
United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2022

CADRE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40698
(Commission File Number)

38-3873146
(IRS Employer
Identification Number)

13386 International Pkwy
Jacksonville, Florida
(Address of principal executive offices)

32218
(Zip Code)

Registrant's telephone number, including area code: (904) 741-5400

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.0001	CDRE	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☒ Emerging growth
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On May 12, 2022, Cadre Holdings, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2022. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The press release 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, (iv) adjusted EBITDA conversion rate and (v) LTM adjusted EBITDA. The Company believes that 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. The non-GAAP measures are reconciled to comparable GAAP financial measures within the 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.

The information in Item 2.02 of this Current Report on Form 8-K (including Exhibits 99.1 and 99.2 attached hereto) shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit	Description
99.1	Press Release, dated May 12, 2022 (furnished only).
99.2	Slide Presentation for Conference Call held on May 12, 2022 (furnished only).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 12, 2022

CADRE HOLDINGS, INC.

By: /s/ Blaine Browers

Name: Blaine Brower

Title: Chief Financial Officer

Cadre Holdings Reports First Quarter 2022 Financial Results

Completes Second Accretive Acquisition Since IPO with Agreement to Add Leading Supplier of Chemical Illumination Solutions to U.S. and NATO Military Forces

Raises Guidance to Full Year 2022 Net Sales of \$444.0 to \$452.0 Million and Adjusted EBITDA of \$72.5 to \$77.5 Million Based on Continued Execution of Strategic Objectives

JACKSONVILLE, Fla., May 12, 2022 – Cadre Holdings, Inc. (NYSE: CDRE) ("Cadre" or "the Company"), a global leader in the manufacturing and distribution of safety and survivability equipment for first responders, announced today its consolidated operating results for the three months ended March 31, 2022.

First Quarter 2022 Highlights

- Net sales of \$104.4 million for the first quarter
- Gross profit margin of 38.5% for the first quarter
- Net loss of \$10.2 million, including \$23.6 million stock-based compensation expense, or \$0.30 per share, for the first quarter
- Adjusted EBITDA of \$14.2 million for the first quarter
- Adjusted EBITDA margin of 13.6% for the first quarter
- Declared quarterly cash dividend of \$0.08 per share in April 2022
- Orders backlog increased \$3.3 million from year end 2021

"Following a year of record net sales and adjusted EBITDA, we continue to capitalize on attractive long-term tailwinds and recurring demand drivers in our entrenched mission-critical first responder markets," said Warren Kandars, CEO and Chairman. "During the quarter, we achieved pricing growth that significantly exceeded our target, generated strong adjusted EBITDA conversion, and increased our backlog substantially. In the second half of the year, we expect a more favorable product portfolio mix and based on our success executing strategic objectives focused on accelerating growth we have increased our full year 2022 outlook."

Mr. Kandars added, "Our resilient operating model continues to drive strong free cash flow generation that is enabling us to capitalize on attractive opportunities to unlock long-term shareholder value. In addition to January's accretive acquisition of a premiere duty gear brand, which further expanded our international presence, we are excited to acquire the world leader in chemical light solutions for U.S. and NATO military forces. In a short period of time, we have delivered on the strategy we laid out to investors, adding high margin companies with leading market positions and strong recurring revenues and cash flows. Importantly, we maintain a robust acquisition pipeline, complementing our core organic growth initiatives."

First Quarter 2022 Operating Results

For the quarter ended March 31, 2022, Cadre generated net sales of \$104.4 million, as compared to \$110.5 million for the quarter ended March 31, 2021. The decline was primarily the result of a large US Federal duty gear shipment in last year's first quarter, combined with strong commercial demand and higher demand for crowd control products in the comparable period last year.

For the quarter ended March 31, 2022, Cadre generated gross profit of \$40.2 million, as compared to \$44.0 million for the quarter ended March 31, 2021.

Gross profit margin was 38.5% for the quarter ended March 31, 2022, as compared to 39.8% for the quarter ended March 31, 2021, mainly driven by less favorable portfolio mix, partially offset by price.

Net loss was \$10.2 million for the quarter ended March 31, 2022, as compared to net income of \$6.9 million for the three months ended March 31, 2021. The decrease resulted primarily from the change in year over year revenue and stock-based compensation expense of \$23.6 million.

Cadre generated \$14.2 million of Adjusted EBITDA for the quarter ended March 31, 2022, as compared to \$20.2 million for the quarter ended March 31, 2021. Adjusted EBITDA margin was 13.6% for the quarter ended March 31, 2022, as compared to 18.3% for the prior year period.

Product segment gross margin was 40.1% for the first quarter compared to 40.7% for the prior year period.

Distribution segment gross margin was 24.6% for the first quarter compared to 25.3% for the prior year period.

Liquidity, Cash Flows and Capital Allocation

- Cash and cash equivalents decreased by \$24.0 million from \$33.9 million as of December 31, 2021 to \$9.9 million as of March 31, 2022.
- Total debt decreased by \$3.3 million from \$159.7 million as of December 31, 2021, to \$156.4 million as of March 31, 2022.
- Net Debt (total debt net of cash and cash equivalents) increased by \$20.7 million from \$125.8 million as of December 31, 2021, to \$146.5 million as of March 31, 2022.
- Capital expenditures totaled \$1.1 million for the three months ended March 31, 2022, compared with \$0.8 million for the three months ended March 31, 2021.

Acquisition of Cyalume Technologies

On May 5, 2022, Cadre announced the completion of its accretive acquisition of Cyalume Technologies, a leading manufacturer of proprietary chemical illumination solutions for military, first responder and other commercial applications. The purchase price for the acquisition was \$35.0 million, subject to customary adjustments for net working capital, transaction expenses and indebtedness, and was funded through a draw on its existing credit facilities.

Dividend

On April 21, 2022, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.08 per share, or \$0.32 per share on an annualized basis. Cadre's dividend payment will be made on May 13, 2022, to shareholders of record as of the close of business on the record date of May 2, 2022. The declaration of any future dividend is subject to the discretion of the Company's Board of Directors.

2022 Outlook Update

Cadre increased its full-year guidance and expects to generate net sales in 2022 of between \$444.0 million and \$452.0 million and adjusted EBITDA in 2022 of between \$72.5 and \$77.5 million. Cadre expects EBITDA conversion in the range of 92-95% for the full year.

Conference Call

Cadre management will host a conference call on Thursday, May 12, 2022, at 5:00 PM EST to discuss the latest corporate developments and financial results. The dial-in number for callers in the US is (888)-510-2553 and the dial-in number for international callers is 646-960-0473. The access code for all callers is 1410384. A live webcast will also be available on the Company's website at <https://www.cadre-holdings.com/>.

A replay of the call will be available through May 26, 2022. To access the replay, please dial 800-770-2030 in the U.S. or +1-647-362-9199 if outside the U.S., and then enter the access code 1410384.

About Cadre

Headquartered in Jacksonville, Florida, Cadre is a global leader in the manufacturing and distribution of safety and survivability products for first responders. Cadre's equipment provides critical protection to allow users to safely and securely perform their duties and protect those around them in hazardous or life-threatening situations. The Company's core products include body armor, explosive ordnance disposal equipment, and duty gear. Our highly engineered products are utilized in over 100 countries by federal, state and local law enforcement, fire and rescue professionals,

explosive ordnance disposal teams, and emergency medical technicians. Our key brands include Safariland® and Med-Eng®, amongst others.

Forward-Looking Statements

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, global, social and political economic 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 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.

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CADRE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share amounts)

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 9,877	\$ 33,857
Accounts receivable, net of allowance for doubtful accounts of \$749 and \$645, respectively	52,001	48,344
Inventories	69,401	63,978
Prepaid expenses	7,747	10,353
Other current assets	4,360	3,171
Assets held for sale	271	278
Total current assets	143,657	159,981
Property and equipment, net of accumulated depreciation and amortization of \$38,631 and \$37,171, respectively	35,729	33,053
Deferred tax assets, net	12,979	7,059
Intangible assets, net	50,158	42,415
Goodwill	72,510	66,262
Other assets	5,965	3,026
Total assets	<u>\$ 320,998</u>	<u>\$ 311,796</u>
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 27,477	\$ 19,328
Accrued liabilities	34,363	40,736
Income tax payable	2,239	1,255
Liabilities held for sale	120	128
Current portion of long-term debt	11,700	13,174
Total current liabilities	75,899	74,621
Long-term debt	144,661	146,516
Deferred tax liabilities	3,799	1,297
Other liabilities	694	722
Total liabilities	<u>225,053</u>	<u>223,156</u>
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2022 and December 31, 2021)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 34,782,271 shares and 34,383,350 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively)	3	3
Additional paid-in capital	144,978	127,606
Accumulated other comprehensive income (loss)	931	(1,917)
Accumulated deficit	(49,967)	(37,052)
Total shareholders' equity	95,945	88,640
Total liabilities, mezzanine equity and shareholders' equity	<u>\$ 320,998</u>	<u>\$ 311,796</u>

CADRE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2022	2021
Net sales	\$ 104,406	\$ 110,536
Cost of goods sold	64,217	66,577
Gross profit	40,189	43,959
Operating expenses		
Selling, general and administrative	53,950	28,051
Restructuring and transaction costs	599	321
Related party expense	122	153
Total operating expenses	54,671	28,525
Operating (loss) income	(14,482)	15,434
Other expense		
Interest expense	(1,490)	(5,044)
Other expense, net	(205)	(44)
Total other expense, net	(1,695)	(5,088)
(Loss) income before provision for income taxes	(16,177)	10,346
Benefit (provision) for income taxes	6,012	(3,482)
Net (loss) income	\$ (10,165)	\$ 6,864
Net (loss) income per share:		
Basic	\$ (0.30)	\$ 0.25
Diluted	\$ (0.30)	\$ 0.25
Weighted average shares outstanding:		
Basic	34,446,318	27,483,350
Diluted	34,446,318	27,483,350

CADRE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2022	2021
Cash Flows From Operating Activities:		
Net (loss) income	\$ (10,165)	\$ 6,864
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,544	3,539
Amortization of original issue discount and debt issue costs	111	677
Deferred income taxes	(6,951)	3,319
Stock-based compensation	23,588	—
(Recoveries from) provision for losses on accounts receivable	45	(91)
Foreign exchange loss	253	109
Changes in operating assets and liabilities, net of impact of acquisition:		
Accounts receivable	(1,693)	(5,626)
Inventories	(2,956)	(2,496)
Prepaid expenses and other assets	3,158	(141)
Accounts payable and other liabilities	(18)	10,678
Net cash provided by operating activities	<u>8,916</u>	<u>16,832</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	(950)	(788)
Business acquisition, net of cash acquired	(19,787)	—
Net cash used in investing activities	<u>(20,737)</u>	<u>(788)</u>
Cash Flows From Financing Activities:		
Proceeds from revolving credit facilities	—	88,593
Principal payments on revolving credit facilities	—	(88,593)
Principal payments on term loans	(2,506)	(566)
Principal payments on insurance premium financing	(1,474)	(917)
Payment of capital leases	(11)	(7)
Taxes paid in connection with employee stock transactions	(6,216)	—
Dividends distributed	(2,750)	—
Net cash used in financing activities	<u>(12,957)</u>	<u>(1,490)</u>
Effect of foreign exchange rates on cash and cash equivalents	798	13
Change in cash and cash equivalents	(23,980)	14,567
Cash and cash equivalents, beginning of period	33,857	2,873
Cash and cash equivalents, end of period	<u>\$ 9,877</u>	<u>\$ 17,440</u>
Supplemental Disclosure of Cash Flows Information:		
Cash (received) paid for income taxes, net	\$ (100)	\$ 15
Cash paid for interest	\$ 1,282	\$ 4,292
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 119	\$ —

CADRE HOLDINGS, INC.
SEGMENT INFORMATION
(Unaudited)
(In thousands)

Three months ended March 31, 2022				
	Products	Distribution	Reconciling Items ⁽¹⁾	Total
Net sales	\$ 85,386	\$ 24,096	\$ (5,076)	\$ 104,406
Cost of goods sold	51,120	18,172	(5,075)	64,217
Gross profit	<u>\$ 34,266</u>	<u>\$ 5,924</u>	<u>\$ (1)</u>	<u>\$ 40,189</u>

Three months ended March 31, 2021				
	Products	Distribution	Reconciling Items ⁽¹⁾	Total
Net sales	\$ 93,818	\$ 22,660	\$ (5,942)	\$ 110,536
Cost of goods sold	55,594	16,921	(5,938)	66,577
Gross profit	<u>\$ 38,224</u>	<u>\$ 5,739</u>	<u>\$ (4)</u>	<u>\$ 43,959</u>

⁽¹⁾ Reconciling items consist primarily of intercompany eliminations and items not directly attributable to operating segments.

CADRE HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited)
(In thousands)

	Year ended December 31, 2021	Three Months Ended March 31, 2021 2022		LTM March 31, 2022
Net (loss) income	\$ 12,661	\$ 6,864	\$ (10,165)	\$ (4,368)
Add back:				
Depreciation and amortization	13,718	3,539	3,544	13,723
Interest expense	16,425	5,044	1,490	12,871
(Benefit) provision for income taxes	6,531	3,482	(6,012)	(2,963)
EBITDA	\$ 49,335	\$ 18,929	\$ (11,143)	\$ 19,263
Add back:				
Restructuring and transaction costs ⁽¹⁾	3,430	321	599	3,708
Loss on extinguishment of debt ⁽²⁾	15,155	—	—	15,155
Other expense, net ⁽³⁾	947	44	205	1,108
Stock-based compensation expense ⁽⁴⁾	355	—	23,723	24,078
Stock-based compensation payroll tax expense ⁽⁵⁾	—	—	298	298
LTIP bonus ⁽⁶⁾	2,162	952	384	1,594
Amortization of inventory step-up ⁽⁷⁾	—	—	153	153
Adjusted EBITDA	\$ 71,384	\$ 20,246	\$ 14,219	\$ 65,357
Less: Capital expenditures	(3,029)	(788)	(1,069)	(3,310)
Adjusted EBITDA less capital expenditures	\$ 68,355	\$ 19,458	\$ 13,150	\$ 62,047
Adjusted EBITDA conversion rate⁽⁸⁾	96 %	96 %	92 %	95 %
Adjusted EBITDA margin⁽⁹⁾	16.7 %	18.3 %	13.6 %	

(1) Reflects the “Restructuring and transaction costs” line item on our consolidated statements of operations, which primarily includes transaction costs composed of legal and consulting fees.

(2) Reflects losses incurred in connection with the August 2021 debt refinance.

(3) Reflects the “Other expense, net” line item on our consolidated statements of operations. For the three months ended March 31, 2022 and 2021, other expense, net primarily includes 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 part of the Radar acquisition.

(8) Reflects (Adjusted EBITDA less capital expenditures) / Adjusted EBITDA.

(9) Reflects Adjusted EBITDA / Net Sales for the relevant periods.

CADRE
HOLDINGS

FIRST QUARTER
2022



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, 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

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



CONTINUED EXECUTION IN Q1

Cadre continues to deliver on strategic objectives in a challenging supply chain and inflationary environment

Commentary

Pricing Growth:	✓	Significantly exceeded our 1% target above material inflation
Adjusted EBITDA Conversion:	✓	Generated strong EBITDA conversion of 92% in Q1
Q1 Mix:	✗	Duty gear and EOD volume down, offset by Distribution segment growth
Orders Backlog:	✓	Increased by \$3.3 million driven by soft body armor and US domestic duty gear demand
M&A Execution:	✓	Completed acquisition of Radar and acquired Cyalume Technologies
Returned Capital to Shareholders:	✓	Paid third consecutive quarterly dividend of \$0.08
Healthy M&A Funnel:	✓	Continue to actively evaluate robust pipeline of opportunities

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

Domestic Law Enforcement

- Budgets are healthy but police departments are struggling to fill open positions

Geopolitical Landscape

- Watching customer priorities closely amid War in Ukraine
- Inquiries continue but no large opportunities to provide our safety and survivability equipment yet

Supply Chain

- Experiencing extended lead times with electronic components and various raw materials

Consumer

- Run rate for holster demand has stabilized

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 CYALUME TECHNOLOGIES



Over 60 years as a leading manufacturer of chemical light solutions. Preeminent supplier of light sticks, chemi-luminescent ammunition and infra-red devices to US, NATO military forces, and commercial and law enforcement markets.

KEY M&A CRITERIA MET

- ✓ Leading market position
- ✓ Mission-critical to customer
- ✓ Strong brand recognition
- ✓ Asset light
- ✓ Attractive ROIC
- ✓ Resiliency thru market cycles
- ✓ Recurring revenue profile

INTEGRATION – TOP PRIORITIES

- Functional teams working on first 100-day basics
- 80/20 process to identify product line priorities
- Optimize growth by leveraging Cyalume and Cadre selling teams
- Implementation of Cadre operating tools

Increases wallet share with current military, law enforcement and commercial customer base. Adds resilient recurring revenue stream to our portfolio.



Route / Landing Markings



Hazard Marking



Search & Rescue Positioning



ID of Man Overboard



Identification of Personnel or Vehicles

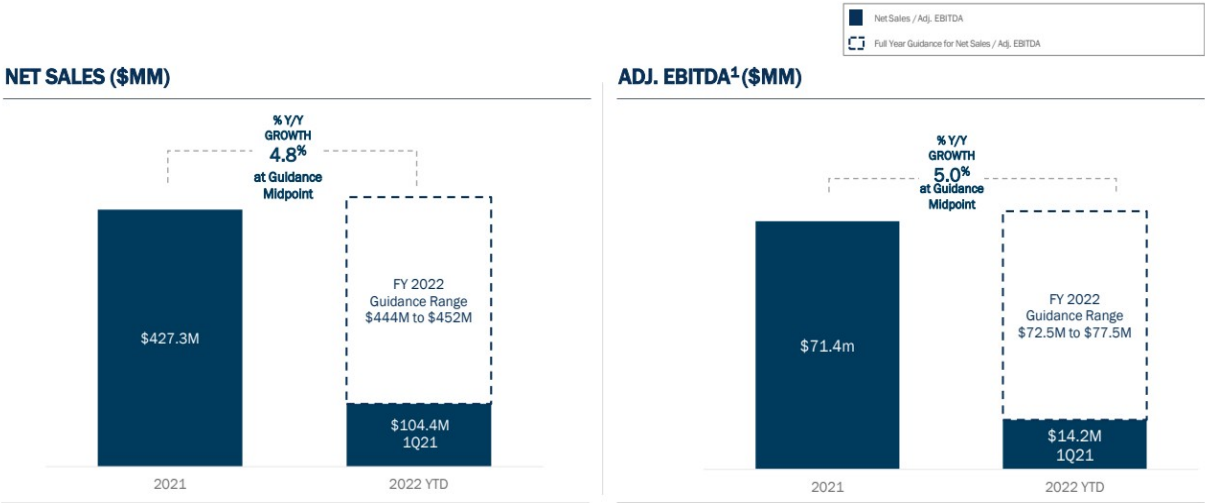
FIRST QUARTER 2022 FINANCIAL PERFORMANCE



	Q1 2022	Q1 2021
NET SALES	\$104.4M	\$110.5M
GROSS MARGIN	38.5%	39.8%
NET (LOSS) INCOME	(\$10.2M) / (\$0.30) per share	\$6.9M / \$0.25 per share
ADJUSTED EBITDA ¹	\$14.2M	\$20.2M
ADJUSTED EBITDA MARGIN ¹	13.6%	18.3%

- Achieved pricing growth that significantly exceeded target, generated strong adjusted EBITDA conversion, and increased backlog
- Q1 2022 net loss reflects \$23.6 million stock-based compensation expense

NET SALES AND ADJUSTED EBITDA



1Q22 CAPITAL STRUCTURE

March 31, 2022

(in thousands)

Cash and cash equivalents	\$	9,877
Debt:		
Revolver	\$	—
Current portion of long-term debt		11,700
Long-term debt		146,599
Capitalized discount/issuance costs		(1,938)
Total debt, net	\$	156,361
Net debt (Total debt net of cash)	\$	146,484
Total debt / LTM Adj. EBITDA ⁽¹⁾		2.4
Net debt / LTM Adj. EBITDA ⁽¹⁾		2.2
LTM Adj. EBITDA ⁽¹⁾	\$	65,357

2022 MANAGEMENT OUTLOOK



2022 GUIDANCE
Current
NET SALES
\$444M to \$452M

Adj. EBITDA
\$72.5M to \$77.5M

Adj. EBITDA Conversion
92% to 95%

Prior
NET SALES
\$434M to \$441M

Adj. EBITDA
\$70.0M to \$75.5M

Adj. EBITDA Conversion
92% to 95%

CONCLUSION



The image shows a man in a black tactical vest sitting in a locker room. Overlaid on the right side of the image are three strategic goals, each preceded by a target icon:

- Accelerate Organic Revenue Growth*
- Continuously Improve Gross and Adj. EBITDA Margins*
- Pursue M&A Opportunities*

APPENDIX

STATEMENT OF OPERATIONS

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

	Three Months Ended March 31,			
	2022		2021	
Net sales	\$	104,406	\$	110,536
Cost of goods sold		64,217		66,577
Gross profit		40,189		43,959
Operating expenses				
Selling, general and administrative		53,950		28,051
Restructuring and transaction costs		599		321
Related party expense		122		153
Total operating expenses		54,671		28,525
Operating (loss) income		(14,482)		15,434
Other expense				
Interest expense		(1,490)		(5,044)
Other expense, net		(205)		(44)
Total other expense, net		(1,695)		(5,088)
(Loss) income before provision for income taxes		(16,177)		10,346
Benefit (provision) for income taxes		6,012		(3,482)
Net (loss) income	\$	(10,165)	\$	6,864
Net (loss) income per share:				
Basic	\$	(0.30)	\$	0.25
Diluted	\$	(0.30)	\$	0.25
Weighted average shares outstanding:				
Basic		34,446,318		27,483,350
Diluted		34,446,318		27,483,350

NON-GAAP RECONCILIATION

(IN THOUSANDS)

	Year ended		Three Months Ended March 31,		LTM	
	December 31, 2021		2021	2022	March 31, 2022	
Net (loss) income	\$ 12,661	\$	6,864	\$ (10,165)	\$	(4,368)
Add back:						
Depreciation and amortization	13,718		3,539	3,544		13,723
Interest expense	16,425		5,044	1,490		12,871
(Benefit) provision for income taxes	6,531		3,482	(6,012)		(2,963)
EBITDA	\$ 49,335	\$	18,929	\$ (11,143)	\$	19,263
Add back:						
Restructuring and transaction costs ⁽¹⁾	3,430		321	599		3,708
Loss on extinguishment of debt ⁽²⁾	15,155		—	—		15,155
Other expense, net ⁽³⁾	947		44	205		1,108
Stock-based compensation expense ⁽⁴⁾	355		—	23,723		24,078
Stock-based compensation payroll tax expense ⁽⁵⁾	—		—	298		298
LTIP bonus ⁽⁶⁾	2,162		952	384		1,594
Amortization of inventory step-up ⁽⁷⁾	—		—	153		153
Adjusted EBITDA	\$ 71,384	\$	20,246	\$ 14,219	\$	65,357
Less: Capital expenditures	(3,029)		(788)	(1,069)		(3,310)
Adjusted EBITDA less capital expenditures	\$ 68,355	\$	19,458	\$ 13,150	\$	62,047
Adjusted EBITDA conversion rate⁽⁸⁾	96 %		96 %	92 %		95 %
Adjusted EBITDA margin⁽⁹⁾	16.7 %		18.3 %	13.6 %		

- Reflects the "Restructuring and transaction costs" line item on our consolidated statements of operations, which primarily includes transaction costs composed of legal and consulting fees.
- Reflects losses incurred in connection with the August 2021 debt refinancing.
- Reflects the "Other expense, net" line item on our consolidated statements of operations. For the three months ended March 31, 2022 and 2021, other expense, net primarily includes losses on foreign currency transactions.
- 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 part of the Radar acquisition.
- Reflects Adjusted EBITDA less capital expenditures / Adjusted EBITDA.
- Reflects Adjusted EBITDA / Net Sales for the relevant periods.

STATEMENT OF CASH FLOWS

UNAUDITED (IN THOUSANDS)

	Three Months Ended March 31,	
	2022	2021
Cash Flows From Operating Activities:		
Net (loss) income	\$ (10,165)	\$ 6,864
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,544	3,539
Amortization of original issue discount and debt issue costs	111	677
Deferred income taxes	(6,951)	3,319
Stock-based compensation	23,588	—
(Recoveries from) provision for losses on accounts receivable	45	(91)
Foreign exchange loss	253	109
Changes in operating assets and liabilities, net of impact of acquisition:		
Accounts receivable	(1,693)	(5,626)
Inventories	(2,956)	(2,496)
Prepaid expenses and other assets	3,158	(141)
Accounts payable and other liabilities	(18)	10,678
Net cash provided by operating activities	8,916	16,832
Cash Flows From Investing Activities:		
Purchase of property and equipment	(950)	(788)
Business acquisition, net of cash acquired	(19,787)	—
Net cash used in investing activities	(20,737)	(788)

Continued on next slide

STATEMENT OF CASH FLOWS - CONTINUED

UNAUDITED (IN THOUSANDS)

	Three Months Ended March 31,	
	2022	2021
Cash Flows From Financing Activities:		
Proceeds from revolving credit facilities	—	88,593
Principal payments on revolving credit facilities	—	(88,593)
Principal payments on term loans	(2,506)	(566)
Principal payments on insurance premium financing	(1,474)	(917)
Payment of capital leases	(11)	(7)
Taxes paid in connection with employee stock transactions	(6,216)	—
Dividends distributed	(2,750)	—
Net cash used in financing activities	(12,957)	(1,490)
Effect of foreign exchange rates on cash and cash equivalents	798	13
Change in cash and cash equivalents	(23,980)	14,567
Cash and cash equivalents, beginning of period	33,857	2,873
Cash and cash equivalents, end of period	\$ 9,877	\$ 17,440
Supplemental Disclosure of Cash Flows Information:		
Cash (received) paid for income taxes, net	\$ (100)	\$ 15
Cash paid for interest	\$ 1,282	\$ 4,292
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	\$ 119	\$ —

BALANCE SHEET

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

	March 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 9,877	\$ 33,857
Accounts receivable, net of allowance for doubtful accounts of \$749 and \$645, respectively	52,001	48,344
Inventories	69,401	63,978
Prepaid expenses	7,747	10,353
Other current assets	4,360	3,171
Assets held for sale	271	278
Total current assets	143,657	159,981
Property and equipment, net of accumulated depreciation and amortization of \$38,631 and \$37,171, respectively	35,729	33,053
Deferred tax assets, net	12,979	7,059
Intangible assets, net	50,158	42,415
Goodwill	72,510	66,262
Other assets	5,965	3,026
Total assets	\$ 320,998	\$ 311,796
Liabilities, Mezzanine Equity and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 27,477	\$ 19,328
Accrued liabilities	34,363	40,736
Income tax payable	2,239	1,255
Liabilities held for sale	120	128
Current portion of long-term debt	11,700	13,174
Total current liabilities	75,899	74,621
Long-term debt	144,661	146,516
Deferred tax liabilities	3,799	1,297
Other liabilities	694	722
Total liabilities	225,053	223,156
Mezzanine equity		
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2022 and December 31, 2021)	—	—
Shareholders' equity		
Common stock (\$0.0001 par value, 190,000,000 shares authorized, 34,782,271 shares and 34,383,350 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively)	3	3
Additional paid-in capital	144,978	127,606
Accumulated other comprehensive income (loss)	931	(1,917)
Accumulated deficit	(49,967)	(37,052)
Total shareholders' equity	95,945	88,640
Total liabilities, mezzanine equity and shareholders' equity	\$ 320,998	\$ 311,796