



THIRD 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

- Q3 Highlights
- Business Overview
- Financial Summary
- Full Year Outlook
- Conclusion and Q&A



CONTINUED EXECUTION IN Q3

Cadre continues to deliver on strategic objectives, generating record quarterly Adj. EBITDA and achieving significant margin expansion

Commentary:

Pricing Growth:

✓ *Exceeded target*

Q3 Mix:

✓ *Favorable armor demand resulted in continued solid product and portfolio mix*

Orders Backlog:

✓ *Increased by \$8.3 million in 2023, driven by higher demand for EOD products*

Healthy M&A Funnel:

✓ *Continue to actively evaluate pipeline of opportunities*

Returned Capital to Shareholders:

✓ *Declared eighth 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

- Larger opportunities to provide safety and survivability equipment—primarily EOD products—as war in Ukraine de-escalates

Supply Chain/Labor

- Improving supply chain with limited pockets of extended lead times
- Managing labor force for long-term

Consumer

- Demand for Cadre's products is strong with new product introductions driving growth

New Products/Innovation

- Continue to hear positive feedback on HyperX tactical armor platform, Xpertfit 3D body sizing app and SafariVault line of holsters

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



THIRD QUARTER 2023 FINANCIAL PERFORMANCE

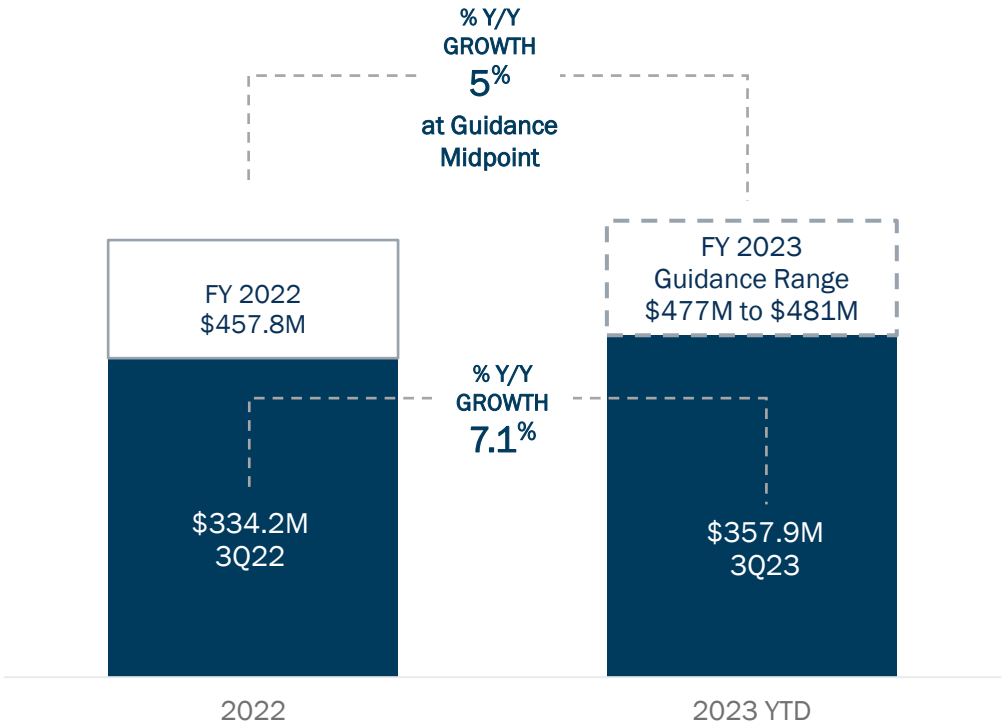


	Q3 2023	Q2 2023	Q3 2022
NET SALES	\$125.1M	\$121.1M	\$111.6M
GROSS MARGIN	42.9%	41.9%	39.2%
NET INCOME	\$11.1M / \$0.29 per diluted share	\$11.0M / \$0.29 per diluted share	\$4.9M / \$0.13 per diluted share
ADJUSTED EBITDA ¹	\$23.7M	\$22.8M	\$20.7M
ADJUSTED EBITDA MARGIN ¹	19.0%	18.8%	18.6%

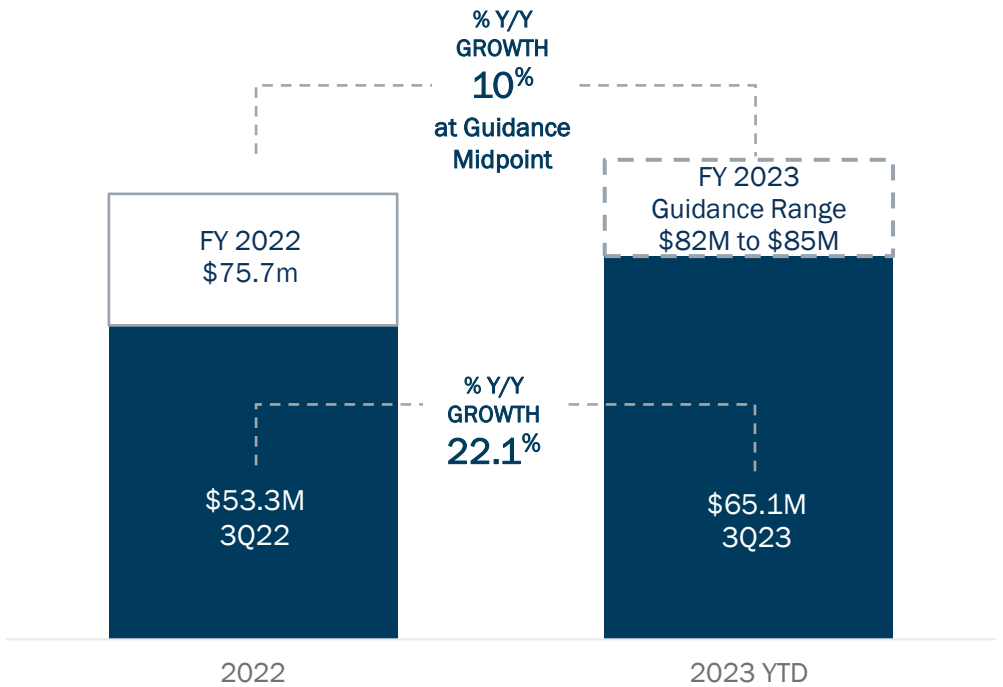
- Second consecutive quarter of record adjusted EBITDA and adjusted EBITDA margin
- Achieved pricing growth that exceeded target and grew orders backlog YTD

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

Q3 2023 CAPITAL STRUCTURE

September 30, 2023

(in thousands)

Cash and cash equivalents	\$	69,412
Debt:		
Revolver	\$	—
Current portion of long-term debt		13,251
Long-term debt		131,573
Capitalized discount/issuance costs		(1,264)
Total debt, net	\$	143,560
Net debt (Total debt net of cash)	\$	74,148
Total debt / Adj. EBITDA ⁽¹⁾		1.6
Net debt / Adj. EBITDA ⁽¹⁾		0.8
LTM Adj. EBITDA ⁽¹⁾	\$	87,513

2023 MANAGEMENT OUTLOOK



2023 GUIDANCE

NET SALES

\$477M to \$481M

Previous: \$472M to \$484M

ADJ. EBITDA

\$82M to \$85M

Previous: \$80M to \$84M

CAPITAL EXPENDITURES

\$7M to \$8M

CONCLUSION



Outstanding execution in Q3



Ongoing implementation of Cadre operating model



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)

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 69,412	\$ 45,286
Accounts receivable, net of allowance for doubtful accounts of \$819 and \$924, respectively	61,261	64,557
Inventories	82,546	70,273
Prepaid expenses	14,667	10,091
Other current assets	8,836	6,811
Total current assets	236,722	197,018
Property and equipment, net of accumulated depreciation and amortization of \$48,994 and \$42,694, respectively	43,657	45,285
Operating lease assets	6,643	8,489
Deferred tax assets, net	2,299	2,255
Intangible assets, net	44,333	50,695
Goodwill	81,212	81,576
Other assets	5,639	6,634
Total assets	\$ 420,505	\$ 391,952
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 30,733	\$ 23,406
Accrued liabilities	38,673	38,720
Income tax payable	7,049	4,584
Liabilities held for sale	—	—
Current portion of long-term debt	13,251	12,211
Total current liabilities	89,706	78,921
Long-term debt	130,309	137,476
Long-term operating lease liabilities	3,603	4,965
Deferred tax liabilities	5,047	3,508
Other liabilities	1,843	1,192
Total liabilities	230,508	226,062
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of September 30, 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 September 30, 2023 and December 31, 2022, respectively)	4	4
Additional paid-in capital	210,543	206,540
Accumulated other comprehensive income	2,143	2,087
Accumulated deficit	(22,693)	(42,741)
Total shareholders' equity	189,997	165,890
Total liabilities, mezzanine equity and shareholders' equity	\$ 420,505	\$ 391,952

STATEMENT OF OPERATIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 125,114	\$ 111,554	\$ 357,949	\$ 334,192
Cost of goods sold	71,511	67,814	206,981	207,042
Gross profit	53,603	43,740	150,968	127,150
Operating expenses				
Selling, general and administrative	36,314	31,732	105,615	118,431
Restructuring and transaction costs	439	1,578	1,132	3,380
Related party expense	116	112	379	1,346
Total operating expenses	36,869	33,422	107,126	123,157
Operating income	16,734	10,318	43,842	3,993
Other expense				
Interest expense	(1,073)	(1,567)	(3,727)	(4,496)
Other (expense) income, net	(315)	(1,851)	395	(2,812)
Total other expense, net	(1,388)	(3,418)	(3,332)	(7,308)
Income (loss) before provision for income taxes	15,346	6,900	40,510	(3,315)
(Provision) benefit for income taxes	(4,293)	(1,959)	(11,463)	2,536
Net income (loss)	\$ 11,053	\$ 4,941	\$ 29,047	\$ (779)
Net income (loss) per share:				
Basic	\$ 0.29	\$ 0.13	\$ 0.77	\$ (0.02)
Diluted	\$ 0.29	\$ 0.13	\$ 0.77	\$ (0.02)
Weighted average shares outstanding:				
Basic	37,586,031	37,289,880	37,515,976	35,697,891
Diluted	37,930,888	37,747,614	37,830,790	35,697,891

STATEMENT OF CASH FLOWS

UNAUDITED (IN THOUSANDS)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows From Operating Activities:		
Net income (loss)	\$ 29,047	\$ (779)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,385	11,319
Amortization of original issue discount and debt issue costs	359	554
Amortization of inventory step-up	—	3,055
Deferred income taxes	1,317	(2,755)
Stock-based compensation	7,060	28,988
Gain on sale of fixed assets	(98)	—
Provision for losses on accounts receivable	37	245
Foreign exchange (gain) loss	(243)	3,006
Other	(296)	—
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	3,429	(3,271)
Inventories	(12,229)	(7,187)
Prepaid expenses and other assets	(3,131)	986
Accounts payable and other liabilities	8,623	(4,660)
Net cash provided by operating activities	46,260	29,501
Cash Flows From Investing Activities:		
Purchase of property and equipment	(4,248)	(2,938)
Proceeds from disposition of property and equipment	206	—
Business acquisitions, net of cash acquired	—	(55,039)
Net cash used in investing activities	(4,042)	(57,977)

Continued on next slide

STATEMENT OF CASH FLOWS - CONTINUED

UNAUDITED (IN THOUSANDS)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows From Financing Activities:		
Proceeds from revolving credit facilities	—	43,000
Principal payments on revolving credit facilities	—	(43,000)
Principal payments on term loans	(7,500)	(7,514)
Proceeds from insurance premium financing	3,949	3,989
Principal payments on insurance premium financing	(2,909)	(3,878)
Payment of capital leases	—	(26)
Taxes paid in connection with employee stock transactions	(2,725)	(6,216)
Proceeds from secondary offering, net of underwriter discounts	—	56,329
Deferred offering costs	—	(2,953)
Dividends distributed	(8,999)	(8,521)
Net cash (used in) provided by financing activities	(18,184)	31,210
Effect of foreign exchange rates on cash and cash equivalents	92	(241)
Change in cash and cash equivalents	24,126	2,493
Cash and cash equivalents, beginning of period	45,286	33,857
Cash and cash equivalents, end of period	\$ 69,412	\$ 36,350
Supplemental Disclosure of Cash Flows Information:		
Cash paid for income taxes, net	\$ 7,923	\$ 710
Cash paid for interest	\$ 7,389	\$ 3,860
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 24	\$ 272

NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Year ended	Three Months	Three Months Ended		Nine Months Ended		Last Twelve
	December 31,	Ended June 30,	September 30,		September 30,		Months
	2022	2023	2023	2022	2023	2022	September 30, 2023
Net income (loss)	\$ 5,820	\$ 10,992	\$ 11,053	\$ 4,941	\$ 29,047	\$ (779)	\$ 35,646
Add back:							
Depreciation and amortization	15,651	3,959	4,165	3,939	12,385	11,319	16,717
Interest expense	6,206	1,013	1,073	1,567	3,727	4,496	5,437
Provision (benefit) for income taxes	3,553	4,229	4,293	1,959	11,463	(2,536)	17,552
EBITDA	\$ 31,230	\$ 20,193	\$ 20,584	\$ 12,406	\$ 56,622	\$ 12,500	\$ 75,352
Add back:							
Restructuring and transaction costs ⁽¹⁾	5,335	693	439	1,578	1,132	4,380	2,107
Other general income ⁽²⁾	(159)	—	—	—	—	—	(159)
Other expense (income), net ⁽³⁾	1,137	(346)	315	1,851	(395)	2,812	(2,070)
Stock-based compensation expense ⁽⁴⁾	32,239	2,105	2,208	2,820	7,060	29,361	9,938
Stock-based compensation payroll tax expense ⁽⁵⁾	305	—	—	—	220	305	220
LTIP bonus ⁽⁶⁾	1,369	160	185	375	489	933	925
Amortization of inventory step-up ⁽⁷⁾	4,255	—	—	1,711	—	3,055	1,200
Adjusted EBITDA	\$ 75,731	\$ 22,805	\$ 23,731	\$ 20,741	\$ 65,128	\$ 53,346	\$ 87,513
Adjusted EBITDA margin⁽⁸⁾	16.5%	18.8%	19.0 %	18.6 %	18.2 %	16.0 %	

1. Reflects the “Restructuring and transaction costs” line item on our condensed 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 for the year ended December 31, 2022.
2. Reflects the “Other general income” line item on our condensed consolidated statement of operations and includes a gain from a long-lived asset sale.
3. Reflects the “Other (income) expense, net” line item on our condensed 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.