



FIRST QUARTER 2023



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

- Q1 Highlights
- Business Overview
- Financial Summary
- Full Year Outlook
- Conclusion and Q&A



CONTINUED EXECUTION IN Q1

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

Commentary:

Pricing Growth:

✓ *Exceeded target*

Q1 Mix:

✓ *Higher duty gear and favorable hard armor demand resulted in continued solid product mix*

Orders Backlog:

✓ *Increased by \$11.4 million in Q1; driven by acquisitions, higher demand for EOD, armor, and crowd control products*

Healthy M&A Funnel:

✓ *Continue to actively evaluate pipeline of opportunities*

Returned Capital to Shareholders:

✓ *Declared seventh consecutive quarterly dividend of \$0.08*

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

- Spend per officer increasing but police departments still struggling to fill open positions

Geopolitical Landscape

- Anticipate larger opportunities to provide safety and survivability equipment as conflict de-escalates

Supply Chain/ Labor

- Continuing to experience pockets of extended lead times in supply chain
- Managing labor force for long-term

Consumer

- Demand remains stable but monitoring macro consumer demand weakness/uncertainty

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



FIRST QUARTER 2023 FINANCIAL PERFORMANCE

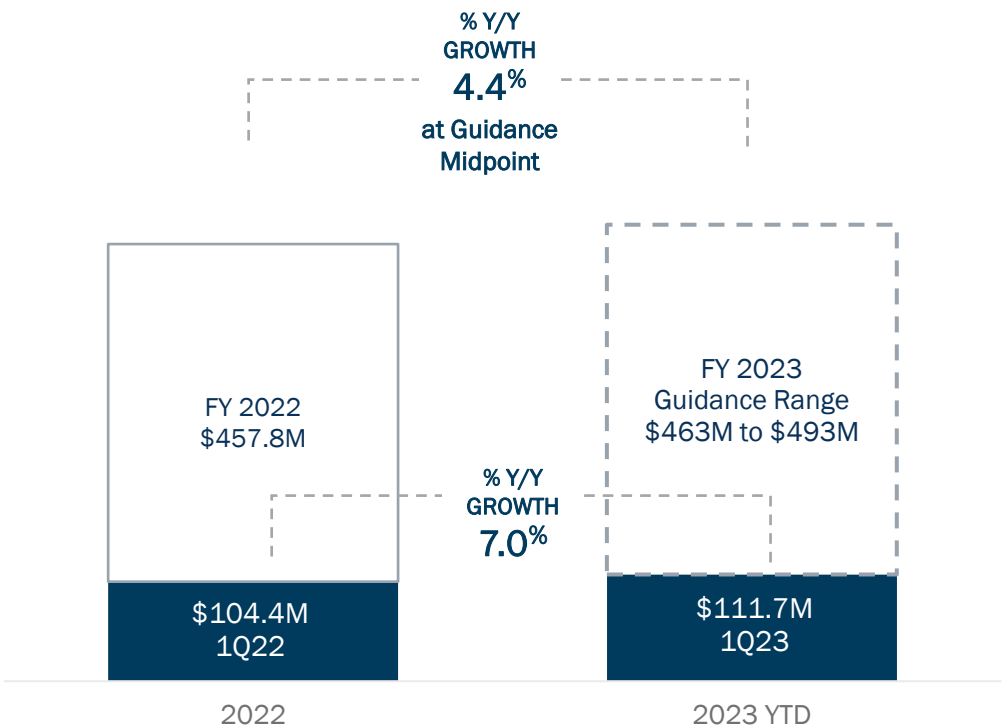


	Q1 2023	Q1 2022
NET SALES	\$111.7M	\$104.4M
GROSS MARGIN	41.7%	38.5%
NET (LOSS) INCOME	\$7.0M / \$0.19 per share	(\$10.2M) / (\$0.30) ² per share
ADJUSTED EBITDA ¹	\$18.6M	\$14.2M
ADJUSTED EBITDA MARGIN ¹	16.6%	13.6%

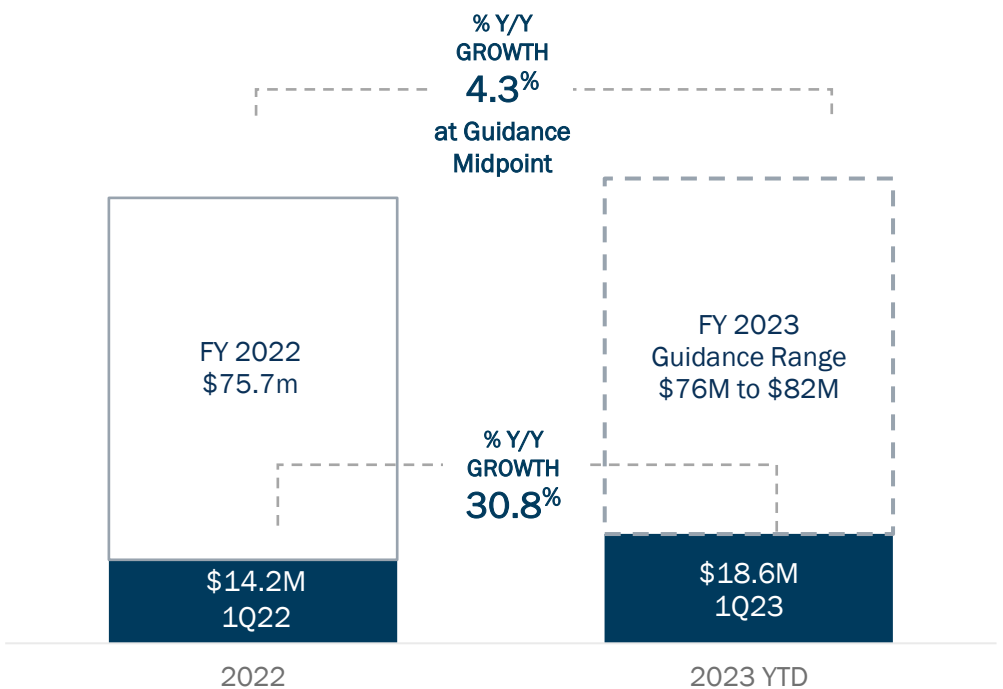
- Achieved pricing growth that exceeded target and significantly grew orders backlog
- Increased net sales, adjusted EBITDA, gross profit and adjusted EBITDA margin, and net income year-over-year

NET SALES AND ADJUSTED EBITDA

NET SALES (\$MM)



ADJ. EBITDA¹ (\$MM)



1. A non-GAAP financial measure. See slide 19 for definitions and reconciliations to the nearest GAAP measures

Q1 2023 CAPITAL STRUCTURE

March 31, 2023

(in thousands)

Cash and cash equivalents	\$	48,294
Debt:		
Revolver	\$	—
Current portion of long-term debt		11,119
Long-term debt		136,587
Capitalized discount/issuance costs		(1,489)
Total debt, net	\$	146,217
Net debt (Total debt net of cash)	\$	97,923
Total debt / Adj. EBITDA ⁽¹⁾		1.8
Net debt / Adj. EBITDA ⁽¹⁾		1.2
Adj. EBITDA ⁽¹⁾	\$	80,104

2023 MANAGEMENT OUTLOOK



2023 GUIDANCE

NET SALES

\$463M to \$493M

ADJ. EBITDA

\$76M to \$82M

CAPITAL EXPENDITURES

\$8.5M to \$9.5M

CONCLUSION



Strong execution in Q1



Exceeded pricing growth target



Revenue, Net Income and Adjusted EBITDA Growth Y/Y



Committed to improving gross and Adj. EBITDA margins



Continuously focused on M&A opportunities



Capitalizing on strong macro tailwinds driving demand and visibility for Cadre's mission-critical products

APPENDIX



BALANCE SHEET

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

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 48,294	\$ 45,286
Accounts receivable, net of allowance for doubtful accounts of \$930 and \$924, respectively	55,704	64,557
Inventories	76,343	70,273
Prepaid expenses	11,782	10,091
Other current assets	6,376	6,811
Total current assets	198,499	197,018
Property and equipment, net of accumulated depreciation and amortization of \$44,840 and \$42,694, respectively	45,095	45,285
Operating lease assets	7,691	8,489
Deferred tax assets, net	2,289	2,255
Intangible assets, net	48,761	50,695
Goodwill	81,292	81,576
Other assets	5,348	6,634
Total assets	\$ 388,975	391,952
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 27,313	\$ 23,406
Accrued liabilities	32,899	38,720
Income tax payable	4,086	4,584
Current portion of long-term debt	11,119	12,211
Total current liabilities	75,417	78,921
Long-term debt	135,098	137,476
Long-term operating lease liabilities	4,204	4,965
Deferred tax liabilities	3,606	3,508
Other liabilities	1,200	1,192
Total liabilities	219,525	226,062
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2023 and December 31, 2022)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 37,586,031 and 37,332,271 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively)	4	4
Additional paid-in capital	206,451	206,540
Accumulated other comprehensive income	1,720	2,087
Accumulated deficit	(38,725)	\$(42,741)
Total shareholders' equity	169,450	165,890
Total liabilities, mezzanine equity and shareholders' equity	\$ 388,975	\$ 391,952

STATEMENT OF OPERATIONS

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

		Three Months Ended December 31,			
		2023		2022	
Net sales	\$		111,748	\$	104,406
Cost of goods sold			65,130		64,217
Gross profit			46,618		40,189
Operating expenses					
Selling, general and administrative			35,250		53,950
Restructuring and transaction costs			—		599
Related party expense			148		122
Total operating expenses			35,398		54,671
Operating income (loss)			11,220		(14,482)
Other expense					
Interest expense			(1,641)		(1,490)
Other expense, net			364		(205)
Total other expense, net			(1,277)		(1,695)
Income (loss) before provision for income taxes			9,943		(16,177)
(Provision) benefit for income taxes			(2,941)		6,012
Net income (loss)	\$		7,002	\$	(10,165)
Net income (loss) per share:					
Basic	\$		0.19	\$	(0.30)
Diluted	\$		0.19	\$	(0.30)
Weighted average shares outstanding:					
Basic			37,373,529		34,446,318
Diluted			37,629,498		34,446,318

STATEMENT OF CASH FLOWS

UNAUDITED (IN THOUSANDS)

	Three Months Ended March 31,	
	2023	2022
Cash Flows From Operating Activities:		
Net income (loss)	\$ 7,002	\$ (10,165)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,261	3,544
Amortization of original issue discount and debt issue costs	64	111
Deferred income taxes	183	(6,951)
Stock-based compensation	2,747	23,588
Gain on sale of fixed assets	(103)	—
Provision for losses on accounts receivable	40	45
Foreign exchange (gain) loss	(213)	253
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	9,075	(1,693)
Inventories	(5,830)	(2,956)
Prepaid expenses and other assets	(556)	3,158
Accounts payable and other liabilities	(3,948)	(18)
Net cash provided by operating activities	12,722	8,916
Cash Flows From Investing Activities:		
Purchase of property and equipment	(781)	(950)
Proceeds from disposition of property and equipment	201	—
Business acquisitions, net of cash acquired	—	(19,787)
Net cash used in investing activities	(580)	(20,737)

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STATEMENT OF CASH FLOWS - CONTINUED

UNAUDITED (IN THOUSANDS)

	Year Ended March 31,	
	2023	2022
Cash Flows From Financing Activities:		
Principal payments on term loans	(2,500)	(2,506)
Principal payments on insurance premium financing	(1,092)	(1,474)
Payment of capital leases	—	(11)
Taxes paid in connection with employee stock transactions	(2,725)	(6,216)
Dividends distributed	(2,986)	(2,750)
Net cash used in financing activities	(9,303)	(12,957)
Effect of foreign exchange rates on cash and cash equivalents	169	798
Change in cash and cash equivalents	3,008	(23,980)
Cash and cash equivalents, beginning of period	45,286	33,857
Cash and cash equivalents, end of period	\$ 48,294	\$ 9,877
Supplemental Disclosure of Cash Flows Information:		
Cash paid (received) for income taxes, net	\$ 3,141	\$ (100)
Cash paid for interest	\$ 2,359	\$ 1,282
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 238	\$ 119

NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Year ended December 31, 2022	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	LTM March 31, 2023
Net income (loss)	\$ 5,820	\$ 7,002	\$ (10,165)	\$ 22,987
Add back:				
Depreciation and amortization	15,651	4,261	3,544	16,368
Interest expense	6,206	1,641	1,490	6,357
Provision (benefit) for income taxes	3,553	2,941	(6,012)	12,506
EBITDA	\$ 31,230	\$ 15,845	\$ (11,143)	\$ 58,218
Add back:				
Restructuring and transaction costs ⁽¹⁾	5,355	—	599	4,756
Other general income ⁽²⁾	(159)	—	—	(159)
Other expense, net ⁽³⁾	1,137	(364)	205	670
Stock-based compensation expense ⁽⁴⁾	32,239	2,747	23,723	11,263
Stock-based compensation payroll tax expense ⁽⁵⁾	305	220	298	227
LTIP bonus ⁽⁶⁾	1,369	144	384	1,129
Amortization of inventory step-up ⁽⁷⁾	4,255	—	153	4,102
Adjusted EBITDA	\$ 75,731	\$ 18,592	\$ 14,219	\$ 80,206
Adjusted EBITDA margin⁽⁸⁾	16.5 %	16.6 %	13.6 %	

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 Kandors & 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 for the year ended December 31, 2022.
2. Reflects the “Other general income” line item on our consolidated statement of operations and includes a gain from a long-lived asset sale.
3. Reflects the “Other expense, net” line item on our consolidated statement of operations and primarily includes gains and 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 a result of our recent acquisitions.
8. Reflects Adjusted EBITDA / Net Sales for the relevant periods.