



ADRE
HOLDINGS

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



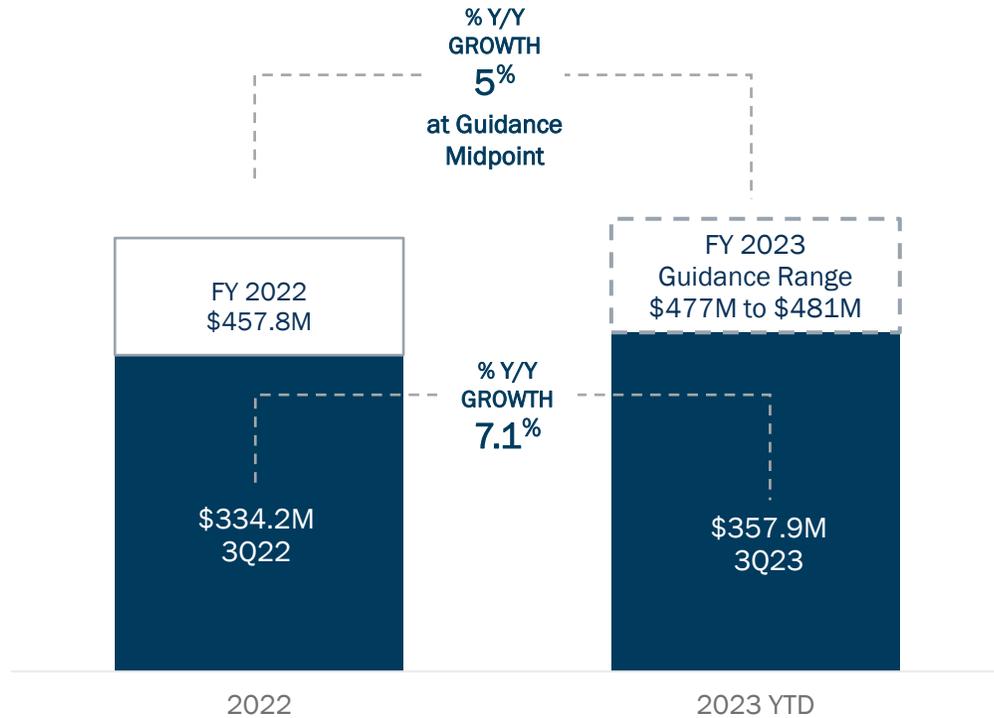
| | Q3 2023 | Q2 2023 | Q3 2022 |
|--|--|--|---|
| NET SALES | \$125.1M | \$121.1M | \$111.6M |
| GROSS MARGIN | 42.9% | 41.9% | 39.2% |
| NET INCOME | \$11.1M / \$0.29 per diluted share | \$11.0M / \$0.29 per diluted share | \$4.9M / \$0.13 per diluted share |
| ADJUSTED EBITDA ¹ | \$23.7M | \$22.8M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



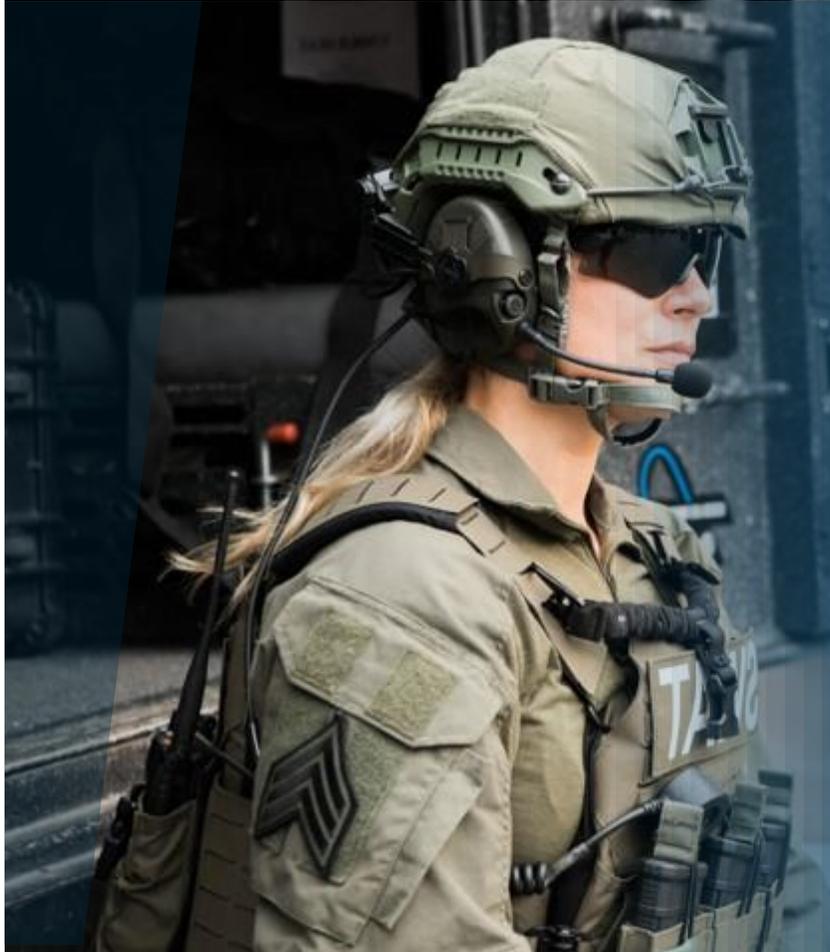
Q3 2023 CAPITAL STRUCTURE

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) |

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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.