



THIRD QUARTER 2024



FORWARD-LOOKING STATEMENTS

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, potential legal, reputational, operational and financial effects on the Company resulting from the cybersecurity incident that the Company reported in July 2024 and/or future cybersecurity incidents on the Company’s business, operations and financial results as well as the effectiveness of the Company’s response and mitigation efforts to any such cybersecurity incidents, as well as 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



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 and capitalize on favorable market trends driving strong demand for mission-critical safety equipment

Commentary:

Pricing Growth: ✓ *Exceeded target*

Q3 Mix: — *Neutral mix in the quarter*

Orders Backlog: ✓ *Sequentially, backlog increased \$21M, excluding Alpha Safety and ICOR*

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

Returned Capital to Shareholders: ✓ *Declared twelfth 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

North American Law Enforcement

- Police protection expenditures remain stable

Geopolitical Landscape

- Demand for EOD products after global conflicts de-escalate will lead to future opportunities

Consumer

- Continued solid demand for Cadre's products in Q3

New Products/ Innovation

- Successful new product launches across many of our categories continue to generate positive feedback from customers and are tracking well

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



Q3 Financial Results



THIRD QUARTER 2024 HIGHLIGHTS

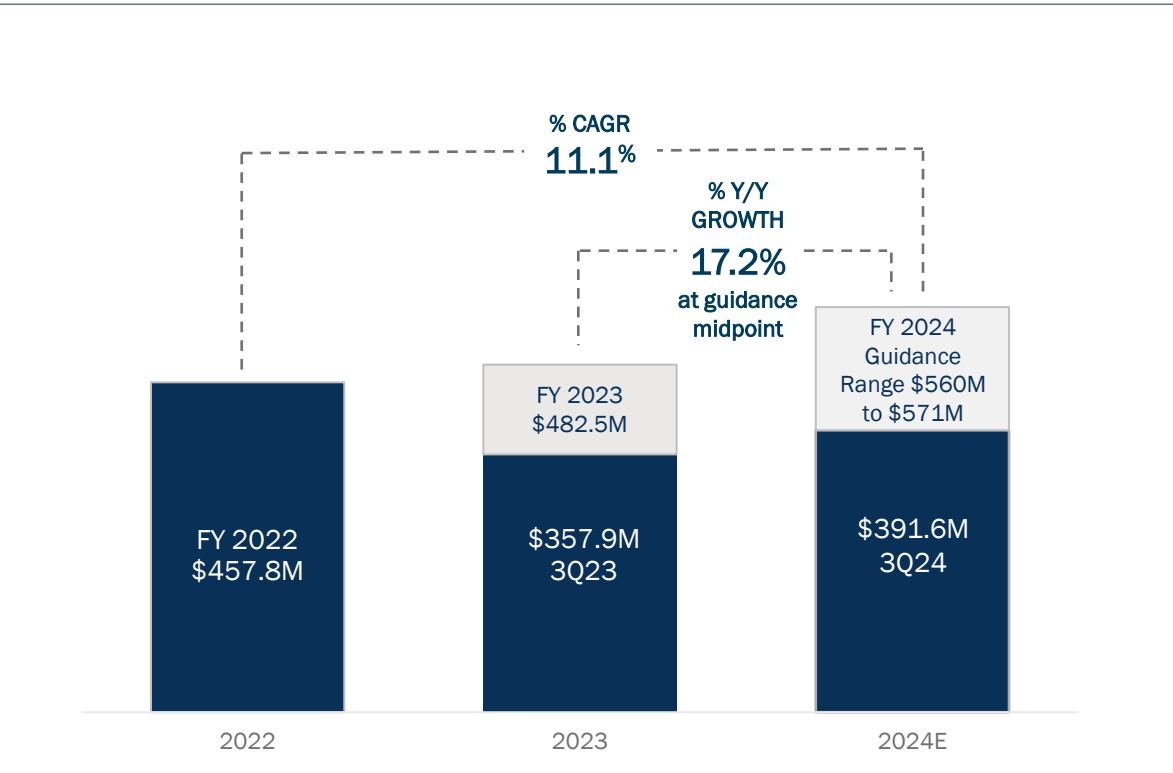


	Q3 2024	Q2 2024	Q3 2023
NET SALES	\$109.4M	\$144.3M	\$125.1M
GROSS MARGIN	36.6% ²	40.6% ³	42.8%
NET INCOME	\$3.7M / \$0.09 per diluted share	\$12.6M / \$0.31 per diluted share	\$11.0M / \$0.29 per diluted share
ADJUSTED EBITDA ¹	\$13.5M	\$28.3M	\$23.7M
ADJUSTED EBITDA MARGIN ¹	12.4%	19.6%	19.0%

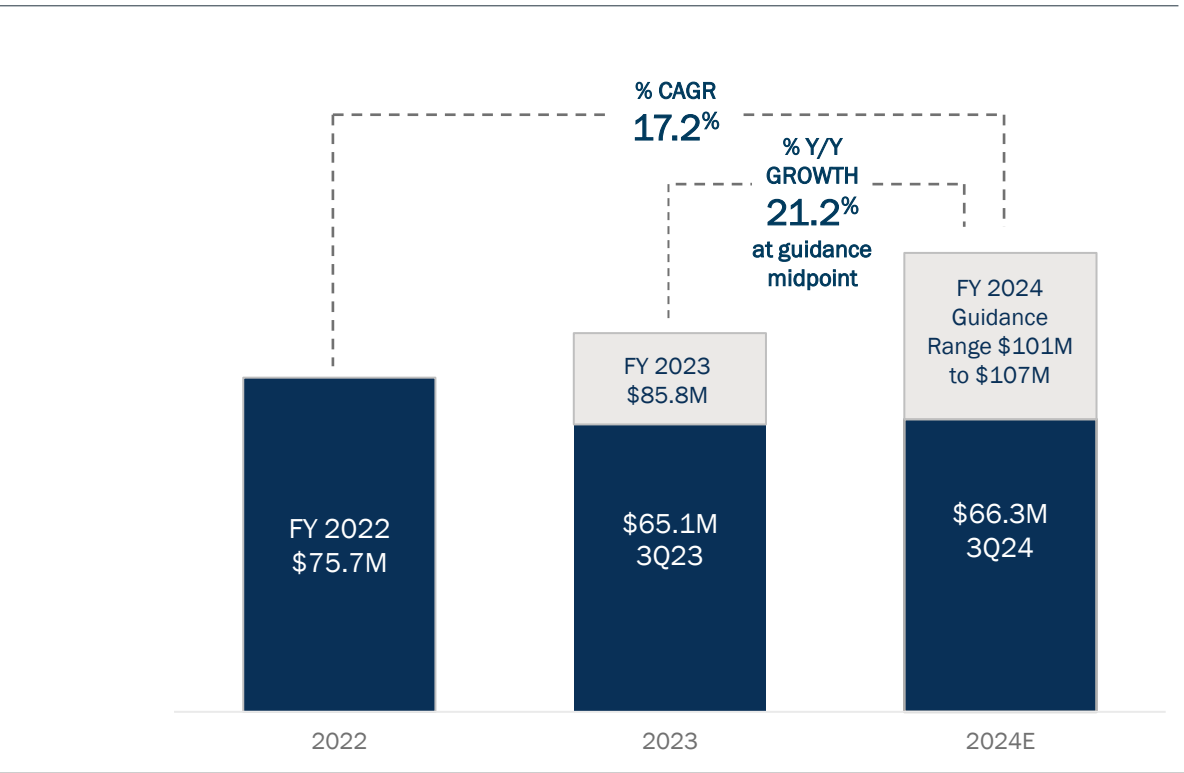
- Q3 results reflect short-term financial impacts from cybersecurity incidents

NET SALES AND ADJUSTED EBITDA GROWTH

NET SALES (\$MM)



ADJ. EBITDA¹ (\$MM)



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

Q3 2024 CAPITAL STRUCTURE

September 30, 2024

(in thousands)

Cash and cash equivalents	\$	92,989
Debt:		
Revolver	\$	—
Current portion of long-term debt		13,134
Long-term debt		196,399
Capitalized discount/issuance costs		(1,450)
Total debt, net	\$	208,083
Net debt (Total debt net of cash)	\$	115,094
Total debt / Adj. EBITDA ⁽¹⁾		2.4
Net debt / Adj. EBITDA ⁽¹⁾		1.3
LTM Adj. EBITDA ⁽¹⁾	\$	87,025

2024 MANAGEMENT OUTLOOK



2024 GUIDANCE

NET SALES

\$560M to \$571M

ADJ. EBITDA

\$101M to \$107M

CAPITAL EXPENDITURES

\$6M to \$8M

CONCLUSION



Execution in line with strategic objectives in Q3



Ongoing implementation of Cadre operating model



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, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 92,989	\$ 87,691
Accounts receivable, net of allowance for doubtful accounts of \$1,317 and \$635, respectively	69,432	58,360
Inventories	99,583	80,976
Prepaid expenses	15,603	11,930
Other current assets	8,305	6,886
Total current assets	285,912	245,843
Property and equipment, net of accumulated depreciation and amortization of \$53,098 and \$50,968, respectively	46,221	44,647
Operating lease assets	16,922	6,554
Deferred tax assets, net	3,870	4,004
Intangible assets, net	111,024	43,472
Goodwill	148,944	81,667
Other assets	3,722	4,992
Total assets	\$ 616,615	\$ 431,179
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 27,565	\$ 28,418
Accrued liabilities	47,241	44,524
Income tax payable	7,141	9,944
Current portion of long-term debt	13,134	12,320
Total current liabilities	95,081	95,206
Long-term debt	194,949	127,812
Long-term operating lease liabilities	12,032	3,186
Deferred tax liabilities	8,782	4,843
Other liabilities	5,490	2,970
Total liabilities	316,334	234,017
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of September 30, 2024 and December 31, 2023)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 40,607,988 and 37,587,436 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively)	4	4
Additional paid-in capital	304,707	212,630
Accumulated other comprehensive (loss) income	(1,079)	634
Accumulated deficit	(3,351)	(16,106)
Total shareholders' equity	300,281	197,162
Total liabilities, mezzanine equity and shareholders' equity	\$ 616,615	\$ 431,179

STATEMENT OF OPERATIONS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 109,408	\$ 125,114	\$ 391,577	\$ 357,949
Cost of goods sold	69,392	71,511	235,283	206,981
Gross profit	40,016	53,603	156,294	150,968
Operating expenses				
Selling, general and administrative	33,981	36,314	113,277	105,615
Restructuring and transaction costs	515	439	3,621	1,132
Related party expense	94	116	2,038	379
Total operating expenses	34,590	36,869	118,936	107,126
Operating income	5,426	16,734	37,358	43,842
Other expense				
Interest expense	(1,991)	(1,073)	(5,631)	(3,727)
Other income (expense), net	1,555	(315)	(225)	395
Total other expense, net	(436)	(1,388)	(5,856)	(3,332)
Income before provision for income taxes	4,990	15,346	31,502	40,510
Provision for income taxes	(1,335)	(4,293)	(8,352)	(11,463)
Net income	\$ 3,655	\$ 11,053	\$ 23,150	\$ 29,047
Net income per share:				
Basic	\$ 0.09	\$ 0.29	\$ 0.58	\$ 0.77
Diluted	\$ 0.09	\$ 0.29	\$ 0.58	\$ 0.77
Weighted average shares outstanding:				
Basic	40,607,988	37,586,031	39,723,702	37,515,976
Diluted	40,949,461	37,930,888	40,118,729	37,830,790

STATEMENT OF CASH FLOWS

UNAUDITED (IN THOUSANDS)

	Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net income	\$ 23,150	\$ 29,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,325	12,385
Amortization of original issue discount and debt issue costs	787	359
Amortization of inventory step-up	3,851	—
Deferred income taxes	(11,627)	1,317
Stock-based compensation	6,255	7,060
Remeasurement of contingent consideration	685	—
Provision for losses on accounts receivable	757	37
Foreign exchange gain	(788)	(243)
Other loss (gain)	355	(394)
Changes in operating assets and liabilities, net of impact of acquisitions:		
Accounts receivable	162	3,429
Inventories	(2,589)	(12,229)
Prepaid expenses and other assets	(4,161)	(3,131)
Accounts payable and other liabilities	(21,096)	8,623
Net cash provided by operating activities	8,066	46,260
Cash Flows From Investing Activities:		
Purchase of property and equipment	(4,381)	(4,248)
Proceeds from disposition of property and equipment	74	206
Business acquisitions, net of cash acquired	(141,813)	—
Net cash used in investing activities	(146,120)	(4,042)

Continued on next slide

STATEMENT OF CASH FLOWS - CONTINUED

UNAUDITED (IN THOUSANDS)

	Nine Months Ended September 30,	
	2024	2023
Cash Flows From Financing Activities:		
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	(9,562)	(7,500)
Proceeds from insurance premium financing	—	3,949
Principal payments on insurance premium financing	(2,187)	(2,909)
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	91,776	—
Deferred offering costs	(683)	—
Dividends distributed	(10,395)	(8,999)
Other	37	—
Net cash provided by (used in) financing activities	142,831	(18,184)
Effect of foreign exchange rates on cash and cash equivalents	521	92
Change in cash and cash equivalents	5,298	24,126
Cash and cash equivalents, beginning of period	87,691	45,286
Cash and cash equivalents, end of period	\$ 92,989	\$ 69,412
Supplemental Disclosure of Cash Flows Information:		
Cash paid for income taxes, net	\$ 22,761	\$ 7,923
Cash paid for interest	\$ 10,523	\$ 7,389
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 112	\$ 24

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
	2023	2024	2024	2023	2024	2023	September 30, 2024
Net income	\$ 38,641	\$ 12,567	\$ 3,655	\$ 11,053	\$ 23,150	\$ 29,047	\$ 32,744
Add back:							
Depreciation and amortization	15,737	4,620	3,763	4,165	12,325	12,385	15,677
Interest expense	4,531	2,003	1,991	1,073	5,631	3,727	6,435
Provision for income taxes	14,283	5,047	1,335	4,293	8,352	11,463	11,172
EBITDA	\$ 73,192	\$ 24,237	\$ 10,744	\$ 20,584	\$ 49,458	\$ 56,622	\$ 66,028
Add back:							
Restructuring and transaction costs ⁽¹⁾	3,192	19	515	439	5,371	1,132	7,431
Other general income ⁽²⁾	(92)	—	—	—	—	—	(92)
Other (income) expense, net ⁽³⁾	(936)	336	(1,555)	315	225	(395)	(316)
Stock-based compensation expense ⁽⁴⁾	9,368	2,084	2,104	2,208	6,255	7,060	8,563
Stock-based compensation payroll tax expense ⁽⁵⁾	234	48	—	—	441	220	455
LTIP bonus ⁽⁶⁾	860	(1)	—	185	49	489	420
Amortization of inventory step-up ⁽⁷⁾	—	1,541	1,541	—	3,851	—	3,851
Contingent consideration expense ⁽⁸⁾	—	58	176	—	685	—	685
Adjusted EBITDA	\$ 85,818	\$ 28,322	\$ 13,525	\$ 23,731	\$ 66,335	\$ 65,128	\$ 87,025
Adjusted EBITDA margin⁽⁹⁾	16.5 %	19.6 %	12.4 %	19.0 %	16.9 %	18.2 %	

- 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. 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 nine months ended September 30, 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

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.