

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): April 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 April 30, 2024, Kadant Inc. (the “Company”) announced its financial results for the fiscal quarter ended March 30, 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 May 1, 2024, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter ended March 30, 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	Press Release issued by the Company on April 30, 2024 announcing its financial results.
99.2	Slides to be presented by the Company on May 1, 2024.
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: April 30, 2024

By /s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer

KADANT

KADANT INC.
 One Technology Park Drive
 Westford, MA 01886 USA
 Tel: +1 978-776-2000
 www.kadant.com

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

WESTFORD, Mass., April 30, 2024 - Kadant Inc. (NYSE: KAI) reported its financial results for the first quarter ended March 30, 2024.

First Quarter Financial Highlights

- Revenue increased 8% to a record \$249 million
- Gross margin was 44.6%
- Adjusted gross margin was 45.5% excluding acquisition-related costs
- Operating cash flow decreased 38% to \$23 million
- Net income decreased 12% to \$25 million
- GAAP EPS decreased 13% to \$2.10
- Adjusted EPS decreased 1% to \$2.38
- Adjusted EBITDA increased 8% to \$52 million and represented 21.0% of revenue
- Bookings decreased 10% to \$248 million from an unprecedented record \$275 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. Adjusted gross margin, 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 a solid start to 2024 with record revenue and strong adjusted EBITDA and adjusted EPS in the first quarter," said Jeffrey L. Powell, president and chief executive officer of Kadant Inc. "Our most recent acquisitions are performing well and contributed to our record revenue, as did a notably strong performance by our Industrial Processing segment."

"Our aftermarket parts revenue was up 13 percent in the first quarter and comprised 69 percent of our total revenue. The strength in aftermarket parts enabled us to offset flat capital equipment revenue caused by the general slowdown of manufacturing activity in some regions of the world, including Europe and Asia."

First Quarter 2024 Compared to 2023

Revenue increased eight percent to a record \$249.0 million compared to \$229.8 million in 2023. Organic revenue decreased three percent, which excludes an 11 percent increase from acquisitions. Gross margin was 44.6 percent, including a 90 basis point decrease from acquisition-related costs, compared to 44.4 percent in 2023.

GAAP EPS decreased 13 percent to \$2.10 compared to \$2.40 in 2023. Adjusted EPS decreased one percent to \$2.38 compared to \$2.40 in 2023. Adjusted EPS in 2024 excludes \$0.28 of acquisition-related costs. Net income was \$24.7 million, decreasing 12 percent compared to \$28.1 million in 2023. Adjusted EBITDA increased eight percent to \$52.2 million and represented 21.0 percent of revenue compared to \$48.6 million and 21.1 percent of revenue in the prior year. Operating cash flow decreased 38 percent to \$22.8 million compared to \$36.9 million in 2023. Free cash flow decreased 49 percent to \$16.6 million compared to \$32.4 million in 2023.

Bookings decreased 10 percent to \$248.4 million compared to a record \$274.5 million in 2023. Organic bookings decreased 18 percent, which excludes an eight percent increase from acquisitions.

Summary and Outlook

"Our backlog and ability to generate robust cash flows have us well positioned for the year," continued Mr. Powell. "We expect industrial demand to strengthen in certain regions, such as Europe and Asia, and remain stable in others as the year progresses. We are maintaining our revenue and adjusted EPS guidance for the full year and expect revenue of \$1.040 to \$1.065 billion in 2024 and adjusted EPS of \$9.75 to \$10.05. The 2024 adjusted EPS guidance excludes \$0.36 of acquisition-related costs, revised from \$0.20 of acquisition-related costs in our previous guidance. We expect GAAP EPS of \$9.39 to \$9.69 in 2024, revised from our previous GAAP EPS guidance of \$9.55 to \$9.85. For the second quarter of 2024, we expect revenue of \$258 to \$266 million, GAAP EPS of \$2.34 to \$2.44 and, after excluding \$0.06 of acquisition-related costs, adjusted EPS of \$2.40 to \$2.50."

Conference Call

Kadant will hold a webcast with a slide presentation for investors on Wednesday, May 1, 2024, at 11:00 a.m. eastern time to discuss its first 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. Participants interested in joining the call's live question and answer session are required to register by visiting <https://register.vevent.com/register/Blae9da4b554c64c358f029b5500f765c0> 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 May 31, 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. After the webcast, Kadant will post its updated general investor presentation incorporating the first quarter results on its website at 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 gross margin, 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 first quarter of 2024 included \$24.4 million from acquisitions and a favorable foreign currency translation effect of \$0.8 million compared to the first quarter of 2023. Our other non-GAAP financial measures exclude acquisition costs, amortization expense related to acquired profit in inventory and backlog, 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 performance of our competitors. Such measures are also used by us in our financial and operating

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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.

First Quarter

Adjusted gross margin excludes:

- Pre-tax amortization of acquired profit in inventory of \$2.3 million in 2024, representing a 90 basis point impact on gross margin.

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

- Pre-tax acquisition costs of \$1.1 million in 2024.
- Pre-tax amortization of acquired profit in inventory and backlog of \$3.1 million in 2024.
- Pre-tax indemnification asset reversals of \$0.1 million in 2024.

Adjusted net income and adjusted EPS exclude:

- After-tax acquisition costs of \$0.9 million (\$1.1 million net of tax of \$0.2 million) in 2024.
- After-tax amortization of acquired profit in inventory and backlog of \$2.4 million (\$3.1 million net of tax of \$0.7 million) in 2024.

Free cash flow is calculated as operating cash flow less:

- Capital expenditures of \$6.3 million in 2024 and \$4.5 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	
	March 30, 2024	April 1, 2023
Consolidated Statement of Income		
Revenue	\$ 248,975	\$ 229,758
Costs and Operating Expenses:		
Cost of revenue	138,013	127,712
Selling, general, and administrative expenses	70,305	58,562
Research and development expenses	3,730	3,370
	212,048	189,644
Operating Income	36,927	40,114
Interest Income	611	299
Interest Expense	(4,669)	(2,370)
Other Expense, Net	(30)	(21)
Income Before Provision for Income Taxes	32,839	38,022
Provision for Income Taxes	7,854	9,763
Net Income	24,985	28,259
Net Income Attributable to Noncontrolling Interests	(296)	(184)
Net Income Attributable to Kadant	\$ 24,689	\$ 28,075
Earnings per Share Attributable to Kadant:		
Basic	\$ 2.11	\$ 2.40
Diluted	\$ 2.10	\$ 2.40
Weighted Average Shares:		
Basic	11,724	11,681
Diluted	11,744	11,694

	Three Months Ended		Three Months Ended	
	March 30, 2024	March 30, 2024	April 1, 2023	April 1, 2023
Adjusted Net Income and Adjusted Diluted EPS (a)				
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 24,689	\$ 2.10	\$ 28,075	\$ 2.40
Adjustments, Net of Tax:				
Acquisition Costs	930	0.08	—	—
Amortization of Acquired Profit in Inventory and Backlog	2,369	0.20	—	—
Adjusted Net Income and Adjusted Diluted EPS (a)	\$ 27,988	\$ 2.38	\$ 28,075	\$ 2.40

Revenue by Segment	Three Months Ended		Increase (Decrease)	Increase (Decrease) Excluding Acquisitions and FX (a,d)
	March 30, 2024	April 1, 2023		
Flow Control	\$ 86,682	\$ 89,521	\$ (2,839)	\$ (3,573)
Industrial Processing	105,861	83,542	22,319	5,825
Material Handling	56,432	56,695	(263)	(8,226)
	\$ 248,975	\$ 229,758	\$ 19,217	\$ (5,974)
Percentage of Parts and Consumables Revenue	69%	66%		

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Bookings by Segment	Three Months Ended		Decrease	Decrease Excluding Acquisitions and FX (d)
	March 30, 2024	April 1, 2023		
Flow Control	\$ 94,670	\$ 104,556	\$ (9,886)	\$ (10,481)
Industrial Processing	89,877	96,274	(6,397)	(21,901)
Material Handling	63,883	73,689	(9,806)	(17,918)
	<u>\$ 248,430</u>	<u>\$ 274,519</u>	<u>\$ (26,089)</u>	<u>\$ (50,300)</u>
Percentage of Parts and Consumables Bookings	69%	60%		

Additional Segment Information	Three Months Ended	
	March 30, 2024	April 1, 2023
Gross Margin:		
Flow Control	53.9%	53.3%
Industrial Processing	41.7%	40.6%
Material Handling	35.6%	36.1%
Consolidated	44.6%	44.4%
Operating Income:		
Flow Control	\$ 21,710	\$ 24,189
Industrial Processing	19,999	15,967
Material Handling	5,541	9,287
Corporate	(10,323)	(9,329)
	<u>\$ 36,927</u>	<u>\$ 40,114</u>
Adjusted Operating Income (a.e):		
Flow Control	\$ 21,912	\$ 24,189
Industrial Processing	21,794	15,967
Material Handling	7,888	9,287
Corporate	(10,323)	(9,329)
	<u>\$ 41,271</u>	<u>\$ 40,114</u>
Capital Expenditures:		
Flow Control	\$ 1,874	\$ 1,404
Industrial Processing	2,883	2,579
Material Handling	1,506	462
Corporate	8	24
	<u>\$ 6,271</u>	<u>\$ 4,469</u>

Cash Flow and Other Data	Three Months Ended	
	March 30, 2024	April 1, 2023
Operating Cash Flow	\$ 22,831	\$ 36,866
Capital Expenditures	(6,271)	(4,469)
Free Cash Flow (a)	<u>\$ 16,560</u>	<u>\$ 32,397</u>
Depreciation and Amortization Expense	\$ 11,739	\$ 8,446

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Balance Sheet Data	March 30, 2024	December 30, 2023
Assets		
Cash, Cash Equivalents, and Restricted Cash	\$ 82,618	\$ 106,453
Accounts Receivable, net	149,586	133,929
Inventories	171,958	152,677
Contract Assets	10,673	8,366
Property, Plant, and Equipment, net	170,834	140,504
Intangible Assets	273,831	159,286
Goodwill	459,917	392,084
Other Assets	90,009	82,366
	<u>\$ 1,409,426</u>	<u>\$ 1,175,665</u>
Liabilities and Stockholders' Equity		
Accounts Payable	\$ 55,587	\$ 42,104
Debt Obligations	308,025	109,086
Other Borrowings	1,991	1,789
Other Liabilities	249,055	246,446
Total Liabilities	<u>614,658</u>	<u>399,425</u>
Stockholders' Equity	<u>794,768</u>	<u>776,240</u>
	<u>\$ 1,409,426</u>	<u>\$ 1,175,665</u>

Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)	Three Months Ended	
	March 30, 2024	April 1, 2023
Consolidated		
Net Income Attributable to Kadant	\$ 24,689	\$ 28,075
Net Income Attributable to Noncontrolling Interests	296	184
Provision for Income Taxes	7,854	9,763
Interest Expense, Net	4,058	2,071
Other Expense, Net	30	21
Operating Income	<u>36,927</u>	<u>40,114</u>
Acquisition Costs	1,124	—
Indemnification Asset Reversals, Net (f)	90	—
Acquired Backlog Amortization (b)	799	—
Acquired Profit in Inventory Amortization (c)	2,331	—
Adjusted Operating Income (a)	<u>41,271</u>	<u>40,114</u>
Depreciation and Amortization	10,940	8,446
Adjusted EBITDA (a)	<u>\$ 52,211</u>	<u>\$ 48,560</u>
Adjusted EBITDA Margin (a,g)	<u>21.0%</u>	<u>21.1%</u>
Flow Control		
Operating Income	\$ 21,710	\$ 24,189
Indemnification Asset Reversal (f)	202	—
Adjusted Operating Income (a)	<u>21,912</u>	<u>24,189</u>
Depreciation and Amortization	2,221	2,279
Adjusted EBITDA (a)	<u>\$ 24,133</u>	<u>\$ 26,468</u>
Adjusted EBITDA Margin (a,g)	<u>27.8%</u>	<u>29.6%</u>

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (continued) (a)	Three Months Ended	
	March 30, 2024	April 1, 2023
Industrial Processing		
Operating Income	\$ 19,999	\$ 15,967
Acquisition Costs	599	—
Indemnification Asset Provision (f)	(95)	—
Acquired Profit in Inventory Amortization (c)	1,291	—
Adjusted Operating Income (a)	21,794	15,967
Depreciation and Amortization	5,159	2,972
Adjusted EBITDA (a)	\$ 26,953	\$ 18,939
Adjusted EBITDA Margin (a,g)	25.5%	22.7%
Material Handling		
Operating Income	\$ 5,541	\$ 9,287
Acquisition Costs	525	—
Indemnification Asset Provision (f)	(17)	—
Acquired Backlog Amortization (b)	799	—
Acquired Profit in Inventory Amortization (c)	1,040	—
Adjusted Operating Income (a)	7,888	9,287
Depreciation and Amortization	3,548	3,176
Adjusted EBITDA (a)	\$ 11,436	\$ 12,463
Adjusted EBITDA Margin (a,g)	20.3%	22.0%
Corporate		
Operating Loss	\$ (10,323)	\$ (9,329)
Depreciation and Amortization	12	19
EBITDA (a)	\$ (10,311)	\$ (9,310)

- (a) Represents a non-GAAP financial measure.
- (b) Represents intangible amortization expense associated with acquired backlog.
- (c) Represents amortization expense within cost of revenue associated with acquired profit in inventory.
- (d) 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.
- (e) See reconciliation to the most directly comparable GAAP financial measure under "Adjusted Operating Income and Adjusted EBITDA Reconciliation."
- (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 3,400 employees in 20 countries worldwide. For more information, visit www.kadant.com.

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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.

Contacts

Investor Contact Information:
Michael McKenney, 978-776-2000
IR@kadant.com

or

Media Contact Information:
Wes Martz, 269-278-1715
media@kadant.com

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KADANT

First Quarter 2024
Business Review

May 1, 2024

Forward-Looking Statements

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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 gross margin, 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 2024 earnings press release issued April 30, 2024, 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 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.

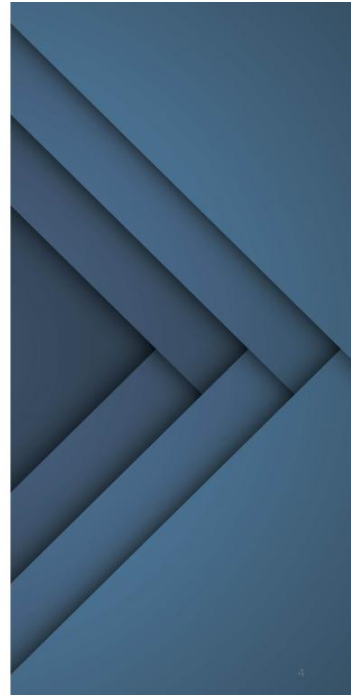
Business Review

Jeffrey L. Powell, President & CEO

KADANT

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Operational Highlights

- Completed the integration of two acquisitions
- Strong demand for aftermarket parts contributed to record revenue and a solid start to 2024
- Operational execution was very good and contributed to excellent adjusted EBITDA*

Q1 2024 Performance

(\$ in millions, except per share amounts)	Q1 24	Q1 23	Change
Revenue	\$249.0	\$229.8	+8.4%
Net Income	\$24.7	\$28.1	-12.1%
Adjusted EBITDA*	\$52.2	\$48.6	+7.5%
Adjusted EBITDA Margin*	21.0%	21.1%	-10 bps
EPS	\$2.10	\$2.40	-12.5%
Adjusted EPS*	\$2.38	\$2.40	-0.8%
Operating Cash Flow	\$22.8	\$36.9	-38.1%
Free Cash Flow*	\$16.6	\$32.4	-48.9%
Bookings	\$248.4	\$274.5	-9.5%

HIGHLIGHTS

- Record revenue driven by recent acquisitions and strong aftermarket parts business
- Excellent operating performance contributed to strong adjusted EPS* and adjusted EBITDA*
- Industrial demand, particularly for capital equipment, impacted by economic headwinds and sluggish manufacturing activity in Europe and Asia

Flow Control

(\$ in millions)	Q1 24	Q1 23	Change
Revenue	\$86.7	\$89.5	-3.2%
Bookings	\$94.7	\$104.6	-9.5%
Adjusted EBITDA*	\$24.1	\$26.5	-8.8%
Adjusted EBITDA Margin*	27.8%	29.6%	-180 bps



HIGHLIGHTS

- Strong aftermarket parts demand contributed to solid revenue performance
- Demand for capital equipment was exceptionally strong in North America
- Ongoing project activity although timing somewhat uncertain

Industrial Processing

(\$ in millions)	Q1 24	Q1 23	Change
Revenue	\$105.9	\$83.5	+26.7%
Bookings	\$89.9	\$96.3	-6.6%
Adjusted EBITDA*	\$27.0	\$18.9	+42.3%
Adjusted EBITDA Margin*	25.5%	22.7%	+280 bps



HIGHLIGHTS

- Record revenue performance driven by all product lines
- Improved operating leverage and recent acquisition contributed to excellent adjusted EBITDA margin*
- Capital project activity remains relatively strong across all product lines

Material Handling

(\$ in millions)	Q1 24	Q1 23	Change
Revenue	\$56.4	\$56.7	-0.5%
Bookings	\$63.9	\$73.7	-13.3%
Adjusted EBITDA*	\$11.4	\$12.5	-8.2%
Adjusted EBITDA Margin*	20.3%	22.0%	-170 bps



HIGHLIGHTS

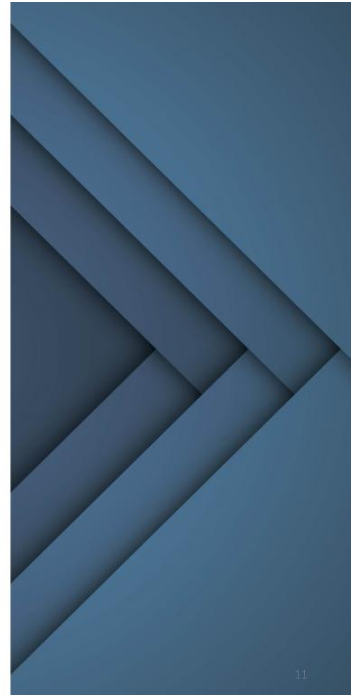
- Solid demand for aftermarket parts across all product lines
- Customer-requested delays in shipments negatively impacted margin performance
- Integration of recent acquisition is progressing well; outlook for growth remains positive

Business Outlook

- Industrial demand expected to strengthen in certain regions, remain stable in others
- Economic uncertainty continues to 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



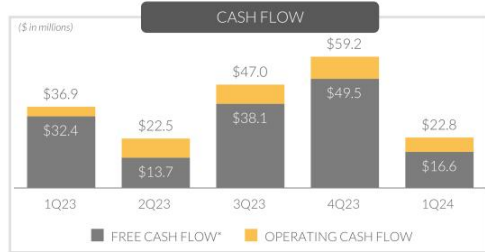
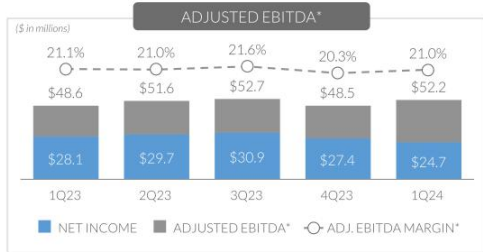
Q1 2024 Financial Performance

HIGHLIGHTS

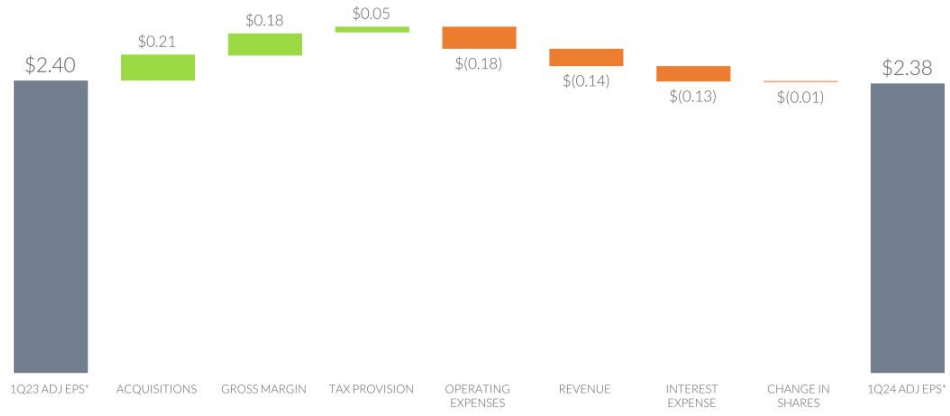
- Adjusted gross margin* of 45.5%
- Adjusted EBITDA margin* of 21.0%
- Operating cash flow of \$22.8 million
- Free cash flow* of \$16.6 million
- Net debt of \$227.4 million; leverage ratio¹ of 1.12

(\$ in millions, except per share amounts)	Q1 24	Q1 23
Gross Margin	44.6%	44.4%
SG&A % of Revenue	28.2%	25.5%
Operating Income	\$36.9	\$40.1
Net Income	\$24.7	\$28.1
Adjusted EBITDA*	\$52.2	\$48.6
EPS	\$2.10	\$2.40
Adjusted EPS*	\$2.38	\$2.40

Key Consolidated Financial Metrics



1Q23 to 1Q24 Adjusted EPS*



Key Liquidity Metrics

(\$ in millions)	Q1 24	Q4 23	Q1 23
Cash, cash equivalents, and restricted cash	\$82.6	\$106.5	\$85.5
Debt	\$308.0	\$109.1	\$180.1
Lease obligations	\$2.0	\$1.8	\$1.8
Net Debt	\$227.4	\$4.4	\$96.4
Leverage ratio ¹	1.12	0.27	0.64
Working capital % LTM revenue ²	15.7%	12.8%	15.6%
Cash conversion days ³	128	130	136

Guidance

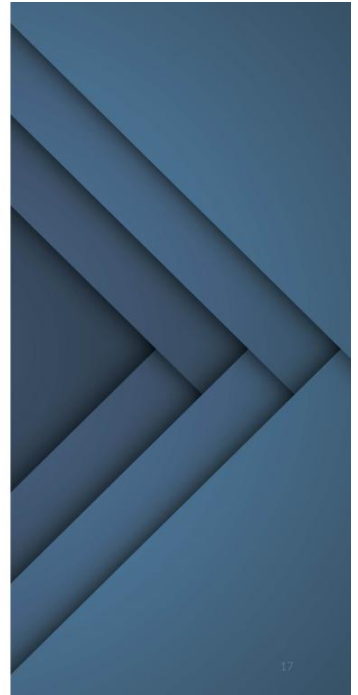
- FY 2024 revenue of \$1.040 to \$1.065 billion
- FY 2024 GAAP EPS of \$9.39 to \$9.69, revised from \$9.55 to \$9.85
- FY 2024 adjusted EPS* of \$9.75 to \$10.05

- Q2 2024 revenue of \$258 to \$266 million
- Q2 2024 GAAP EPS of \$2.34 to \$2.44
- Q2 2024 adjusted EPS* of \$2.40 to \$2.50

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.



2024 Key Priorities



ENABLE SUSTAINABLE
INDUSTRIAL PROCESSING



DELIVER EXCEPTIONAL
STAKEHOLDER VALUE



PROVIDE STRONG
CASH FLOW



CAPITALIZE ON NEW
OPPORTUNITIES

KĀDANT

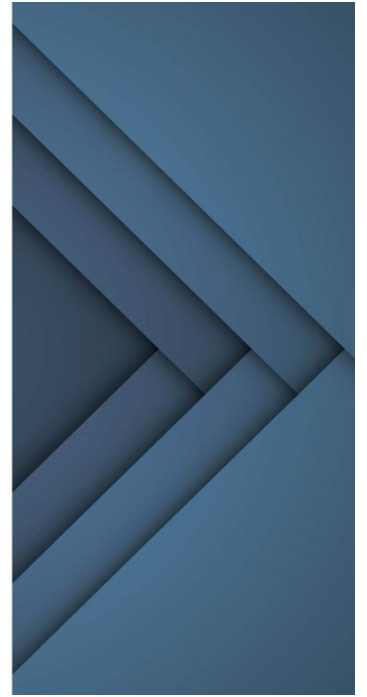
INVESTOR RELATIONS CONTACT

Michael McKenney, 978-776-2000
IR@kadant.com

MEDIA RELATIONS CONTACT

Wes Martz, 269-278-1715
media@kadant.com

May 1, 2024



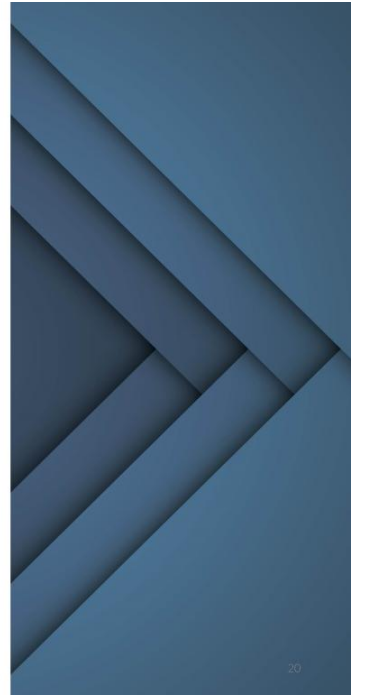
Appendix

First Quarter 2024 Business Review

KADANT

KAI 1Q24 BUSINESS REVIEW - MAY 2024 | © 2024 KADANT INC. ALL RIGHTS RESERVED.

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Revenue by Customer Location

(\$ in thousands)	Q1 24	Q1 23	Change	Change Excluding Acquisitions and FX
North America	\$156,491	\$132,453	\$24,038	\$15
Europe	55,787	54,157	1,630	400
Asia	22,554	27,770	(5,216)	(4,616)
Rest of World	14,143	15,378	(1,235)	(1,773)
Total	\$248,975	\$229,758	\$19,217	\$(5,974)

Percentage of Parts and Consumables Revenue

	Q1 24	Q1 23
Flow Control	74%	73%
Industrial Processing	69%	65%
Material Handling	62%	56%
Consolidated	69%	66%

Adjusted Gross Margin* Reconciliation

	Q1 24	Q1 23
Gross Margin, as Reported	44.6%	44.4%
Amortization of Acquired Profit in Inventory	0.9%	—
Adjusted Gross Margin*	45.5%	44.4%

Adjusted EPS* Reconciliation

	Q1 24	Q1 23
EPS, as Reported	\$2.10	\$2.40
Adjustments, Net of Tax		
Acquisition Costs	0.08	—
Amortization of Acquired Profit in Inventory and Backlog	0.20	—
Adjusted EPS*	\$2.38	\$2.40

Free Cash Flow* Reconciliation

(\$ in thousands)	Q1 24	Q1 23
Operating Cash Flow	\$22,831	\$36,866
Capital Expenditures	(6,271)	(4,469)
Free Cash Flow*	\$16,560	\$32,397

Adjusted EBITDA* Reconciliation

(\$ in thousands)	Q1 24	Q1 23
Net Income Attributable to Kadant	\$24,689	\$28,075
Net Income Attributable to Noncontrolling Interests	296	184
Provision for Income Taxes	7,854	9,763
Interest Expense, Net	4,058	2,071
Other Expense, Net	30	21
Acquisition Costs	1,124	—
Indemnification Asset Reversals, Net	90	—
Acquired Backlog Amortization	799	—
Acquired Profit in Inventory Amortization	2,331	—
Depreciation and Amortization	10,940	8,446
Adjusted EBITDA*	\$52,211	\$48,560
Adjusted EBITDA Margin*	21.0%	21.1%

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 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.

