



SECOND QUARTER 2022



FORWARD-LOOKING STATEMENTS

Except for historical information, certain matters discussed in this presentation may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include but are not limited to all projections and anticipated levels of future performance. Forward-looking statements involve risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed herein. Any number of factors could cause actual results to differ materially from projections or forward-looking statements, including without limitation, changes to global economic, social and political conditions, spending patterns of government agencies, competitive pressures, the impact of acquisitions and related integration activities, logistical challenges related to disruptions and delays, product liability claims, the success of new product introductions, currency exchange rate fluctuations and the risks of doing business in the markets in which we operate, including foreign countries. More information on potential factors that could affect the Company's financial results are more fully described from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this presentation are based upon information available to the Company as of the date of this presentation, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this presentation.

TODAY'S PRESENTERS



WARREN KANDERS

Chief Executive Officer and
Chairman of the Board



BRAD WILLIAMS

President



BLAINE BROWERS

Chief Financial Officer

AGENDA

- Q2 Review
- Business Overview
- Financial Summary
- Full Year Outlook
- Conclusion and Q&A



CONTINUED EXECUTION IN Q2

Cadre continues to deliver on strategic objectives in a challenging supply chain and inflationary environment

Commentary:

Pricing Growth:	✓ Exceeded 1% target above material inflation
Adjusted EBITDA Conversion: ¹	✓ Generated Adj. EBITDA conversion of 92% in Q2, at the high end of guidance range
Q2 Mix:	x Duty gear and crowd control volume down, prior year large structural armor order
Orders Backlog:	✓ Increased by \$12.5 million in 2022; driven by acquisitions, higher demand for soft armor and U.S. Duty Gear
M&A Execution:	✓ Completed acquisition of Cyalume Technologies
Returned Capital to Shareholders:	✓ Paid fourth consecutive quarterly dividend of \$0.08
Healthy M&A Funnel:	✓ Continue to actively evaluate robust pipeline of opportunities

MACRO TAILWINDS SUPPORT LONG TERM SUSTAINABLE GROWTH OPPORTUNITY



Police protection expenditures have continued to trend upward even during previous financial and industrial recessions

Major US cities continue to increase police budgets

The American Rescue Plan provides \$350 billion to hire more police

Two-thirds of all NATO countries spend less than 2% of GDP targets on defense and security

Amidst current geopolitical turmoil, European leaders have advocated for significant increases in defense budgets

LATEST MARKET TRENDS

North American Law Enforcement

- Budgets are healthy but police departments still struggling to fill open positions

Geopolitical Landscape

- Amid continued war in Ukraine, uptick in inquiries, which have resulted in small orders
- Anticipate larger opportunities to provide safety and survivability equipment as conflict continues

Supply Chain

- Experiencing extended lead times with fabrics, electronic components and various raw materials

Consumer

- Run rate for holster demand has stabilized

BUSINESS STRATEGY TO ATTAIN & SUSTAIN EXCEPTIONAL RESULTS

OPERATING MODEL



- CADRE core values
- Leadership Capability & Management Processes
- Ⓜ Maturity Model = Cultural Transformation

EXCELLENCE MATURITY MODEL



CADRE'S KEY M&A CRITERIA

Business

- ✓ Leading market position
- ✓ Cost structure where material > labor
- ✓ High cost of substitution
- ✓ Leading and defensible technology
- ✓ Mission-critical to customer
- ✓ Strong brand recognition

Financial

- ✓ Recurring revenue profile
- ✓ Asset-light
- ✓ Attractive ROIC

Market

- ✓ Niche market
- ✓ No large-cap competition
- ✓ Resiliency through market cycles



ACQUISITION OF CYALUME TECHNOLOGIES



Over 60 years as a leading manufacturer of chemical light solutions. Preeminent supplier of light sticks, chemi-luminescent ammunition and infra-red devices to US, NATO military forces, and commercial and law enforcement markets.

KEY M&A CRITERIA MET

- ✓ Leading market position
- ✓ Mission-critical to customer
- ✓ Strong brand recognition
- ✓ Asset light
- ✓ Attractive ROIC
- ✓ Resiliency thru market cycles
- ✓ Recurring revenue profile

INTEGRATION ON TRACK

- Completed analysis stage of 80/20 process to identify product line priorities
- Cyalume and Cadre selling teams working collaboratively to optimize growth
- Successfully implementing Cadre operating tools
- First 100-day functional teams on track

Increases wallet share with current military, law enforcement and commercial customer base. Adds resilient recurring revenue stream to our portfolio.



Route / Landing Markings



Hazard Marking



Search & Rescue Positioning



ID of Man Overboard



*Identification of Personnel
or Vehicles*

SECOND QUARTER 2022 FINANCIAL PERFORMANCE

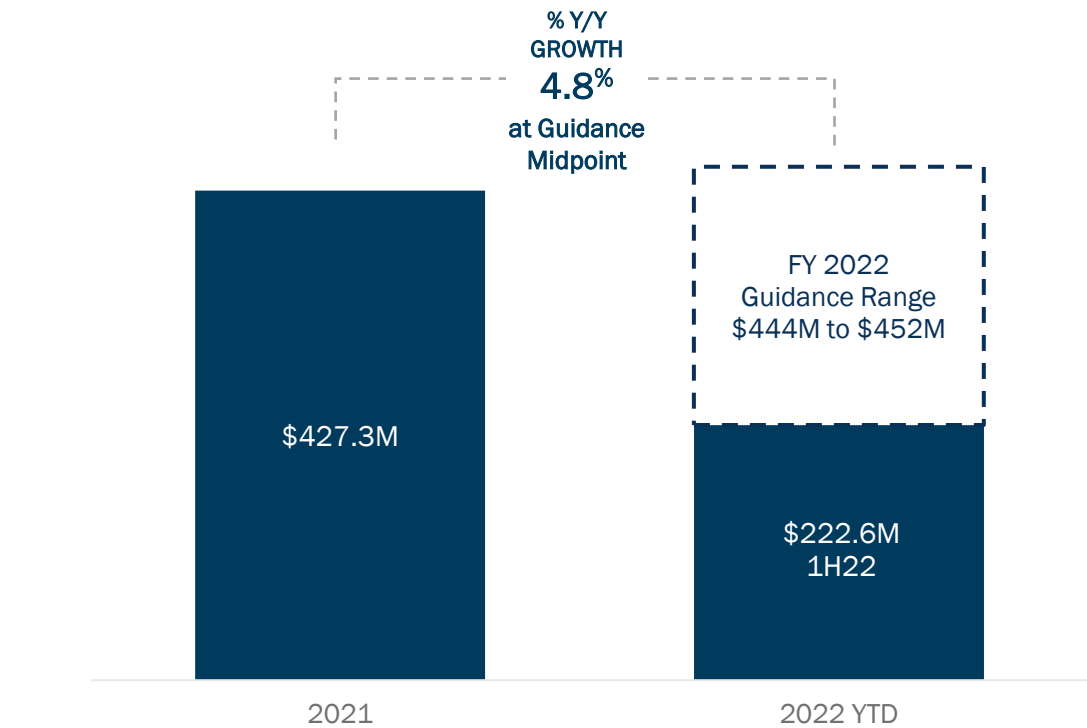


	Q2 2022	Q1 2022	Q2 2021
NET SALES	\$118.2M	\$104.4M	\$114.6M
GROSS MARGIN	36.6%	38.5%	42.1%
NET INCOME (LOSS)	\$4.4M / \$0.12 per diluted share	(\$10.2M) / (\$0.30) per diluted share	\$6.8M / \$0.25 per diluted share
ADJUSTED EBITDA ¹	\$18.4M	\$14.2M	\$20.5M
ADJUSTED EBITDA MARGIN ¹	15.6%	13.6%	17.9%

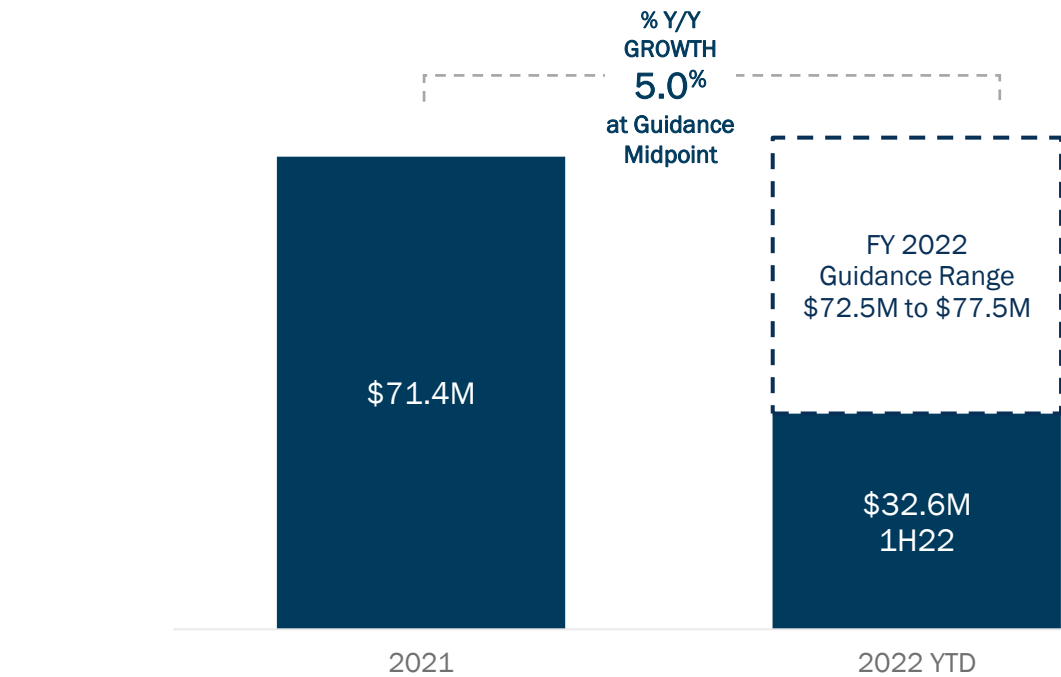
- Achieved pricing growth that exceeded target, generated strong adjusted EBITDA conversion, and increased backlog
- Increased net sales, net income, adjusted EBITDA, and adjusted EBITDA margin from Q1 to Q2

NET SALES AND ADJUSTED EBITDA

NET SALES (\$MM)



ADJ. EBITDA¹ (\$MM)



1. A non-GAAP financial measure. See slide 21 for definitions and reconciliations to the nearest GAAP measures

2Q 2022 CAPITAL STRUCTURE

June 30, 2022

(in thousands)

Cash and cash equivalents	\$	28,862
Debt:		
Revolver	\$	—
Current portion of long-term debt		10,321
Long-term debt		144,070
Capitalized discount/issuance costs		(1,826)
Total debt, net	\$	152,565
Net debt (Total debt net of cash)	\$	123,703
Total debt / LTM Adj. EBITDA ⁽¹⁾		2.4
Net debt / LTM Adj. EBITDA ⁽¹⁾		2.2
LTM Adj. EBITDA ⁽¹⁾	\$	63,292

2022 MANAGEMENT OUTLOOK



2022 GUIDANCE

NET SALES

\$444M to \$452M

Adj. EBITDA

\$72.5M to \$77.5M

Adj. EBITDA Conversion

92% to 95%

CONCLUSION



Accelerate Organic Revenue Growth



Continuously Improve Gross and Adj. EBITDA Margins



Pursue M&A Opportunities

APPENDIX



BALANCE SHEET

UNAUDITED (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 28,862	\$ 33,857
Accounts receivable, net of allowance for doubtful accounts of \$817 and \$645, respectively	56,521	48,344
Inventories	76,630	63,978
Prepaid expenses	6,932	10,353
Other current assets	5,956	3,171
Assets held for sale	251	278
Total current assets	175,152	159,981
Property and equipment, net of accumulated depreciation and amortization of \$40,111 and \$37,171, respectively	46,997	33,053
Deferred tax assets, net	8,133	7,059
Intangible assets, net	55,177	42,415
Goodwill	78,027	66,262
Other assets	5,990	3,026
Total assets	\$ 369,476	\$ 311,796
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 29,145	\$ 19,328
Accrued liabilities	35,896	40,736
Income tax payable	918	1,255
Liabilities held for sale	106	128
Current portion of long-term debt	10,321	13,174
Total current liabilities	76,386	74,621
Long-term debt	142,244	146,516
Deferred tax liabilities	3,589	1,297
Other liabilities	959	722
Total liabilities	223,178	223,156
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of June 30, 2022 and December 31, 2021)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 37,032,271 and 34,383,350 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively)	4	3
Additional paid-in capital	194,704	127,606
Accumulated other comprehensive loss	(105)	(1,917)
Accumulated deficit	(48,305)	(37,052)
Total shareholders' equity	146,298	88,640
Total liabilities, mezzanine equity and shareholders' equity	\$ 369,476	\$ 311,796

STATEMENT OF OPERATIONS

UNAUDITED (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 118,232	\$ 114,561	\$ 222,638	\$ 225,097
Cost of goods sold	75,011	66,333	139,228	132,910
Gross profit	43,221	48,228	83,410	92,187
Operating expenses				
Selling, general and administrative	32,749	31,444	86,699	59,495
Restructuring and transaction costs	1,203	1,219	1,802	1,540
Related party expense	1,112	142	1,234	295
Total operating expenses	35,064	32,805	89,735	61,330
Operating income (loss)	8,157	15,423	(6,325)	30,857
Other expense				
Interest expense	(1,439)	(5,621)	(2,929)	(10,665)
Other expense, net	(756)	(485)	(961)	(529)
Total other expense, net	(2,195)	(6,106)	(3,890)	(11,194)
Income (loss) before provision for income taxes	5,962	9,317	(10,215)	19,663
(Provision) benefit for income taxes	(1,517)	(2,502)	4,495	(5,984)
Net income (loss)	\$ 4,445	\$ 6,815	\$ (5,720)	\$ 13,679
Net income (loss) per share:				
Basic	\$ 0.13	\$ 0.25	\$ (0.16)	\$ 0.50
Diluted	\$ 0.12	\$ 0.25	\$ (0.16)	\$ 0.50
Weighted average shares outstanding:				
Basic	35,320,314	27,483,350	34,888,703	27,483,350
Diluted	35,688,620	27,483,350	34,888,703	27,483,350

STATEMENT OF CASH FLOWS

UNAUDITED (IN THOUSANDS)

	Six Months Ended June 30,	
	2022	2021
Cash Flows From Operating Activities:		
Net (loss) income	\$ (5,720)	\$ 13,679
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	7,380	7,020
Amortization of original issue discount and debt issue costs	367	2,029
Amortization of inventory step-up	1,344	—
Deferred income taxes	(4,594)	4,607
Stock-based compensation	26,327	—
Provision for (recoveries from) losses on accounts receivable	240	(308)
Foreign exchange loss	1,107	(267)
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	(3,243)	(2,429)
Inventories	(1,461)	(7,124)
Prepaid expenses and other assets	3,616	2,292
Accounts payable and other liabilities	(345)	9,208
Net cash provided by operating activities	25,018	28,707
Cash Flows From Investing Activities:		
Purchase of property and equipment	(2,473)	(1,506)
Business acquisitions, net of cash acquired	(55,039)	—
Net cash used in investing activities	(57,512)	(1,506)

Continued on next slide

STATEMENT OF CASH FLOWS - CONTINUED

UNAUDITED (IN THOUSANDS)

	Six Months Ended June 30,	
	2022	2021
Cash Flows From Financing Activities:		
Proceeds from revolving credit facilities	48,000	176,548
Principal payments on revolving credit facilities	(48,000)	(176,548)
Principal payments on term loans	(5,009)	(13,687)
Principal payments on insurance premium financing	(2,853)	(1,225)
Payment of capital leases	(22)	(21)
Taxes paid in connection with employee stock transactions	(6,216)	—
Proceeds from secondary offering, net of underwriter discounts	49,703	—
Deferred offering costs	(2,715)	—
Dividends distributed	(5,533)	—
Net cash provided by (used in) financing activities	27,355	(14,933)
Effect of foreign exchange rates on cash and cash equivalents	144	42
Change in cash and cash equivalents	(4,995)	12,310
Cash and cash equivalents, beginning of period	33,857	2,873
Cash and cash equivalents, end of period	\$ 28,862	\$ 15,183
Supplemental Disclosure of Cash Flows Information:		
Cash paid for income taxes, net	\$ 241	\$ 473
Cash paid for interest	\$ 2,330	\$ 8,524
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 17	\$ —

NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Year ended	Three Months	Three Months Ended		Six Months Ended		Last Twelve
	December 31,	Ended March 31,	June 30,		June 30,		Months
	2021	2022	2022	2021	2022	2021	June 30, 2022
Net income (loss)	\$ 12,661	\$ (10,165)	\$ 4,445	\$ 6,815	\$ (5,720)	\$ 13,679	\$ (6,738)
Add back:							
Depreciation and amortization	13,718	3,544	3,836	3,481	7,380	7,020	14,078
Interest expense	16,425	1,490	1,439	5,621	2,929	10,665	8,689
Provision (benefit) for income taxes	6,531	(6,012)	1,517	2,502	(4,495)	5,984	(3,948)
EBITDA	\$ 49,335	\$ (11,143)	\$ 11,237	\$ 18,419	\$ 94	\$ 37,348	\$ 12,081
Add back:							
Restructuring and transaction costs ⁽¹⁾	3,430	599	2,203	1,219	2,802	1,540	4,692
Loss on extinguishment of debt ⁽²⁾	15,155	—	—	—	—	—	15,155
Other expense, net ⁽³⁾	947	205	756	485	961	529	1,379
Stock-based compensation expense ⁽⁴⁾	355	23,723	2,818	—	26,541	—	26,896
Stock-based compensation payroll tax expense ⁽⁵⁾	—	298	7	—	305	—	305
LTIP bonus ⁽⁶⁾	2,162	384	174	328	558	1,280	1,440
Amortization of inventory step-up ⁽⁷⁾	—	153	1,191	—	1,344	—	1,344
Adjusted EBITDA	\$ 71,384	\$ 14,219	\$ 18,386	\$ 20,451	\$ 32,605	\$ 40,697	\$ 63,292
Less: Capital expenditures	(3,029)	(1,069)	(1,421)	(718)	(2,490)	(1,506)	(4,013)
Adjusted EBITDA less capital expenditures	\$ 68,355	\$ 13,150	\$ 16,965	\$ 19,733	\$ 30,115	\$ 39,191	\$ 59,279
Adjusted EBITDA conversion rate⁽⁸⁾	96%	92%	92%	96%	92 %	96 %	94 %
Adjusted EBITDA margin⁽⁹⁾	16.7%	13.6%	15.6%	17.9%	14.6 %	18.1 %	

1. Reflects the "Restructuring and transaction costs" line item on our consolidated statement of operations, which primarily includes transaction costs composed of legal and consulting fees, and \$1.0 million paid to Kanders & Company, Inc., a company controlled by our Chief Executive Officer, for services related to the acquisition of Cyalume, which is included in related party expense in the Company's consolidated statements of operations and comprehensive income (loss).
2. Reflects losses incurred in connection with the August 2021 debt refinance.
3. Reflects the "Other expense, net" line item on our consolidated statement of operations. For the three and six months ended June 30, 2022 and 2021, other expense, net primarily includes losses on foreign currency transactions.
4. Reflects compensation expense related to equity and liability classified stock-based compensation plans.
5. Reflects payroll taxes associated with vested stock-based compensation awards.
6. Reflects the cost of a cash-based long-term incentive plan awarded to employees that vests over three years.
7. Reflects amortization expense related to the step-up inventory adjustment recorded as part of the recent acquisitions.
8. Reflects (Adjusted EBITDA less capital expenditures) / Adjusted EBITDA.
9. Reflects Adjusted EBITDA / Net Sales for the relevant periods.