

# KĀDANT

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Third Quarter 2025 Business Review

OCTOBER 29, 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 October 28, 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 third quarter 2025 earnings press release issued October 28, 2025, which is available in the Investors section of our website at [investor.kadant.com](http://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.



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# Business Review

Jeffrey L. Powell, President & CEO

# Operational Highlights

- Record aftermarket parts revenue
- Capital equipment demand remained sluggish
- Solid margin performance and healthy cash flow

# Q3 2025 Performance

(\$ in millions, except per share amounts)	Q3 25	Q3 24	Change
Bookings	\$238.4	\$240.3	-0.8%
Revenue	\$271.6	\$271.6	—%
Net Income	\$27.7	\$31.6	-12.2%
Adjusted EBITDA*	\$58.0	\$63.3	-8.3%
Adjusted EBITDA Margin*	21.4%	23.3%	-190 bps
EPS	\$2.35	\$2.68	-12.3%
Adjusted EPS*	\$2.59	\$2.84	-8.8%
Operating Cash Flow	\$47.3	\$52.5	-10.0%
Free Cash Flow*	\$44.1	\$48.3	-8.8%

## HIGHLIGHTS

- Record aftermarket parts revenue
- Modest decline in bookings due to softness in capital bookings
- Adjusted EBITDA\* down 8% compared to the record set in Q3 2024
- Healthy backlog with stronger bookings expected in Q4

# Flow Control

(\$ in millions)	Q3 25	Q3 24	Change
Revenue	\$94.8	\$97.5	-2.8%
Bookings	\$93.8	\$89.0	+5.5%
Adjusted EBITDA*	\$25.7	\$28.7	-10.4%
Adjusted EBITDA Margin*	27.1%	29.4%	-230 bps

## BOOKINGS



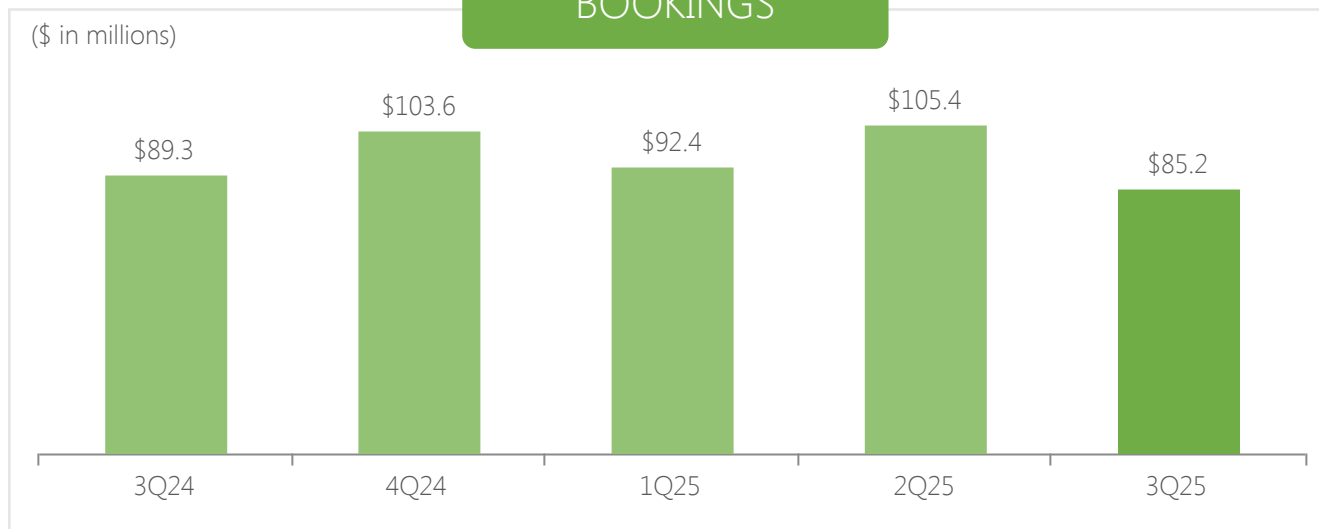
## HIGHLIGHTS

- Stronger demand in Europe offset softness in the Americas
- New order activity increased 5% with growth in both aftermarket parts and capital business
- Adjusted EBITDA\* performance declined due to lower operating leverage in Q3
- Stable demand expected from most end markets

# Industrial Processing

(\$ in millions)	Q3 25	Q3 24	Change
Revenue	\$106.4	\$110.7	-3.9%
Bookings	\$85.2	\$89.3	-4.7%
Adjusted EBITDA*	\$27.0	\$31.7	-14.8%
Adjusted EBITDA Margin*	25.4%	28.7%	-330 bps

## BOOKINGS



## HIGHLIGHTS

- Record aftermarket parts revenue represented 76% of total revenue
- Solid aftermarket parts demand could not offset weakness in capital bookings
- Adjusted EBITDA\* declined 15% due to product mix
- Capital project activity remains high

# Material Handling

(\$ in millions)	Q3 25	Q3 24	Change
Revenue	\$70.3	\$63.4	+10.9%
Bookings	\$59.3	\$62.0	-4.3%
Adjusted EBITDA*	\$16.4	\$12.9	+26.9%
Adjusted EBITDA Margin*	23.3%	20.4%	+290 bps

## BOOKINGS



## HIGHLIGHTS

- Record revenue performance led by capital shipments
- Excellent commercial and operational execution
- Adjusted EBITDA\* increased 27% due to strong operating leverage
- Demand expected to stabilize heading into final quarter of the year

# Business Outlook

- Aftermarket parts demand expected to remain healthy
- Stronger capital equipment demand expected in the fourth quarter
- Timing of capital orders continues to be affected by ambiguity in global trade



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# Financial Review

Michael J. McKenney, EVP & CFO

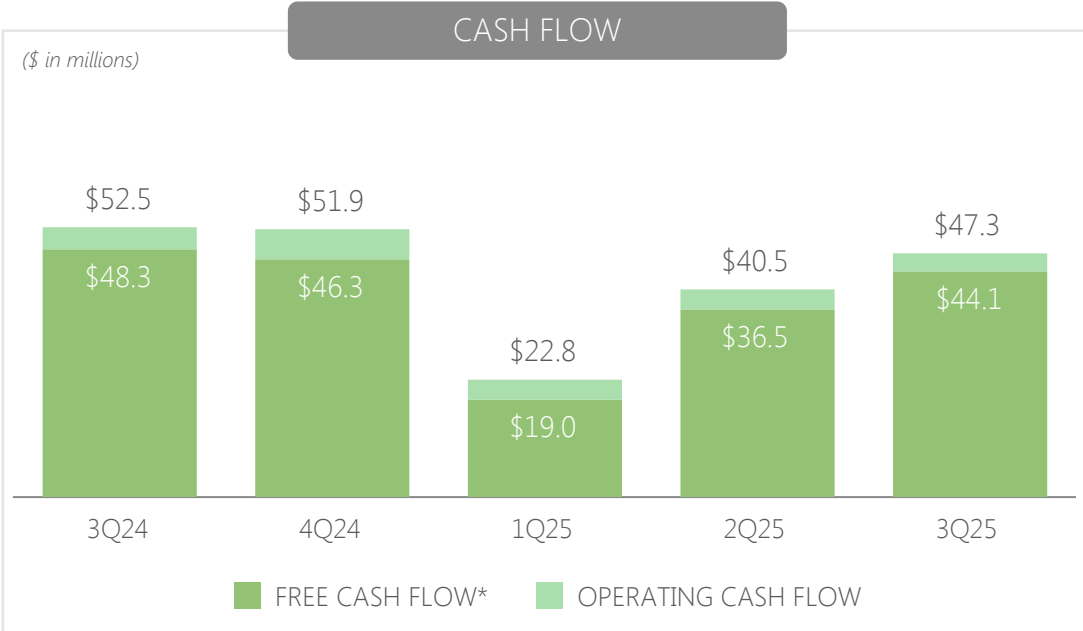
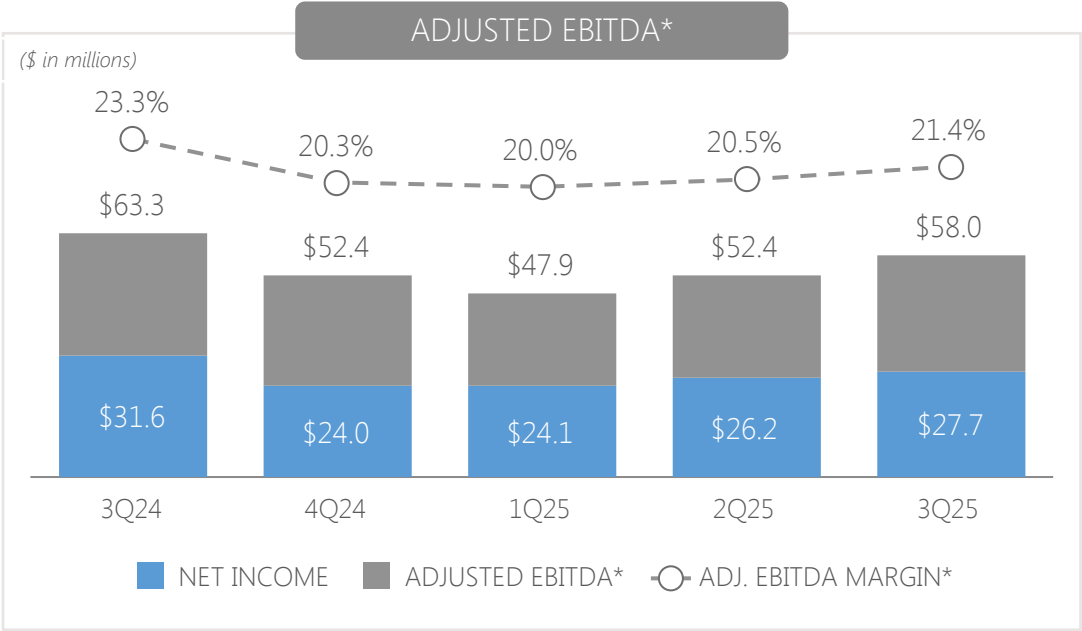
# Q3 2025 Financial Performance

## HIGHLIGHTS

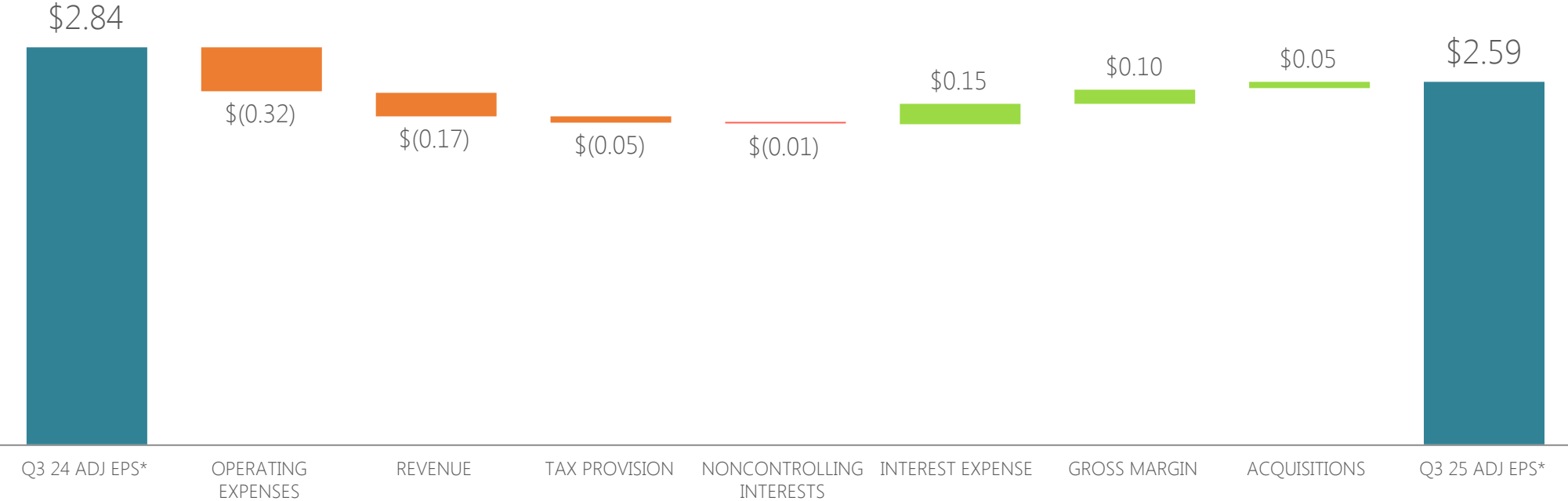
- 69% parts and consumables revenue
- Adjusted EBITDA margin\* of 21.4%
- Adjusted EPS\* exceeded guidance

(\$ in millions, except per share amounts)	Q3 25	Q3 24
Revenue	\$271.6	\$271.6
Gross Margin	45.2%	44.7%
SG&A % of Revenue	27.9%	25.4%
Operating Income	\$42.6	\$49.0
Net Income	\$27.7	\$31.6
Adjusted EBITDA*	\$58.0	\$63.3
EPS	\$2.35	\$2.68
Adjusted EPS*	\$2.59	\$2.84
Operating Cash Flow	\$47.3	\$52.5

# Key Financial Metrics



# Q3 24 to Q3 25 Adjusted EPS\*

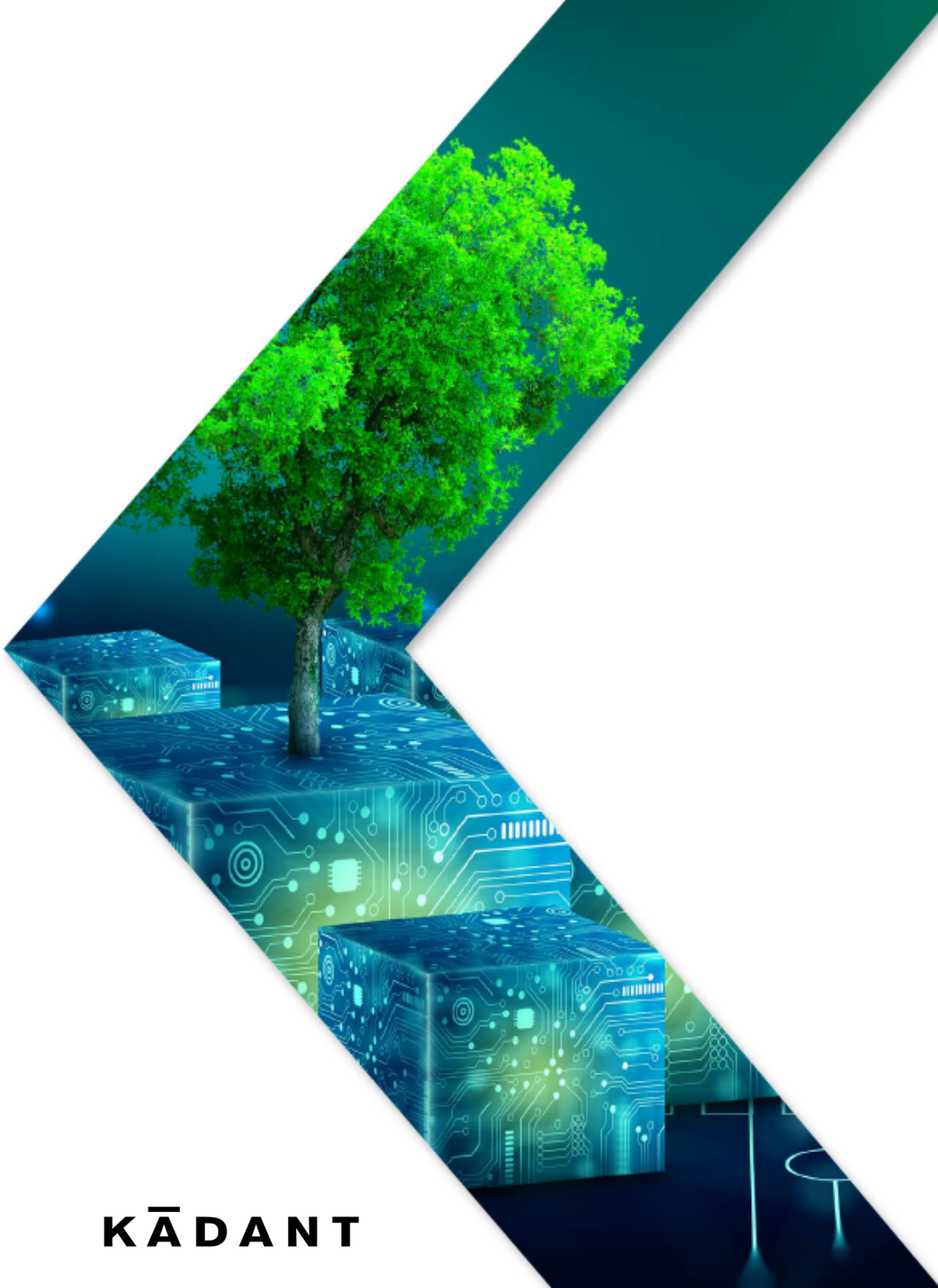


# Key Liquidity Metrics

(\$ in millions)	Q3 25	Q2 25	Q3 24
Cash, cash equivalents, and restricted cash	\$126.9	\$97.2	\$89.7
Debt	\$256.0	\$247.2	\$324.5
Lease obligations	\$2.0	\$1.7	\$1.9
Net Debt	\$131.1	\$151.7	\$236.7
Leverage ratio <sup>1</sup>	0.94	0.86	1.13
Working capital % LTM revenue <sup>2</sup>	18.0%	17.7%	17.2%
Cash conversion days <sup>3</sup>	131	128	129

# Guidance

- FY 2025 revenue of \$1.036 to \$1.046 billion, revised from \$1.020 to \$1.040 billion
- FY 2025 GAAP EPS of \$8.52 to \$8.72, revised from \$8.89 to \$9.09
- FY 2025 adjusted EPS\* of \$9.05 to \$9.25
  
- Q4 2025 revenue of \$270 to \$280 million
- Q4 2025 GAAP EPS of \$1.91 to \$2.11
- Q4 2025 adjusted EPS\* of \$2.05 to \$2.25



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# Questions & Answers

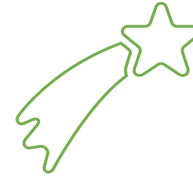
To participate in the live Q&A session, please go to [investor.kadant.com](https://investor.kadant.com) and click on the Q&A session link to receive a dial-in number and unique PIN.

Please mute the audio on your computer.

# 2025 Key Priorities



ENABLE SUSTAINABLE  
INDUSTRIAL PROCESSING®



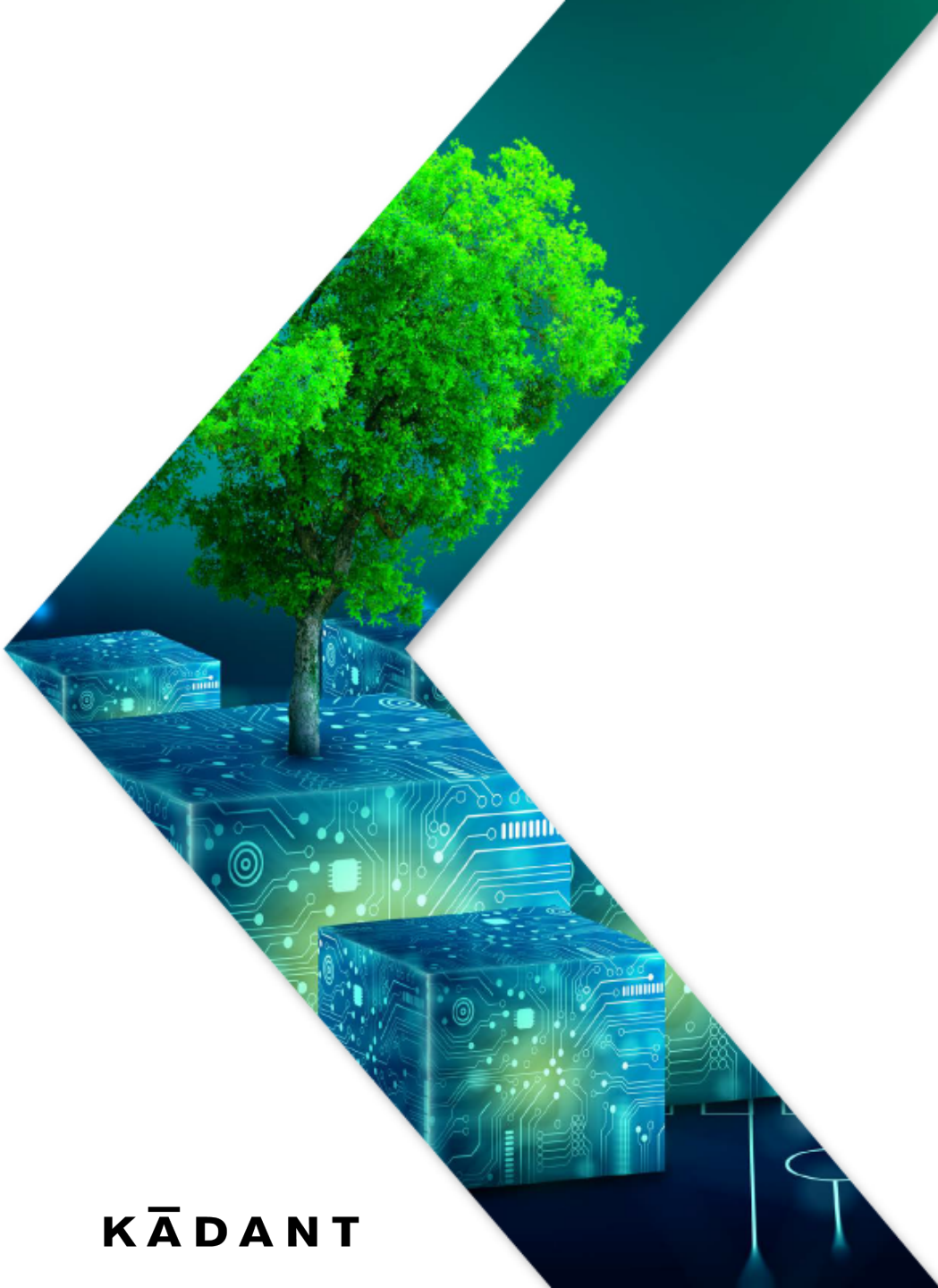
DELIVER EXCEPTIONAL  
STAKEHOLDER VALUE



PROVIDE STRONG CASH  
FLOW



CAPITALIZE ON NEW  
OPPORTUNITIES



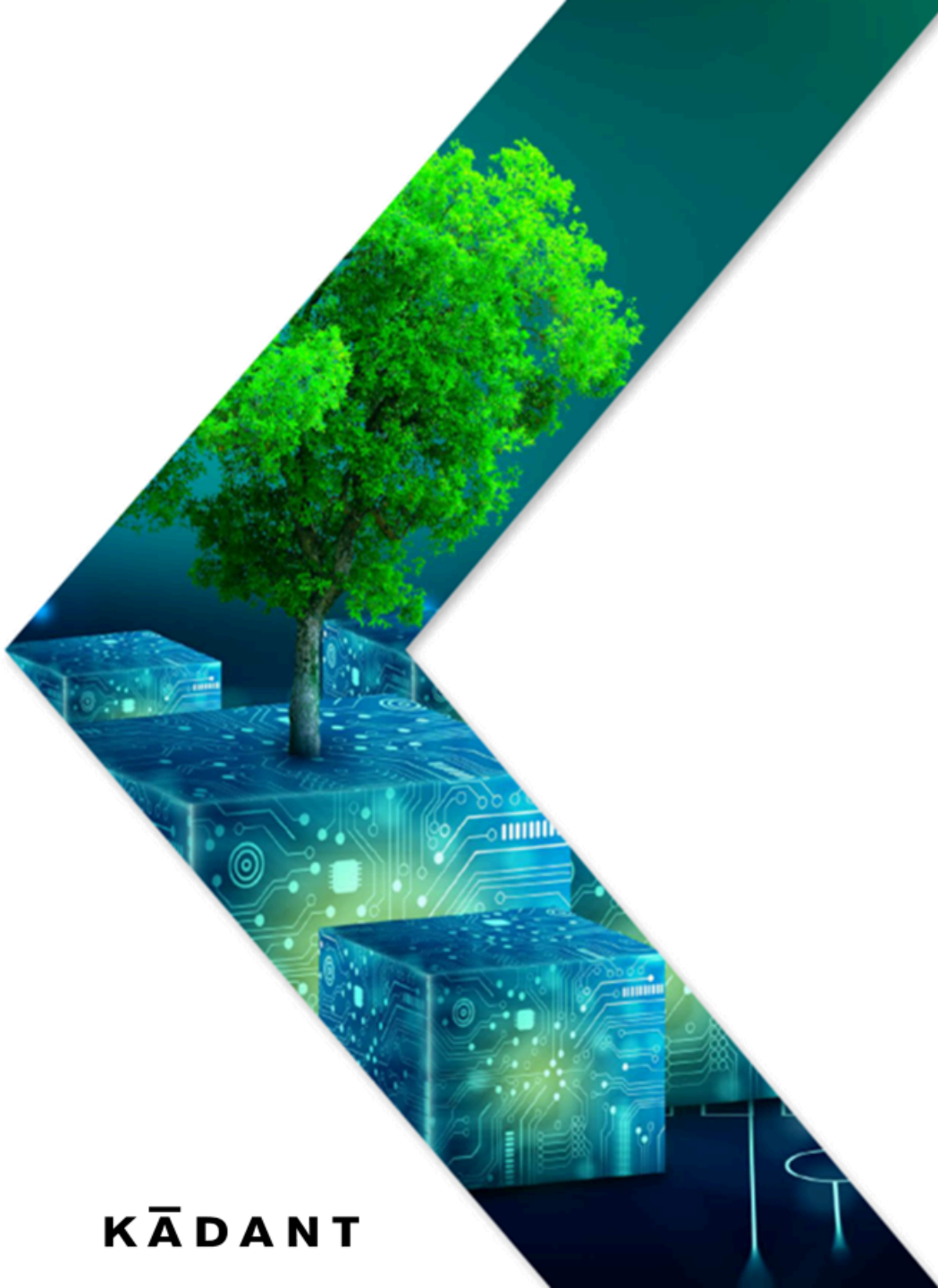
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# Appendix

## Third Quarter 2025 Business Review

October 29, 2025

## Revenue by Customer Location

(\$ in thousands)	Q3 25	Q3 24	Change	Change Excluding Acquisition and FX*
North America	\$165,708	\$172,186	\$(6,478)	\$(6,288)
Europe	65,869	57,309	8,560	148
Asia	23,893	26,724	(2,831)	(4,214)
Rest of World	16,097	15,395	702	201
Total	\$271,567	\$271,614	\$(47)	\$(10,153)

## Percentage of Parts and Consumables Revenue

	Q3 25	Q3 24
Flow Control	74%	70%
Industrial Processing	76%	67%
Material Handling	52%	55%
Consolidated	69%	65%

## Adjusted EPS\* Reconciliation

	Q3 25	Q3 24
EPS, as Reported	\$2.35	\$2.68
Adjustments, Net of Tax		
Acquisition Costs	0.18	0.03
Acquired Profit in Inventory and Backlog Amortization	0.04	0.12
Other Costs	0.02	—
Adjusted EPS*	\$2.59	\$2.84

## Free Cash Flow\* Reconciliation

(\$ in thousands)	Q3 25	Q3 24
Operating Cash Flow	\$47,252	\$52,478
Capital Expenditures	(3,194)	(4,185)
Free Cash Flow*	\$44,058	\$48,293

# Adjusted EBITDA\* Reconciliation

(\$ in thousands)	Q3 25	Q3 24
Net Income Attributable to Kadant	\$27,722	\$31,586
Net Income Attributable to Noncontrolling Interests	393	312
Provision for Income Taxes	11,766	11,964
Interest Expense, Net	2,716	5,109
Other Expense, Net	19	16
Acquisition Costs	2,253	469
Acquired Profit in Inventory Amortization	465	1,205
Acquired Backlog Amortization	165	687
Other Costs	287	—
Indemnification Asset Provision	—	(175)
Depreciation and Amortization	12,232	12,088
Adjusted EBITDA*	\$58,018	\$63,261
Adjusted EBITDA Margin*	21.4%	23.3%

# 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 October 28, 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.