UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: **March 31, 2024**

or

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

For the transition period from _________ to _________

Commission File Number: **001-40698**

CADRE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**38-3873146** (I.R.S. Employer Identification Number)
13386 International Pkwy **Jacksonville, Florida** (Address of principal executive offices)	**32218** (Zip code)

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

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 per share	CDRE	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Non-accelerated filer	☐
Accelerated filer	☒	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 3, 2024, there were 40,606,163 shares of common stock, par value $0.0001, outstanding.

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This Quarterly Report on Form 10-Q (this "Report") contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Except where the context otherwise requires or where otherwise indicated, the terms the "Company", "Cadre", "we," "us," and "our," refer to the consolidated business of Cadre Holdings, Inc. and its consolidated subsidiaries. All statements in this Report, other than statements of historical fact, are forward-looking statements. These forward-looking statements are based on management's current expectations, assumptions, hopes, beliefs, intentions, and strategies regarding future events and are based on currently available information as to the outcome and timing of future events. In some cases, you can identify forward-looking statements because they contain words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "could," "plan," "predict," "potential," "seem," "seek," "future," "outlook," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. The Company cautions you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of the Company, incident to its business.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. These forward-looking statements are based on information available as of the date of this Report (or, in the case of forward-looking statements incorporated herein by reference, if any, as of the date of the applicable filed document), and any accompanying supplement, and current expectations, forecasts and assumptions, and involve a number of risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date, and the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Report. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. Our forward-looking statements do not reflect the potential impact of any future acquisitions, partnerships, mergers, dispositions, joint ventures, or investments we may make.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- 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, economic or regulatory conditions generally and in the markets in which we operate;
- the impact of political unrest, natural disasters or other crises, terrorist acts, acts of war and/or military operations;
- 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;
- logistical challenges related to supply chain disruptions and delays;
- the impact of inflationary pressures and our ability to mitigate such impacts with pricing and productivity;
- 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;
- 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;
- the expenses associated with being a public company, including but not limited to expenses associated with disclosure and reporting obligations;
- any material differences in the actual financial results of the Company's past and future acquisitions as compared with the Company's expectations; and
- our ability to integrate the operations of the businesses we have acquired, including, without limitation, ICOR Technology Inc. and Alpha Safety Intermediate, LLC, and may acquire in the future; and
- other risks and uncertainties set forth in the section entitled "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, which are incorporated herein by reference.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. Other risks and uncertainties are and will be disclosed in our prior and future filings with the Securities and Exchange Commission ("SEC") and this information should be read in conjunction with the Condensed Consolidated Financial Statements included in this Report.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2024	December 31, 2023
Assets		
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
Total current assets	269,328	245,843
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
Total assets	$ 599,442	$ 431,179
Liabilities, Mezzanine Equity and Shareholders' Equity		
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
Total current liabilities	95,556	95,206
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
Total liabilities	328,741	234,017
Commitments and contingencies (Note 8)		
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, 2023)	—	—
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)
Total shareholders' equity	270,701	197,162
Total liabilities, mezzanine equity and shareholders' equity	$ 599,442	$ 431,179

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales	$ 137,860	$ 111,748
Cost of goods sold	80,232	65,130
Gross profit	57,628	46,618
Operating expenses		
Selling, general and administrative	40,719	35,250
Restructuring and transaction costs	3,087	—
Related party expense	1,843	148
Total operating expenses	45,649	35,398
Operating income	11,979	11,220
Other expense		
Interest expense	(1,637)	(1,641)
Other (expense) income, net	(1,444)	364
Total other expense, net	(3,081)	(1,277)
Income before provision for income taxes	8,898	9,943
Provision for income taxes	(1,970)	(2,941)
Net income	$ 6,928	$ 7,002
Net income per share:		
Basic	$ 0.18	$ 0.19
Diluted	$ 0.18	$ 0.19
Weighted average shares outstanding:		
Basic	37,946,576	37,373,529
Diluted	38,554,185	37,629,498
Net income	$ 6,928	$ 7,002
Other comprehensive income:		
Unrealized holding gains (losses) on derivative instruments, net of tax(1)	1,660	(426)
Reclassification adjustments for gains included in net income, net of tax(2)	(894)	(647)
Total unrealized gain (loss) on derivative instruments, net of tax	766	(1,073)
Foreign currency translation adjustments, net of tax(3)	(412)	706
Other comprehensive income (loss)	354	(367)
Comprehensive income, net of tax	$ 7,282	$ 6,635

(1) Net of income tax expense of $546 and $142 for the three months ended March 31, 2024 and 2023, respectively.
(2) Amounts reclassified to net income relate to gains and losses on derivative and are included in earnings above. Amounts are net of income tax expense of $284 and $215 for the three months ended March 31, 2024 and 2023, respectively.
(3) Net of income tax benefit of $99 and $24 for the three months ended March 31, 2024 and 2023, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash Flows From Operating Activities:		
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)
Net cash provided by operating activities	2,137	12,722
Cash Flows From Investing Activities:		
Purchase of property and equipment	(1,343)	(781)
Proceeds from disposition of property and equipment	—	201
Business acquisitions, net of cash acquired	(141,293)	—
Net cash used in investing activities	(142,636)	(580)
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	(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)
Net cash provided by (used in) financing activities	139,786	(9,303)
Effect of foreign exchange rates on cash and cash equivalents	74	169
Change in cash and cash equivalents	(639)	3,008
Cash and cash equivalents, beginning of period	87,691	45,286
Cash and cash equivalents, end of period	$ 87,052	$ 48,294
Supplemental Disclosure of Cash Flows Information:		
Cash paid for income taxes, net	$ 9,369	$ 3,141
Cash paid for interest	$ 2,498	$ 2,359
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accruals and accounts payable for capital expenditures	$ 210	$ 238

The accompanying notes are an integral part of these condensed consolidated financial statements.

CADRE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except per share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
Balance, December 31, 2023	37,587,436	$ 4	$ 212,630	$ 634	$ (16,106)	$ 197,162
Net income	—	—	—	—	6,928	6,928
Dividends declared ($0.0875 per share)	—	—	—	—	(3,289)	(3,289)
Issuance of common stock in secondary offering, net of underwriter discounts and issuance costs	2,200,000	—	72,813	—	—	72,813
Stock-based compensation	—	—	2,044	—	—	2,044
Common stock issued under employee compensation plans	423,688	—	—	—	—	—
Common stock withheld related to net share settlement of stock-based compensation	(150,680)	—	(5,311)	—	—	(5,311)
Foreign currency translation adjustments	—	—	—	(412)	—	(412)
Change in fair value of derivative instruments	—	—	—	766	—	766
Balance, March 31, 2024	40,060,444	$ 4	$ 282,176	$ 988	$ (12,467)	$ 270,701

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
Balance, December 31, 2022	37,332,271	$ 4	$ 206,540	$ 2,087	$ (42,741)	$ 165,890
Net loss	—	—	—	—	7,002	7,002
Dividends declared ($0.08 per share)	—	—	—	—	(2,986)	(2,986)
Stock-based compensation	—	—	2,636	—	—	2,636
Common stock issued under employee compensation plans	395,837	—	—	—	—	—
Common stock withheld related to net share settlement of stock-based compensation	(142,077)	—	(2,725)	—	—	(2,725)
Foreign currency translation adjustments	—	—	—	706	—	706
Change in fair value of derivative instruments	—	—	—	(1,073)	—	(1,073)
Balance, March 31, 2023	37,586,031	$ 4	$ 206,451	$ 1,720	$ (38,725)	$ 169,450

The accompanying notes are an integral part of these condensed consolidated financial statements.

CADRE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands, except share and per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

Cadre Holdings, Inc., D/B/A The Safariland Group (the “Company”, “Cadre”, “we”, “us”, and “our”), a Delaware corporation, began operations on April 12, 2012. The Company, headquartered in Jacksonville, Florida, is a global leader in manufacturing and distributing safety equipment and other related products for the law enforcement, first responder, military and nuclear markets. The business operates through 21 manufacturing plants within the U.S., Mexico, Canada, the United Kingdom, Italy, France, and Lithuania, and sells its products worldwide through its direct sales force, distribution channel and distribution partners, online stores, and third-party resellers.

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP" or “U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting, and include the accounts of the Company, its wholly owned subsidiaries, and other entities consolidated as required by GAAP. Accordingly, they do not include all of the information and footnotes required by GAAP for annual audited financial statements. The unaudited condensed consolidated interim financial statements have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. These condensed consolidated interim financial statements and notes thereto should be read in conjunction with the Company’s most recently completed annual consolidated financial statements. All adjustments considered necessary for a fair presentation have been included. All intercompany balances and transactions have been eliminated in consolidation.

Secondary Offering

On March 19, 2024, the Company completed a secondary offering in which the Company issued and sold 2,200,000 shares of common stock at a price of $35.00 per share. The Company’s net proceeds from the sale of shares were $72,813 after underwriter discounts and commissions, fees and expenses of $4,187.

On April 1, 2024, the underwriters exercised the full amount of their over-allotment option and purchased an additional 545,719 shares of common stock at a price of $35.00 per share, resulting in net proceeds to the Company of $18,241 after underwriter discounts and commissions, fees and expenses of $859.

Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our condensed consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

CADRE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except share and per share amounts)

Use of Estimates

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value Measurements

The Company follows the guidance of Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance also establishes the following three-level hierarchy based upon the transparency of inputs to the valuation of an asset or liability on the measurement date:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that reflect assumptions about what market participants would use in pricing assets or liabilities based on the best information available.

The Company's financial instruments consist principally of cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities, income tax payable and debt. The carrying amounts of certain of these financial instruments, including cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities and income tax payable approximate their current fair value due to the relatively short-term nature of these accounts.

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis:

	March 31, 2024				December 31, 2023			
	Carrying Amount	Fair Value			Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets:								
Derivative instruments (Note 7)	$ 7,072	$ —	$ 7,072	$ —	$ 6,505	$ —	$ 6,505	$ —
Liabilities:								
Derivative instruments (Note 7)	$ —	$ —	$ —	$ —	$ 427	$ —	$ 427	$ —
Contingent consideration (Note 2)	$ 2,671	$ —	$ —	$ 2,671	$ —	$ —	$ —	$ —

There were no transfers of assets or liabilities between levels during the three months ended March 31, 2024 and 2023.

There have not been material changes in the fair value of debt (Level 2), as compared to the carrying value, as of March 31, 2024 and December 31, 2023.

Revenue Recognition

The Company derives revenue primarily from the sale of physical products. The Company recognizes such revenue at point-in-time when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied by transferring the goods or service to the customer. The performance obligation is considered satisfied when control transfers, which is generally determined when products are shipped or delivered to the customer but could be delayed until the receipt of customer acceptance, depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery for point of sale transactions.

(in thousands, except share and per share amounts)

The Company enters into contractual arrangements primarily with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms.

At the time of revenue recognition, the Company also provides for estimated sales returns and miscellaneous claims from customers as reductions to revenues. The estimates are based on historical rates of product returns and claims. The Company accrues for such estimated returns and claims with an estimated accrual and associated reduction of revenue. Additionally, the Company records inventory that it expects to be returned as part of inventories, with a corresponding reduction to cost of goods sold.

Charges for shipping and handling fees billed to customers are included in net sales and the corresponding shipping and handling expenses are included in cost of goods sold in the accompanying condensed consolidated statements of operations and comprehensive income. We consider our costs related to shipping and handling after control over a product has transferred to a customer to be a cost of fulfilling the promise to transfer the product to the customer.

Sales commissions paid to employees as compensation are expensed as incurred for contracts with service periods less than a year. For contracts with service periods greater than a year, these costs have historically been immaterial and are capitalized and amortized over the life of the contract. Commission costs are recorded in selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income.

Product Warranty

Some of the Company's manufactured products carry limited warranty provisions for defects in quality and workmanship. A warranty reserve is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements, and is recorded in cost of goods sold in the Company's condensed consolidated statements of operations and comprehensive income.

The following table sets forth the changes in the Company's accrued warranties, which is recorded in accrued liabilities in the condensed consolidated balance sheets:

	Three months ended March 31,	
	2024	2023
Beginning accrued warranty expense	$ 1,610	$ 1,234
Current period claims	(116)	(34)
Provision for current period sales	57	150
Ending accrued warranty expense	$ 1,551	$ 1,350

Net Income per Share

Basic income per share is computed by dividing net income by the weighted average number of common shares outstanding during the periods presented. Diluted income per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of

CADRE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)
(in thousands, except share and per share amounts)

potential common shares, determined using the treasury-stock method. The calculation of weighted average shares outstanding and net income per share are as follows:

	Three months ended March 31,	
	2024	2023
Net income	$ 6,928	$ 7,002
Weighted average shares outstanding - basic	37,946,576	37,373,529
Effect of dilutive securities:		
Stock-based awards	607,609	255,969
Weighted average shares outstanding - diluted	38,554,185	37,629,498
Net income per share:		
Basic	$ 0.18	$ 0.19
Diluted	$ 0.18	$ 0.19

Recent Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The amendments in ASU 2023-07 are effective for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires a public entity to disclose in its rate reconciliation table additional categories of information about federal, state and foreign income taxes and provide more details about the reconciling items in some categories if items meet a quantitative threshold. The guidance will require all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. All entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The guidance is effective for public business entities for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the enhanced disclosure requirements, however, we do not anticipate a material change to our financial position, results of operations or cash flows.

2. ACQUISITIONS

ICOR Acquisition

On January 9, 2024, Med-Eng, ULC, a wholly-owned subsidiary of the Company, completed the acquisition of ICOR Technology Inc. ("ICOR"), a trusted global supplier of high-quality, reliable, innovative, and cost-effective explosive ordnance disposal robots.

The acquisition was accounted for as a business combination. Total acquisition-related costs for the acquisition of ICOR were $1,757, of which $155 was incurred and recognized during the three months ended March 31, 2024.

CADRE HOLDINGS, INC.
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Total consideration, net of cash acquired, was $39,282 for 100% of the equity interests in ICOR. The total consideration was as follows:

Cash paid	$	40,350
Less: cash acquired		(1,068)
Plus: Contingent consideration		2,226
Total consideration, net	$	41,508

The following table summarizes the total purchase price consideration and the amounts recognized for the assets acquired and liabilities assumed, which have been estimated at their fair values. The fair value estimates for the purchase price allocation are based on the Company's best estimates and assumptions as of the reporting date and are considered preliminary. The fair value measurements of identifiable assets and liabilities, and the resulting goodwill related to the ICOR acquisition are subject to change and the final purchase price allocation could be different from the amounts presented below. We expect to finalize the valuations as soon as practicable, but no later than one year from the date of the acquisition. The excess of purchase consideration over the assets acquired and liabilities assumed is recorded as goodwill. Goodwill for the ICOR acquisition is included in the Product segment and reflects synergies and additional legacy growth and profitability expected from this acquisition through expansion into new markets and customers.

Total consideration, net	$	41,508
Accounts receivable	$	2,352
Inventories		8,086
Prepaid expenses and other current assets		612
Property and equipment		239
Operating lease assets		1,369
Intangible assets		16,677
Goodwill		18,980
Total assets acquired		48,315
Accounts payable		635
Accrued liabilities		1,456
Long-term operating lease liabilities		967
Deferred tax liabilities		3,749
Total liabilities assumed		6,807
Net assets acquired	$	41,508

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In connection with the acquisition, the Company acquired exclusive rights to ICOR's trademarks, customer relationships, and product technologies. The amounts assigned to each class of intangible asset and the related average useful lives are as follows:

	Gross	Average Useful Life
Customer relationships	$ 1,570	10
Technology	13,677	10
Trademarks	1,420	10
Total	$ 16,667	

The full amount of goodwill of $18,980 is expected to be non-deductible for tax purposes. No pre-existing relationships existed between the Company and ICOR prior to the acquisition. ICOR revenue and cost of goods sold are included in the Product segment from the date of acquisition. The acquisition is not expected to be material to our operations and consequently we have not included any pro-forma information.

As part of the ICOR acquisition, the purchase agreement with respect to the acquisition provided for the payment of contingent consideration of up to CDN$8,000 (approximately $5,797) based upon future cumulative net sales during the three-year period ended January 9, 2027. Using a Monte-Carlo pricing model, the Company estimated the fair value of the contingent consideration to be $2,225 as of January 9, 2024. Significant unobservable inputs used in the valuation include a discount rate of 6.2%. The contingent consideration liability is remeasured at the estimated fair value at the end of each reporting period with the change in fair value recognized within operating income in the condensed consolidated statements of operations and comprehensive income for such period. We measure the initial liability and remeasure the liability on a recurring basis using Level 3 inputs as defined under authoritative guidance for fair value measurements.

As the contingent consideration liability is remeasured to fair value each reporting period, significant increases or decreases in projected sales, discount rates or the time until payment is made could have resulted in a significantly lower or higher fair value measurement. Our determination of fair value of the contingent consideration liabilities could change in future periods based on our ongoing evaluation of these significant unobservable inputs.

The following table summarizes the changes in the contingent consideration liability for the three months ended March 31, 2024:

Balance, December 31, 2023	$ —
ICOR acquisition	2,226
Fair value adjustment	451
Foreign currency translation adjustments	(6)
Balance, March 31, 2024	$ 2,671

Alpha Acquisition

On February 29, 2024, Safariland, LLC, a wholly-owned subsidiary of the Company, completed the acquisition of Alpha Safety Intermediate, LLC ("Alpha Safety"), a provider of highly engineered technical products and services spanning the nuclear value chain.

The acquisition was accounted for as a business combination. Acquisition-related costs for the acquisition of Alpha Safety were $4,399, all of which was incurred and recognized during the three months ended March 31, 2024.

Total consideration, net of cash acquired, was $102,011 for 100% of the equity interests in Alpha Safety. The total consideration was as follows:

Cash paid	$ 106,618
Less: cash acquired	(4,607)
Total consideration, net	$ 102,011

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The following table summarizes the total purchase price consideration and the amounts recognized for the assets acquired and liabilities assumed, which have been estimated at their fair values. The fair value estimates for the purchase price allocation are based on the Company's best estimates and assumptions as of the reporting date and are considered preliminary. The fair value measurements of identifiable assets and liabilities, and the resulting goodwill related to the Alpha Safety acquisition are subject to change and the final purchase price allocation could be different from the amounts presented below. We expect to finalize the valuations as soon as practicable, but no later than one year from the date of the acquisition. The excess of purchase consideration over the assets acquired and liabilities assumed is recorded as goodwill. Goodwill for the Alpha Safety acquisition is included in the Product segment and reflects synergies and additional legacy growth and profitability expected from this acquisition through expansion into new markets and customers.

Total consideration, net	$ 102,011
Accounts receivable	$ 9,653
Inventories	11,835
Prepaid expenses and other current assets	2,151
Property and equipment	2,189
Operating lease assets	2,262
Intangible assets	57,500
Goodwill	48,554
Total assets acquired	134,144
Accounts payable	1,896
Accrued liabilities	17,220
Long-term operating lease liabilities	1,573
Deferred tax liabilities	11,444
Total liabilities assumed	32,133
Net assets acquired	$ 102,011

In connection with the acquisition, the Company acquired exclusive rights to Alpha Safety's trademarks, customer relationships, and product technologies. The amounts assigned to each class of intangible asset and the related average useful lives are as follows:

	Gross	Average Useful Life
Customer relationships	$ 17,000	20
Technology	35,800	15
Trademarks	4,700	10
Total	$ 57,500	

The full amount of goodwill of $48,554 is expected to be non-deductible for tax purposes. No pre-existing relationships existed between the Company and Alpha Safety prior to the acquisition. Alpha Safety revenue and cost of goods sold are included in the Product segment from the date of acquisition. The acquisition is not expected to be material to our operations and consequently we have not included any pro-forma information.

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3. REVENUE RECOGNITION

The following tables disaggregate net sales by channel and geography:

	Three Months Ended March 31,	
	2024	**2023**
U.S. state and local agencies (a)	$ 74,992	$ 66,502
Commercial	11,265	10,077
U.S. federal agencies	21,186	14,127
International	29,437	20,432
Other	980	610
Net sales	$ 137,860	$ 111,748

(a) Includes all Distribution sales

	Three Months Ended March 31,	
	2024	**2023**
United States	$ 108,423	$ 91,316
International	29,437	20,432
Net sales	$ 137,860	$ 111,748

Revenue by product is not disclosed, as it is impractical to do so.

Contract Liabilities

Contract liabilities are recorded as a component of other liabilities when customers remit cash payments in advance of the Company satisfying performance obligations. Contract liabilities are recognized into revenue when the performance obligation is satisfied. Contract liabilities are included in accrued liabilities in the Company's condensed consolidated balance sheets and totaled $12,345 and $4,246 as of March 31, 2024 and December 31, 2023, respectively. Revenue recognized during the three months ended March 31, 2024 from amounts included in contract liabilities as of December 31, 2023 was $1,883.

Remaining Performance Obligations

As of March 31, 2024, we had $44,681 of remaining unfulfilled performance obligations, which include amounts that will be invoiced and recognized in future periods. The remaining performance obligations are limited only to arrangements that meet the definition of a contract under ASC Topic 606, *Revenue from Contracts with Customers*, as of March 31, 2024. We expect to recognize approximately 82% of this balance over the next twelve months and expect the remainder to be recognized in the following two years.

4. INVENTORIES

The following table sets forth a summary of inventories, stated at lower of cost or net realizable value, as of March 31, 2024 and December 31, 2023:

	March 31, 2024	**December 31, 2023**
Finished goods	$ 39,405	$ 31,674
Work-in-process	8,985	8,473
Raw materials and supplies	47,369	40,829
Total	$ 95,759	$ 80,976

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5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The following table summarizes the changes in goodwill for the three months ended March 31, 2024:

	Product	Distribution	Total
Balance, December 31, 2023	$ 79,051	$ 2,616	$ 81,667
ICOR acquisition	18,980	—	18,980
Alpha Safety acquisition	48,554	—	48,554
Foreign currency translation adjustments	(289)	—	(289)
Balance, March 31, 2024	$ 146,296	$ 2,616	$ 148,912

Gross goodwill and accumulated impairment losses were $156,497 and $7,585, respectively, as of March 31, 2024 and $89,161 and $7,585, respectively, as of December 31, 2023.

Intangible Assets

Intangible assets such as certain customer relationships and patents on core technologies and product technologies are amortizable over their estimated useful lives. Certain trade names and trademarks which provide exclusive and perpetual rights to manufacture and sell their respective products are deemed indefinite-lived and are therefore not subject to amortization.

Intangible assets consisted of the following as of March 31, 2024 and December 31, 2023:

	March 31, 2024			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life
Definite lived intangibles:				
Customer relationships	$ 104,840	$ (66,712)	$ 38,128	17
Technology	65,445	(12,647)	52,798	13
Tradenames	12,700	(5,834)	6,866	9
Non-compete agreements	998	(998)	—	-
	$ 183,983	$ (86,191)	$ 97,792	
Indefinite lived intangibles:				
Tradenames	17,219	—	17,219	Indefinite
Total	$ 201,202	$ (86,191)	$ 115,011	

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	December 31, 2023			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life
Definite lived intangibles:				
Customer relationships	$ 86,621	$ (65,650)	$ 20,971	11
Technology	16,111	(11,979)	4,132	8
Tradenames	6,622	(5,492)	1,130	4
Non-compete agreements	1,003	(1,003)	—	-
	$ 110,357	$ (84,124)	$ 26,233	
Indefinite lived intangibles:				
Tradenames	17,239	—	17,239	Indefinite
Total	$ 127,596	$ (84,124)	$ 43,472	

Amortization expense for the three months ended March 31, 2024 and 2023 was $2,215 and $2,328, respectively, of which $690 and $162 was included in cost of goods sold in the condensed consolidated statements of operations and comprehensive income for the respective periods.

The estimated amortization expense for definite-lived intangible assets for the remaining nine months of 2024, the next four years and thereafter is as follows:

Remainder of 2024	$ 7,607
2025	8,470
2026	8,073
2027	7,891
2028	7,891
Thereafter	57,860
Total	$ 97,792

6. DEBT

The Company’s debt is as follows:

	March 31, 2024	December 31, 2023
Short-term debt:		
Insurance premium financing	$ 1,104	$ 2,187
Current portion of term loan	14,000	10,000
Current portion of other	130	133
	$ 15,234	$ 12,320
Long-term debt:		
Revolver	—	—
Term loan	202,064	128,564
Other	389	398
	$ 202,453	$ 128,962
Unamortized debt discount and debt issuance costs	(1,852)	(1,150)
Total long-term debt, net	$ 200,601	$ 127,812

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The following summarizes the aggregate principal payments of our long-term debt, excluding debt discount and debt issuance costs, for the remaining nine months of 2024, the next four years and thereafter:

Remainder of 2024	$	10,630
2025		14,130
2026		191,694
2027		129
2028		—
Total principal payments	$	216,583

2021 Credit Facility

On August 20, 2021 (the "Closing Date"), the Company refinanced its existing credit facilities and entered into a new credit agreement whereby Safariland, LLC, as borrower (the "Borrower"), the Company and certain domestic subsidiaries of the Borrower, as guarantors (the "Guarantors"), closed on and received funding under a credit agreement (initially entered into on July 23, 2021), pursuant to a First Amendment to Credit Agreement (collectively, the "2021 Credit Agreement") with PNC Bank, National Association ("PNC"), as administrative agent, and the several lenders from time to time party thereto (together with PNC, the "Lenders") pursuant to which the Borrower (i) borrowed $200,000 under a term loan (the "Term Loan"), and (ii) may borrow up to $100,000 under a revolving credit facility (including up to $15,000 for letters of credit and up to $10,000 for swing line loans) (the "Revolving Loan"). Each of the Term Loan and the Revolving Loan mature on July 23, 2026. Commencing December 31, 2021, the Term Loan requires scheduled quarterly payments in amounts equal to 1.25% per quarter of the original aggregate principal amount of the Term Loan, with the balance due at maturity. The 2021 Credit Agreement is guaranteed, jointly and severally, by the Guarantors and, subject to certain exceptions, secured by a first-priority security interest in substantially all of the assets of the Borrower and the Guarantors pursuant to a Security and Pledge Agreement and a Guaranty and Suretyship Agreement, each dated as of the Closing Date.

There were no amounts outstanding under the Revolving Loan as of March 31, 2024 and December 31, 2023. As of March 31, 2024, there were $4,502 in outstanding letters of credit and $95,498 of availability.

The Borrower may elect to have the Revolving Loan and Term Loan under the 2021 Credit Agreement bear interest at a base rate or LIBOR, in each case, plus an applicable margin. However, in connection with the market transition away from applicable LIBOR rates to SOFR, on May 31, 2023, the Company, the Borrowers and the Lenders entered into the third amendment to the 2021 Credit Agreement (the "Third Amendment") pursuant to which the 2021 Credit Agreement was amended to implement the SOFR rates. The applicable interest rates for these borrowings are, at the Company's option, either (a) a base rate plus an applicable margin between 0.50% and 1.50% or (b) a Term SOFR rate, plus a SOFR adjustment equal to 0.10%, plus an applicable margin equal to 1.50% to 2.50%. The 2021 Credit Agreement also requires the Borrower to pay a commitment fee on the unused portion of the loan commitments. Such commitment fee ranges between 0.175% and 0.25% per annum, and is also based upon the level of the Company's consolidated total net leverage ratio. The 2021 Credit Agreement also contains customary representations and warranties, and affirmative and negative covenants, including limitations on additional indebtedness, dividends, and other distributions, entry into new lines of business, use of loan proceeds, capital expenditures, restricted payments, restrictions on liens on the assets of the Borrowers or any Guarantor, transactions with affiliates, amendments to organizational documents, accounting changes, sale and leaseback transactions, dispositions, and mandatory prepayments in connection with certain liquidity events. The 2021 Credit Agreement contains certain restrictive debt covenants, which require us to: (i) maintain a minimum fixed charge coverage ratio of 1.25 to 1.00, starting with the quarter ended December 31, 2021, which is to be determined for each quarter end on a trailing four quarter basis and (ii) maintain a quarterly maximum consolidated total net leverage ratio of 3.75 to 1.00 from the quarter ended December 31, 2022 until the quarter ended September 30, 2022, and thereafter 3.50 to 1.00, which is in each case to be determined on a trailing four quarter basis; provided that under certain circumstances and subject to certain limitations, in the event of a material acquisition, we may temporarily increase the consolidated total net leverage ratio by up to 0.50 to 1.00 for four fiscal quarters following such acquisition. The 2021 Credit Agreement contains customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions. Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the 2021 Credit Agreement may be accelerated and the Lenders could foreclose on their security interests in the assets of the Borrowers and the Guarantors.

In connection with the Borrower's acquisition of Alpha Safety on March 1, 2024, the Borrower and the Guarantors entered into an Incremental Facility Amendment to the 2021 Credit Agreement, whereby the Lenders made an incremental term loan to the Borrower in the principal amount of $80,000 for the purpose of funding the acquisition of Alpha Safety. All other material terms of the 2021 Credit Agreement remained unchanged.

Canadian Credit Facility

On October 14, 2021, Med-Eng Holdings ULC and Pacific Safety Products Inc., the Company's Canadian subsidiaries, as borrowers (the "Canadian Borrowers"), and Safariland, LLC, as guarantor (the "Canadian Guarantor"), closed on a line of credit pursuant to a Loan Agreement (the "Canadian Loan Agreement") and a Revolving Line of Credit Note (the "Note") with PNC Bank Canada Branch ("PNC Canada"), as lender pursuant to which the Canadian Borrowers may borrow up to CDN$10,000 under a revolving line of credit (including up to $3,000 for letters of credit) (the "Revolving Canadian Loan"). The Revolving Canadian Loan matures on July 23, 2026. The Canadian Loan Agreement is guaranteed by the Canadian Guarantor pursuant to a Guaranty and Suretyship Agreement (the "Canadian Guaranty Agreement").

The Canadian Borrowers may elect to have borrowings either in United States dollars or Canadian dollars under the Canadian Loan Agreement, which will bear interest at a base rate or SOFR, in each case, plus an applicable margin, in the case of borrowings in United States dollars, or at a Canadian Prime Rate (as announced from time to time by PNC Canada) or a Canadian deposit offered rate ("CDOR") as determined from time to time by PNC Canada in accordance with the Canadian Loan Agreement. The applicable margin for these borrowings range from 0.50% to 1.50% per annum, in the case of base rate borrowings and Canadian Prime Rate borrowings, and 1.50% to 2.50% per annum, in the case of SOFR borrowings and CDOR borrowings. The Canadian Loan Agreement also requires the Canadian Borrowers to pay (i) an unused line fee on the unused portion of the loan commitments in an amount ranging between 0.175% and 0.25% per annum, based upon the level of the Company's consolidated total net leverage ratio, and (ii) an upfront fee equal to 0.25% of the principal amount of the Note.

There were no amounts outstanding under the Revolving Canadian Loan as of March 31, 2024 and December 31, 2023.

The Canadian Loan Agreement also contains customary representations and warranties, and affirmative and negative covenants, including, among others, limitations on additional indebtedness, entry into new lines of business, entry into guarantee agreements, making of any loans or advances to, or investments in, any other person, restrictions on liens on the assets of the Canadian Borrowers and mergers, transfers of assets and acquisitions. The Canadian Loan Agreement and Note also contain customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions.

Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the Canadian Loan Agreement may be accelerated.

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7. DERIVATIVE INSTRUMENTS

Interest Rate Swaps

We entered into interest rate swap agreements to hedge forecasted monthly interest rate payments on our floating rate debt. Under the terms of the interest rate swap agreements (“Swap Agreements”), we receive payments based on the 1-month SOFR (5.33% as of March 31, 2024). We had the following Swap Agreements as of March 31, 2024:

Effective Date	Notional Amount	Fixed Rate
September 30, 2021 through July 23, 2026	$ 87,500	0.812 %
May 31, 2023 through July 23, 2026	$ 47,500	3.905 %

During the three months ended March 31, 2024, there were no Swap Agreements that expired.

We designated the Swap Agreements as cash flow hedges. A portion of the amount included in accumulated other comprehensive income is reclassified into interest expense, net as a yield adjustment as interest is either paid or received on the hedged debt. The fair value of our Swap Agreements is based upon Level 2 inputs. We have considered our own credit risk and the credit risk of the counterparties when determining the fair value of our Swap Agreements.

It is our policy to execute such instruments with creditworthy banks and not to enter into derivative financial instruments for speculative purposes. We believe our interest rate swap counterparty will be able to fulfill their obligations under our agreements, and we believe we will have debt outstanding through the expiration date of the swap agreements such that the occurrence of future cash flow hedges remains probable.

The estimated fair value of our Swap Agreements in the condensed consolidated balance sheets was as follows:

Balance Sheet Accounts	March 31, 2024	December 31, 2023
Other current assets	$ 3,932	$ 3,655
Other assets	$ 3,047	$ 2,850
Other liabilities	$ —	$ 427

A cumulative gain, net of tax, of $5,054 and $4,357, is recorded in accumulated other comprehensive income as of March 31, 2024 and December 31, 2023, respectively.

The amount of gain, net of tax, recognized in other comprehensive income (loss) for the three months ended March 31, 2024 and 2023 of $1,568 and $426, respectively. There was a gain, net of tax, of $872 and $647 reclassified from accumulated other comprehensive income into earnings for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, approximately $3,833 is expected to be reclassified from accumulated other comprehensive income into interest expense over the next 12 months.

Cash Flow Hedges

During the three months ended March 31, 2024, the Company entered into forward contracts to hedge forecasted Mexican Peso (“MXN”) denominated costs associated with our Mexican subsidiary. These contracts are designated as cash flow hedges to manage foreign currency transaction risk and are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. Any changes in the fair value of designated cash flow hedges are recorded in other comprehensive income and are reclassified from accumulated other comprehensive income into earnings in the period the hedged item impacts earnings.

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As of March 31, 2024, the Company had outstanding contracts with a total notional amount of $127,500 MXN and recognized a cumulative gain, net of tax, in accumulated other comprehensive income of $71.

There was a loss, net of tax, of $22 reclassified from accumulated other comprehensive income into earnings for the three months ended March 31, 2024.

As of March 31, 2024, approximately $93 is expected to be reclassified from accumulated other comprehensive income into earnings over the next 12 months.

8. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is also involved in various legal disputes and other legal proceedings and claims that arise from time to time in the ordinary course of business. The Company vigorously defends itself against all lawsuits and evaluates the amount of reasonably possible losses that the Company could incur as a result of these matters. While any litigation contains an element of uncertainty, the Company believes that the reasonably possible losses that the Company could incur in excess of insurance coverage would not have a material adverse effect on the Company’s consolidated financial position, results of operations, or liquidity.

Insurance

The Company has various insurance policies, including product liability insurance, covering risks and in amounts it considers adequate. There can be no assurance that the insurance coverage maintained by the Company is sufficient or will be available in adequate amounts or at a reasonable cost.

International

As an international company, we are, from time to time, the subject of investigations relation to the Company’s international operations, including under U.S. export control laws (such as ITAR), the FCPA and other similar U.S. and foreign laws. To the best of the Company’s knowledge, there are not any potential or pending investigations at this time.

9. INCOME TAXES

The Company and its subsidiaries file income tax returns in the U.S. federal, various state and local, and certain foreign jurisdictions. As of March 31, 2024, the Company’s tax years subsequent to 2016 are subject to examination by tax authorities with few exceptions. The 2018 and 2019 tax returns of a Canadian subsidiary of the Company are currently under examination by the Canadian Revenue Agency.

The effective tax rate was 22.1% for the three months ended March 31, 2024 and was lower than the statutory rate primarily due to the vesting of stock compensation, partially offset by non-deductible executive compensation. The effective tax rate was 29.6% for the three months ended March 31, 2023 and higher than the statutory rate primarily due to state taxes and non-deductible executive compensation, partially offset by research and development tax credits.

10. LEASES

The Company leases certain manufacturing and office space, retail locations, and equipment. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company has elected the practical expedient and does not recognize a lease liability or right-of-use (“ROU”) asset for short-term leases (leases with a term of twelve months or less). The Company uses its incremental borrowing rate based on the information available at the commencement date

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in determining the present value of lease payments. The Company's incremental borrowing rate is the rate for collateralized borrowings based on the current economic environment, credit history, credit rating, value of leases, currency in which the lease obligation is satisfied, rate sensitivity, lease term and materiality. Our operating leases have remaining contractual terms of up to five years, some of which include options to extend the leases for up to five years.

The amount of assets and liabilities related to our operating leases were as follows:

	Balance Sheet Accounts	March 31, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease assets	$ 9,987	$ 6,554
Liabilities:			
Current:			
Operating lease liabilities	Accrued liabilities	$ 4,308	$ 3,510
Long-term:			
Operating lease liabilities	Long-term operating lease liabilities	5,822	3,186
Total lease liabilities		$ 10,130	$ 6,696

The components of lease expense are recorded to cost of sales and selling, general and administration expenses in the condensed consolidated statements of operations and comprehensive income. The components of lease expense were as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Fixed operating lease costs(1)	$ 1,149	$ 1,033
Variable operating lease costs	255	366
Total	$ 1,404	$ 1,399

(1) Includes short-term leases, which are immaterial.

The weighted average remaining lease term and weighted average discount rate is as follows:

	March 31, 2024	December 31, 2023
Weighted average remaining lease term (years):		
Operating leases	2.53	2.53
Weighted average discount rate:		
Operating leases	2.98%	3.06%

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The estimated future minimum lease payments under operating leases for the remaining nine months of 2024, the next four years and thereafter is as follows:

Remainder of 2024	$ 3,357
2025	3,321
2026	2,242
2027	1,107
2028	466
Thereafter	351
Total future lease payments	10,844
Less: Amount representing interest	(714)
Present value of lease liabilities	$ 10,130

Supplemental cash flow information related to leases is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 1,073	$ 1,049
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ —	$ —

11. RELATED PARTY TRANSACTIONS

The Company leases 4 distribution warehouses and retail stores from certain employees. The Company recorded rent expense related to these leases of $93 and $148 for the three months ended March 31, 2024 and 2023, respectively. Rent expense related to these leases is included in related party expense in the Company's condensed consolidated statements of operations and comprehensive income.

During the three months ended March 31, 2024, the Company paid $1,750 to Kanders & Company, Inc., a company controlled by Warren Kanders, our Chief Executive Officer, for services related to the acquisition of Alpha Safety, which is included in related party expense in the Company's condensed consolidated statements of operations and comprehensive income.

There were no payments made to Kanders & Company for the three months ended March 31, 2023.

12. SEGMENT DATA

Our operations are comprised of two reportable segments: Product and Distribution. Segment information is consistent with how the chief operating decision maker ("CODM"), our chief executive officer, reviews the business, makes investing and resource allocation decisions and assesses operating performance. Senior management evaluates segment performance based on segment profit. Each

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segment's profit is measured as gross profit. The CODM is not provided asset information or operating expenses by segment as that information is not available.

	Three Months Ended March 31, 2024			
	Product	Distribution	Reconciling Items[1]	Total
Net sales	$ 118,785	$ 28,191	$ (9,116)	$ 137,860
Cost of goods sold	67,764	21,557	(9,089)	80,232
Gross profit	$ 51,021	$ 6,634	$ (27)	$ 57,628

	Three Months Ended March 31, 2023			
	Product	Distribution	Reconciling Items[1]	Total
Net sales	$ 93,194	$ 24,660	$ (6,106)	$ 111,748
Cost of goods sold	52,608	18,697	(6,175)	65,130
Gross profit	$ 40,586	$ 5,963	$ 69	$ 46,618

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

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Cadre Holdings, Inc. (D/B/A The Safariland Group) ("Cadre," "the Company" "we," "us" and "our") should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of Cadre's control. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward- looking statements include, but are not limited to, those discussed in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023 and the section entitled "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q.

Our Business

Cadre is a global leader in the manufacturing and distribution of safety equipment and other related products for the law enforcement, first responder, military and nuclear markets. Our equipment provides critical protection to allow its users to safely and securely perform their duties and protect those around them in hazardous or life-threatening situations. Through our dedication to superior quality, we establish a direct covenant with end users that our products will perform and keep them safe when they are most needed. We sell a wide range of products including body armor, explosive ordnance disposal equipment and duty gear through both direct and indirect channels. In addition, through our owned distribution, we serve as a one-stop shop for first responders providing equipment we manufacture as well as third-party products including uniforms, optics, boots, firearms and ammunition. The majority of our diversified product offering is governed by rigorous safety standards and regulations. Demand for our products is driven by technological advancement as well as recurring modernization and replacement cycles for the equipment to maintain its efficiency, effective performance and regulatory compliance.

We service the ever-changing needs of our end users by investing in research and development for new product innovation and technical advancements that continually raise the standards for safety equipment. Our target end user base includes domestic and international first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians, fishing and wildlife enforcement and departments of corrections, as well as federal agencies including the U.S. Department of State, U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Homeland Security, U.S. Department of Corrections and numerous foreign government agencies in over 100 countries.

In January 2024, the Company acquired ICOR Technology Inc. ("ICOR") for $40.4 million.

In March 2024, the Company acquired Alpha Safety Intermediate, LLC ("Alpha Safety") for $106.6 million.

The following table sets forth a summary of our financial highlights for the periods indicated:

(in thousands)	Three Months Ended March 31, 2024	2023
Net sales	$ 137,860	$ 111,748
Net income	$ 6,928	$ 7,002
Adjusted EBITDA[1]	$ 24,488	$ 18,592

(1) Adjusted EBITDA is a non-GAAP financial measure. See "*Non-GAAP Measures*" below for our definition of, and additional information about, Adjusted EBITDA, and for a reconciliation to net income, the most directly comparable U.S. GAAP financial measure.

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

Net sales increased by $26.1 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily as a result of recent acquisitions, higher demand for armor products and EOD products and increased agency demand for hard goods through our Distribution segment.

Net income decreased by $0.1 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily as a result of an increase in selling, general and administrative expenses due to acquisitions and transaction expenses, partially offset by an increase in gross profit and recent acquisitions.

Secondary Offering

On March 19, 2024, the Company completed a secondary offering in which the Company issued and sold 2,200,000 shares of common stock at a price of $35.00 per share. The Company's net proceeds from the sale of shares were $72.8 million after underwriter discounts and commissions, fees and expenses of $4.2 million.

On April 1, 2024, the underwriters exercised the full amount of their over-allotment option and purchased an additional 545,719 shares of common stock at a price of $35.00 per share, resulting in net proceeds to the Company of $18.2 million after underwriter discounts and commissions, fees and expenses of $0.9 million.

KEY PERFORMANCE METRICS

Orders backlog

We monitor our orders backlog, which we believe is a forward-looking indicator of potential sales. Our orders backlog for products includes all orders that have been received and are believed to be firm. Due to municipal government procurement rules, in certain cases orders included in backlog are subject to budget appropriation or other contract cancellation clauses. Consequently, our orders backlog may differ from actual future sales. Orders backlog can be helpful to investors in evaluating the performance of our business and identifying trends over time.

The following table presents our orders backlog as of the periods indicated:

(in thousands)	March 31, 2024	December 31, 2023
Orders backlog	$ 159,081	$ 126,683

Orders comprising backlog as of a given balance sheet date are typically invoiced in subsequent periods. The majority of our products are generally processed and shipped within one to three weeks of an order being placed, though the fulfillment time for certain products, for example, explosive ordnance disposal equipment, may take three months or longer. Our orders backlog could experience volatility between periods, including as a result of customer order volumes and the speed of our order fulfilment, which in turn may be impacted by the nature of products ordered, the amount of inventory on hand and the necessary manufacturing lead time.

Orders backlog increased by $32.4 million as of March 31, 2024 compared to December 31, 2023, primarily due to increases of $42.7 million from recent acquisitions and $2.3 million from duty gear, partially offset by reductions of $10.2 million from explosive ordnance disposal products and $2.6 million from armor products, both due to large orders delivered in the first quarter of 2024.

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

RESULTS OF OPERATIONS

In order to reflect the way our chief operating decision maker reviews and assesses the performance of the business, Cadre has determined that it has two reportable segments — the Product segment and the Distribution segment. Segment information is consistent with how the chief operating decision maker, our chief executive officer, reviews the business, makes investing and resource allocation decisions and assesses operating performance.

The following table presents data from our results of operations for the three months ended March 31, 2024 and 2023 (in thousands unless otherwise noted):

	Three Months Ended March 31, 2024	2023	
Net sales	$ 137,860	$ 111,748	23.4 %
Cost of goods sold	80,232	65,130	23.2 %
Gross profit	57,628	46,618	23.6 %
Operating expenses			
Selling, general and administrative	40,719	35,250	15.5 %
Restructuring and transaction costs	3,087	—	— %
Related party expense	1,843	148	1,145.3 %
Total operating expenses	45,649	35,398	29.0 %
Operating income	11,979	11,220	6.8 %
Other expense			
Interest expense	(1,637)	(1,641)	(0.2) %
Other (expense) income, net	(1,444)	364	(496.7) %
Total other expense, net	(3,081)	(1,277)	141.3 %
Income before provision for income taxes	8,898	9,943	(10.5) %
Provision for income taxes	(1,970)	(2,941)	(33.0) %
Net income	$ 6,928	$ 7,002	(1.1) %

The following tables present segment data for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31, 2024			
	Product	Distribution	Reconciling Items[1]	Total
Net sales	$ 118,785	$ 28,191	$ (9,116)	$ 137,860
Cost of goods sold	67,764	21,557	(9,089)	80,232
Gross profit	$ 51,021	$ 6,634	$ (27)	$ 57,628

	Three Months Ended March 31, 2023			
	Product	Distribution	Reconciling Items[1]	Total
Net sales	$ 93,194	$ 24,660	$ (6,106)	$ 111,748
Cost of goods sold	52,608	18,697	(6,175)	65,130
Gross profit	$ 40,586	$ 5,963	$ 69	$ 46,618

[1] Reconciling items consist primarily of intercompany eliminations and items not directly attributable to operating segments

CADRE HOLDINGS, INC.
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(in thousands, except share and per share amounts)

Comparison of Three Months Ended March 31, 2024 to Three Months Ended March 31, 2023

Net sales. Product segment net sales increased by $25.6 million, or 27.5%, from $93.2 million to $118.8 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to increases of $10.8 million from higher domestic demand for armor products, $8.6 million as a result of recent acquisitions and $3.8 million from higher demand for explosive ordnance disposal products. Distribution segment net sales increased by $3.5 million, or 14.3%, from $24.7 million to $28.2 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to increased agency demand for hard goods. Reconciling items consisting primarily of intercompany eliminations were $9.1 million and $6.1 million for the three months ended March 31, 2024 and 2023, respectively.

Cost of goods sold and gross profit. Product segment cost of goods sold increased by $15.2 million, or 28.8%, from $52.6 million to $67.8 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, primarily due to increased volume, increased costs to manufacture product (principally material and labor), and increases from the amortization of inventory step up adjustments related to 2024 acquisitions, partially offset by product mix. Product segment gross profit as a percentage of net sales decreased by 60 basis points to 43.0% for the three months ended March 31, 2024 from 43.6% for the three months ended March 31, 2023, mainly driven by increases from the amortization of inventory step up adjustments related to the recent acquisitions and inflation, partially offset by favorable pricing and product mix. Distribution segment cost of goods sold increased by $2.9 million, or 15.3%, from $18.7 million to $21.6 million for the three months ended March 31, 2024 as compared to the same period in 2023, primarily due to increased volume. Distribution segment gross profit as a percentage of net sales decreased by 65 basis points to 23.5% for the three months ended March 31, 2024 from 24.2% for the three months ended March 31, 2023, mainly driven by unfavorable mix. Reconciling items consisting primarily of intercompany eliminations were $9.1 million and $6.2 million for the three months ended March 31, 2024 and 2023, respectively.

Selling, general and administrative. Selling, general and administrative increased by $5.5 million, or 15.5%, for the three months ended March 31, 2024 as compared to the same period in 2023, primarily due to recent acquisitions, employee compensation and related benefits, and professional services.

Restructuring and transaction costs. Restructuring and transaction costs were $3.1 million for the three months ended March 31, 2024 primarily due to costs incurred associated with the ICOR and Alpha Safety acquisitions.

Related party expense. Related party expense, which ordinarily consists of rent expense related to distribution warehouses and retail stores that we lease from related parties, increased by $1.7 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 primarily due to a $1.8 million transaction fee paid to Kanders & Company, Inc., a company controlled by our Chief Executive Officer, in connection with the acquisition of Alpha Safety.

Interest expense. Interest expense remained consistent for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Other (expense) income, net. Other expense, net was $1.4 million for the three months ended March 31, 2024 as compared to $0.4 million for the three months ended March 31, 2023, primarily due to changes in foreign currency exchange rates.

Provision for income taxes. Provision for income taxes was $2.0 million for the three months ended March 31, 2024 compared to $2.9 million for the three months ended March 31, 2023. The effective tax rate was 22.1% for the three months ended March 31, 2024 and was lower than the statutory rate primarily due to the vesting of stock compensation, partially offset by non-deductible executive compensation. The effective tax rate was 29.6% for the three months ended March 31, 2023 and higher than the statutory rate primarily due to state taxes and non-deductible executive compensation, partially offset by research and development tax credits.

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

NON-GAAP MEASURES

This Quarterly Report on Form 10-Q includes EBITDA and Adjusted EBITDA, which are non-GAAP financial measures that we use to supplement our results presented in accordance with U.S. GAAP. EBITDA is defined as net income before depreciation and amortization expense, interest expense and provision for income tax. Adjusted EBITDA represents EBITDA that excludes restructuring and transaction costs, other expense (income), net, stock-based compensation expense, stock-based compensation payroll tax expense, long-term incentive plan ("LTIP") bonus, amortization of inventory step-up and contingent consideration expense as these items do not represent our core operating performance.

EBITDA and Adjusted EBITDA are performance measures that we believe are useful to investors and analysts because they illustrate the underlying financial and business trends relating to our core, recurring results of operations and enhance comparability between periods. Adjusted EBITDA is considered by our board of directors and management as an important factor in determining performance-based compensation.

EBITDA and Adjusted EBITDA are not recognized measures under U.S. GAAP and are not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly-titled measures of performance of other companies. Investors should exercise caution in comparing our non-GAAP measures to any similarly titled measures used by other companies. These non-GAAP financial measures exclude certain items required by U.S. GAAP and should not be considered as alternatives to information reported in accordance with U.S. GAAP.

The table below presents our EBITDA and Adjusted EBITDA reconciled to the most comparable GAAP financial measures for the periods indicated:

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income	$ 6,928	$ 7,002
Add back:		
Depreciation and amortization	3,942	4,261
Interest expense	1,637	1,641
Provision for income taxes	1,970	2,941
EBITDA	$ 14,477	$ 15,845
Add back:		
Restructuring and transaction costs[1]	4,837	—
Other (income) expense, net[2]	1,444	(364)
Stock-based compensation expense[3]	2,067	2,747
Stock-based compensation payroll tax expense[4]	393	220
LTIP bonus[5]	50	144
Amortization of inventory step-up[6]	769	—
Contingent consideration expense[7]	451	—
Adjusted EBITDA	$ 24,488	$ 18,592

(1) Reflects the "Restructuring and transaction costs" line item on our condensed consolidated statements of operations and comprehensive income, which primarily includes transaction costs composed of legal and consulting fees, and $1.8 million paid to Kanders & Company, Inc., a company controlled by our Chief Executive Officer, for services related to the acquisition of Alpha Safety, which is included in related party expense in the Company's condensed consolidated statements of operations and comprehensive income for the three months ended March 31, 2024.

(2) Reflects the "Other (expense) income, net" line item on our condensed consolidated statement of operations and comprehensive income and primarily includes gains and losses due to fluctuations in foreign currency exchange rates.

(3) Reflects compensation expense related to equity and liability classified stock-based compensation plans.

(4) Reflects payroll taxes associated with vested stock-based compensation awards.

(5) Reflects the cost of a cash-based long-term incentive plan awarded to employees that vests over three years.

(6) Reflects amortization expense related to the step-up inventory adjustment recorded as a result of our recent acquisitions.

(7) Reflects contingent consideration expense related to the acquisition of ICOR.

Adjusted EBITDA increased by $5.9 million for the three months ended March 31, 2024 as compared to 2023, primarily due to an increase in gross profit and recent acquisitions, partially offset by an increase in selling, general and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to our ability to generate sufficient cash flows to meet the cash requirements of our business operations, including working capital needs, capital expenditures, debt service, acquisitions and other commitments. Our principal sources of liquidity have been cash provided by operating activities, cash on hand and amounts available under our revolving loans.

For the three months ended March 31, 2024, net cash provided from operating activities totaled $2.1 million and as of March 31, 2024, cash and cash equivalents totaled $87.1 million. We believe that our cash flows from operations and cash on hand, and available borrowing capacity under our existing credit facilities (as described below) will be adequate to meet our liquidity requirements for at least the 12 months following the date of this Quarterly Report on Form 10-Q. Our future capital requirements will depend on several factors, including future acquisitions and investments in our manufacturing facilities and equipment. We could be required, or could elect, to seek additional funding through public or private equity or debt financings; however, additional funds may not be available on terms acceptable to us, if at all.

Debt

As of March 31, 2024 and December 31, 2023, we had $215.8 million and $140.1 million in outstanding debt, net of debt discounts and debt issuance costs, respectively, primarily related to the term loan facilities.

2021 Credit Agreement

On August 20, 2021 (the “Closing Date”), the Company refinanced its existing credit facilities and entered into a new credit agreement whereby Safariland, LLC, as borrower (the “Borrower”), the Company and certain domestic subsidiaries of the Borrower, as guarantors (the “Guarantors”), closed on and received funding under a credit agreement (initially entered into on July 23, 2021), pursuant to a First Amendment to Credit Agreement (collectively, the “2021 Credit Agreement”) with PNC Bank, National Association (“PNC”), as administrative agent, and the several lenders from time to time party thereto (together with PNC, the “Lenders”) pursuant to which the Borrower (i) borrowed $200.0 million under a term loan (the “Term Loan”), and (ii) may borrow up to $100.0 million under a revolving credit facility (including up to $15.0 million for letters of credit and up to $10.0 million for swing line loans) (the “Revolving Loan”). Each of the Term Loan and the Revolving Loan mature on July 23, 2026. Commencing December 31, 2021, the New Term Loan requires scheduled quarterly payments in amounts equal to 1.25% per quarter of the original aggregate principal amount of the Term Loan, with the balance due at maturity. The 2021 Credit Agreement is guaranteed, jointly and severally, by the Guarantors and, subject to certain exceptions, secured by a first-priority security interest in substantially all of the assets of the Borrower and the Guarantors pursuant to a Security and Pledge Agreement and a Guaranty and Suretyship Agreement, each dated as of the Closing Date.

There were no amounts outstanding under the Revolving Loan as of March 31, 2024 and December 31, 2023. As of March 31, 2024, there were $4.5 million in outstanding letters of credit and $95.5 million of availability.

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The Borrower may elect to have the Revolving Loan and Term Loan under the 2021 Credit Agreement bear interest at a base rate or LIBOR, in each case, plus an applicable margin. However, in connection with the market transition away from applicable LIBOR rates to SOFR, on May 31, 2023, the Company, the Borrowers and the Lenders entered into the third amendment to the 2021 Credit Agreement (the "Third Amendment") pursuant to which the 2021 Credit Agreement was amended to implement the SOFR rates. The applicable interest rates for these borrowings are, at the Company's option, either (a) a base rate plus an applicable margin between 0.50% and 1.50% or (b) a Term SOFR rate, plus a SOFR adjustment equal to 0.10%, plus an applicable margin equal to 1.50% to 2.50%.

The 2021 Credit Agreement also contains customary representations and warranties, and affirmative and negative covenants, including limitations on additional indebtedness, dividends, and other distributions, entry into new lines of business, use of loan proceeds, capital expenditures, restricted payments, restrictions on liens on the assets of the Borrowers or any Guarantor, transactions with affiliates, amendments to organizational documents, accounting changes, sale and leaseback transactions, dispositions, and mandatory prepayments in connection with certain liquidity events. The 2021 Credit Agreement contains certain restrictive debt covenants, which require us to: (i) maintain a minimum fixed charge coverage ratio of 1.25 to 1.00, starting with the quarter ended December 31, 2021, which is to be determined for each quarter end on a trailing four quarter basis and (ii) maintain a quarterly maximum consolidated total net leverage ratio of 3.75 to 1.00 from the quarter ended December 31, 2021 until the quarter ended September 30, 2022, and thereafter 3.50 to 1.00, which is in each case to be determined on a trailing four quarter basis; provided that under certain circumstances and subject to certain limitations, in the event of a material acquisition, we may temporarily increase the consolidated total net leverage ratio by up to 0.50 to 1.00 for four fiscal quarters following such acquisition. The 2021 Credit Agreement contains customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions. Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the 2021 Credit Agreement may be accelerated and the Lenders could foreclose on their security interests in the assets of the Borrowers and the Guarantors. As of May 3, 2024, there were no amounts outstanding under the Revolving Loan.

In connection with the Borrower's acquisition of Alpha Safety on March 1, 2024, the Borrower and the Guarantors entered into an Incremental Facility Amendment to the 2021 Credit Agreement, whereby the Lenders made an incremental term loan to the Borrower in the principal amount of $80.0 million for the purpose of funding the acquisition of Alpha Safety. All other material terms of the 2021 Credit Agreement remained unchanged.

The foregoing description of the 2021 Credit Agreement, as amended, does not purport to be complete and is qualified in its entirety by reference to exhibits 10.15, 10.16 and 10.17 to our Annual Report on Form 10-K for the year ended December 31, 2022, exhibit 10.1 attached to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, as well as exhibit 10.1 attached to our Current Report on Form 8-K filed on March 6, 2024, and are incorporated herein by reference as though fully set forth herein.

Canadian Credit Facility

On October 14, 2021, Med-Eng Holdings ULC and Pacific Safety Products Inc., the Company's Canadian subsidiaries, as borrowers (the "Canadian Borrowers"), and Safariland, LLC, as guarantor (the "Canadian Guarantor"), closed on a line of credit pursuant to a Loan Agreement (the "Canadian Loan Agreement") and a Revolving Line of Credit Note (the "Note") with PNC Bank Canada Branch ("PNC Canada"), as lender pursuant to which the Canadian Borrowers may borrow up to CDN$10.0 million under a revolving line of credit (including up to $3.0 million for letters of credit) (the "Revolving Canadian Loan"). The Revolving Canadian Loan matures on July 23, 2026. The Canadian Loan Agreement is guaranteed by the Canadian Guarantor pursuant to a Guaranty and Suretyship Agreement.

The Canadian Borrowers may elect to have borrowings either in United States dollars or Canadian dollars under the Canadian Loan Agreement, which will bear interest at a base rate or SOFR, in each case, plus an applicable margin, in the case of borrowings in United States dollars, or at a Canadian Prime Rate (as announced from time to time by PNC Canada) or a Canadian deposit offered rate ("CDOR") as determined from time to time by PNC Canada in accordance with the Canadian Loan Agreement. The applicable

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

margin for these borrowings will range from 0.50% to 1.50% per annum, in the case of base rate borrowings and Canadian Prime Rate borrowings, and 1.50% to 2.50% per annum, in the case of SOFR borrowings and CDOR borrowings. The Canadian Loan Agreement also requires the Canadian Borrowers to pay (i) an unused line fee on the unused portion of the loan commitments in an amount ranging between 0.175% and 0.25% per annum, based upon the level of the Company's consolidated total net leverage ratio, and (ii) an upfront fee equal to 0.25% of the principal amount of the Note.

There were no amounts outstanding under the Revolving Canadian Loan as of March 31, 2024 and December 31, 2023.

The Canadian Loan Agreement also contains customary representations and warranties, and affirmative and negative covenants, including, among others, limitations on additional indebtedness, entry into new lines of business, entry into guarantee agreements, making of any loans or advances to, or investments in, any other person, restrictions on liens on the assets of the Canadian Borrowers and mergers, transfers of assets and acquisitions. The Canadian Loan Agreement and Note also contain customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions. Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the Canadian Loan Agreement may be accelerated. As of May 3, 2024, there were no amounts outstanding under the Revolving Canadian Loan.

The foregoing description of the Canadian Loan Agreement does not purport to be complete and is qualified in its entirety by reference to the Canadian Loan Agreement, which is exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2022, and is incorporated herein by reference as though fully set forth herein.

Cash Flows

The following table presents a summary of our cash flows for the periods indicated:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net cash provided by operating activities	$ 2,137	$ 12,722
Net cash used in investing activities	(142,636)	(580)
Net cash provided by (used in) financing activities	139,786	(9,303)
Effects of foreign exchange rates on cash and cash equivalents	74	169
Change in cash and cash equivalents	(639)	3,008
Cash and cash equivalents, beginning of period	87,691	45,286
Cash and cash equivalents, end of period	$ 87,052	$ 48,294

Net cash provided by operating activities

During the three months ended March 31, 2024, net cash provided by operating activities of $2.1 million resulted primarily from net income of $6.9 million, a $3.9 million add back to net income for depreciation and amortization, a $2.1 million add back to net income for stock-based compensation and a net deduction to net income of $15.2 million for changes in operating assets and liabilities. Changes in operating assets and liabilities were primarily driven by a decrease in accounts payable and other liabilities of $21.7 million, a decrease in accounts receivable of $2.7 million and a decrease in prepaid expenses and other assets of $2.0 million.

During the three months ended March 31, 2023, net cash provided by operating activities of $12.7 million resulted primarily from net income of $7.0 million, a $2.7 million add back to net income for stock-based compensation, a $4.3 million add back to net income for depreciation and amortization and a net deduction to net income of $1.2 million for changes in operating assets and liabilities. Changes in operating assets and liabilities were primarily driven by a decrease in accounts receivable of $9.1 million, an increase in inventories of $5.8 million and a decrease in accounts payable and other liabilities of $3.9 million.

CADRE HOLDINGS, INC.
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(in thousands, except share and per share amounts)

Net cash used in investing activities

During the three months ended March 31, 2024, we used $142.6 million of cash in investing activities, primarily consisting of $141.3 million for the acquisition of ICOR and Alpha Safety.

During the three months ended March 31, 2023, we used $0.6 million of cash in investing activities, primarily consisting of $0.8 million for purchases of property and equipment.

Net cash provided by (used in) financing activities

During the three months ended March 31, 2024, net cash provided by financing activities of $139.8 million resulted primarily from proceeds from term loans of $80.0 million and proceeds from the secondary offering of $73.5 million, partially offset by taxes paid in connection with employee stock transactions of $5.3 million and dividends distributed of $3.3 million.

During the three months ended March 31, 2023, we used $9.3 million of cash in financing activities, primarily consisting of principal payments on term loans of $2.5 million, taxes paid in connection with employee stock transactions of $2.7 million and dividends distributed of $3.0 million.

Contractual Obligations

The following table summarizes our significant contractual obligations as of March 31, 2024 by period:

(in thousands)	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Lease obligations[1]	$ 10,844	$ 3,357	$ 5,563	$ 1,573	$ 351
Debt[2]	216,583	10,630	205,824	129	—
Interest on debt[3]	25,298	10,455	14,843	—	—
Total contractual obligations	**$ 252,725**	**$ 24,442**	**$ 226,230**	**$ 1,702**	**$ 351**

(1) Includes future minimum lease payments required under non-cancelable operating and capital leases.

(2) Includes scheduled cash principal payments on our debt, excluding interest, original issuance discount and debt issuance costs.

(3) Includes the effect of our interest rate swap and assumes (a) one-month SOFR rate in effect as of March 31, 2024; (b) applicable margins remain constant; (c) only mandatory debt repayments are made; and (d) no refinancing occurs at debt maturity.

Off-Balance Sheet Arrangements

We do not engage in off-balance sheet financing arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. Preparation of the financial statements requires us to make judgments, estimates and assumptions that impact the reported amount of net sales and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting judgment, estimate or assumption to be critical when the estimate or assumption is complex in nature or requires a high degree of judgment and when the use of different judgments, estimates and assumptions could have a material impact on our condensed consolidated financial statements. While our significant accounting policies are described in more detail in notes in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recently Adopted and Issued Accounting Pronouncements

Recently issued and adopted accounting pronouncements are described in notes to our audited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, presenting only two years of audited financial statements, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our condensed consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have in the past and may in the future be exposed to certain market risks, including interest rate, foreign currency exchange in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial condition or results of operations due to adverse changes in financial market prices and rates. These risks are not significant to our results of operations, but they may be in the future. We do not hold or issue financial instruments for speculative or trading purposes. There have not been material changes in market risk exposures as of March 31, 2024.

Interest rate risk

Changes in interest rates affect the amount of interest expense we are required to pay on our floating rate debt. As of March 31, 2024, we had $216.1 million in outstanding floating rate debt, which bears interest at one-month SOFR (5.33% as of March 31, 2024) plus applicable margin.

We entered into the Swap Agreements to convert a portion of the interest rate exposure on our floating rate debt from variable to fixed and designated them as cash flow hedges. Under the terms of the Swap Agreements, we receive payments based on the 1-month SOFR. A portion of the amount included in accumulated other comprehensive income is reclassified into interest expense, net as a yield adjustment as interest is either paid or received on the hedged debt. The fair value of our Swap Agreements is based upon Level 2 inputs. We have considered our own credit risk and the credit risk of the counterparties when determining the fair value of our Swap Agreements.

We performed a sensitivity analysis on the principal amount of debt as of March 31, 2024, as well as the effect of our Swap Agreements. Further, in this sensitivity analysis, the change in interest rates is assumed to be applicable for an entire year. On an annual basis, a change of 100 basis points in the applicable interest rate would cause a change in interest expense of $2.2 million on the principal amount of debt and would have an immaterial effect when including the effect of our Swap Agreements.

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

As of March 31, 2024, we had the following Swap Agreements (in thousands):

Effective Date	Notional Amount	Fixed Rate
September 30, 2021 through July 23, 2026	$ 87,500	0.812 %
May 31, 2023 through July 23, 2026	$ 47,500	3.905 %

During the three months ended March 31, 2024, there were no interest rate swap agreements that expired.

Foreign currency exchange rate risk

Our operations are geographically diverse and we are exposed to foreign currency exchange risk, primarily the Canadian dollar and Mexican peso, related to our transactions and our subsidiaries' balances that are denominated in currencies other than the U.S. dollar, our functional currency.

The Company has entered into forward contracts to hedge forecasted Mexican peso denominated costs associated with our Mexican subsidiary. These contracts are designated as cash flow hedges to manage foreign currency transaction risk and are measured at fair value and reported as current assets or current liabilities in the condensed consolidated balance sheets. Any changes in the fair value of designated cash flow hedges are recorded in other comprehensive income and are reclassified from accumulated other comprehensive income into earnings in the period the hedged item impacts earnings.

Significant currency fluctuations could impact the comparability of our results of operations between periods. A 10% increase or decrease in the value of the Canadian dollar to the U.S. dollar would have caused our reported net sales to increase or decrease by approximately $0.3 million for the three months ended March 31, 2024. A 10% increase or decrease in the value of the Canadian dollar to the U.S. dollar would have caused our reported net income to increase or decrease by approximately $0.1 million for the three months ended March 31, 2024, excluding unrealized gains or losses from remeasurement. A 10% increase or decrease in the value of the Mexican peso to the U.S. dollar would have caused our reported net income to increase or decrease by approximately $0.7 million for the three months ended March 31, 2024, excluding unrealized gains or losses from remeasurement and the impact of cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, its principal executive officer and principal financial officer, respectively, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(c) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of March 31, 2024, pursuant to Exchange Act Rule 13a-15. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to the appropriate management on a basis that permits timely decisions regarding disclosure. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of March 31, 2024 were effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CADRE HOLDINGS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
(in thousands, except share and per share amounts)

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls can prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to Note 8 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, nor did the Company during such fiscal quarter adopt or terminate any "Rule 10b5-1 trading arrangement".

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	Unit Purchase Agreement, by and among Alpha Safety Holdings, LLC, Alpha Safety Intermediate, LLC, Cadre Holdings, Inc. and Safariland, LLC, dated February 16, 2024 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 23, 2024).
10.1	Incremental Facility Amendment to Credit Agreement and Guaranty Joinder, dated as of March 1, 2024, by and among Safariland, LLC, the New Subsidiaries party thereto, the other Guarantors party thereto, the Lenders party thereto, and PNC bank, National Association, as Administrative Agent, Swingline Loan Lender and an Issuing Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 6, 2024).
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith. The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

	CADRE HOLDINGS, INC.	
Date: May 8, 2024	By:	*/s/ Warren B. Kanders*
	Name:	Warren B. Kanders
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: May 8, 2024	By:	*/s/ Blaine Browers*
	Name:	Blaine Browers
	Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Warren B. Kanders, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadre Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Warren B. Kanders
Name: Warren B. Kanders
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Blaine Browers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadre Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Blaine Browers
Name: Blaine Browers
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cadre Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Warren B. Kanders, Chief Executive Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 8, 2024

By: /s/ Warren B. Kanders
Name: Warren B. Kanders
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cadre Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Blaine Browers, Chief Financial Officer, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 8, 2024

By: /s/ Blaine Browers
Name: Blaine Browers
Title: Chief Financial Officer
(Principal Financial Officer)