

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): July 30, 2024

**KADANT INC.**

(Exact name of registrant as specified in its charter)

Commission file number 001-11406

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**52-1762325**  
(I.R.S. Employer Identification No.)

**One Technology Park Drive  
Westford, Massachusetts 01886**  
(Address of principal executive offices, including zip code)

**(978) 776-2000**  
(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value	KAI	New York Stock Exchange

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

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

**Item 2.02 Results of Operations and Financial Condition.**

On July 30, 2024, Kadant Inc. (the “Company”) announced its financial results for the fiscal quarter ended June 29, 2024. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD Disclosure.**

On July 31, 2024, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter ended June 29, 2024. A copy of the slides that will be presented on the webcast and discussed in the conference call is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in Item 2.02 and Item 7.01 of this Form 8-K (including Exhibits 99.1 and 99.2) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits relating to Item 2.02 and Item 7.01 shall be deemed to be furnished and not filed.

Exhibit No.	Description of Exhibits
99.1	<a href="#">Press Release issued by the Company on July 30, 2024 announcing its financial results.</a>
99.2	<a href="#">Slides to be presented by the Company on July 31, 2024.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**KADANT INC.**

**SIGNATURE**

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

KADANT INC.

Date: July 30, 2024

By /s/ Michael J. McKenney  
Michael J. McKenney  
Executive Vice President and Chief Financial Officer

**KADANT**

**KADANT INC.**  
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 Westford, MA 01886 USA  
 Tel: +1 978-776-2000  
 www.kadant.com

**PRESS RELEASE****Kadant Reports Second Quarter 2024 Results**

**WESTFORD, Mass.**, July 30, 2024 - Kadant Inc. (NYSE: KAI) reported its financial results for the second quarter ended June 29, 2024.

**Second Quarter Financial Highlights**

- Revenue increased 12% to a record \$275 million
- Gross margin was 44.4%
- Operating cash flow increased 25% to \$28 million
- Free cash flow increased 69% to \$23 million
- Net income increased 5% to \$31 million
- GAAP EPS increased 5% to \$2.66
- Adjusted EPS increased 11% to a record \$2.81
- Adjusted EBITDA was a record \$62 million and represented a record 22.5% of revenue
- Bookings increased 17% to \$252 million

*Note: Percent changes above are based on comparison to the prior year period. All references to earnings per share (EPS) are to our EPS as calculated on a diluted basis. Free cash flow, adjusted EPS, adjusted EBITDA, adjusted EBITDA margin, and changes in organic revenue are non-GAAP financial measures that exclude certain items as detailed later in this press release under the heading "Use of Non-GAAP Financial Measures."*

**Management Commentary**

"We had another well-executed quarter with record revenue, record adjusted EBITDA, and record adjusted EPS performance," said Jeffrey L. Powell, president and chief executive officer of Kadant Inc. "Record aftermarket demand combined with strong capital business helped to deliver these outstanding results."

"The acquisitions we made in the first half of the year are progressing well and contributed to our record revenue performance. Solid execution on our strategic growth initiatives continue to create value for our stakeholders."

**Second Quarter 2024 Compared to 2023**

Revenue increased 12 percent to a record \$274.8 million compared to \$245.1 million in 2023. Organic revenue increased two percent, which excludes an 11 percent increase from acquisitions and a one percent decrease from the unfavorable effect of foreign currency translation. Gross margin was 44.4 percent compared to 43.5 percent in 2023.

Net income was \$31.3 million, increasing five percent compared to \$29.7 million in 2023. GAAP EPS increased five percent to \$2.66 compared to \$2.54 in 2023. Adjusted EPS increased 11 percent to a record \$2.81 compared to \$2.54 in 2023. Adjusted EPS in 2024 excludes \$0.15 of acquisition-related costs. Adjusted EBITDA increased 20 percent to a record \$61.8 million and represented a record 22.5 percent of revenue compared to \$51.6 million and 21.0 percent of revenue in the prior year. Operating cash flow increased 25 percent to \$28.1 million compared to \$22.5 million in 2023. Free cash flow increased 69 percent to \$23.1 million compared to \$13.7 million in 2023.

Bookings increased 17 percent to \$251.7 million compared to \$215.2 million in 2023. Organic bookings increased five percent, which excludes a 13 percent increase from acquisitions and a one percent decrease from the unfavorable effect of foreign currency translation.

### Summary and Outlook

"With our excellent start to the year and ability to generate strong cash flows, we are well positioned to capitalize on new opportunities that may emerge in the second half of 2024," Mr. Powell continued. "We expect industrial demand in the second half of the year to be similar to the first half of the year, despite persistent economic headwinds in certain regions. We are raising the low end of our revenue and adjusted EPS guidance for the full year and now expect revenue of \$1.045 to \$1.065 billion in 2024, revised from our previous guidance of \$1.040 to \$1.065 billion. Our adjusted EPS guidance for 2024 is now \$9.80 to \$10.05, revised from our previous guidance of \$9.75 to \$10.05. The 2024 adjusted EPS guidance excludes \$0.60 of acquisition-related costs, revised from \$0.36 of acquisition-related costs in our previous guidance. We now expect GAAP EPS of \$9.20 to \$9.45 in 2024, revised from our previous GAAP EPS guidance of \$9.39 to \$9.69. For the third quarter of 2024, we expect revenue of \$257 to \$269 million, GAAP EPS of \$2.27 to \$2.39 and, after excluding \$0.09 of acquisition-related costs, adjusted EPS of \$2.36 to \$2.48."

### Conference Call

Kadant will hold a webcast with a slide presentation for investors on Wednesday, July 31, 2024, at 11:00 a.m. eastern time to discuss its second quarter financial performance, as well as future expectations. To listen to the call live and view the webcast, go to the "Investors" section of the Company's website at [www.kadant.com](http://www.kadant.com). Participants interested in joining the call's live question and answer session are required to register by visiting <https://register.vevent.com/register/B1fd544c536d9c418a8c1e7e97c303a5ef> or selecting the Q&A link on our website to receive a dial-in number and unique PIN. It is recommended that you join the call 10 minutes prior to the start of the event. A replay of the webcast presentation will be available on our website through August 30, 2024.

Prior to the call, our earnings release and the slides used in the webcast presentation will be filed with the Securities and Exchange Commission and will be available at [www.sec.gov](http://www.sec.gov). After the webcast, Kadant will post its updated general investor presentation incorporating the second quarter results on its website at [www.kadant.com](http://www.kadant.com) under the "Investors" section.

### Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with 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 operating income, adjusted net income, adjusted EPS, earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted EBITDA, adjusted EBITDA margin, and free cash flow.

We use organic revenue to understand our trends and to forecast and evaluate our financial performance and compare revenue to prior periods. Organic revenue excludes revenue from acquisitions for the four quarterly reporting periods following the date of the acquisition and the effect of foreign currency translation. Revenue in the second quarter of 2024 included \$27.4 million from acquisitions and an unfavorable foreign currency translation effect of \$2.3 million compared to the second quarter of 2023. Revenue in the first six months of 2024 included \$51.8 million from acquisitions and an unfavorable foreign currency translation effect of \$1.5 million compared to the first six months of 2023. Our other non-GAAP financial measures exclude amortization expense related to acquired profit in inventory and backlog, acquisition costs, and other income or expense, as indicated. Collectively, these items are excluded as they are not indicative of our core operating results and are not comparable to other periods, which have differing levels of incremental costs, expenditures or income, or none at all. Additionally, we use free cash flow in order to provide insight on our ability to generate cash for acquisitions and debt repayments, as well as for other investing and financing activities.

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 that 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

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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 an additional measure of our performance.

The non-GAAP financial measures included in this press release 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 press release 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.

#### *Second Quarter*

Adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin exclude:

- Pre-tax amortization of acquired profit in inventory and backlog of \$1.2 million in 2024.
- Pre-tax acquisition costs of \$0.9 million in 2024.
- Pre-tax indemnification asset provision of \$0.1 million in 2024 and pre-tax indemnification asset reversal of \$0.2 million in 2023.
- Pre-tax relocation costs of \$0.1 million in 2023.

Adjusted net income and adjusted EPS exclude:

- After-tax amortization of acquired profit in inventory and backlog of \$0.9 million (\$1.2 million net of tax of \$0.3 million) in 2024.
- After-tax acquisition costs of \$0.8 million (\$0.9 million net of tax of \$0.1 million) in 2024.
- After-tax relocation costs of \$0.1 million in 2023.

Free cash flow is calculated as operating cash flow less:

- Capital expenditures of \$5.0 million in 2024 and \$8.8 million in 2023.

#### *First Six Months*

Adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin exclude:

- Pre-tax amortization of acquired profit in inventory and backlog of \$4.4 million in 2024.
- Pre-tax acquisition costs of \$2.1 million in 2024.
- Pre-tax indemnification asset reversals of \$0.2 million in 2023.
- Pre-tax relocation costs of \$0.1 million in 2023.

Adjusted net income and adjusted EPS exclude:

- After-tax amortization of acquired profit in inventory and backlog of \$3.3 million (\$4.4 million net of tax of \$1.1 million) in 2024.
- After-tax acquisition costs of \$1.7 million (\$2.1 million net of tax of \$0.4 million) in 2024.
- After-tax relocation costs of \$0.1 million in 2023.

Free cash flow is calculated as operating cash flow less:

- Capital expenditures of \$11.2 million in 2024 and \$13.2 million in 2023.

Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in this press release.

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**Financial Highlights (unaudited)**

(In thousands, except per share amounts and percentages)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<b>Consolidated Statement of Income</b>				
Revenue	\$ 274,765	\$ 245,053	\$ 523,740	\$ 474,811
Costs and Operating Expenses:				
Cost of revenue	152,878	138,503	290,891	266,215
Selling, general, and administrative expenses	70,004	59,990	140,309	118,552
Research and development expenses	3,482	3,408	7,212	6,778
Other costs	—	74	—	74
	226,364	201,975	438,412	391,619
Operating Income	48,401	43,078	85,328	83,192
Interest Income	368	316	979	615
Interest Expense	(5,201)	(2,245)	(9,870)	(4,615)
Other Expense, Net	(2)	(21)	(32)	(42)
Income Before Provision for Income Taxes	43,566	41,128	76,405	79,150
Provision for Income Taxes	11,992	11,182	19,846	20,945
Net Income	31,574	29,946	56,559	58,205
Net Income Attributable to Noncontrolling Interests	(283)	(212)	(579)	(396)
Net Income Attributable to Kadant	\$ 31,291	\$ 29,734	\$ 55,980	\$ 57,809
Earnings per Share Attributable to Kadant:				
Basic	\$ 2.66	\$ 2.54	\$ 4.77	\$ 4.94
Diluted	\$ 2.66	\$ 2.54	\$ 4.76	\$ 4.94
Weighted Average Shares:				
Basic	11,743	11,704	11,734	11,693
Diluted	11,766	11,723	11,755	11,709

	Three Months Ended		Three Months Ended	
	June 29, 2024	June 29, 2024	July 1, 2023	July 1, 2023
<b>Adjusted Net Income and Adjusted Diluted EPS (a)</b>				
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 31,291	\$ 2.66	\$ 29,734	\$ 2.54
Adjustments, Net of Tax:				
Acquired Profit in Inventory and Backlog Amortization	929	0.08	—	—
Acquisition Costs	798	0.07	—	—
Other Costs	—	—	56	—
Adjusted Net Income and Adjusted Diluted EPS (a)	\$ 33,018	\$ 2.81	\$ 29,790	\$ 2.54

	Six Months Ended		Six Months Ended	
	June 29, 2024	June 29, 2024	July 1, 2023	July 1, 2023
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 55,980	\$ 4.76	\$ 57,809	\$ 4.94
Adjustments, Net of Tax:				
Acquired Profit in Inventory and Backlog Amortization	3,298	0.28	—	—
Acquisition Costs	1,728	0.15	—	—
Other Costs	—	—	56	—
Adjusted Net Income and Adjusted Diluted EPS (a)	\$ 61,006	\$ 5.19	\$ 57,865	\$ 4.94

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Revenue by Segment	Three Months Ended		Increase (Decrease)	Increase (Decrease) Excluding Acquisitions and FX (a,b)
	June 29, 2024	July 1, 2023		
Flow Control	\$ 92,290	\$ 95,729	\$ (3,439)	\$ (4,201)
Industrial Processing	114,753	89,967	24,786	11,407
Material Handling	67,722	59,357	8,365	(2,560)
	<u>\$ 274,765</u>	<u>\$ 245,053</u>	<u>\$ 29,712</u>	<u>\$ 4,646</u>

Percentage of Parts and Consumables Revenue 63% 62%

Revenue by Segment	Six Months Ended		Increase (Decrease)	Increase (Decrease) Excluding Acquisitions and FX (a,b)
	June 29, 2024	July 1, 2023		
Flow Control	\$ 178,972	\$ 185,250	\$ (6,278)	\$ (7,774)
Industrial Processing	220,614	173,509	47,105	17,232
Material Handling	124,154	116,052	8,102	(10,786)
	<u>\$ 523,740</u>	<u>\$ 474,811</u>	<u>\$ 48,929</u>	<u>\$ (1,328)</u>

Percentage of Parts and Consumables Revenue 66% 64%

Bookings by Segment	Three Months Ended		Increase	Increase Excluding Acquisitions and FX (b)
	June 29, 2024	July 1, 2023		
Flow Control	\$ 94,098	\$ 88,301	\$ 5,797	\$ 4,343
Industrial Processing	96,714	79,291	17,423	4,171
Material Handling	60,910	47,635	13,275	2,683
	<u>\$ 251,722</u>	<u>\$ 215,227</u>	<u>\$ 36,495</u>	<u>\$ 11,197</u>

Percentage of Parts and Consumables Bookings 71% 69%

Bookings by Segment	Six Months Ended		Increase (Decrease)	Decrease Excluding Acquisitions and FX (b)
	June 29, 2024	July 1, 2023		
Flow Control	\$ 188,768	\$ 192,857	\$ (4,089)	\$ (6,138)
Industrial Processing	186,591	175,565	11,026	(17,730)
Material Handling	124,793	121,324	3,469	(15,235)
	<u>\$ 500,152</u>	<u>\$ 489,746</u>	<u>\$ 10,406</u>	<u>\$ (39,103)</u>

Percentage of Parts and Consumables Bookings 70% 64%

Additional Segment Information	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Gross Margin:				
Flow Control	53.0%	51.4%	53.4%	52.3%
Industrial Processing	41.3%	39.5%	41.5%	40.0%
Material Handling	37.8%	36.8%	36.8%	36.4%
Consolidated	44.4%	43.5%	44.5%	43.9%

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	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<b>Additional Segment Information (continued)</b>				
<b>Operating Income:</b>				
Flow Control	\$ 23,530	\$ 25,821	\$ 45,240	\$ 50,010
Industrial Processing	24,092	16,978	44,091	32,945
Material Handling	11,188	10,374	16,729	19,661
Corporate	(10,409)	(10,095)	(20,732)	(19,424)
	<u>\$ 48,401</u>	<u>\$ 43,078</u>	<u>\$ 85,328</u>	<u>\$ 83,192</u>
<b>Adjusted Operating Income (a.c):</b>				
Flow Control	\$ 24,563	\$ 25,821	\$ 46,475	\$ 50,010
Industrial Processing	24,443	17,052	46,237	33,019
Material Handling	11,902	10,551	19,790	19,838
Corporate	(10,409)	(10,095)	(20,732)	(19,424)
	<u>\$ 50,499</u>	<u>\$ 43,329</u>	<u>\$ 91,770</u>	<u>\$ 83,443</u>
<b>Capital Expenditures:</b>				
Flow Control	\$ 1,961	\$ 1,290	\$ 3,835	\$ 2,694
Industrial Processing	1,851	6,129	4,734	8,708
Material Handling	1,157	1,358	2,663	1,820
Corporate	5	—	13	24
	<u>\$ 4,974</u>	<u>\$ 8,777</u>	<u>\$ 11,245</u>	<u>\$ 13,246</u>

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<b>Cash Flow and Other Data</b>				
Operating Cash Flow	\$ 28,066	\$ 22,478	\$ 50,897	\$ 59,344
Capital Expenditures	(4,974)	(8,777)	(11,245)	(13,246)
Free Cash Flow (a)	<u>\$ 23,092</u>	<u>\$ 13,701</u>	<u>\$ 39,652</u>	<u>\$ 46,098</u>
Depreciation and Amortization Expense	<u>\$ 11,991</u>	<u>\$ 8,237</u>	<u>\$ 23,730</u>	<u>\$ 16,683</u>

	June 29, 2024		December 30, 2023	
	<b>Balance Sheet Data</b>			
<b>Assets</b>				
Cash, Cash Equivalents, and Restricted Cash	\$ 75,178		\$ 106,453	
Accounts Receivable, net	149,689		133,929	
Inventories	173,513		152,677	
Contract Assets	15,144		8,366	
Property, Plant, and Equipment, net	174,182		140,504	
Intangible Assets	289,695		159,286	
Goodwill	478,035		392,084	
Other Assets	100,596		82,366	
	<u>\$ 1,456,032</u>		<u>\$ 1,175,665</u>	
<b>Liabilities and Stockholders' Equity</b>				
Accounts Payable	\$ 54,415		\$ 42,104	
Debt Obligations	343,314		109,086	
Other Borrowings	1,954		1,789	
Other Liabilities	237,963		246,446	
Total Liabilities	<u>637,646</u>		<u>399,425</u>	
Stockholders' Equity	818,386		776,240	
	<u>\$ 1,456,032</u>		<u>\$ 1,175,665</u>	

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<b>Consolidated</b>				
Net Income Attributable to Kadant	\$ 31,291	\$ 29,734	\$ 55,980	\$ 57,809
Net Income Attributable to Noncontrolling Interests	283	212	579	396
Provision for Income Taxes	11,992	11,182	19,846	20,945
Interest Expense, Net	4,833	1,929	8,891	4,000
Other Expense, Net	2	21	32	42
Operating Income	48,401	43,078	85,328	83,192
Acquired Profit in Inventory Amortization (d)	529	—	2,860	—
Acquired Backlog Amortization (e)	695	—	1,494	—
Acquisition Costs	940	—	2,064	—
Indemnification Asset (Provision) Reversal, Net (f)	(66)	177	24	177
Other Costs	—	74	—	74
Adjusted Operating Income (a)	50,499	43,329	91,770	83,443
Depreciation and Amortization	11,296	8,237	22,236	16,683
Adjusted EBITDA (a)	\$ 61,795	\$ 51,566	\$ 114,006	\$ 100,126
Adjusted EBITDA Margin (a,g)	22.5%	21.0%	21.8%	21.1%
<b>Flow Control</b>				
Operating Income	\$ 23,530	\$ 25,821	\$ 45,240	\$ 50,010
Acquired Profit in Inventory Amortization (d)	235	—	235	—
Acquired Backlog Amortization (e)	253	—	253	—
Acquisition Costs	566	—	566	—
Indemnification Asset (Provision) Reversal, Net (f)	(21)	—	181	—
Adjusted Operating Income (a)	24,563	25,821	46,475	50,010
Depreciation and Amortization	2,359	2,229	4,580	4,508
Adjusted EBITDA (a)	\$ 26,922	\$ 28,050	\$ 51,055	\$ 54,518
Adjusted EBITDA Margin (a,g)	29.2%	29.3%	28.5%	29.4%
<b>Industrial Processing</b>				
Operating Income	\$ 24,092	\$ 16,978	\$ 44,091	\$ 32,945
Acquired Profit in Inventory Amortization (d)	294	—	1,585	—
Acquisition Costs	89	—	688	—
Indemnification Asset Provision (f)	(32)	—	(127)	—
Other Costs	—	74	—	74
Adjusted Operating Income (a)	24,443	17,052	46,237	33,019
Depreciation and Amortization	5,095	2,945	10,254	5,917
Adjusted EBITDA (a)	\$ 29,538	\$ 19,997	\$ 56,491	\$ 38,936
Adjusted EBITDA Margin (a,g)	25.7%	22.2%	25.6%	22.4%

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	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<b>Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)</b>				
<b>Material Handling</b>				
Operating Income	\$ 11,188	\$ 10,374	\$ 16,729	\$ 19,661
Acquired Profit in Inventory Amortization (d)	—	—	1,040	—
Acquired Backlog Amortization (e)	442	—	1,241	—
Acquisition Costs	285	—	810	—
Indemnification Asset (Provision) Reversal, Net (f)	(13)	177	(30)	177
Adjusted Operating Income (a)	11,902	10,551	19,790	19,838
Depreciation and Amortization	3,830	3,044	7,378	6,220
Adjusted EBITDA (a)	\$ 15,732	\$ 13,595	\$ 27,168	\$ 26,058
Adjusted EBITDA Margin (a,g)	23.2%	22.9%	21.9%	22.5%
<b>Corporate</b>				
Operating Loss	\$ (10,409)	\$ (10,095)	\$ (20,732)	\$ (19,424)
Depreciation and Amortization	12	19	24	38
EBITDA (a)	\$ (10,397)	\$ (10,076)	\$ (20,708)	\$ (19,386)

(a) Represents a non-GAAP financial measure.

(b) Represents the increase (decrease) resulting from the exclusion of acquisitions and from the conversion of current period amounts reported in local currencies into U.S. dollars at the exchange rate of the prior period compared to the U.S. dollar amount reported in the prior period.

(c) See reconciliation to the most directly comparable GAAP financial measure under "Adjusted Operating Income and Adjusted EBITDA Reconciliation."

(d) Represents amortization expense within cost of revenue associated with acquired profit in inventory.

(e) Represents intangible amortization expense associated with acquired backlog.

(f) Represents the provision for or reversal of indemnification assets related to the establishment or release of tax reserves associated with uncertain tax positions.

(g) Calculated as adjusted EBITDA divided by revenue in each period.

#### About Kadant

Kadant Inc. is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing. The Company's products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries. Kadant is based in Westford, Massachusetts, with approximately 3,500 employees in 20 countries worldwide. For more information, visit [www.kadant.com](http://www.kadant.com).

#### Safe Harbor Statement

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release 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 the date of this press release. 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 30, 2023 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 cybertheft; implementation of our internal growth strategy; supply chain constraints, inflationary pressure, price increases and shortages in raw materials; competition; changes to tax laws and regulations; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; loss of key personnel and effective succession planning; protection of intellectual property; 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.

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**KADANT**

Second Quarter 2024  
Business Review

July 31, 2024

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# 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 July 30, 2024. 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 30, 2023 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 cybertheft; implementation of our internal growth strategy; supply chain constraints, inflationary pressure; price increases and shortages in raw materials; competition; changes to tax laws and regulations; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; loss of key personnel and effective succession planning; protection of intellectual property; 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 second quarter 2024 earnings press release issued July 30, 2024, 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 an additional measure 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.

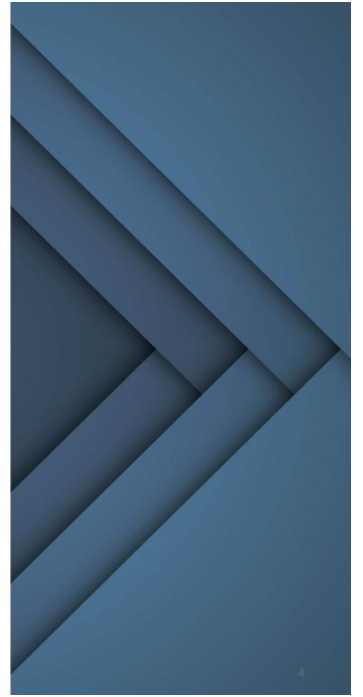
# Business Review

Jeffrey L. Powell, President & CEO

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4





## Operational Highlights

- Record demand for aftermarket parts and strong capital business contributed to record revenue in Q2
- Operational execution was excellent and contributed to record adjusted EBITDA\* and record adjusted EPS\*
- Completed the acquisition of DSTI in June and integration efforts are progressing well
- Overall market demand remained solid in Q2

# Q2 2024 Performance

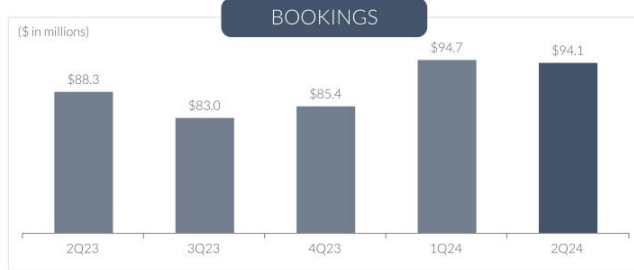
(\$ in millions, except per share amounts)	Q2 24	Q2 23	Change
Revenue	\$274.8	\$245.1	+12.1%
Net Income	\$31.3	\$29.7	+5.2%
Adjusted EBITDA*	\$61.8	\$51.6	+19.8%
Adjusted EBITDA Margin*	22.5%	21.0%	+150 bps
EPS	\$2.66	\$2.54	+4.7%
Adjusted EPS*	\$2.81	\$2.54	+10.6%
Operating Cash Flow	\$28.1	\$22.5	+24.9%
Free Cash Flow*	\$23.1	\$13.7	+68.5%
Bookings	\$251.7	\$215.2	+17.0%

## HIGHLIGHTS

- Record revenue driven by recent acquisitions and strong capital shipments
- Excellent operating performance contributed to record adjusted EBITDA\* and adjusted EPS\*
- Industrial demand, particularly in Europe and Asia, continues to be impacted by economic headwinds and sluggish manufacturing activity

# Flow Control

(\$ in millions)	Q2 24	Q2 23	Change
Revenue	\$92.3	\$95.7	-3.6%
Bookings	\$94.1	\$88.3	+6.6%
Adjusted EBITDA*	\$26.9	\$28.1	-4.0%
Adjusted EBITDA Margin*	29.2%	29.3%	-10 bps



## HIGHLIGHTS

- Revenue performance was affected by sluggish industrial activity in Europe and China
- Strong aftermarket parts demand contributed to solid bookings performance
- Record backlog at the end of Q2
- Ongoing project activity remains high although timing somewhat uncertain

# Industrial Processing

(\$ in millions)	Q2 24	Q2 23	Change
Revenue	\$114.8	\$90.0	+27.6%
Bookings	\$96.7	\$79.3	+22.0%
Adjusted EBITDA*	\$29.5	\$20.0	+47.7%
Adjusted EBITDA Margin*	25.7%	22.2%	+350 bps



## HIGHLIGHTS

- Record revenue performance achieved in the second quarter
- Strong operating leverage led to excellent adjusted EBITDA margin\*
- Capital project activity expected to strengthen in the second half of 2024

# Material Handling

(\$ in millions)	Q2 24	Q2 23	Change
Revenue	\$67.7	\$59.4	+14.1%
Bookings	\$60.9	\$47.6	+27.9%
Adjusted EBITDA*	\$15.7	\$13.6	+15.7%
Adjusted EBITDA Margin*	23.2%	22.9%	+30 bps



## HIGHLIGHTS

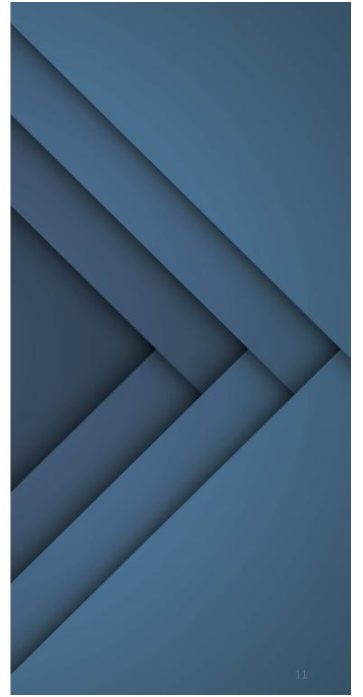
- Record revenue performance benefited from our acquisition
- Strong demand led to new order activity increasing 28%
- Record adjusted EBITDA margin\*
- Integration of recent acquisition is progressing well; outlook for growth remains positive

# Business Outlook

- Industrial demand expected to remain stable in second half
- Business activity remains strong; economic uncertainty could impact the timing of capital orders
- Our strong cash flow and healthy balance sheet position us well for growth

# Financial Review

Michael J. McKenney, EVP & CFO



# Q2 2024 Financial Performance

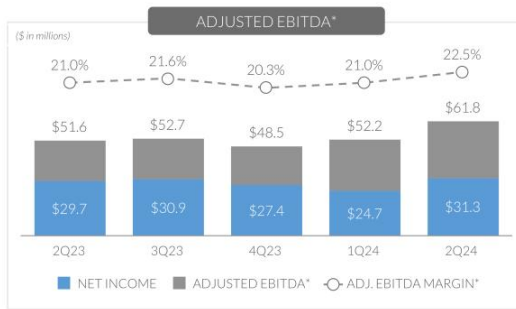
## QUARTERLY RECORDS

- Revenue of \$274.8 million
- Adjusted EBITDA\* of \$61.8 million
- Adjusted EBITDA margin\* of 22.5%
- Adjusted EPS\* of \$2.81

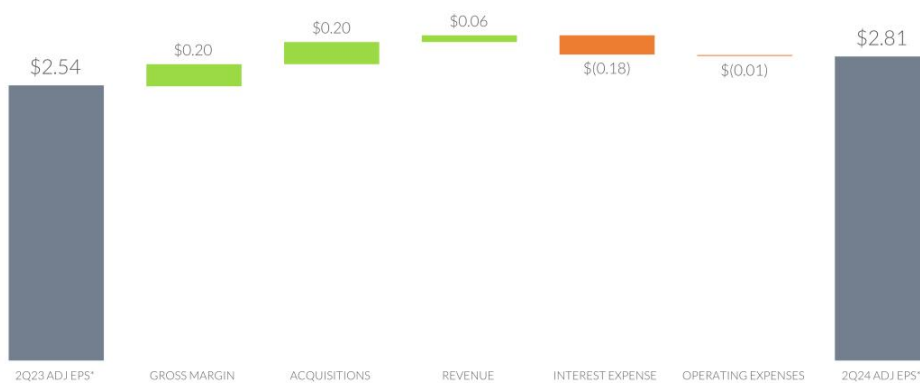
(\$ in millions, except per share amounts)	Q2 24	Q2 23
Revenue	\$274.8	\$245.1
Gross Margin	44.4%	43.5%
SG&A % of Revenue	25.5%	24.5%
Operating Income	\$48.4	\$43.1
Net Income	\$31.3	\$29.7
Adjusted EBITDA*	\$61.8	\$51.6
EPS	\$2.66	\$2.54
Adjusted EPS*	\$2.81	\$2.54
Operating Cash Flow	\$28.1	\$22.5



# Key Financial Metrics



## 2Q23 to 2Q24 Adjusted EPS\*



## Key Liquidity Metrics

(\$ in millions)	Q2 24	Q1 24	Q2 23
Cash, cash equivalents, and restricted cash	\$75.2	\$82.6	\$70.2
Debt	\$343.3	\$308.0	\$155.1
Lease obligations	\$2.0	\$2.0	\$1.8
Net Debt	\$270.1	\$227.4	\$86.7
Leverage ratio <sup>1</sup>	1.22	1.12	0.51
Working capital % LTM revenue <sup>2</sup>	18.0%	15.7%	16.7%
Cash conversion days <sup>3</sup>	124	128	138

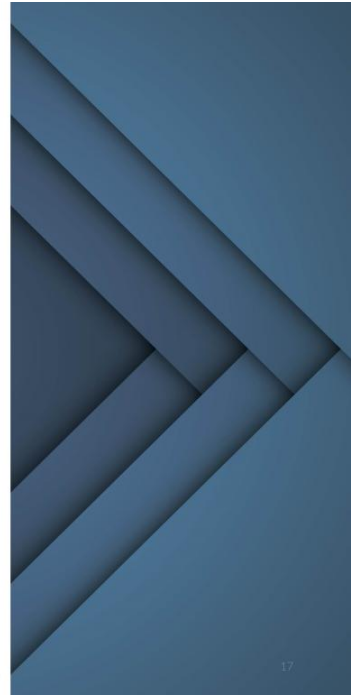
## Guidance

- FY 2024 revenue of \$1.045 to \$1.065 billion, revised from \$1.040 to \$1.065 billion
- FY 2024 GAAP EPS of \$9.20 to \$9.45, revised from \$9.39 to \$9.69
- FY 2024 adjusted EPS\* of \$9.80 to \$10.05, revised from \$9.75 to \$10.05
  
- Q3 2024 revenue of \$257 to \$269 million
- Q3 2024 GAAP EPS of \$2.27 to \$2.39
- Q3 2024 adjusted EPS\* of \$2.36 to \$2.48

## 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.



# 2024 Key Priorities



ENABLE SUSTAINABLE INDUSTRIAL PROCESSING



DELIVER EXCEPTIONAL STAKEHOLDER VALUE



PROVIDE STRONG CASH FLOW



CAPITALIZE ON NEW OPPORTUNITIES

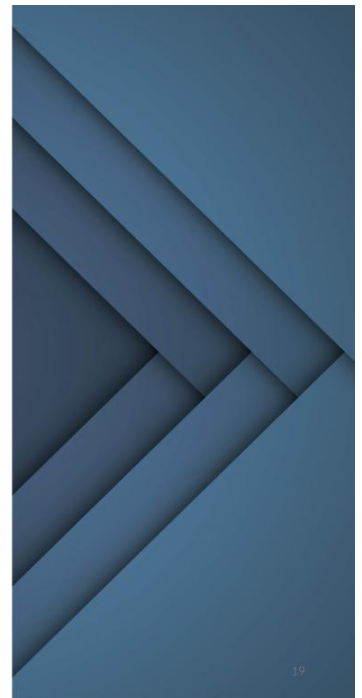
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# Appendix

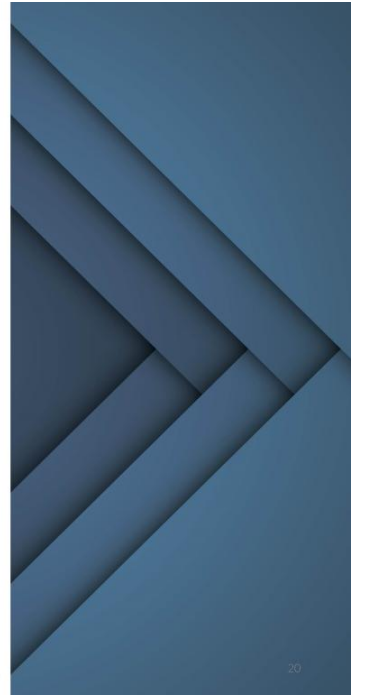
## Second Quarter 2024 Business Review

July 31, 2024

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20





## Revenue by Customer Location

(\$ in thousands)	Q2 24	Q2 23	Change	Change Excluding Acquisitions and FX
North America	\$172,543	\$135,385	\$37,158	\$11,529
Europe	63,193	60,625	2,568	2,614
Asia	24,970	32,867	(7,897)	(7,433)
Rest of World	14,059	16,176	(2,117)	(2,064)
Total	\$274,765	\$245,053	\$29,712	\$4,646

## Percentage of Parts and Consumables Revenue

	Q2 24	Q2 23
Flow Control	72%	68%
Industrial Processing	59%	59%
Material Handling	57%	59%
Consolidated	63%	62%

## Adjusted EPS\* Reconciliation

	Q2 24	Q2 23
EPS, as Reported	\$2.66	\$2.54
Adjustments, Net of Tax		
Acquired Profit in Inventory and Backlog Amortization	0.08	—
Acquisition Costs	0.07	—
Adjusted EPS*	\$2.81	\$2.54

## Free Cash Flow\* Reconciliation

(\$ in thousands)	Q2 24	Q2 23
Operating Cash Flow	\$28,066	\$22,478
Capital Expenditures	(4,974)	(8,777)
Free Cash Flow*	\$23,092	\$13,701

## Adjusted EBITDA\* Reconciliation

(\$ in thousands)	Q2 24	Q2 23
Net Income Attributable to Kadant	\$31,291	\$29,734
Net Income Attributable to Noncontrolling Interests	283	212
Provision for Income Taxes	11,992	11,182
Interest Expense, Net	4,833	1,929
Other Expense, Net	2	21
Acquired Profit in Inventory Amortization	529	—
Acquired Backlog Amortization	695	—
Acquisition Costs	940	—
Indemnification Asset (Provision) Reversal, Net	(66)	177
Other Costs	—	74
Depreciation and Amortization	11,296	8,237
Adjusted EBITDA*	\$61,795	\$51,566
Adjusted EBITDA Margin*	22.5%	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 July 30, 2024.

## 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.

