



# FIRST QUARTER 2024

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# FORWARD-LOOKING STATEMENTS

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Please note that in this presentation we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future,” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this presentation, include, but are not limited to, those risks and uncertainties more fully described from time to time in the Company's public reports filed with the Securities and Exchange Commission, including under the section titled “Risk Factors” in the Company's Annual Report on Form 10-K, and/or Quarterly Reports on Form 10-Q, as well as in the Company’s 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

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



# CONTINUED EXECUTION IN Q1

Cadre continues to deliver on strategic objectives, generating record quarterly Adj. EBITDA and strong margins

## Commentary:

Pricing Growth: ✓ *Exceeded target*

Q1 Mix: — *Neutral mix in the quarter, positive product mix offset by portfolio mix*

Orders Backlog: — *As expected, Armor and EOD backlog is lower as large shipments were delivered*

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 tenth consecutive quarterly dividend*

# LONG-TERM INDUSTRY TAILWINDS SUPPORTING SUSTAINABLE GROWTH OPPORTUNITY



## Public Safety Tailwinds

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

Major US cities continue to increase police budgets

European leaders continue to advocate for significant increases in defense budgets

## Nuclear Safety Tailwinds

Environmental Safety: Growing DoE environmental liability across multiple sites requiring remediation spend spanning 60+ years

National Security: Expanding national defense programs drive consistent and growing demand

Nuclear Energy: Increasing global demand for sustainable and clean energy driving investment in nuclear energy, including next gen reactors



# LATEST MARKET TRENDS

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## North American Law Enforcement

- Spend per officer remains stable 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

- Supply chain is stable
- Effectively managing labor force for long-term

## Consumer

- Demand for Cadre's products is strong with new product introductions continuing to drive growth

## New Products/ Innovation

- Continue to hear supportive feedback related to new product innovation



# 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





# Q1 Financial Results



# FIRST QUARTER 2024 HIGHLIGHTS

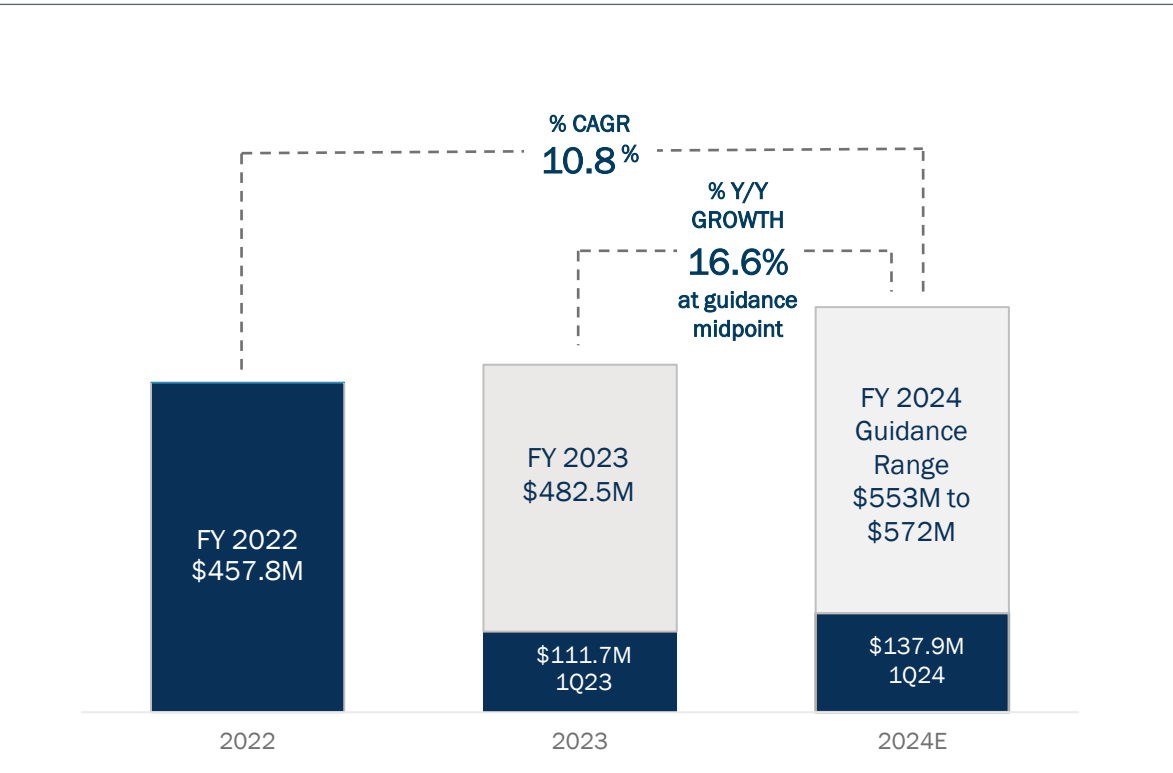


	Q1 2024	Q4 2023	Q1 2023
NET SALES	\$137.9M	\$124.6M	\$111.7M
GROSS MARGIN	41.8% <sup>2</sup>	39.9%	41.7%
NET INCOME	\$6.9M / \$0.18 per diluted share	\$9.6M / \$0.25 per diluted share	\$7.0M / \$0.19 per diluted share
ADJUSTED EBITDA <sup>1</sup>	\$24.5M	\$20.7M	\$18.6M
ADJUSTED EBITDA MARGIN <sup>1</sup>	17.8%	16.6%	16.6%

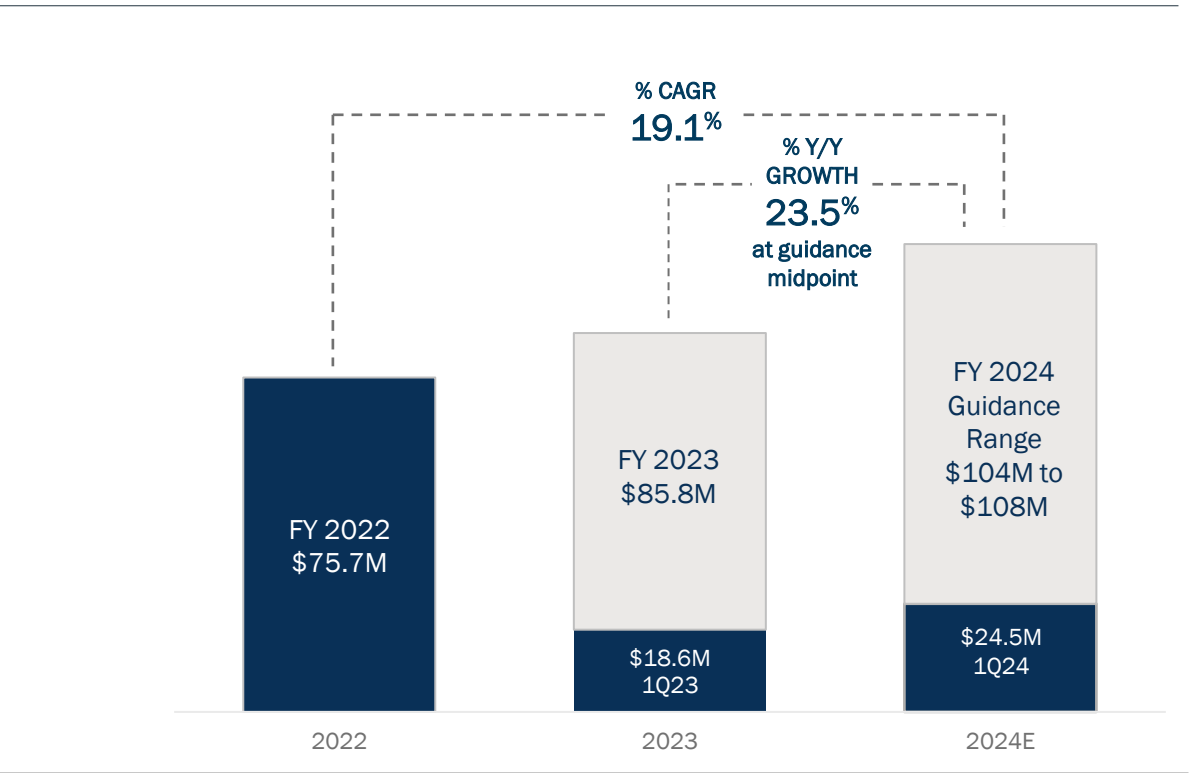
- Achieved record net sales and adj. EBITDA in Q1—y/y increases of 23% and 32%, respectively
- Adj. EBITDA margin improved 120 bps y/y

# NET SALES AND ADJUSTED EBITDA

## NET SALES (\$MM)



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



1. A non-GAAP financial measure. See slide 20 for definitions and reconciliations to the nearest GAAP measures



# Q1 2024 CAPITAL STRUCTURE

March 31, 2024

(in thousands)

Cash and cash equivalents	\$	87,052
Debt:		
Revolver	\$	—
Current portion of long-term debt		15,234
Long-term debt		202,453
Capitalized discount/issuance costs		(1,852)
<b>Total debt, net</b>	<b>\$</b>	<b>215,835</b>
<b>Net debt (Total debt net of cash)</b>	<b>\$</b>	<b>128,783</b>
Total debt / Adj. EBITDA <sup>(1)</sup>		2.4
Net debt / Adj. EBITDA <sup>(1)</sup>		1.4
LTM Adj. EBITDA <sup>(1)</sup>	\$	91,714

# 2024 MANAGEMENT OUTLOOK



## 2024 GUIDANCE

### NET SALES

\$553M to \$572M

### ADJ. EBITDA

\$104M to \$108M

### CAPITAL EXPENDITURES

\$8M to \$10M

# CONCLUSION



*Continued strong execution in Q1*



*Ongoing implementation of Cadre operating model*



*Increased Quarterly Net Sales, Gross Margin,  
Adjusted EBITDA and Adjusted EBITDA Margin*



*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, 2024	December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 87,052	\$ 87,691
Accounts receivable, net of allowance for doubtful accounts of \$1,087 and \$635, respectively	68,107	58,360
Inventories	95,759	80,976
Prepaid expenses	12,365	11,930
Other current assets	6,045	6,886
<b>Total current assets</b>	<b>269,328</b>	<b>245,843</b>
Property and equipment, net of accumulated depreciation and amortization of \$49,904 and \$50,968, respectively	46,709	44,647
Operating lease assets	9,987	6,554
Deferred tax assets, net	3,969	4,004
Intangible assets, net	115,011	43,472
Goodwill	148,912	81,667
Other assets	5,526	4,992
<b>Total assets</b>	<b>\$ 599,442</b>	<b>\$ 431,179</b>
<b>Liabilities, Mezzanine Equity and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 30,282	\$ 28,418
Accrued liabilities	47,467	44,524
Income tax payable	2,573	9,944
Current portion of long-term debt	15,234	12,320
<b>Total current liabilities</b>	<b>95,556</b>	<b>95,206</b>
Long-term debt	200,601	127,812
Long-term operating lease liabilities	5,822	3,186
Deferred tax liabilities	21,554	4,843
Other liabilities	5,208	2,970
<b>Total liabilities</b>	<b>328,741</b>	<b>234,017</b>
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2022)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 40,060,444 and 37,587,436 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively)	4	4
Additional paid-in capital	282,176	212,630
Accumulated other comprehensive income	988	634
Accumulated deficit	(12,467)	(16,106)
<b>Total shareholders' equity</b>	<b>270,701</b>	<b>197,162</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>\$ 599,442</b>	<b>\$ 431,179</b>

# STATEMENT OF OPERATIONS

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

		Three Months Ended March 31,			
		2024		2023	
Net sales	\$		137,860	\$	111,748
Cost of goods sold			80,232		65,130
<b>Gross profit</b>			<b>57,628</b>		<b>46,618</b>
Operating expenses					
Selling, general and administrative			40,719		35,250
Restructuring and transaction costs			3,087		—
Related party expense			1,843		148
<b>Total operating expenses</b>			<b>45,649</b>		<b>35,398</b>
<b>Operating income</b>			<b>11,979</b>		<b>11,220</b>
Other expense					
Interest expense			(1,637)		(1,641)
Other (expense) income, net			(1,444)		364
<b>Total other expense, net</b>			<b>(3,081)</b>		<b>(1,277)</b>
Income before provision for income taxes			8,898		9,943
Provision for income taxes			(1,970)		(2,941)
<b>Net income</b>	\$		<b>6,928</b>	\$	<b>7,002</b>
<b>Net income per share:</b>					
Basic	\$		0.18	\$	0.19
Diluted	\$		0.18	\$	0.19
<b>Weighted average shares outstanding:</b>					
Basic			37,946,576		37,373,529
Diluted			38,554,185		37,629,498



# STATEMENT OF CASH FLOWS

## UNAUDITED (IN THOUSANDS)

	Year Ended March 31,	
	2024	2023
Net income	\$ 6,928	\$ 7,002
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,942	4,261
Amortization of original issue discount and debt issue costs	149	64
Amortization of inventory step-up	769	—
Deferred income taxes	1,546	183
Stock-based compensation	2,067	2,747
Remeasurement of contingent consideration	451	—
Provision for losses on accounts receivable	480	40
Foreign exchange loss (gain)	934	(213)
Other loss (gain)	52	(103)
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	2,696	9,075
Inventories	1,818	(5,830)
Prepaid expenses and other assets	2,028	(556)
Accounts payable and other liabilities	(21,723)	(3,948)
<b>Net cash provided by operating activities</b>	<b>2,137</b>	<b>12,722</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(1,343)	(781)
Proceeds from disposition of property and equipment	—	201
Business acquisitions, net of cash acquired	(141,293)	—
<b>Net cash used in investing activities</b>	<b>(142,636)</b>	<b>(580)</b>

Continued on next slide

# STATEMENT OF CASH FLOWS - CONTINUED

## UNAUDITED (IN THOUSANDS)

	Year Ended March 31,	
	2024	2023
<b>Cash Flows From Financing Activities:</b>		
Proceeds from revolving credit facilities	5,500	—
Principal payments on revolving credit facilities	(5,500)	—
Proceeds from term loans	80,000	—
Principal payments on term loans	(2,500)	(2,500)
Principal payments on insurance premium financing	(1,083)	(1,092)
Payments for debt issuance costs	(844)	—
Taxes paid in connection with employee stock transactions	(5,311)	(2,725)
Proceeds from secondary offering, net of underwriter discounts	73,535	—
Deferred offering costs	(722)	—
Dividends distributed	(3,289)	(2,986)
<b>Net cash provided by (used in) financing activities</b>	<b>139,786</b>	<b>(9,303)</b>
Effect of foreign exchange rates on cash and cash equivalents	74	169
<b>Change in cash and cash equivalents</b>	<b>(639)</b>	<b>3,008</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>87,691</b>	<b>45,286</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 87,052</b>	<b>\$ 48,294</b>
<b>Supplemental Disclosure of Cash Flows Information:</b>		
Cash paid for income taxes, net	\$ 9,369	\$ 3,141
Cash paid for interest	\$ 2,498	\$ 2,359
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Accruals and accounts payable for capital expenditures	\$ 210	\$ 238

# NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Year ended December 31, 2023	Three Months Ended March 31, 2024		LTM March 31, 2024
Net income	\$ 38,641	\$ 6,928	\$ 7,002	\$ 38,567
Add back:				
Depreciation and amortization	15,737	3,942	4,261	15,418
Interest expense	4,531	1,637	1,641	4,527
Provision for income taxes	14,283	1,970	2,941	13,312
<b>EBITDA</b>	<b>\$ 73,192</b>	<b>\$ 14,477</b>	<b>\$ 15,845</b>	<b>\$ 71,824</b>
Add back:				
Restructuring and transaction costs <sup>(1)</sup>	3,192	4,837	—	8,029
Other general income <sup>(2)</sup>	(92)	—	—	(92)
Other (income) expense, net <sup>(3)</sup>	(936)	1,444	(364)	872
Stock-based compensation expense <sup>(4)</sup>	9,368	2,067	2,747	8,688
Stock-based compensation payroll tax expense <sup>(5)</sup>	234	393	220	407
LTIP bonus <sup>(6)</sup>	860	50	144	766
Amortization of inventory step-up <sup>(7)</sup>	—	769	—	769
Contingent consideration expense <sup>(8)</sup>	—	451	—	451
<b>Adjusted EBITDA</b>	<b>\$ 85,818</b>	<b>\$ 24,488</b>	<b>\$ 18,592</b>	<b>\$ 91,714</b>
<b>Adjusted EBITDA margin<sup>(9)</sup></b>	<b>16.5 %</b>	<b>17.8 %</b>	<b>16.6 %</b>	

- 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 a \$1.0 million transaction fee payable to Kanders & Company, Inc. for services related to the acquisition of ICOR that was accrued for during the year ended December 31, 2023 and a \$1.8 million transaction fee paid to Kanders & Company, Inc. for services related to the acquisition of Alpha Safety for the three months ended March 31, 2024, which are 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.
- Reflects gains from long-lived asset sales
- 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.
- Reflects compensation expense related to equity and liability classified stock-based compensation plans.
- Reflects payroll taxes associated with vested stock-based compensation awards.
- Reflects the cost of a cash-based long-term incentive plan awarded to employees that vests over three years.
- Reflects amortization expense related to the step-up inventory adjustment recorded as a result of our recent acquisitions.
- Reflects contingent consideration expense related to the acquisition of ICOR.
- 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 presentation contains the non-GAAP measures: (i) earnings before interest, taxes, other income or expense, depreciation and amortization (“EBITDA”), (ii) adjusted EBITDA, (iii) adjusted EBITDA margin and (iv) last twelve months adjusted EBITDA. 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 presentation. We do not provide a reconciliation of the non-GAAP guidance measure Adjusted EBITDA for the fiscal year 2024 to net income for the fiscal year 2024, the most comparable GAAP financial measure, due to the inherent difficulty of forecasting certain types of expenses and gains, without unreasonable effort, which affect net income but not Adjusted EBITDA. 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.