



# FOURTH QUARTER 2023

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# FORWARD-LOOKING STATEMENTS

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Except for historical information, certain matters discussed in this press release 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, the availability of capital to satisfy our working capital requirements; anticipated trends and challenges in our business and the markets in which we operate; our ability to anticipate market needs or develop new or enhanced products to meet those needs; our expectations regarding market acceptance of our products; the success of competing products by others that are or become available in the market in which we sell our products; the impact of adverse publicity about the Company and/or its brands, including without limitation, through social media or in connection with brand damaging events and/or public perception; changes in political, social, economic or regulatory conditions generally and in the markets in which we operate; our ability to maintain or broaden our business relationships and develop new relationships with strategic alliances, suppliers, customers, distributors or otherwise; our ability to retain and attract senior management and other key employees; our ability to quickly and effectively respond to new technological developments; the effect of an outbreak of disease or similar public health threat, such as the COVID-19 pandemic, on the Company's business; the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; the ability of our information technology systems or information security systems to operate effectively, including as a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes;

# FORWARD-LOOKING STATEMENTS - CONTINUED

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our ability to properly maintain, protect, repair or upgrade our information technology systems or information security systems, or problems with our transitioning to upgraded or replacement systems; our ability to protect our trade secrets or other proprietary rights and operate without infringing upon the proprietary rights of others and prevent others from infringing on the proprietary rights of the Company; our ability to maintain a quarterly dividend; logistical challenges related to supply chain disruptions and delays; the impact of inflation; the increased expenses associated with being a public company; and the related increased disclosure and reporting obligations; our ability to integrate the operations of the businesses we have acquired, including, without limitation, ICOR Technology Inc. and Alpha Safety, and may acquire in the future; and any material differences in the actual financial results of the Company's past and future acquisitions as compared with the Company's expectation. 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 press release are based upon information available to the Company as of the date of this press release, 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 press release.

# TODAY'S PRESENTERS

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**WARREN KANDERS**

Chief Executive Officer and  
Chairman of the Board



**BRAD WILLIAMS**

President



**BLAINE BROWERS**

Chief Financial Officer



# AGENDA

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- Q4 and FY Highlights
- Business Overview
- Financial Summary
- Full Year Outlook
- Conclusion and Q&A



# CONTINUED EXECUTION IN Q4

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

## Commentary:

Pricing Growth: ✓ *Exceeded target*

Q4 Mix: — *As expected, lower EOD volume driving unfavorable mix*

Orders Backlog: ✓ *Increased by \$8.8 million in 2023, primarily driven by demand for explosive ordinance disposal products*

M&A Execution: ✓ *Completed acquisitions of ICOR Technology in January and Alpha Safety in March*

Healthy M&A Funnel: ✓ *Continue to actively evaluate pipeline of opportunities*

Returned Capital to Shareholders: ✓ *Declared ninth consecutive quarterly dividend—increased dividend by \$0.03 on an annualized basis*

# MACRO TAILWINDS SUPPORT LONG TERM SUSTAINABLE GROWTH OPPORTUNITY

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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

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## North American Law Enforcement

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

## Geopolitical Landscape

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

## Supply Chain/ Labor

- Majority of supply chain is stable
- Effectively 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 supportive feedback related to armor and holster product launches. Newest body armor innovation was launched in January 2024 with overwhelmingly positive feedback



# M&A





# 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 ALPHA SAFETY



## BUSINESS OVERVIEW & STRATEGIC RATIONALE

- Alpha Safety is a provider of highly engineered, technical products and services spanning the nuclear value chain
- Highly-visible, expected recurring revenue driven by long-term contracts, commitments and recurring purchases from entrenched customer base
- Leading positions across all its key product lines and service offerings
- Large TAM (Total Addressable Market) with long-term industry tailwinds supported by 20-30+ year project timelines
- \$44 million in revenue for FY2023; EBITDA margin in excess of 20%
- Acquisition represents an opportunity to integrate a leading, niche protective products manufacturer, reinforcing Cadre's focus on mission-critical safety and survivability
- Customer overlap with the Department of Energy and key nuclear sites

## CADRE'S KEY M&A CRITERIA MET

- ☒ Leading market position
- ☒ High cost of substitution
- ☒ Leading and defensible technology
- ☒ Strong brand recognition
- ☒ Attractive ROIC
- ☒ Niche market
- ☒ Resiliency thru market cycles

**Alpha Safety Provides an Entrance Into a New Vertical with Multiple Growth Levers Across Nuclear Products and Services**

# PRODUCT AND SERVICE OVERVIEW

Alpha Safety's Products/Services Span the Nuclear Value Chain; Supporting Commercial and Government Missions with Radioactive Elements

## Ventilation and Containment



- **Overview:** Equipment and systems to contain and control radioactive and potentially hazardous contaminants
- **Products / Services:** Air filtration and carbon adsorber systems modular containment systems and nuclear shielding

## Engineered Containers



- **Overview:** Proprietary containers for handling and storing plutonium oxides, metals, powders and by products
- **Products / Services:** Container system enabled by proprietary filter technology co-developed with DoE / NNSA with all IP owned by Alpha

## Field Services and Maintenance



- **Overview:** Leader in nuclear material non-destructive assay testing services, flammable gas analysis for testing nuclear waste, and other maintenance
- **Products / Services:** Technical services for waste / radioactive material characterization, flammable gas analysis, contracted on annual container maintenance, and other technical onsite services

## Advanced Transportation Containers



- **Overview:** Solutions for transporting and long-term storage of radioactive materials and nuclear waste
- **Products / Services:** Leading U.S. manufacturer of certain advanced containers for transporting and safe disposal of plutonium and related hazardous materials

## Specialty Filters / Consumable Products



- **Overview:** Products and solutions built for the handling and transportation of radioactive material and release of flammable gases from waste drums
- **Products / Services:** Filters, containers, bags and other consumables

## Radiometric Instrumentation

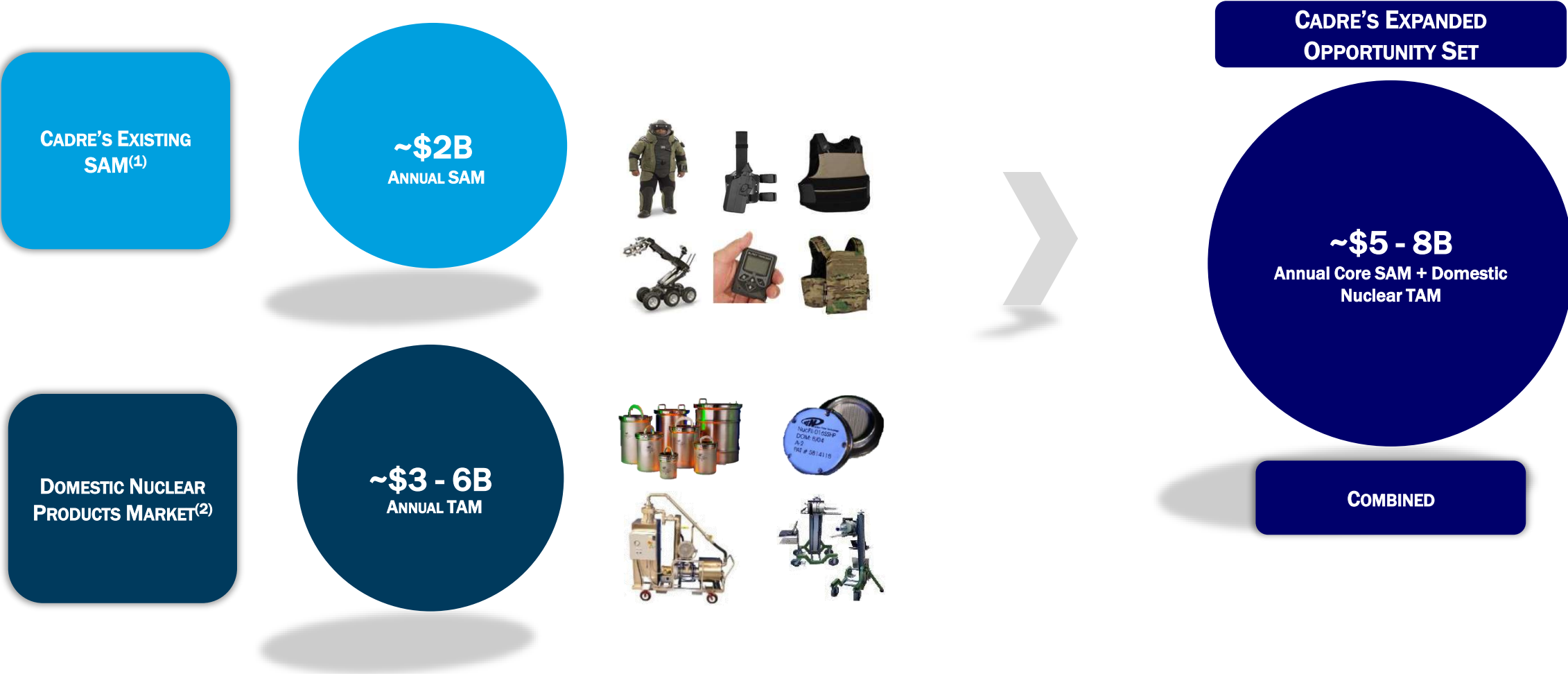


- **Overview:** Products for monitoring radioactive material and assessing its composition and characteristics
- **Products / Services:** systems include standard and custom non-destructive assay solutions and criticality accident and alarm systems



# ACQUISITION EXPANDS ADDRESSABLE MARKET

Alpha Safety's large, total addressable market for domestic nuclear products and services immediately expands Cadre's TAM and already well-developed serviceable addressable market (SAM) in its core categories



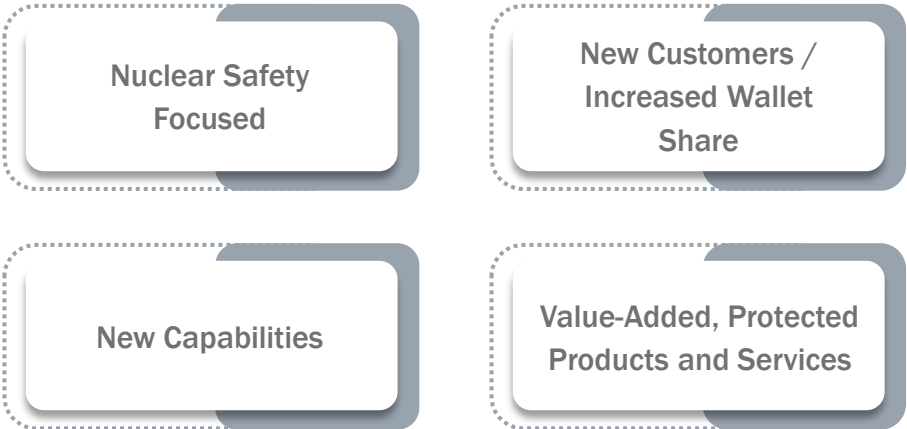
Source:  
(1) See Management estimates from the 2022 Form 10-K filed with the SEC on March 15, 2023 for additional detail. "Existing SAM" is calculated as: EoD Equipment (\$245mm) + Safety Holsters (\$380mm) + Blast Sensors (\$500mm) + Soft Body Armor (\$870mm) = ~\$2bn.  
(2) Oliver Wyman analysis.

# ATTRACTIVE MARKET AND PLATFORM FOR M&A







## TURNKEY M&A PLATFORM

-  Proven track record of executing M&A and strong sector relationships
-  Consolidated platform offers high synergy potential
-  100+ potential acquisition targets in M&A pipeline
-  Historical acquisitions have proven ability to scale and strengthen customer relationships

## SPECIFIC ACQUISITION CRITERIA...



## ...WITH PROVEN TRACK RECORD OF SUCCESSFUL ACQUISITIONS

-   Strengthen Relationship With Key Customers and Added Capabilities  
(2013)
-   Vertical Integration of Critical Production Capability  
(2021)
-   Added Number of Strategic Customers and Product / Service Capabilities  
(2023)

## ...LARGE PIPELINE OF POTENTIAL ATTRACTIVE GLOBAL M&A TARGETS



# ACQUISITION OF ICOR TECHNOLOGY



## BUSINESS OVERVIEW & STRATEGIC RATIONALE

- ICOR is a trusted global supplier of high-quality, reliable, innovative, and cost-effective EOD robots
- Headquartered in Ottawa, Ontario, strategically located near the national headquarters of the Canadian Department of National Defence and the Royal Canadian Mounted Police
- Key customers are EOD and military organizations worldwide, including SWAT and Chemical, Biological, Radiological, Nuclear, and high-yield Explosives (CBRNE) teams
- Advances Cadre’s strategic focus on seeking to acquire accretive, high-margin businesses with mission-critical products
- Opportunities to further penetrate ICOR’s key markets, drawing on Cadre’s scale and extensive sales channels

## CADRE’S KEY M&A CRITERIA MET

- ☑ Leading market position
- ☑ Mission-critical to customer
- ☑ Strong brand recognition
- ☑ Niche market
- ☑ Attractive ROIC
- ☑ Resiliency thru market cycles
- ☑ Recurring revenue profile

Meaningfully Expands Cadre’s Ability to Provide Mission-critical EOD Robots to Law Enforcement Agencies and Military Organizations

# Q4 Financial Results





# FOURTH QUARTER AND FULL YEAR 2023 HIGHLIGHTS

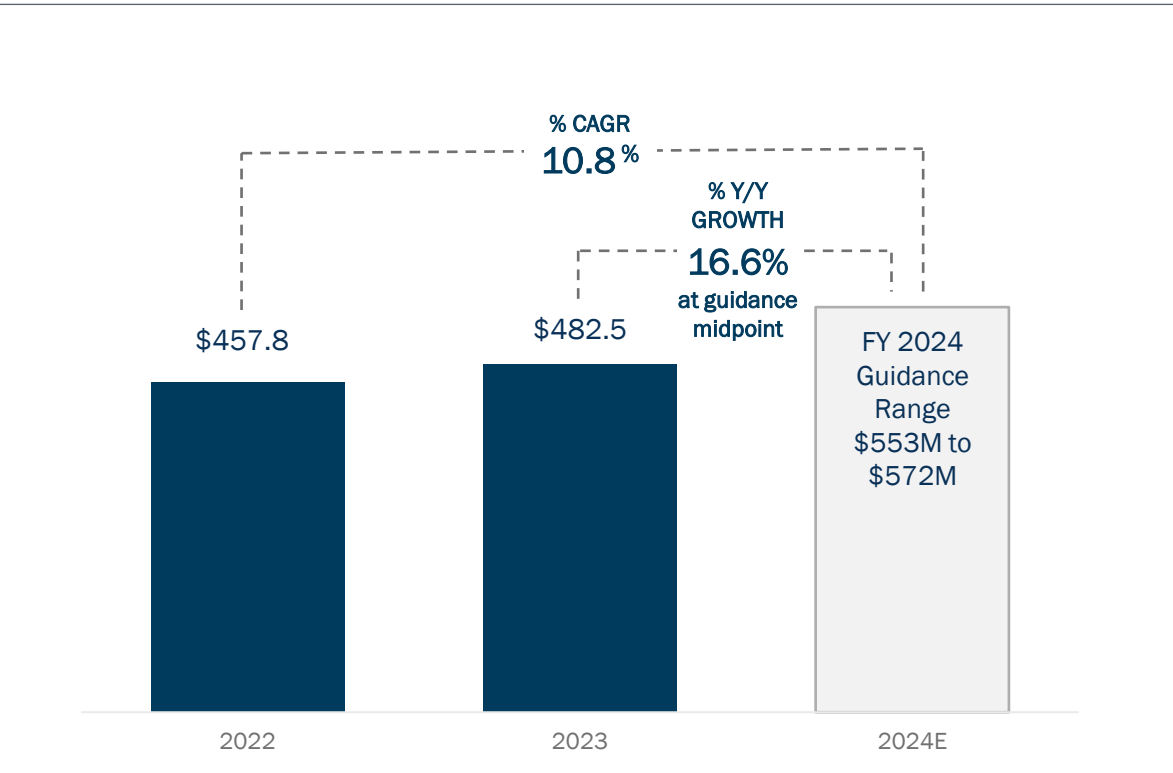


	Q4 2023	Q4 2022	FY 2023	FY 2022
NET SALES	\$124.6M	\$123.6M	\$482.5M	\$457.8M
GROSS MARGIN	39.9%	39.2%	41.6%	38.4%
NET INCOME	\$9.6M / \$0.25 per diluted share	\$6.6M / \$0.17 per diluted share	\$38.6M / \$1.02 per diluted share	\$5.8M <sup>1</sup> / \$0.16 per diluted share
ADJUSTED EBITDA <sup>2</sup>	\$20.7M	\$22.4M	\$85.8M	\$75.7M
ADJUSTED EBITDA <sup>2</sup> MARGIN	16.6%	18.1%	17.8%	16.5%

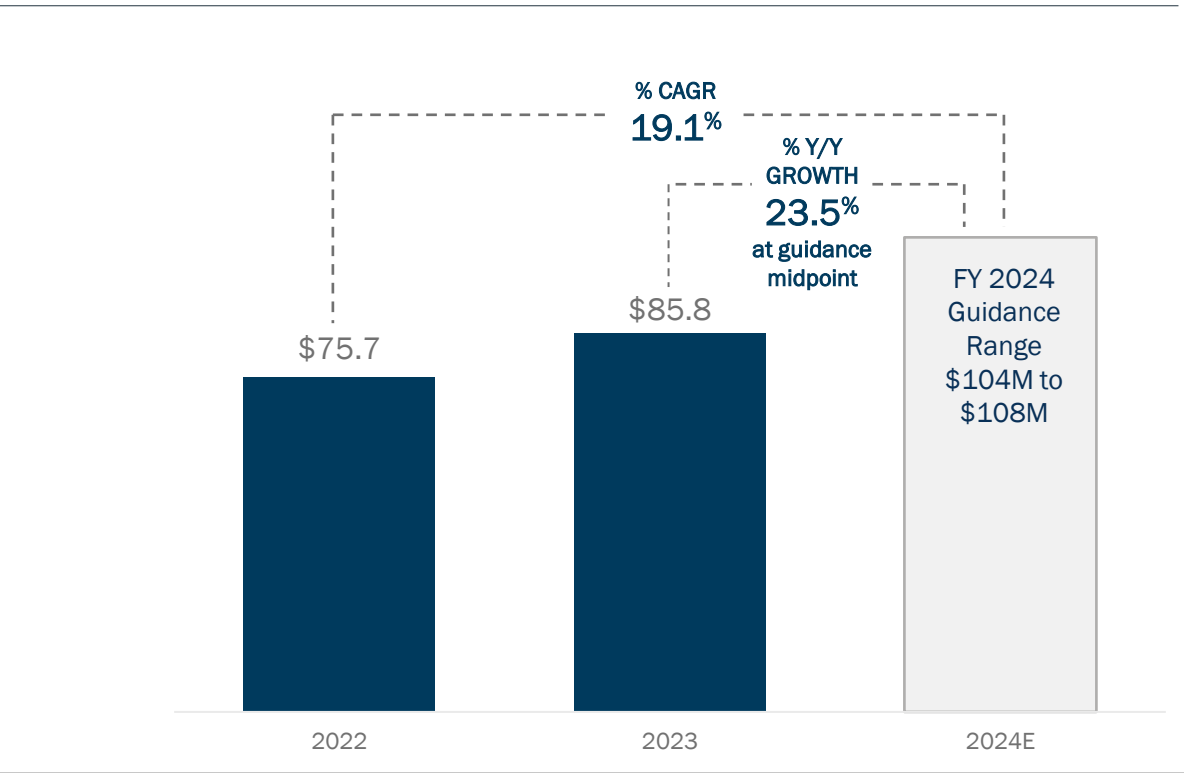
- Achieved record FY revenue, gross margin and net income
- Q4 net income increased 45% y/y

# NET SALES AND ADJUSTED EBITDA

## NET SALES (\$MM)



## ADJ. EBITDA<sup>1</sup> (\$MM)



1. A non-GAAP financial measure. See slide 27 for definitions and reconciliations to the nearest GAAP measures

# Q4 2023 CAPITAL STRUCTURE

December 31, 2023

(in thousands)

Cash and cash equivalents	\$	87,691
Debt:		
Revolver	\$	—
Current portion of long-term debt		12,320
Long-term debt		128,962
Capitalized discount/issuance costs		(1,150)
<b>Total debt, net</b>	<b>\$</b>	<b>140,132</b>
<b>Net debt (Total debt net of cash)</b>	<b>\$</b>	<b>52,441</b>
Total debt / Adj. EBITDA <sup>(1)</sup>		1.6
Net debt / Adj. EBITDA <sup>(1)</sup>		0.6
LTM Adj. EBITDA <sup>(1)</sup>	\$	85,818

# 2024 MANAGEMENT OUTLOOK



## 2024 GUIDANCE

### NET SALES

\$553M to \$572M

### ADJ. EBITDA

\$104M to \$108M

### CAPITAL EXPENDITURES

\$8M to \$10M



# CONCLUSION



*Outstanding execution in Q4 and 2024 YTD*



*Ongoing implementation of Cadre operating model*



*FY 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)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 87,691	\$ 45,286
Accounts receivable, net	58,360	64,557
Inventories	80,976	70,273
Prepaid expenses	11,930	10,091
Other current assets	6,886	6,811
<b>Total current assets</b>	<b>245,843</b>	<b>197,018</b>
Property and equipment, net	44,647	45,285
Operating lease assets	6,554	8,489
Deferred tax assets, net	4,004	2,255
Intangible assets, net	43,472	50,695
Goodwill	81,667	81,576
Other assets	4,992	6,634
<b>Total assets</b>	<b>\$ 431,179</b>	<b>\$ 391,952</b>
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 28,418	\$ 23,406
Accrued liabilities	44,524	38,720
Income tax payable	9,944	4,584
Current portion of long-term debt	12,320	12,211
<b>Total current liabilities</b>	<b>95,206</b>	<b>78,921</b>
Long-term debt	127,812	137,476
Long-term operating lease liabilities	3,186	4,965
Deferred tax liabilities	4,843	3,508
Other liabilities	2,970	1,192
<b>Total liabilities</b>	<b>234,017</b>	<b>226,062</b>
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of December 31, 2023 and December 31, 2022)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 37,587,436 and 37,332,271 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively)	4	4
Additional paid-in capital	212,630	206,540
Accumulated other comprehensive income	634	2,087
Accumulated deficit	(16,106)	(42,741)
<b>Total shareholders' equity</b>	<b>197,162</b>	<b>165,890</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>\$ 431,179</b>	<b>\$ 391,952</b>

# STATEMENT OF OPERATIONS

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 124,583	\$ 123,645	\$ 482,532	\$ 457,837
Cost of goods sold	74,825	75,117	281,806	282,159
Gross profit	49,758	48,528	200,726	175,678
Operating expenses				
Selling, general and administrative	34,904	34,698	140,519	153,129
Restructuring and transaction costs	1,060	975	2,192	4,355
Related party expense	1,117	132	1,496	1,478
Total operating expenses	37,081	35,805	144,207	158,962
Operating income	12,677	12,723	56,519	16,716
Other expense				
Interest expense	(804)	(1,710)	(4,531)	(6,206)
Other income (expense), net	541	1,675	936	(1,137)
Total other expense, net	(263)	(35)	(3,595)	(7,343)
Income before provision for income taxes	12,414	12,688	52,924	9,373
Provision for income taxes	(2,820)	(6,089)	(14,283)	(3,553)
Net income	\$ 9,594	\$ 6,599	\$ 38,641	\$ 5,820
Net income per share:				
Basic	\$ 0.26	\$ 0.18	\$ 1.03	\$ 0.16
Diluted	\$ 0.25	\$ 0.17	\$ 1.02	\$ 0.16
Weighted average shares outstanding:				
Basic	37,586,756	37,332,271	37,533,818	36,109,844
Diluted	38,125,787	37,887,600	37,920,488	36,122,374



# STATEMENT OF CASH FLOWS

## UNAUDITED (IN THOUSANDS)

	Year Ended December 31,	
	2023	2022
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 38,641	\$ 5,820
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,737	15,651
Amortization of original issue discount and debt issue costs	479	740
Amortization of inventory step-up	—	4,255
Loss on extinguishment of debt	—	—
Deferred income taxes	(210)	(1,087)
Stock-based compensation	9,368	31,858
Provision for (recoveries from) losses on accounts receivable	66	417
Foreign exchange (gain) loss	(602)	1,517
Other	(381)	(170)
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	6,602	(11,536)
Inventories	(10,223)	1,162
Prepaid expenses and other assets	(302)	(7,711)
Accounts payable and other liabilities	14,034	5,493
<b>Net cash provided by operating activities</b>	<b>73,209</b>	<b>46,409</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(6,727)	(4,494)
Proceeds from disposition of property and equipment	207	411
Business acquisitions, net of cash acquired	—	(55,543)
<b>Net cash used in investing activities</b>	<b>(6,520)</b>	<b>(59,626)</b>

Continued on next slide

# STATEMENT OF CASH FLOWS - CONTINUED

## UNAUDITED (IN THOUSANDS)

	Year Ended December 31,	
	2023	2022
<b>Cash Flows From Financing Activities:</b>		
Proceeds from revolving credit facilities	—	43,000
Principal payments on revolving credit facilities	—	(43,000)
Proceeds from term loans	—	—
Principal payments on term loans	(10,000)	(10,116)
Proceeds from insurance premium financing	3,949	3,989
Principal payments on insurance premium financing	(3,973)	(4,952)
Payments for debt issuance costs	—	—
Payments on extinguishment of debt	—	—
Taxes paid in connection with employee stock transactions	(2,725)	(6,300)
Proceeds from initial public offering, net of underwriter discounts	—	—
Proceeds from secondary offering, net of underwriter discounts	—	56,329
Deferred offering costs	—	(2,953)
Dividends distributed	(12,006)	(11,509)
Other	33	(25)
<b>Net cash (used in) provided by financing activities</b>	<b>(24,722)</b>	<b>24,463</b>
Effect of foreign exchange rates on cash and cash equivalents	438	183
<b>Change in cash and cash equivalents</b>	<b>42,405</b>	<b>11,429</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>45,286</b>	<b>33,857</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 87,691</b>	<b>\$ 45,286</b>
<b>Supplemental Disclosure of Cash Flows Information:</b>		
Cash paid for income taxes, net	\$ 8,729	\$ 1,395
Cash paid for interest	\$ 10,090	\$ 6,109
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Accruals and accounts payable for capital expenditures	\$ 234	\$ 172

# NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 9,594	\$ 6,599	\$ 38,641	\$ 5,820
Add back:				
Depreciation and amortization	3,352	4,332	15,737	15,651
Interest expense	804	1,710	4,531	6,206
Provision for income taxes	2,820	6,089	14,283	3,553
<b>EBITDA</b>	<b>\$ 16,570</b>	<b>\$ 18,730</b>	<b>\$ 73,192</b>	<b>\$ 31,230</b>
Add back:				
Restructuring and transaction costs <sup>(1)</sup>	2,060	975	3,192	5,355
Other general income <sup>(2)</sup>	(92)	(159)	(92)	(159)
Other (income) expense, net <sup>(3)</sup>	(541)	(1,675)	(936)	1,137
Stock-based compensation expense <sup>(4)</sup>	2,308	2,878	9,368	32,239
Stock-based compensation payroll tax expense <sup>(5)</sup>	14	—	234	305
LTIP bonus <sup>(6)</sup>	371	436	860	1,369
Amortization of inventory step-up <sup>(7)</sup>	—	1,200	—	4,255
<b>Adjusted EBITDA</b>	<b>\$ 20,690</b>	<b>\$ 22,385</b>	<b>\$ 85,818</b>	<b>\$ 75,731</b>
<b>Adjusted EBITDA margin<sup>(10)</sup></b>	<b>16.6 %</b>	<b>18.1 %</b>	<b>17.8 %</b>	<b>16.5</b>

1. Reflects the "Restructuring and transaction costs" line item on our consolidated statement of operations and comprehensive income, which primarily includes transaction costs composed of legal and consulting fees. In addition, this line item reflects \$1.0 million transaction fees paid to Kanders & Company, Inc. for services related to the acquisition of ICOR and Cyalume for the years ended December 31, 2023 and 2022, respectively, which is included in related party expense in the Company's consolidated statements of operations. Kanders & Company, Inc. is a company controlled by Warren B. Kanders, our Chairman of the Board and Chief Executive Officer.
2. Reflects gains from long-lived asset sales.
3. Reflects the "Other income (expense), net" line item on our consolidated statements of operations and primarily includes gains and losses due to fluctuations in foreign currency exchange rates.
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.

# USE OF NON-GAAP MEASURES

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The Company reports its financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). The press release contains the non-GAAP measures: (i) earnings before interest, taxes, other income or expense, depreciation and amortization (“EBITDA”), (ii) adjusted EBITDA and (iii) adjusted EBITDA margin. The Company believes the presentation of these non-GAAP measures provides useful information for the understanding of its ongoing operations and enables investors to focus on period- over-period operating performance, and thereby enhances the user’s overall understanding of the Company’s current financial performance relative to past performance and provides, along with the nearest GAAP measures, a baseline for modeling future earnings expectations. Non-GAAP measures are reconciled to comparable GAAP financial measures within this press release. The Company cautions that non-GAAP measures should be considered in addition to, but not as a substitute for, the Company’s reported GAAP results. Additionally, the Company notes that there can be no assurance that the above referenced non-GAAP financial measures are comparable to similarly titled financial measures used by other publicly traded companies.