

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): October 29, 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 October 29, 2024, Kadant Inc. (the "Company") announced its financial results for the fiscal quarter ended September 28, 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 October 30, 2024, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter ended September 28, 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 October 29, 2024 announcing its financial results.
99.2	Slides to be presented by the Company on October 30, 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: October 29, 2024

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

KADANT

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PRESS RELEASE

Kadant Reports Third Quarter 2024 Results

WESTFORD, Mass., October 29, 2024 - Kadant Inc. (NYSE: KAI) reported its financial results for the third quarter ended September 28, 2024.

Third Quarter Financial Highlights

- Revenue increased 11% to \$272 million
- Gross margin was 44.7%
- Operating cash flow increased 12% to \$52 million
- Free cash flow increased 27% to \$48 million
- Net income increased 2% to \$32 million
- GAAP EPS increased 2% to \$2.68
- Adjusted EPS increased 6% to a record \$2.84
- Adjusted EBITDA was a record \$63 million and represented a record 23.3% of revenue
- Bookings increased 15% to \$240 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 delivered another solid quarter with excellent operational execution leading to outstanding margin performance and record adjusted EPS," said Jeffrey L. Powell, president and chief executive officer of Kadant Inc. "Recent acquisitions in our three operating segments contributed to our strong bookings performance, with robust new order activity in the Americas offsetting softer performance in Europe and Asia.

"We had record aftermarket parts revenue, which contributed to our record adjusted EBITDA and record adjusted EBITDA margin performance. As one of our core strategic focus areas, it is encouraging to see this growth in our aftermarket parts business in a historically softer quarter. This and other initiatives to optimize our operations continue to enable us to capture greater value for our stakeholders and deliver exceptional results."

Third Quarter 2024 Compared to 2023

Revenue increased 11 percent to \$271.6 million compared to \$244.2 million in 2023. Organic revenue decreased one percent, which excludes a 12 percent increase from acquisitions. Gross margin was 44.7 percent, including a 50 basis point decrease from acquisition-related costs, compared to 43.3 percent in 2023.

Net income was \$31.6 million, increasing two percent compared to \$30.9 million in 2023. GAAP EPS increased two percent to \$2.68 compared to \$2.63 in 2023. Adjusted EPS increased six percent to a record \$2.84 compared to \$2.69 in 2023. Adjusted EPS in 2024 excludes \$0.15 of acquisition-related costs. Adjusted EBITDA increased 20 percent to a record \$63.3 million and represented a record 23.3 percent of revenue compared to \$52.7 million and 21.6 percent of revenue in the prior year. Operating cash flow increased 12 percent to \$52.5 million compared to \$47.0 million in 2023. Free cash flow increased 27 percent to \$48.3 million compared to \$38.1 million in 2023.

Bookings increased 15 percent to \$240.3 million compared to \$209.6 million in 2023. Organic bookings decreased two percent, which excludes a 17 percent increase from acquisitions.

Summary and Outlook

"Our solid performance the past three quarters has positioned us well to finish the year strong," Mr. Powell continued. "We expect demand for our capital equipment to gain momentum as our customers prepare for 2025 projects even as the industrial manufacturing sectors in Europe and Asia continue to face significant headwinds. We are narrowing our revenue guidance for the full year to \$1.047 to \$1.055 billion in 2024, revised from our previous guidance of \$1.045 to \$1.065 billion, and now expect GAAP EPS of \$9.25 to \$9.45 in 2024, revised from our previous GAAP EPS guidance of \$9.20 to \$9.45. We are raising our adjusted EPS guidance for 2024 and now expect \$9.93 to \$10.13, revised from our previous guidance of \$9.80 to \$10.05. The 2024 adjusted EPS guidance excludes \$0.68 of acquisition-related costs, revised from \$0.60 of acquisition-related costs in our previous guidance. For the fourth quarter of 2024, we expect revenue of \$252 to \$260 million, GAAP EPS of \$1.81 to \$2.01 and, after excluding \$0.09 of acquisition-related costs, adjusted EPS of \$1.90 to \$2.10."

Conference Call

Kadant will hold a webcast with a slide presentation for investors on Wednesday, October 30, 2024, at 11:00 a.m. eastern time to discuss its third 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/B14bcfaa23a4ec40f7925041800a6135e0> 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 November 29, 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 third 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 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 third quarter of 2024 included \$30.5 million from acquisitions and an unfavorable foreign currency translation effect of \$0.9 million compared to the third quarter of 2023. Revenue in the first nine months of 2024 included \$82.3 million from acquisitions and an unfavorable foreign currency translation effect of \$2.4 million compared to the first nine months of 2023. Our other non-GAAP financial measures exclude amortization expense related to acquired profit in inventory and backlog, acquisition costs, relocation costs, restructuring and impairment 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

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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 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.

Third Quarter

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

- Pre-tax amortization of acquired profit in inventory and backlog of \$1.9 million in 2024.
- Pre-tax acquisition costs of \$0.5 million in 2024.
- Pre-tax indemnification asset provision of \$0.2 million in 2024 and \$0.1 million in 2023.
- Pre-tax relocation costs of \$0.5 million in 2023.
- Pre-tax restructuring and impairment costs of \$0.4 million in 2023.

Adjusted net income and adjusted EPS exclude:

- After-tax amortization of acquired profit in inventory and backlog of \$1.4 million (\$1.9 million net of tax of \$0.5 million) in 2024.
- After-tax acquisition costs of \$0.4 million (\$0.5 million net of tax of \$0.1 million) in 2024.
- After-tax relocation costs of \$0.4 million (\$0.5 million net of tax of \$0.1 million) in 2023.
- After-tax restructuring and impairment costs of \$0.3 million (\$0.4 million net of tax of \$0.1 million) in 2023.

Free cash flow is calculated as operating cash flow less:

- Capital expenditures of \$4.2 million in 2024 and \$8.8 million in 2023.

First Nine Months

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

- Pre-tax amortization of acquired profit in inventory and backlog of \$6.2 million in 2024.
- Pre-tax acquisition costs of \$2.5 million in 2024.
- Pre-tax indemnification asset provision of \$0.2 million in 2024 and pre-tax indemnification asset reversal of \$0.1 million in 2023.
- Pre-tax relocation costs of \$0.6 million in 2023.
- Pre-tax restructuring and impairment costs of \$0.4 million in 2023.

Adjusted net income and adjusted EPS exclude:

- After-tax amortization of acquired profit in inventory and backlog of \$4.7 million (\$6.2 million net of tax of \$1.5 million) in 2024.
- After-tax acquisition costs of \$2.1 million (\$2.5 million net of tax of \$0.4 million) in 2024.
- After-tax relocation costs of \$0.5 million (\$0.6 million net of tax of \$0.1 million) in 2023.
- After-tax restructuring and impairment costs of \$0.3 million (\$0.4 million net of tax of \$0.1 million) in 2023.

Free cash flow is calculated as operating cash flow less:

- Capital expenditures of \$15.4 million in 2024 and \$22.1 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		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Consolidated Statement of Income				
Revenue	\$ 271,614	\$ 244,182	\$ 795,354	\$ 718,993
Costs and Operating Expenses:				
Cost of revenue	150,175	138,456	441,066	404,671
Selling, general, and administrative expenses	69,043	57,889	209,352	176,441
Research and development expenses	3,409	3,324	10,621	10,102
Other costs	—	969	—	1,043
	<u>222,627</u>	<u>200,638</u>	<u>661,039</u>	<u>592,257</u>
Operating Income	48,987	43,544	134,315	126,736
Interest Income	407	438	1,386	1,053
Interest Expense	(5,516)	(2,107)	(15,386)	(6,722)
Other Expense, Net	(16)	(20)	(48)	(62)
Income Before Provision for Income Taxes	43,862	41,855	120,267	121,005
Provision for Income Taxes	11,964	10,816	31,810	31,761
Net Income	31,898	31,039	88,457	89,244
Net Income Attributable to Noncontrolling Interests	(312)	(175)	(891)	(571)
Net Income Attributable to Kadant	<u>\$ 31,586</u>	<u>\$ 30,864</u>	<u>\$ 87,566</u>	<u>\$ 88,673</u>
Earnings per Share Attributable to Kadant:				
Basic	\$ 2.69	\$ 2.64	\$ 7.46	\$ 7.58
Diluted	\$ 2.68	\$ 2.63	\$ 7.44	\$ 7.57
Weighted Average Shares:				
Basic	11,745	11,706	11,737	11,697
Diluted	11,780	11,740	11,763	11,719
Adjusted Net Income and Adjusted Diluted EPS (a)				
	September 28, 2024	September 28, 2024	September 30, 2023	September 30, 2023
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 31,586	\$ 2.68	\$ 30,864	\$ 2.63
Adjustments, Net of Tax:				
Acquired Profit in Inventory and Backlog Amortization	1,432	0.12	—	—
Acquisition Costs	398	0.03	—	—
Relocation Costs	—	—	401	0.03
Restructuring and Impairment Costs	—	—	295	0.03
Adjusted Net Income and Adjusted Diluted EPS (a)	<u>\$ 33,416</u>	<u>\$ 2.84</u>	<u>\$ 31,560</u>	<u>\$ 2.69</u>
	Three Months Ended		Three Months Ended	
	September 28, 2024	September 28, 2024	September 30, 2023	September 30, 2023
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 87,566	\$ 7.44	\$ 88,673	\$ 7.57
Adjustments, Net of Tax:				
Acquired Profit in Inventory and Backlog Amortization	4,730	0.40	—	—
Acquisition Costs	2,126	0.18	—	—
Relocation Costs	—	—	457	0.04
Restructuring and Impairment Costs	—	—	295	0.03
Adjusted Net Income and Adjusted Diluted EPS (a)	<u>\$ 94,422</u>	<u>\$ 8.03</u>	<u>\$ 89,425</u>	<u>\$ 7.63</u>

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Revenue by Segment	Three Months Ended		Increase	Increase (Decrease) Excluding Acquisitions and FX (a,b)
	September 28, 2024	September 30, 2023		
Flow Control	\$ 97,521	\$ 90,798	\$ 6,723	\$ 1,721
Industrial Processing	110,696	94,220	16,476	2,077
Material Handling	63,397	59,164	4,233	(6,001)
	<u>\$ 271,614</u>	<u>\$ 244,182</u>	<u>\$ 27,432</u>	<u>\$ (2,203)</u>

Percentage of Parts and Consumables Revenue 65% 61%

Revenue by Segment	Nine Months Ended		Increase	Increase (Decrease) Excluding Acquisitions and FX (a,b)
	September 28, 2024	September 30, 2023		
Flow Control	\$ 276,493	\$ 276,048	\$ 445	\$ (6,053)
Industrial Processing	331,310	267,729	63,581	19,309
Material Handling	187,551	175,216	12,335	(16,787)
	<u>\$ 795,354</u>	<u>\$ 718,993</u>	<u>\$ 76,361</u>	<u>\$ (3,531)</u>

Percentage of Parts and Consumables Revenue 65% 63%

Bookings by Segment	Three Months Ended		Increase	Increase (Decrease) Excluding Acquisitions and FX (b)
	September 28, 2024	September 30, 2023		
Flow Control	\$ 88,981	\$ 83,005	\$ 5,976	\$ (3,756)
Industrial Processing	89,319	70,441	18,878	5,258
Material Handling	62,005	56,158	5,847	(5,063)
	<u>\$ 240,305</u>	<u>\$ 209,604</u>	<u>\$ 30,701</u>	<u>\$ (3,561)</u>

Percentage of Parts and Consumables Bookings 72% 67%

Bookings by Segment	Nine Months Ended		Increase	Decrease Excluding Acquisitions and FX (b)
	September 28, 2024	September 30, 2023		
Flow Control	\$ 277,749	\$ 275,862	\$ 1,887	\$ (9,894)
Industrial Processing	275,910	246,006	29,904	(12,472)
Material Handling	186,798	177,482	9,316	(20,298)
	<u>\$ 740,457</u>	<u>\$ 699,350</u>	<u>\$ 41,107</u>	<u>\$ (42,664)</u>

Percentage of Parts and Consumables Bookings 71% 65%

Additional Segment Information	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Gross Margin:				
Flow Control	51.8%	52.2%	52.9%	52.3%
Industrial Processing	44.0%	39.5%	42.3%	39.8%
Material Handling	35.0%	35.7%	36.2%	36.2%
Consolidated	44.7%	43.3%	44.5%	43.7%

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	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Additional Segment Information (continued)				
Operating Income:				
Flow Control	\$ 24,281	\$ 24,246	\$ 69,521	\$ 74,256
Industrial Processing	25,969	19,023	70,060	51,968
Material Handling	8,793	10,345	25,522	30,006
Corporate	(10,056)	(10,070)	(30,788)	(29,494)
	<u>\$ 48,987</u>	<u>\$ 43,544</u>	<u>\$ 134,315</u>	<u>\$ 126,736</u>
Adjusted Operating Income (a,c):				
Flow Control	\$ 25,671	\$ 24,680	\$ 72,146	\$ 74,690
Industrial Processing	26,539	19,558	72,776	52,577
Material Handling	9,019	10,295	28,809	30,133
Corporate	(10,056)	(10,070)	(30,788)	(29,494)
	<u>\$ 51,173</u>	<u>\$ 44,463</u>	<u>\$ 142,943</u>	<u>\$ 127,906</u>
Capital Expenditures:				
Flow Control	\$ 1,894	\$ 1,195	\$ 5,729	\$ 3,889
Industrial Processing	1,209	7,299	5,943	16,007
Material Handling	1,074	350	3,737	2,170
Corporate	8	4	21	28
	<u>\$ 4,185</u>	<u>\$ 8,848</u>	<u>\$ 15,430</u>	<u>\$ 22,094</u>
Cash Flow and Other Data				
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Operating Cash Flow	\$ 52,478	\$ 46,967	\$ 103,375	\$ 106,311
Capital Expenditures	(4,185)	(8,848)	(15,430)	(22,094)
Free Cash Flow (a)	<u>\$ 48,293</u>	<u>\$ 38,119</u>	<u>\$ 87,945</u>	<u>\$ 84,217</u>
Depreciation and Amortization Expense	\$ 12,775	\$ 8,234	\$ 36,505	\$ 24,917
Balance Sheet Data				
	September 28, 2024	December 30, 2023		
Assets				
Cash, Cash Equivalents, and Restricted Cash	\$ 89,734	\$ 106,453		
Accounts Receivable, net	154,965	133,929		
Inventories	169,252	152,677		
Contract Assets	14,534	8,366		
Property, Plant, and Equipment, net	174,559	140,504		
Intangible Assets	292,211	159,286		
Goodwill	493,105	392,084		
Other Assets	100,980	82,366		
	<u>\$ 1,489,340</u>	<u>\$ 1,175,665</u>		
Liabilities and Stockholders' Equity				
Accounts Payable	\$ 50,536	\$ 42,104		
Debt Obligations	324,501	109,086		
Other Borrowings	1,931	1,789		
Other Liabilities	249,586	246,446		
Total Liabilities	626,554	399,425		
Stockholders' Equity	862,786	776,240		
	<u>\$ 1,489,340</u>	<u>\$ 1,175,665</u>		

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Consolidated				
Net Income Attributable to Kadant	\$ 31,586	\$ 30,864	\$ 87,566	\$ 88,673
Net Income Attributable to Noncontrolling Interests	312	175	891	571
Provision for Income Taxes	11,964	10,816	31,810	31,761
Interest Expense, Net	5,109	1,669	14,000	5,669
Other Expense, Net	16	20	48	62
Operating Income	48,987	43,544	134,315	126,736
Acquired Profit in Inventory Amortization (d)	1,205	—	4,065	—
Acquired Backlog Amortization (e)	687	—	2,181	—
Acquisition Costs	469	—	2,533	—
Indemnification Asset (Provision) Reversal, Net (f)	(175)	(50)	(151)	127
Relocation Costs	—	535	—	609
Restructuring and Impairment Costs	—	434	—	434
Adjusted Operating Income (a)	51,173	44,463	142,943	127,906
Depreciation and Amortization	12,088	8,234	34,324	24,917
Adjusted EBITDA (a)	\$ 63,261	\$ 52,697	\$ 177,267	\$ 152,823
Adjusted EBITDA Margin (a,g)	23.3%	21.6%	22.3%	21.3%
Flow Control				
Operating Income	\$ 24,281	\$ 24,246	\$ 69,521	\$ 74,256
Acquired Profit in Inventory Amortization (d)	728	—	963	—
Acquired Backlog Amortization (e)	629	—	882	—
Acquisition Costs	71	—	637	—
Indemnification Asset (Provision) Reversal, Net (f)	(38)	—	143	—
Restructuring and Impairment Costs	—	434	—	434
Adjusted Operating Income (a)	25,671	24,680	72,146	74,690
Depreciation and Amortization	2,981	2,277	7,561	6,785
Adjusted EBITDA (a)	\$ 28,652	\$ 26,957	\$ 79,707	\$ 81,475
Adjusted EBITDA Margin (a,g)	29.4%	29.7%	28.8%	29.5%
Industrial Processing				
Operating Income	\$ 25,969	\$ 19,023	\$ 70,060	\$ 51,968
Acquired Profit in Inventory Amortization (d)	477	—	2,062	—
Acquisition Costs	154	—	842	—
Indemnification Asset Provision (f)	(61)	—	(188)	—
Relocation Costs	—	535	—	609
Adjusted Operating Income (a)	26,539	19,558	72,776	52,577
Depreciation and Amortization	5,204	2,906	15,458	8,823
Adjusted EBITDA (a)	\$ 31,743	\$ 22,464	\$ 88,234	\$ 61,400
Adjusted EBITDA Margin (a,g)	28.7%	23.8%	26.6%	22.9%

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	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)				
Material Handling				
Operating Income	\$ 8,793	\$ 10,345	\$ 25,522	\$ 30,006
Acquired Profit in Inventory Amortization (d)	—	—	1,040	—
Acquired Backlog Amortization (e)	58	—	1,299	—
Acquisition Costs	244	—	1,054	—
Indemnification Asset (Provision) Reversal, Net (f)	(76)	(50)	(106)	127
Adjusted Operating Income (a)	9,019	10,295	28,809	30,133
Depreciation and Amortization	3,891	3,034	11,269	9,254
Adjusted EBITDA (a)	\$ 12,910	\$ 13,329	\$ 40,078	\$ 39,387
Adjusted EBITDA Margin (a,g)	20.4%	22.5%	21.4%	22.5%
Corporate				
Operating Loss	\$ (10,056)	\$ (10,070)	\$ (30,788)	\$ (29,494)
Depreciation and Amortization	12	17	36	55
EBITDA (a)	\$ (10,044)	\$ (10,053)	\$ (30,752)	\$ (29,439)

- (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.

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;

-more-

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

Third Quarter 2024
Business Review

October 30, 2024

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 29, 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 third quarter 2024 earnings press release issued October 29, 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.

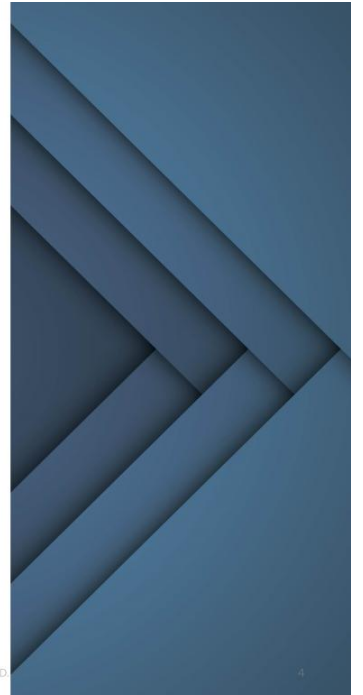
Business Review

Jeffrey L. Powell, President & CEO

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Operational Highlights

- Strong demand in North America drove record aftermarket parts revenue
- Operational execution was excellent and contributed to record adjusted EBITDA*, adjusted EBITDA margin*, and adjusted EPS*
- Overall market demand was mixed; stronger performance in the Americas and weaker in Europe and Asia

Q3 2024 Performance

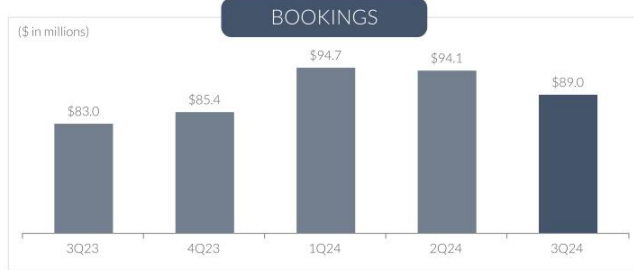
(\$ in millions, except per share amounts)	Q3 24	Q3 23	Change
Revenue	\$271.6	\$244.2	+11.2%
Net Income	\$31.6	\$30.9	+2.3%
Adjusted EBITDA*	\$63.3	\$52.7	+20.0%
Adjusted EBITDA Margin*	23.3%	21.6%	+170 bps
EPS	\$2.68	\$2.63	+1.9%
Adjusted EPS*	\$2.84	\$2.69	+5.6%
Operating Cash Flow	\$52.5	\$47.0	+11.7%
Free Cash Flow*	\$48.3	\$38.1	+26.7%
Bookings	\$240.3	\$209.6	+14.6%

HIGHLIGHTS

- Record aftermarket parts revenue driven by strong contributions from recent acquisitions
- Excellent operating performance contributed to record adjusted EBITDA*, adjusted EBITDA margin*, and adjusted EPS*
- Industrial demand, particularly in Europe and Asia, continues to be impacted by economic headwinds

Flow Control

(\$ in millions)	Q3 24	Q3 23	Change
Revenue	\$97.5	\$90.8	+7.4%
Bookings	\$89.0	\$83.0	+7.2%
Adjusted EBITDA*	\$28.7	\$27.0	+6.3%
Adjusted EBITDA Margin*	29.4%	29.7%	-30 bps



HIGHLIGHTS

- Strong aftermarket parts demand contributed to solid bookings performance
- Revenue performance was affected by sluggish industrial activity in Europe and Asia
- End markets remain strong and ongoing project activity is healthy

Industrial Processing

(\$ in millions)	Q3 24	Q3 23	Change
Revenue	\$110.7	\$94.2	+17.5%
Bookings	\$89.3	\$70.4	+26.8%
Adjusted EBITDA*	\$31.7	\$22.5	+41.3%
Adjusted EBITDA Margin*	28.7%	23.8%	+490 bps



HIGHLIGHTS

- Record aftermarket parts revenue performance achieved in Q3
- Strong operating leverage led to record adjusted EBITDA margin*
- Capital project activity is improving

Material Handling

(\$ in millions)	Q3 24	Q3 23	Change
Revenue	\$63.4	\$59.2	+7.2%
Bookings	\$62.0	\$56.2	+10.4%
Adjusted EBITDA*	\$12.9	\$13.3	-3.1%
Adjusted EBITDA Margin*	20.4%	22.5%	-210 bps



HIGHLIGHTS

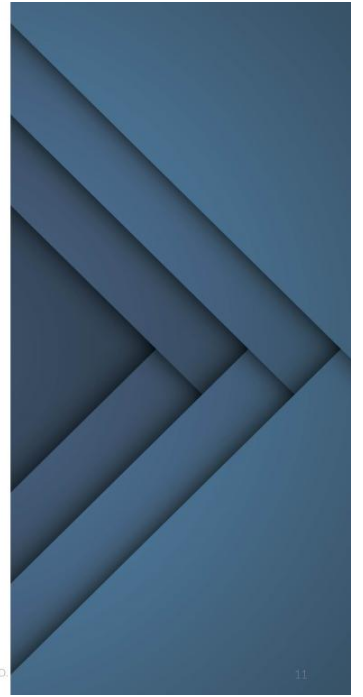
- Q3 revenue and bookings benefited from our recent acquisitions
- High performance baler product line led new order activity
- Product mix negatively affected adjusted EBITDA margin*
- Outlook for growth remains positive, particularly in North America

Business Outlook

- Business activity remains relatively strong in the Americas and softer in Europe and Asia; economic uncertainty continues to impact the timing of capital orders
- Our strong cash flow and healthy balance sheet position us well for growth
- We expect to deliver record financial results again in 2024

Financial Review

Michael J. McKenney, EVP & CFO



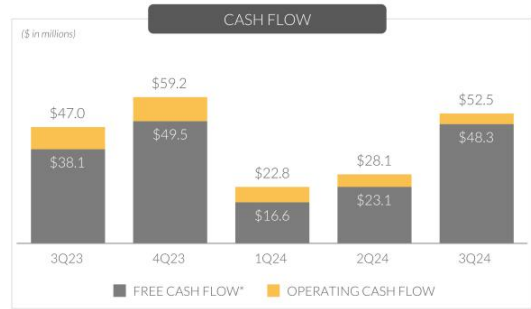
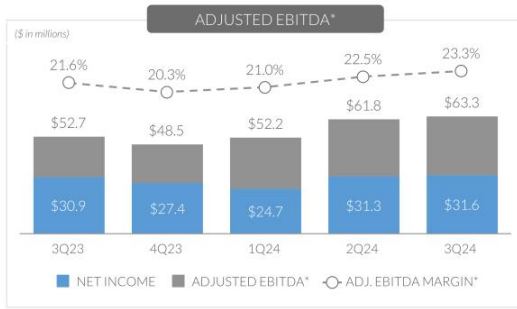
Q3 2024 Financial Performance

HIGHLIGHTS

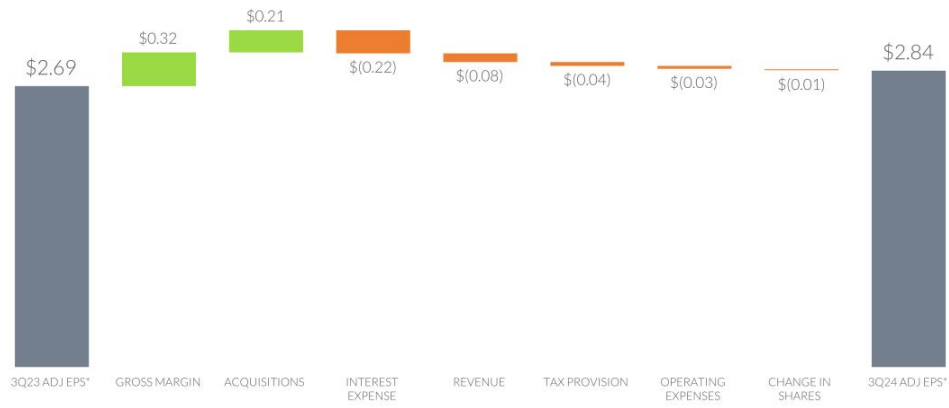
- 65% parts and consumables revenue
- Record adjusted EBITDA* and adjusted EBITDA margin*
- Adjusted EPS* exceeded guidance
- Strong cash flow

(\$ in millions, except per share amounts)	Q3 24	Q3 23
Revenue	\$271.6	\$244.2
Gross Margin	44.7%	43.3%
SG&A % of Revenue	25.4%	23.7%
Operating Income	\$49.0	\$43.5
Net Income	\$31.6	\$30.9
Adjusted EBITDA*	\$63.3	\$52.7
EPS	\$2.68	\$2.63
Adjusted EPS*	\$2.84	\$2.69
Operating Cash Flow	\$52.5	\$47.0

Key Financial Metrics



3Q23 to 3Q24 Adjusted EPS*



Key Liquidity Metrics

(\$ in millions)	Q3 24	Q2 24	Q3 23
Cash, cash equivalents, and restricted cash	\$89.7	\$75.2	\$79.1
Debt	\$324.5	\$343.3	\$127.5
Lease obligations	\$1.9	\$2.0	\$1.7
Net Debt	\$236.7	\$270.1	\$50.2
Leverage ratio ¹	1.13	1.22	0.38
Working capital % LTM revenue ²	17.2%	18.0%	15.4%
Cash conversion days ³	129	124	138

Guidance

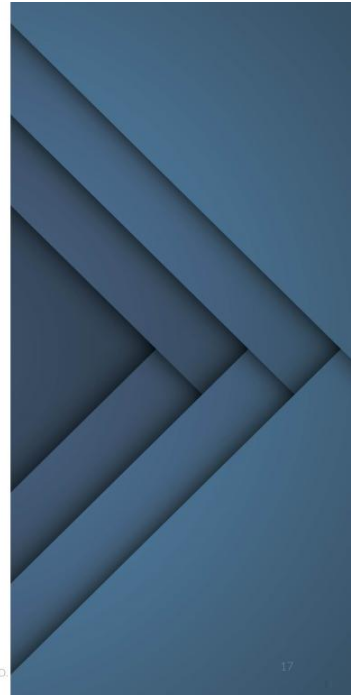
- FY 2024 revenue of \$1.047 to \$1.055 billion, revised from \$1.045 to \$1.065 billion
- FY 2024 GAAP EPS of \$9.25 to \$9.45, revised from \$9.20 to \$9.45
- FY 2024 adjusted EPS* of \$9.93 to \$10.13, revised from \$9.80 to \$10.05

- Q4 2024 revenue of \$252 to \$260 million
- Q4 2024 GAAP EPS of \$1.81 to \$2.01
- Q4 2024 adjusted EPS* of \$1.90 to \$2.10

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

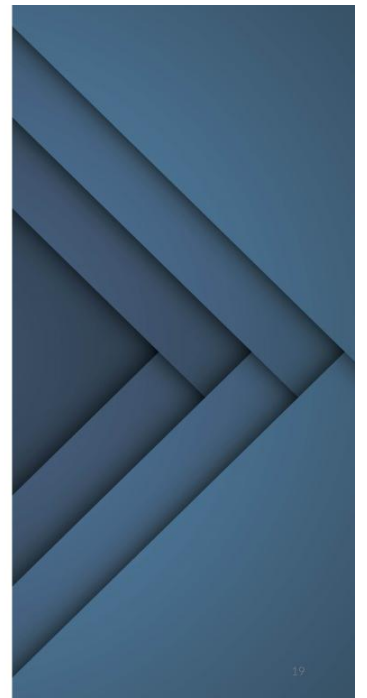
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Appendix

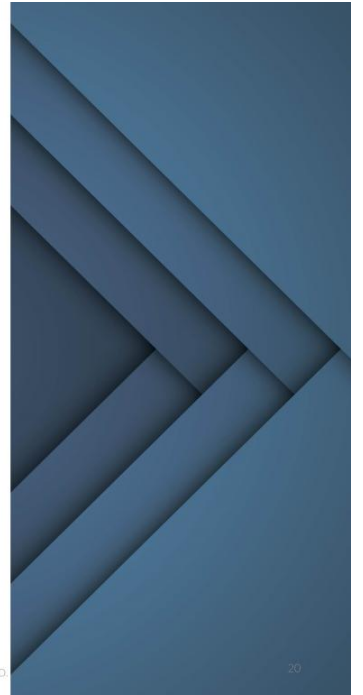
Third Quarter 2024 Business Review

October 30, 2024

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Revenue by Customer Location

(\$ in thousands)	Q3 24	Q3 23	Change	Change Excluding Acquisitions and FX
North America	\$172,186	\$133,780	\$38,406	\$10,554
Europe	57,309	66,491	(9,182)	(10,966)
Asia	26,724	27,393	(669)	(1,049)
Rest of World	15,395	16,518	(1,123)	(742)
Total	\$271,614	\$244,182	\$27,432	\$(2,203)

Percentage of Parts and Consumables Revenue

	Q3 24	Q3 23
Flow Control	70%	68%
Industrial Processing	67%	60%
Material Handling	55%	53%
Consolidated	65%	61%

Adjusted EPS* Reconciliation

	Q3 24	Q3 23
EPS, as Reported	\$2.68	\$2.63
Adjustments, Net of Tax		
Acquired Profit in Inventory and Backlog Amortization	0.12	—
Acquisition Costs	0.03	—
Relocation Costs	—	0.03
Restructuring and Impairment Costs	—	0.03
Adjusted EPS*	\$2.84	\$2.69

Free Cash Flow* Reconciliation

(\$ in thousands)	Q3 24	Q3 23
Operating Cash Flow	\$52,478	\$46,967
Capital Expenditures	(4,185)	(8,848)
Free Cash Flow*	\$48,293	\$38,119

Adjusted EBITDA* Reconciliation

(\$ in thousands)	Q3 24	Q3 23
Net Income Attributable to Kadant	\$31,586	\$30,864
Net Income Attributable to Noncontrolling Interests	312	175
Provision for Income Taxes	11,964	10,816
Interest Expense, Net	5,109	1,669
Other Expense, Net	16	20
Acquired Profit in Inventory Amortization	1,205	—
Acquired Backlog Amortization	687	—
Acquisition Costs	469	—
Indemnification Asset Provision	(175)	(50)
Relocation Costs	—	535
Restructuring and Impairment Costs	—	434
Depreciation and Amortization	12,088	8,234
Adjusted EBITDA*	\$63,261	\$52,697
Adjusted EBITDA Margin*	23.3%	21.6%

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 29, 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.

