

KĀDANT

FIRST QUARTER 2025 BUSINESS REVIEW

APRIL 30, 2025

Forward-Looking Statements

The following constitutes a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about our future financial and operating performance, demand for our products, and economic and industry outlook. These forward-looking statements represent our expectations as of April 29, 2025. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading “Risk Factors” in Kadant’s Annual Report on Form 10-K for the fiscal year ended December 28, 2024 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; our acquisition strategy; levels of residential construction activity; reductions by our wood processing customers of their capital spending or production of oriented strand board; changes to the global timber supply; development and use of digital media; cyclical economic conditions affecting the global mining industry; demand for coal, including economic and environmental risks associated with coal; failure of our information systems or breaches of data security and cybersecurity incidents; implementation of our internal growth strategy; competition; our ability to successfully manage our manufacturing operations; supply chain constraints, inflationary pressure, price increases or shortages in raw materials; loss of key personnel and effective succession planning; future restructurings; protection of intellectual property; changes to tax laws and regulations; climate change; adequacy of our insurance coverage; global operations; policies of the Chinese government; the variability and uncertainties in sales of capital equipment in China; currency fluctuations; changes to government regulations and policies around the world; compliance with government regulations and policies and compliance with laws; environmental laws and regulations; environmental, health and safety laws and regulations impacting the mining industry; our debt obligations; restrictions in our credit agreement and note purchase agreement; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, including increases or decreases in revenue excluding the effect of acquisitions and foreign currency translation (organic revenue), adjusted EPS, adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA), adjusted EBITDA margin, adjusted operating income, and free cash flow. All references to EPS (earnings per share) are to our EPS as calculated on a diluted basis.

Specific non-GAAP financial measures have been marked with an * (asterisk) within this presentation. A reconciliation of those numbers to the most directly comparable GAAP financial measures is shown in the Appendix and in our first quarter 2025 earnings press release issued April 29, 2025, which is available in the Investors section of our website at investor.kadant.com under the heading News Releases.

We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our core business, operating results, or future outlook. We believe the inclusion of such measures helps investors gain an understanding of our underlying operating performance and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. Such measures are also used by us in our financial and operating decision-making and for compensation purposes. We also believe this information is responsive to investors' requests and gives them additional measures of our performance.

The non-GAAP financial measures included in this presentation are not meant to be considered superior to or a substitute for the results of operations or cash flows prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this presentation have limitations associated with their use as compared to the most directly comparable GAAP measures, in that they may be different from, and therefore not comparable to, similar measures used by other companies.



Business Review

Jeffrey L. Powell, President & CEO

Operational Highlights

- Record demand for aftermarket parts contributed to a solid start to 2025
- Operational execution was excellent with strong performance across all operating segments
- Solid margin performance and healthy free cash flow

Q1 2025 Performance

(\$ in millions, except per share amounts)	Q1 25	Q1 24	Change
Bookings	\$256.2	\$248.4	+3.1%
Revenue	\$239.2	\$249.0	-3.9%
Net Income	\$24.1	\$24.7	-2.5%
Adjusted EBITDA*	\$47.9	\$52.2	-8.2%
Adjusted EBITDA Margin*	20.0%	21.0%	-100 bps
EPS	\$2.04	\$2.10	-2.9%
Adjusted EPS*	\$2.10	\$2.38	-11.8%
Operating Cash Flow	\$22.8	\$22.8	0.0%
Free Cash Flow*	\$19.0	\$16.6	+14.7%

HIGHLIGHTS

- New order activity up 3% led by record aftermarket parts demand
- Free cash flow up 15% and remained healthy
- Industrial demand, particularly in Europe and Asia, continues to be impacted by economic headwinds

Flow Control

(\$ in millions)	Q1 25	Q1 24	Change
Revenue	\$92.4	\$86.7	+6.6%
Bookings	\$100.0	\$94.7	+5.6%
Adjusted EBITDA*	\$26.2	\$24.1	+8.4%
Adjusted EBITDA Margin*	28.3%	27.8%	+50 bps

BOOKINGS



HIGHLIGHTS

- Stronger performance in North America offset softness in Europe
- Aftermarket parts revenue increased 11% and benefited from our recent acquisition
- Adjusted EBITDA* performance was solid
- Favorable long-term market trends facing some transitory headwinds

Industrial Processing

(\$ in millions)	Q1 25	Q1 24	Change
Revenue	\$89.5	\$105.9	-15.4%
Bookings	\$92.4	\$89.9	+2.8%
Adjusted EBITDA*	\$21.7	\$27.0	-19.5%
Adjusted EBITDA Margin*	24.2%	25.5%	-130 bps

BOOKINGS



HIGHLIGHTS

- Stability in our aftermarket business expected to continue
- Aftermarket parts revenue represented a record 80% of total revenue in Q1
- Capital project activity remains healthy although project timing is uncertain

Material Handling

(\$ in millions)	Q1 25	Q1 24	Change
Revenue	\$57.2	\$56.4	+1.4%
Bookings	\$63.9	\$63.9	0.0%
Adjusted EBITDA*	\$11.6	\$11.4	+1.3%
Adjusted EBITDA Margin*	20.2%	20.3%	-10 bps

BOOKINGS



HIGHLIGHTS

- Aftermarket parts revenue was stable and offset a modest decline in capital business
- Capital project activity expected to be steady as the year progresses
- End markets remain healthy although timing of investments may be influenced by geopolitical climate

Business Outlook

- Industrial demand and project activity is being affected by ambiguity in global trade and the potential impact on supply lines
- Aftermarket business is expected to remain healthy despite the current geopolitical environment
- Our strong cash flow and healthy balance sheet position us well to capitalize on new opportunities



Financial Review

Michael J. McKenney, EVP & CFO

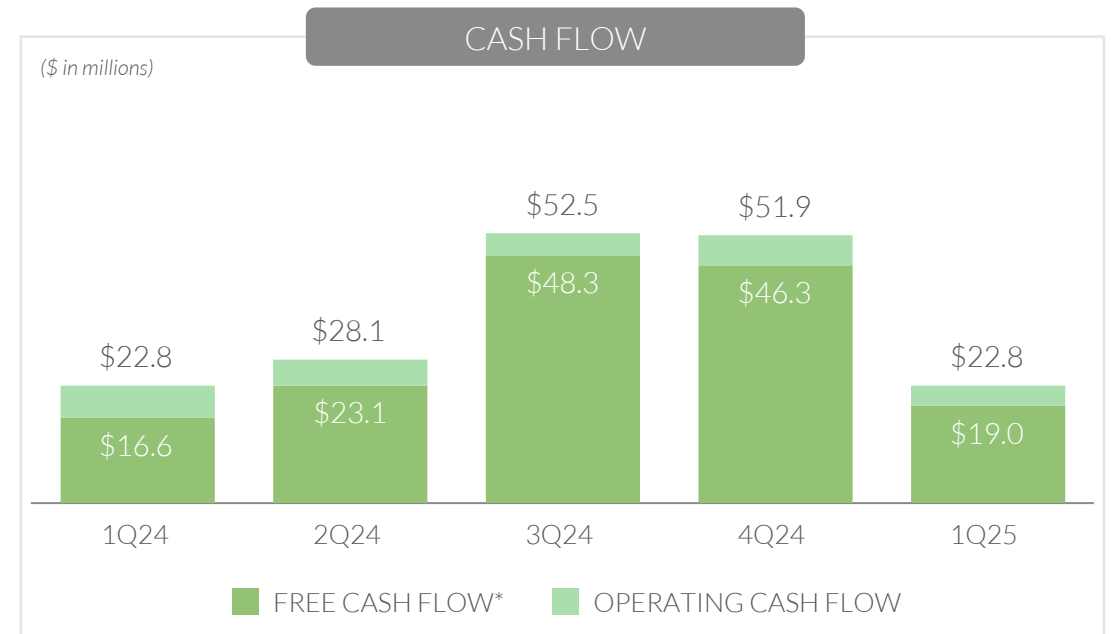
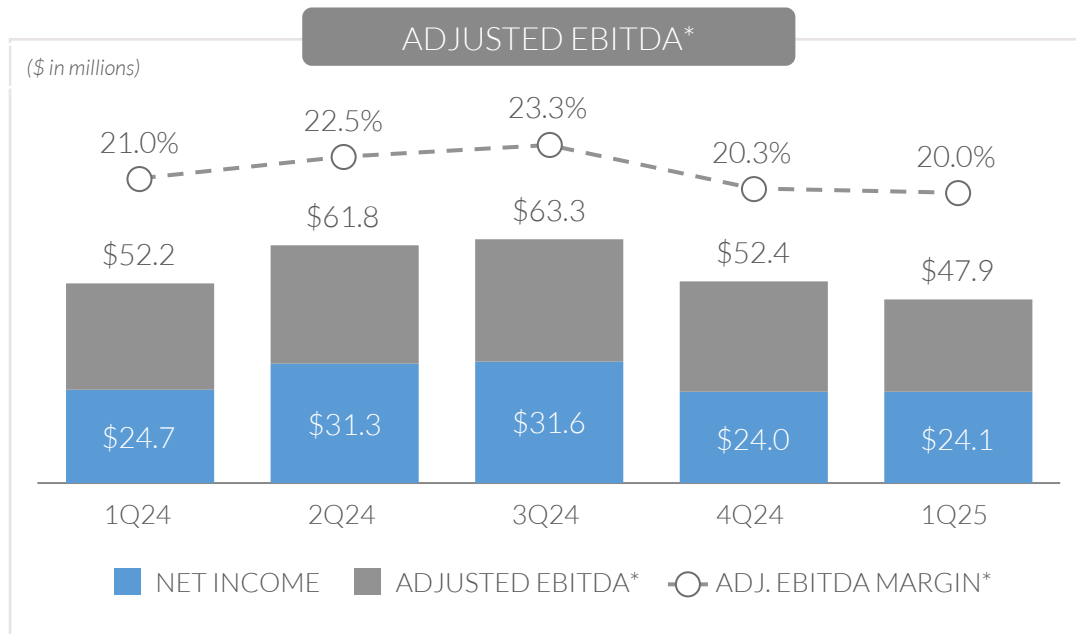
Q1 2025 Financial Performance

HIGHLIGHTS

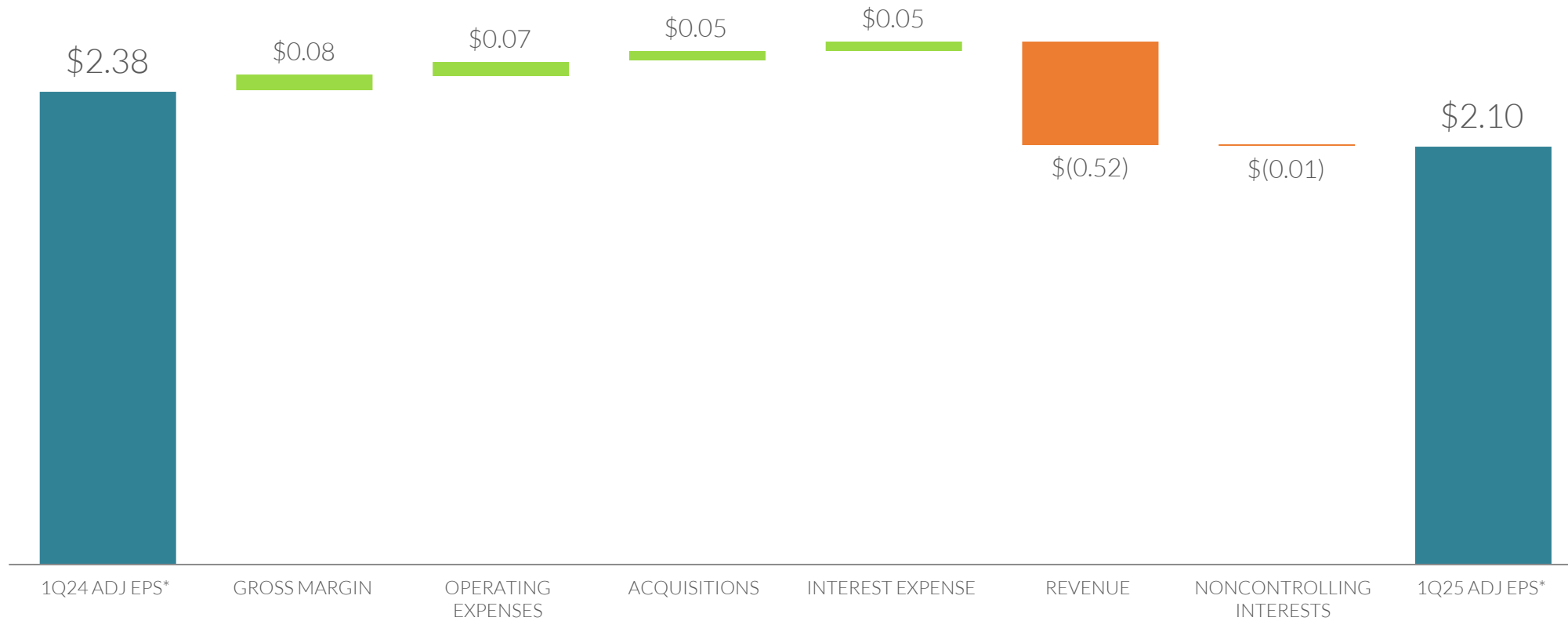
- 75% parts and consumables revenue
- Adjusted EBITDA margin* of 20.0%
- Adjusted EPS* exceeded guidance
- Free cash flow* of \$19.0 million

(\$ in millions, except per share amounts)	Q1 25	Q1 24
Revenue	\$239.2	\$249.0
Gross Margin	46.1%	44.6%
SG&A % of Revenue	29.8%	28.2%
Operating Income	\$35.6	\$36.9
Net Income	\$24.1	\$24.7
Adjusted EBITDA*	\$47.9	\$52.2
EPS	\$2.04	\$2.10
Adjusted EPS*	\$2.10	\$2.38
Operating Cash Flow	\$22.8	\$22.8

Key Financial Metrics



1Q24 to 1Q25 Adjusted EPS*



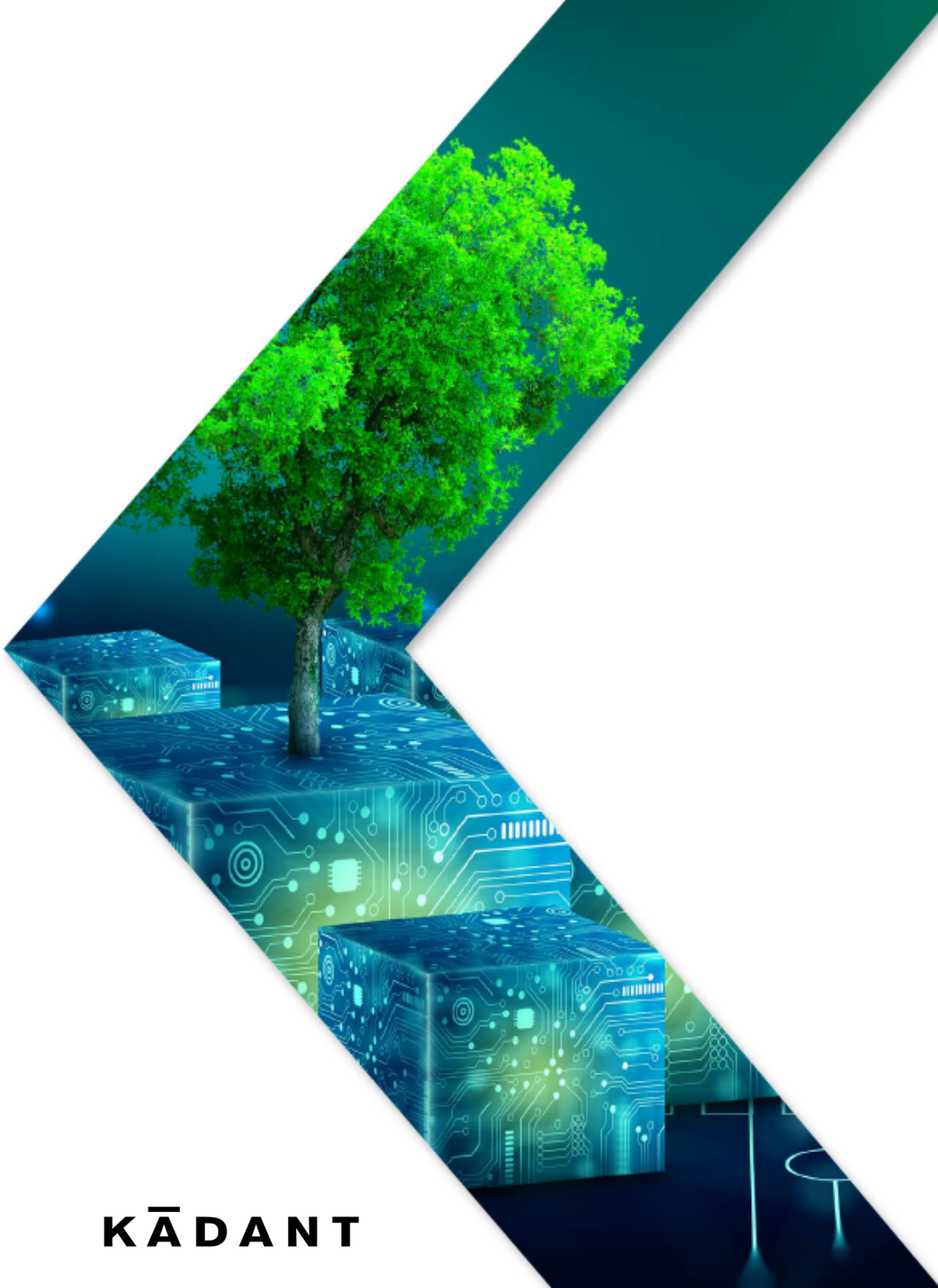
Key Liquidity Metrics

(\$ in millions)	Q1 25	Q4 24	Q1 24
Cash, cash equivalents, and restricted cash	\$93.8	\$95.9	\$82.6
Debt	\$274.9	\$286.5	\$308.0
Lease obligations	\$1.9	\$2.0	\$2.0
Net Debt	\$183.1	\$192.6	\$227.4
Leverage ratio ¹	0.95	0.99	1.12
Working capital % LTM revenue ²	16.8%	15.0%	15.7%
Cash conversion days ³	130	122	128

Guidance

- FY 2025 revenue of \$1.020 to \$1.040 billion, revised from \$1.040 to \$1.065 billion
- FY 2025 GAAP EPS of \$8.97 to \$9.17, revised from \$9.63 to \$9.98
- FY 2025 adjusted EPS* of \$9.05 to \$9.25, revised from \$9.70 to \$10.05

- Q2 2025 revenue of \$243 to \$250 million
- Q2 2025 GAAP EPS of \$1.89 to \$1.99
- Q2 2025 adjusted EPS* of \$1.90 to \$2.00



Questions & Answers

To participate in the live Q&A session, please go to investor.kadant.com and click on the Q&A session link to receive a dial-in number and unique PIN.

Please mute the audio on your computer.

2025 Key Priorities



ENABLE SUSTAINABLE INDUSTRIAL PROCESSING®



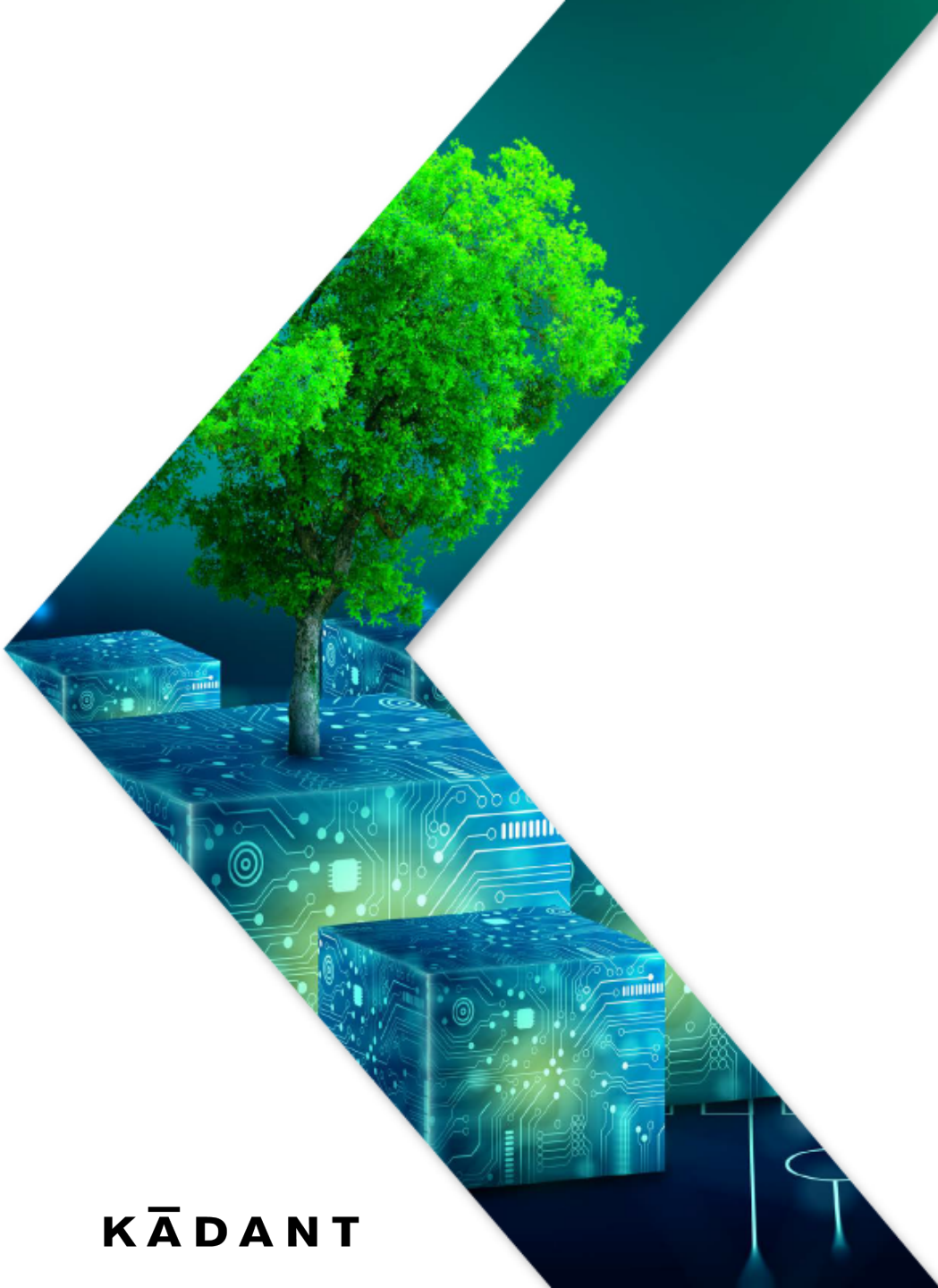
DELIVER EXCEPTIONAL STAKEHOLDER VALUE



PROVIDE STRONG CASH FLOW



CAPITALIZE ON NEW OPPORTUNITIES



Investor Relations Contact

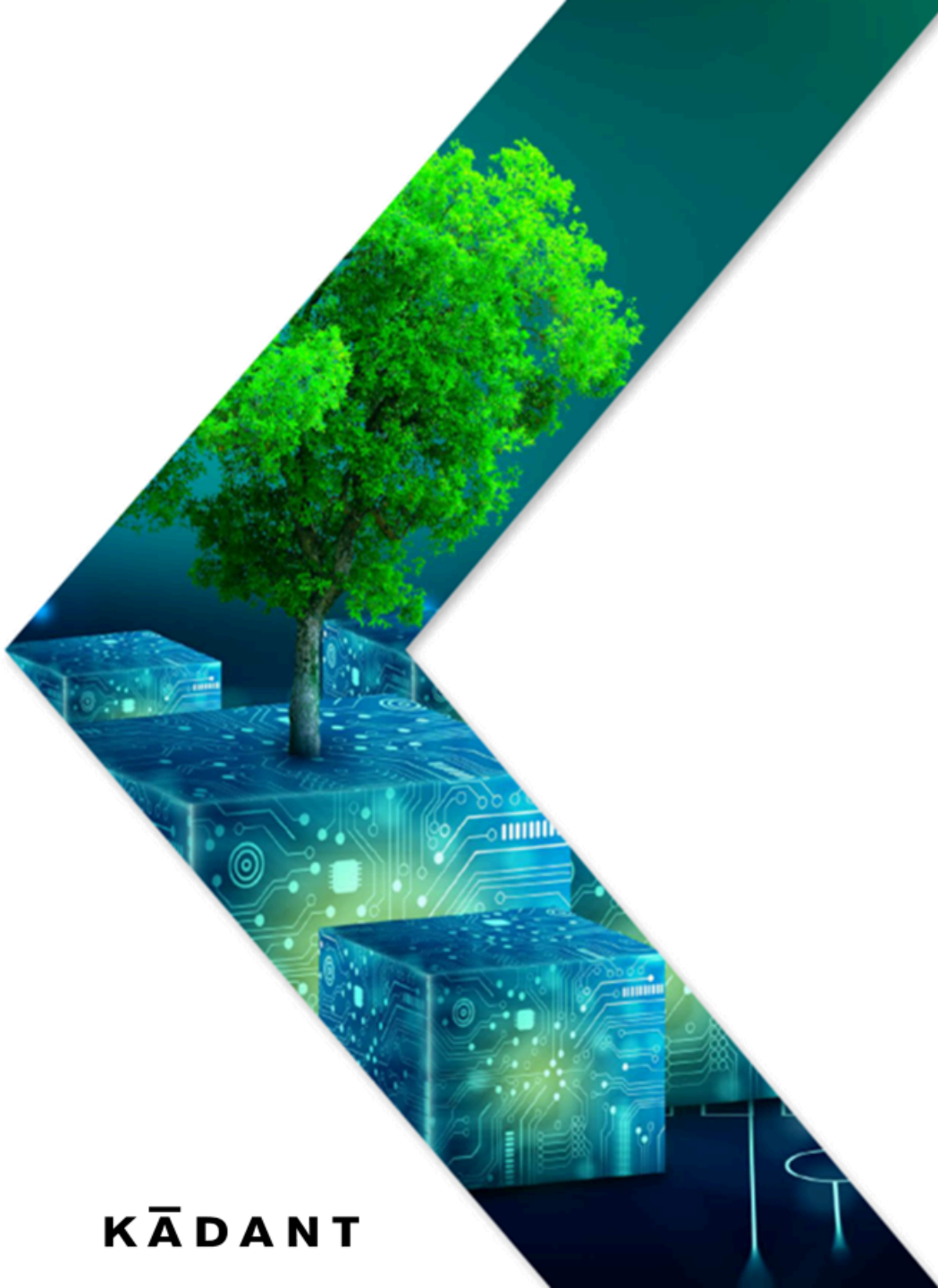
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Appendix

First Quarter 2025 Business Review

April 30, 2025

Revenue by Customer Location

(\$ in thousands)	Q1 25	Q1 24	Change	Change Excluding Acquisitions and FX*
North America	\$159,870	\$156,491	\$3,379	\$(1,020)
Europe	49,341	55,787	(6,446)	(5,597)
Asia	18,702	22,554	(3,852)	(3,590)
Rest of World	11,297	14,143	(2,846)	(1,798)
Total	\$239,210	\$248,975	\$(9,765)	\$(12,005)

Percentage of Parts and Consumables Revenue

	Q1 25	Q1 24
Flow Control	76%	74%
Industrial Processing	80%	69%
Material Handling	65%	62%
Consolidated	75%	69%

Adjusted EPS* Reconciliation

	Q1 25	Q1 24
EPS, as Reported	\$2.04	\$2.10
Adjustments, Net of Tax		
Acquired Profit in Inventory and Backlog Amortization	0.03	0.20
Acquisition Costs	0.03	0.08
Adjusted EPS*	\$2.10	\$2.38

Free Cash Flow* Reconciliation

(\$ in thousands)	Q1 25	Q1 24
Operating Cash Flow	\$22,835	\$22,831
Capital Expenditures	(3,836)	(6,271)
Free Cash Flow*	\$18,999	\$16,560

Adjusted EBITDA* Reconciliation

(\$ in thousands)	Q1 25	Q1 24
Net Income Attributable to Kadant	\$24,063	\$24,689
Net Income Attributable to Noncontrolling Interests	374	296
Provision for Income Taxes	7,828	7,854
Interest Expense, Net	3,305	4,058
Other Expense, Net	16	30
Acquired Profit in Inventory Amortization	11	2,331
Acquired Backlog Amortization	379	799
Acquisition Costs	337	1,124
Indemnification Asset (Provision) Reversal, Net	(29)	90
Depreciation and Amortization	11,634	10,940
Adjusted EBITDA*	\$47,918	\$52,211
Adjusted EBITDA Margin*	20.0%	21.0%

Notes

PRESENTATION NOTES

- All references to EPS (earnings per share) are to our EPS as calculated on a diluted basis.
- Percent change in slides 6-9 is calculated using actual numbers reported in our press release dated April 29, 2025.

FOOTNOTES

- 1) Leverage ratio is calculated by dividing total debt by EBITDA. For purposes of this calculation, EBITDA is calculated by adding or subtracting certain items from Adjusted EBITDA, as required by our amended and restated credit facility (“Credit Facility”). Our Credit Facility defines total debt as debt less worldwide cash of up to \$50 million.
- 2) Working capital is defined as current assets less current liabilities, excluding cash and debt. LTM is defined as last 12 months.
- 3) Cash conversion days is based on days in receivables plus days in inventory less days in accounts payable.