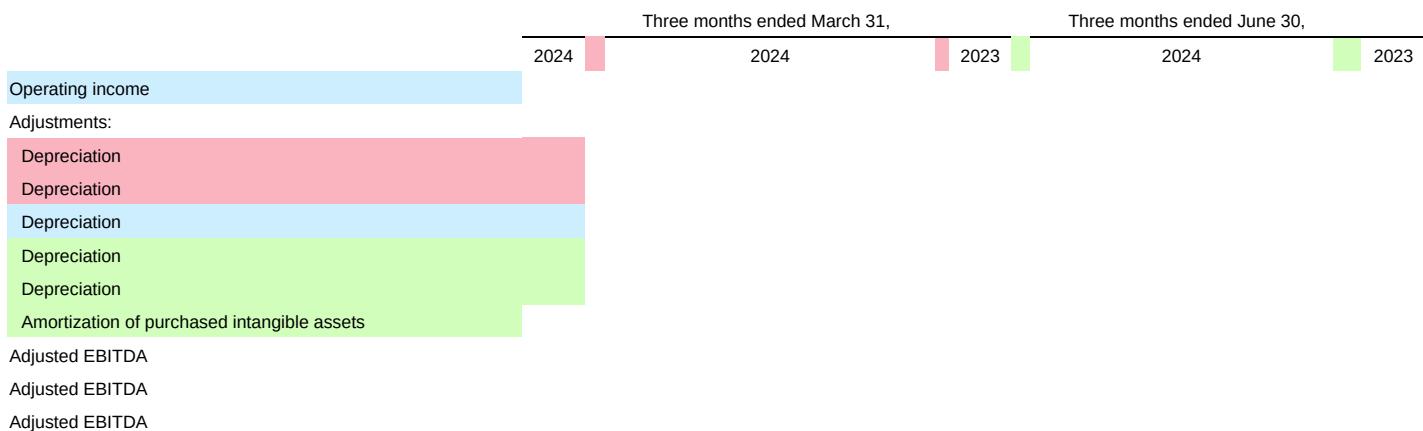
Gross profit percentage increased decreased to 32.2% 19.9% for the three months ended **March 31, 2024** **June 30, 2024** due to a more favorable project and regional mix, lower customer pricing as well as the impact lower absorption of higher sales on fixed manufacturing overhead expenses, costs as a result of the decrease in net sales.

General and administrative expenses were higher/lower by \$151/\$566 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 due driven by a decrease in patent infringement litigation costs of \$337. The remaining decrease is primarily attributable to increases/a reduction in compensation costs of \$70 and legal costs of \$66. \$185.

Selling and distribution expenses were higher/lower by \$231/\$186 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 due primarily to increases/a decrease in outside services marketing consulting costs of \$73, \$450 and variable compensation costs of \$67, and business travel \$287, partially offset by an increase in bad debt expense of \$35. \$583.

Operating income increased \$2,479 decreased \$10,681 for the three months ended **March 31, 2024** **June 30, 2024** compared to the same period in 2023 due primarily to an increase/the decline in gross profit.

Adjusted EBITDA increased/decreased for the three months ended **March 31, 2024** **June 30, 2024** compared with the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.



Six months ended June 30, 2024 compared with six months ended June 30, 2023

	Six months ended June 30,		\$ change	% change
	2024	2023		
Net sales	\$ 154,332	\$ 166,722	\$ (12,390)	(7 %)
Gross profit	32,104	50,989	\$ (18,885)	(37 %)
Gross profit percentage	20.8 %	30.6 %		
COSTS AND EXPENSES:				
General and administrative expenses	5,903	9,774	(3,871)	(40 %)
Selling and distribution expenses	10,263	10,284	(21)	— %
Amortization of purchased intangible assets	44	30	14	47 %
Operating income	15,894	30,901	\$ (15,007)	(49 %)
Adjusted EBITDA	\$ 19,291	\$ 34,416	\$ (15,125)	(44 %)

Net sales decreased \$12,390 for the six months ended June 30, 2024 compared to the same period in 2023 due to a decrease in pricing of DS perforating systems as a result of industry consolidation in the United States.

Gross profit percentagedecreased to 20.8% for the six months ended June 30, 2024 compared to 30.6% in the same period in 2023 due to lower customer pricing as well as lower absorption of fixed manufacturing overhead costs as a result of the decrease in net sales.

General and administrative expenses decreased \$3,871 for the six months ended June 30, 2024 compared to the same period in 2023 primarily due to lower patent infringement litigation costs of \$3,201 and compensation costs of \$777.

Operating income decreased \$15,007for the six months ended June 30, 2024 compared to the same period in 2023 due to the decline in gross profit.

Adjusted EBITDA decreased for the six months ended June 30, 2024 compared to the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

	Six months ended June 30,	
	2024	2023
Operating income	\$ 15,894	\$ 30,901
Adjustments:		
Depreciation	3,353	3,485
Amortization of purchased intangible assets	44	30
Adjusted EBITDA	\$ 19,291	\$ 34,416

NobelClad

[Table of Contents](#) Three months ended June 30, 2024 compared with three months ended June 30, 2023

	Three months ended June 30,			\$ change	% change
	2024	2023			
Net sales	\$ 25,221	\$ 24,752		\$ 469	2 %
Gross profit	8,222	8,021		201	3 %
Gross profit percentage	32.6 %	32.4 %			
COSTS AND EXPENSES:					
General and administrative expenses	1,023	949		74	8 %
Selling and distribution expenses	2,267	2,365		(98)	(4 %)
Operating income	4,932	4,707		225	5 %
Adjusted EBITDA	\$ 5,722	\$ 5,407		\$ 315	6 %

Net sales increased \$469 for the three months ended June 30, 2024 compared to the same period in 2023 primarily due to higher activity in core energy and petrochemical end markets, including increased Cylindra™ cryogenic transition joints and pressure vessel plate shipments.

General and administrative expenses were higher by \$74 for the three months ended June 30, 2024 compared to the same period in 2023 due to increases in outside services costs of \$30 and business travel of \$23.

Selling and distribution expenses were lower by \$98 for the three months ended June 30, 2024 compared to the same period in 2023 due primarily to decreases in compensation costs of \$37 and business travel of \$38.

Operating income increased \$225 for the three months ended June 30, 2024 compared to the same period in 2023 due to an increase in gross profit.

Adjusted EBITDA increased for the three months ended June 30, 2024 compared with the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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 June 30,	
	2024	2023
Operating income	\$ 4,932	\$ 4,707
Adjustments:		
Depreciation	790	700
Adjusted EBITDA	\$ 5,722	\$ 5,407

Six months ended June 30, 2024 compared with six months ended June 30, 2023

	Six months ended June 30,		\$ change	% change
	2024	2023		
Net sales	\$ 52,043	\$ 46,787	\$ 5,256	11 %
Gross profit	16,866	13,804	3,062	22 %
Gross profit percentage	32.4 %	29.5 %		
COSTS AND EXPENSES:				
General and administrative expenses	2,096	1,872	224	12 %
Selling and distribution expenses	4,738	4,604	134	3 %
Operating income	10,032	7,328	2,704	37 %
Adjusted EBITDA	\$ 11,602	\$ 8,768	\$ 2,834	32 %

Net sales increased \$5,256 for the six months ended June 30, 2024 compared to the same period in 2023 due primarily to higher activity in core energy and petrochemical end markets, including increased Cylindra™ cryogenic transition joints and pressure vessel plate shipments.

Gross profit percentage increased to 32.4% for the six months ended June 30, 2024 due to a more favorable project and regional mix, as well as the impact of higher sales on fixed manufacturing overhead expenses.

General and administrative expenses increased \$224 for the six months ended June 30, 2024 compared to the same period in 2023 primarily due to higher compensation costs of \$118 and outside services costs of \$74.

Selling and distribution expenses increased \$134 for the six months ended June 30, 2024 compared to the same period in 2023 primarily due to higher outside services costs of \$62 and compensation costs of \$30.

Operating income increased \$2,704 for the six months ended June 30, 2024 compared to the same period in 2023 due to higher gross profit.

Adjusted EBITDA increased for the six months ended June 30, 2024 compared to the same period in 2023 due to the factors discussed above. See "Use of Non-GAAP Financial Measures" 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.

	Six months ended June 30,		2024	2023
	2024	2023		
Operating income	\$ 10,032	\$ 7,328		
Adjustments:				
Depreciation	1,570	1,440		
Adjusted EBITDA	\$ 11,602	\$ 8,768		

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. Our net debt position was ~~\$67,565~~ \$69,545 at ~~March 31, 2024~~ June 30, 2024 compared to \$72,192 at December 31, 2023. The decrease in net debt during the ~~first quarter~~ of 2024 was due primarily to a ~~decrease~~ reduction in outstanding debt attributable to repayments made on the revolving loan subsequent to the credit agreement amendment executed in February ~~2024~~ 2024, along with a required principal payment on the term loan in the ~~second quarter~~.

We believe that cash and cash equivalents on hand, cash flow from operations, funds available under our current credit facilities and any future replacement thereof will be sufficient to fund the working capital, required minimum debt service payments, and other capital expenditure requirements of our current business operations for the foreseeable future. We may also execute capital markets transactions, including at-the-market offering programs, to raise additional funds if we believe market conditions are favorable, but there can be no assurance that any future capital will be available on acceptable terms or at all. 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 financial market conditions, including the related impact on credit availability and capital markets.

Debt facilities

On February 6, 2024, the Company and certain domestic subsidiaries entered into an amendment (the "First Amendment") to its existing credit agreement with a syndicate of banks, led by KeyBank National Association (the "credit facility"). The First Amendment provides for certain changes to the credit facility, including an increase in the maximum

commitment amount from \$200,000 to \$300,000. The credit facility allows for revolving loans of up to \$200,000, a \$50,000 term loan facility, and a \$50,000 delayed draw term loan facility that can be accessed by the Company at its discretion until February 6, 2026. The \$50,000 term loan facility is amortizable at \$625 per quarter beginning on June 30, 2024 through March 31, 2026. Quarterly term loan amortization increases to \$938 on June 30, 2026 through March 31, 2028, and increases to \$1,250 from June 30, 2028 through December 31, 2028. A balloon payment for the outstanding term loan balance is due upon the credit facility maturity date of February 6, 2029. The credit facility retains a \$100,000 accordion feature to increase the commitments under the revolving loan and/or by adding one or more term loans subject to approval by the applicable lenders. The credit facility is secured by certain assets of DMC including accounts receivable, inventory, and fixed assets, including Arcadia Products and its subsidiary, as well as guarantees and share pledges by DMC and its subsidiaries.

Borrowings under the \$200,000 revolving loan limit and \$50,000 Term Loan can be in the form of Adjusted Daily Simple Secured Overnight Financing Rate ("SOFR") loans or one month Adjusted Term SOFR loans. Additionally, U.S. 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 rate, an adjusted Federal Funds rate or an adjusted SOFR rate). SOFR loans bear interest at the applicable SOFR rate plus an applicable margin (varying from 2.25% to 3.25%). Base Rate loans bear interest at the defined Base Rate plus an applicable margin (varying from 1.25% to 2.25%).

The credit facility includes various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders; redemption of capital stock; incurring additional indebtedness; mortgaging, pledging or disposition of major assets; and maintenance of specified ratios.

The leverage ratio is defined in the credit facility as the ratio of Consolidated Funded Indebtedness (as defined in the credit facility) on the last day of any trailing four quarter period to Consolidated EBITDA (as defined in the credit facility) for such period. The maximum leverage ratio permitted by our credit facility is 3.0 to 1.0. The actual leverage ratio as of **March 31, 2024** **June 30, 2024**, calculated in accordance with the amended credit facility, was **1.00** **1.10** to 1.0.

The debt service coverage ratio is defined in the credit facility as the ratio of Consolidated EBITDA less the sum of capital distributions paid in cash (other than those made with respect to preferred stock issued under the Operating Agreement), Consolidated Unfunded Capital Expenditures (as defined in the credit facility), and net cash income taxes divided by the sum of cash interest expense, any dividends on the preferred stock paid in cash, and scheduled principal payments on funded indebtedness. Under our credit facility, the minimum debt service coverage ratio permitted is 1.25 to 1.0. The actual debt service coverage ratio for the trailing twelve months ended **March 31, 2024** **June 30, 2024** was **3.43** **3.26** to 1.0.

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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 on which no amounts were outstanding as of **March 31, 2024** **June 30, 2024**.

Redeemable noncontrolling interest

The Operating Agreement for Arcadia Products contains a right for the Company to purchase the remaining interest in Arcadia Products from the minority interest holder on or after the third anniversary of the acquisition closing date ("Call Option"). Similarly, the minority interest holder of Arcadia Products has the right to sell its remaining interest in Arcadia Products to the Company on or after the third anniversary of the acquisition closing date ("Put Option"). Both the Call Option and Put Option enable the respective holder to exercise their rights based upon a predefined calculation as included within the Operating Agreement, subject to a floor value also as defined within the Operating Agreement which is based primarily upon a contractually stated equity value.

As of **March 31, June 30, 2024**, the settlement amount of the redeemable noncontrolling interest is \$187,080 and is equal to the floor value as defined within the Operating Agreement. Upon settlement, consideration paid will be net of the \$24,902 promissory note outstanding due from the redeemable noncontrolling interest holder. Refer to Note 2 within Item 1 for further information related to the valuation of the redeemable noncontrolling interest and promissory note outstanding.

Other contractual obligations and commitments

Our debt balance, net of deferred debt issuance costs, decreased to **\$88,009** **\$84,112** at **March 31, 2024** **June 30, 2024** from \$115,851 at December 31, 2023 for the reasons discussed above. Our other contractual obligations and commitments have not materially changed since December 31, 2023.

Cash flows provided by operating activities

Net cash provided by operating activities was **\$13,440** **\$15,783** for the **three** **six** months ended **March 31, 2024** **June 30, 2024** compared to **\$7,065** **\$18,544** in the same period last year as working capital impacts on operating cash flows improved driven primarily by lower net income in 2024 as compared to 2023.

Cash flows provided by (used in) investing activities

Net cash provided by investing activities for the **three** **six** months ended **March 31, 2024** **June 30, 2024** of **\$9,651** **\$7,204** was attributable to proceeds from the sales and maturities of marketable securities of \$12,619, partially offset by the acquisition of property, plant and equipment of \$2,968. **\$5,515**. Net cash used in investing activities for the **three** **six** months ended **March 31, 2023** **June 30, 2023** of **\$2,226** **\$7,536** related to the acquisition of property, plant and equipment, equipment and investments in marketable securities.

Cash flows used in financing activities

Net cash flows used in financing activities for the **three** six months ended **March 31, 2024** June 30, 2024 of **\$34,296** **\$39,727** included net credit facility repayments of **\$27,500** **\$31,500**. Additional cash flows used in financing activities included distributions to the redeemable noncontrolling interest holder of **\$3,125**, **\$4,672**, payment of debt issuance costs of \$2,735 and treasury stock purchases of **\$936**, **\$952**.

Net cash flows used in financing activities for the **three** six months ended **March 31, 2023** June 30, 2023 of **\$11,007** **\$18,270** primarily included a quarterly principal payment and prepayment on our term loan of **\$6,250**, **\$10,000**, distributions to the redeemable noncontrolling interest holder of **\$2,600**, **\$6,311**, and treasury stock purchases of **\$2,157**, **\$2,171**.

Payment of Dividends

Any determination to pay cash dividends is at the discretion of the Board of Directors. On April 23, 2020, DMC announced that its Board of Directors suspended the quarterly dividend indefinitely. 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.

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Critical Accounting Estimates

Preparation of financial statements in conformity with generally accepted accounting principles in the United States requires that management make estimates, judgments and assumptions that affect the amounts reported for revenues, expenses, asset, liabilities, and other related disclosures. Our critical accounting estimates have not changed from those reported in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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, 2023.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of the 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.

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Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Please see Note **11** **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, 2023, except as provided below.

Our business could be negatively affected as a result of actions of activist stockholders or others.

We may be subject to actions or proposals from stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to such actions can be costly and time-consuming, disrupt our business and operations, and divert the attention of our Board, management, and employees from the pursuit of our business strategies. Such activities could interfere with our ability to execute our strategic plan. Activist stockholders or others may create perceived uncertainties as to the future direction of our business or strategy which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential customers, and may affect our relationships with current customers, vendors, investors, and other third parties. In addition, a proxy contest for the election of directors at our annual meeting would

require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our Board. Our stock price could also be subject to significant fluctuations or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

Our stockholder protection rights agreement includes terms and conditions that could discourage a takeover or other transaction that stockholders may consider favorable.

On June 5, 2024, the Company entered into the Rights Agreement, pursuant to which the Board declared a dividend of one Right for each share of our common stock outstanding at the close of business on June 17, 2024. One Right will also be issued together with each share of common stock issued by the Company after that date, but before the Separation Time (as defined in the Rights Agreement). Each Right initially represents the right to purchase one one-thousandth of a share of Series B Participating Preferred Stock for \$75.00, subject to adjustment and upon such terms and subject to the conditions set forth in the Rights Agreement. Rights will generally become exercisable only if any person (or any persons acting as a group) acquires 10% or more, or 20% in the case of certain passive investors, of our outstanding common stock. If Rights become exercisable, all holders of Rights (other than the person, entity or group triggering the Rights Agreement, whose rights will become void and will not be exercisable) will have the right to purchase from the Company for \$75.00, subject to certain potential adjustments, shares of our common stock having a market value of twice that amount. The Rights Agreement expires on June 4, 2025, unless earlier terminated or the Rights are redeemed or exchanged by the Board. Additional information regarding the Rights Agreement is contained in the Current Report on Form 8-K filed with the SEC on June 6, 2024.

The Rights Agreement will cause substantial dilution to any person or group that acquires beneficial ownership of 10% or more, or 20% in the case of certain passive investors, of the Company's outstanding common stock. As a result, the overall effect of the Rights Agreement and the issuance of the Rights may be to discourage any person, entity or group from gaining a control or control-like position in the Company or engaging in other tactics, potentially disadvantaging the interests of the Company's stockholders, without negotiating with the Board and without paying an appropriate control premium to all stockholders. The Rights Agreement is similar to plans adopted by other public companies, and it is intended to protect stockholders' interests, including by providing the Board sufficient time to make informed judgments and take actions that are in the best interests of the Company and its stockholders. Nevertheless, the Rights Agreement may be considered to have certain anti-takeover effects, including potentially discouraging a third party from attempting to obtain a substantial position in our common stock or seeking to obtain control of the Company and discouraging a takeover attempt that stockholders may consider favorable or that could result in a premium over the market price of our common stock. Even in the absence of a takeover attempt, the Rights Agreement may adversely affect the prevailing market price of our common stock if it is viewed as discouraging takeover attempts in the future.

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 or distributions of shares of common stock pursuant to our Amended and Restated Non-Qualified Deferred Compensation Plan ("deferred compensation plan") during the **first** quarter of 2024, we retained shares of common stock in satisfaction of withholding tax obligations. We also retained shares of common stock as the result of participants' diversification of equity awards held in the deferred compensation plan into other investment options. 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, 2024	20,782	\$ 17.00
February 1 to February 29, 2024	5,010	\$ 17.42
March 1 to March 31, 2024	28,732	\$ 17.24
Total	54,524	\$ 17.17

	Total number of shares purchased ^{(1) (2)}	Average price paid per share
April 1 to April 30, 2024	200	\$ 17.53
May 1 to May 31, 2024	—	\$ —
June 1 to June 30, 2024	917	\$ 13.98
Total	1,117	\$ 14.62

⁽¹⁾ Share purchases during the period were to offset tax withholding obligations that occurred upon (i) vesting of restricted common stock under the terms of the 2016 Equity Incentive Plan and (ii) distributions of shares of common stock pursuant to deferred compensation obligations.

⁽²⁾ As of **March 31, 2024** **June 30, 2024**, the maximum number of shares that could be purchased would not exceed the employees' portion of taxes to be withheld on unvested shares **(718,111)** **(723,179)** and potential purchases upon participant elections to diversify equity awards held in the deferred compensation plan (80,901) 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, 2024** **June 30, 2024**, 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

During the quarter ended **March 31, 2024** **June 30, 2024**, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

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Item 6. Exhibits

[10.1 3.1RetentionCertificate of Designation, Preferences and Rights of Series B Participating Preferred Stock of DMC Global Inc., dated June 5, 2024 \(incorporated by reference to the exhibit of the same number in the Company's Current Report on Form 8-K filed on June 6, 2024\).](#)

[3.2 Amended and Restated Bylaws of DMC Global Inc., adopted on May 15, 2024 \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 20, 2024\).](#)

[4.1 Stockholder Protection Rights Agreement, dated February 16, 2024 as of June 5, 2024, between DMC Global Inc. and Computershare Trust Company, N.A., as Rights Agent \(incorporated by reference to the exhibit of the same number in the Company's Current Report on Form 8-K filed on June 6, 2024\).](#)

[10.1 Sublease for Dunbar, Pennsylvania clad metal shooting site dated May 7, 2024 by and between Pureon Inc. and the Company and Ian Grieves \(incorporated by reference to the exhibit of the same number in the Company's Current Report on Form 8-K filed on May 13, 2024\).**](#)

[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, 2024** **June 30, 2024**, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statement of Stockholders' Equity and Redeemable Noncontrolling Interest, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.*

* 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.

** Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission upon request a copy of any omitted schedule or attachment to this exhibit.

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: **May 2, August 1, 2024**

/s/ Eric V. Walter

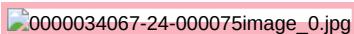
Eric V. Walter, Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

Date: **May 2, August 1, 2024**

/s/ Brett Seger

Brett Seger, Chief Accounting Officer (Duly Authorized Officer and Principal Accounting Officer)

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February 16, 2024

Re: Retention Bonus

Dear Ian:

DMC Global Inc. ("DMC") recently announced a decision by the Board of Directors to consider strategic alternatives for the DynaEnergetics business. We consider your continued service and dedication to DynaEnergetics Europe GmbH ("Dyna") essential to the continuing success of Dyna and to the strategic evaluation of the DynaEnergetics business including its potential sale (the "Dyna Project"). To encourage you to remain employed with Dyna throughout the Dyna Project, we are pleased to offer you a cash retention bonus, subject to the conditions set forth in this letter, in the aggregate amount of 400,000.00€ (the "Retention Bonus").

Subject to the further conditions set forth below, the Retention Bonus will become earned and payable to you in the following manner: (i) 100,000.00€ will become payable upon the launch of the sales process for the Dyna Project, which shall be deemed to occur when marketing teaser materials are circulated to potential buyers ("Launch"); (ii) 100,000.00€ will become payable upon DynaEnergetics entering into a binding purchase agreement for the sale of the DynaEnergetics business ("Purchase Agreement"); and (iii) the remaining 200,000.00€ will become payable upon the closing of the transaction contemplated by the Purchase Agreement ("Closing"). Any payments due hereunder will be paid to you on the first regularly scheduled pay date after they are earned and are subject to applicable tax deductions and withholdings.

In addition, if the Closing occurs on or before December 31, 2024, you will also be eligible for an additional 25,000€ to be paid after the Closing.

Your eligibility to receive the Retention Bonus is subject to the following additional criteria:

- 1. You devote your best skills and efforts throughout the Dyna Project, both in the performance of your normal job duties and in supporting all aspects of the Dyna Project, including but not limited to assisting with developing marketing materials and market studies, attending meetings with potential buyers, bankers, and other third parties, completing due diligence, as well as contributing to all other facets of the Dyna Project.**
- 2. You remain actively employed with Dyna throughout the Dyna Project. If your employment ends prior to the Retention Bonus being fully earned hereunder, you will not be eligible to receive any remaining unearned payments.**

You acknowledge and agree that DMC may terminate the Dyna Project at any time in its sole and absolute discretion and that you will not be entitled to any payments hereunder that were not already previously earned.

This letter agreement contains all of the understandings and representations between DMC and you relating to the Retention Bonus and supersedes all prior and contemporaneous understandings, discussions, agreements, representations and warranties, both written and oral, with respect to any Retention Bonus; provided, however, that this letter agreement shall not supersede any other agreements between DMC and you. Any confidentiality agreement, non-disclosure agreements or any other similar agreement shall remain in full force and effect. This letter agreement may not be amended or modified unless in a writing signed by both the CEO of DMC and you.

This letter agreement and all matters arising out of it are governed by and construed in accordance with the laws of Colorado without regard to its conflicts-of-law principles. This letter agreement shall become effective as of the date of the last signature set forth below (the "Effective Date").

Please sign and return a copy of this letter agreement to Elizabeth English at [I] on or before **February 23, 2024**.

Very truly yours,

DMC GLOBAL INC.

By: /s/ Michael Kuta
Name: Michael Kuta
Title: Chief Executive Officer

Date: 02/16/2024

Agreed to and accepted:

By: /s/ Ian Grieves
Name: Ian Grieves

Date: 02/16/2024

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Exhibit 31.1

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: **May 2, 2024** August 1, 2024

/s/ Michael Kuta

Michael Kuta
President and Chief Executive Officer
of DMC Global Inc.

Exhibit 31.2

CERTIFICATIONS

I, Eric V. Walter, 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: **May 2, 2024** **August 1, 2024**

/s/ Eric V. Walter

Eric V. Walter

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, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kuta, 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.

May 2, August 1, 2024

/s/ Michael Kuta

Michael Kuta

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.

**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, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric V. Walter, 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.

May 2, August 1, 2024

/s/ Eric V. Walter

Eric V. Walter

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.

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