UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 3, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-11406

KADANT INC.

(Exact name of registrant as specified in its charter)

Delaware	**52-1762325**
(State or other jurisdiction of incorporation or organization)	(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)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, the registrant had 11,809,757 shares of common stock outstanding.

Kadant Inc.
Report on Form 10-Q
For the Quarterly Period Ended October 3, 2026
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PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

KADANT INC.
Condensed Consolidated Balance Sheet
(Unaudited)

(In thousands, except share and per share amounts)	October 3, 2026	January 3, 2026
Assets		
Current Assets:		
Cash and cash equivalents	$ 133,910	$ 119,551
Restricted cash	4,697	3,130
Accounts receivable, net of allowances of $5,064 and $5,149	179,217	158,567
Inventories	207,027	206,854
Contract assets	10,085	6,599
Other current assets	46,489	47,232
Total Current Assets	581,425	541,933
Property, Plant, and Equipment, net of accumulated depreciation of $189,592 and $173,586	224,791	196,656
Other Assets	62,219	67,592
Intangible Assets, Net (Notes 1 and 2)	345,385	350,376
Goodwill (Notes 1 and 2)	658,096	555,621
Total Assets	$ 1,871,916	$ 1,712,178
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current maturities of long-term obligations (Note 5)	$ 3,067	$ 3,129
Accounts payable	60,271	53,362
Accrued payroll and employee benefits	51,432	47,348
Accrued warranty costs	11,466	11,848
Customer deposits	48,909	56,867
Advanced billings	7,525	9,605
Other current liabilities	50,778	46,012
Total Current Liabilities	233,448	228,171
Long-Term Obligations (Note 5)	452,139	371,372
Deferred Income Taxes	66,804	62,479
Other Long-Term Liabilities	56,310	59,089
Commitments and Contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; none issued	—	—
Common stock, $.01 par value, 150,000,000 shares authorized; 14,624,159 shares issued	146	146
Capital in excess of par value	142,116	138,844
Retained earnings	1,025,936	945,641
Treasury stock at cost, 2,814,402 and 2,835,165 shares	(68,964)	(69,473)
Accumulated other comprehensive items (Note 7)	(47,385)	(35,349)
Total Kadant Stockholders' Equity	1,051,849	979,809
Noncontrolling interests	11,366	11,258
Total Stockholders' Equity	1,063,215	991,067
Total Liabilities and Stockholders' Equity	$ 1,871,916	$ 1,712,178

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Condensed Consolidated Statement of Income
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Revenue (Notes 1 and 9)	$ 313,160	$ 271,567	$ 907,540	$ 766,044
Costs and Operating Expenses:				
Cost of revenue	173,071	148,906	503,743	416,011
Selling, general, and administrative expenses	82,705	75,839	246,884	221,001
Research and development expenses	3,831	3,919	12,371	11,166
Other costs	—	287	—	287
	259,607	228,951	762,998	648,465
Operating Income	53,553	42,616	144,542	117,579
Interest Income	548	373	1,394	1,329
Interest Expense	(5,594)	(3,089)	(15,392)	(10,249)
Other Expense, Net	(23)	(19)	(68)	(52)
Income Before Provision for Income Taxes	48,484	39,881	130,476	108,607
Provision for Income Taxes (Note 4)	12,799	11,766	36,123	29,416
Net Income	35,685	28,115	94,353	79,191
Net Income Attributable to Noncontrolling Interests	(613)	(393)	(1,304)	(1,247)
Net Income Attributable to Kadant	$ 35,072	$ 27,722	$ 93,049	$ 77,944
Earnings per Share Attributable to Kadant (Note 3)				
Basic	$ 2.97	$ 2.35	$ 7.88	$ 6.62
Diluted	$ 2.96	$ 2.35	$ 7.87	$ 6.61
Weighted Average Shares (Note 3)				
Basic	11,809	11,777	11,804	11,771
Diluted	11,829	11,802	11,817	11,790

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

(In thousands)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net Income	$ 35,685	$ 28,115	$ 94,353	$ 79,191
Other Comprehensive Items:				
Foreign currency translation adjustment	(4,870)	(2,552)	(12,118)	32,495
Pension and other post-retirement liability adjustments, net (net of tax (benefit) provision of $(2), $1, $(6), and $4)	(6)	2	(14)	13
Other comprehensive items	(4,876)	(2,550)	(12,132)	32,508
Comprehensive Income	30,809	25,565	82,221	111,699
Comprehensive Income Attributable to Noncontrolling Interests	(571)	(387)	(1,208)	(1,484)
Comprehensive Income Attributable to Kadant	$ 30,238	$ 25,178	$ 81,013	$ 110,215

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Condensed Consolidated Statement of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended October 3, 2026	Nine Months Ended September 27, 2025
Operating Activities		
Net income attributable to Kadant	$ 93,049	$ 77,944
Net income attributable to noncontrolling interests	1,304	1,247
Net income	94,353	79,191
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46,301	36,479
Stock-based compensation expense	8,705	8,516
Provision for losses on accounts receivable	335	1,045
Non-cash impairment costs	—	287
Other items, net	9,496	3,722
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(19,157)	(7,715)
Contract assets	(3,391)	8,913
Inventories	7,651	(12,931)
Other assets	472	901
Accounts payable	4,068	(4,653)
Customer deposits	(7,774)	7,249
Other liabilities	(2,732)	(10,435)
Net cash provided by operating activities	138,327	110,569
Investing Activities		
Acquisitions, net of cash acquired (Note 2)	(171,882)	(16,483)
Purchases of property, plant, and equipment	(18,972)	(10,998)
Proceeds from sale of property, plant, and equipment	405	136
Other investing activities	441	1,118
Net cash used in investing activities	(190,008)	(26,227)
Financing Activities		
Proceeds from issuance of long-term obligations (Note 5)	190,903	29,033
Repayment of long-term obligations	(100,572)	(69,360)
Tax withholding payments related to stock-based compensation	(4,924)	(6,099)
Dividends paid	(12,510)	(11,770)
Proceeds from issuance of Company common stock	—	2,101
Dividends paid to noncontrolling interest	(1,100)	(825)
Payment of debt issuance costs	(27)	(2,382)
Net cash provided by (used in) financing activities	71,770	(59,302)
Exchange Rate Effect on Cash, Cash Equivalents, and Restricted Cash	(4,163)	5,927
Increase in Cash, Cash Equivalents, and Restricted Cash	15,926	30,967
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	122,681	95,946
Cash, Cash Equivalents, and Restricted Cash at End of Period	$ 138,607	$ 126,913

See Note 1, Nature of Operations and Summary of Significant Accounting Policies, under the heading *Supplemental Cash Flow Information* for further details.

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

Three Months Ended October 3, 2026

(In thousands, except share and per share amounts)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Items	Noncontrolling Interests	Total Stockholders' Equity
Balance at July 4, 2026	14,624,159	$ 146	$ 139,223	$ 995,116	2,815,057	$ (68,980)	$ (42,551)	$ 10,795	$ 1,033,749
Net income	—	—	—	35,072	—	—	—	613	35,685
Dividend declared – Common Stock, $0.36 per share	—	—	—	(4,252)	—	—	—	—	(4,252)
Activity under stock plans	—	—	2,893	—	(655)	16	—	—	2,909
Other comprehensive items	—	—	—	—	—	—	(4,834)	(42)	(4,876)
Balance at October 3, 2026	14,624,159	$ 146	$ 142,116	$ 1,025,936	2,814,402	$ (68,964)	$ (47,385)	$ 11,366	$ 1,063,215

Nine Months Ended October 3, 2026

(In thousands, except share and per share amounts)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Items	Noncontrolling Interests	Total Stockholders' Equity
Balance at January 3, 2026	14,624,159	$ 146	$ 138,844	$ 945,641	2,835,165	$ (69,473)	$ (35,349)	$ 11,258	$ 991,067
Net income	—	—	—	93,049	—	—	—	1,304	94,353
Dividends declared – Common Stock, $1.08 per share	—	—	—	(12,754)	—	—	—	—	(12,754)
Activity under stock plans	—	—	3,272	—	(20,763)	509	—	—	3,781
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	(1,100)	(1,100)
Other comprehensive items	—	—	—	—	—	—	(12,036)	(96)	(12,132)
Balance at October 3, 2026	14,624,159	$ 146	$ 142,116	$ 1,025,936	2,814,402	$ (68,964)	$ (47,385)	$ 11,366	$ 1,063,215

Three Months Ended September 27, 2025

(In thousands, except share and per share amounts)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Items	Noncontrolling Interests	Total Stockholders' Equity
Balance at June 28, 2025	14,624,159	$ 146	$ 131,279	$ 901,907	2,846,846	$ (69,759)	$ (37,553)	$ 11,273	$ 937,293
Net income	—	—	—	27,722	—	—	—	393	28,115
Dividend declared – Common Stock, $0.34 per share	—	—	—	(4,005)	—	—	—	—	(4,005)
Activity under stock plans	—	—	2,633	—	(822)	21	—	—	2,654
Other comprehensive items	—	—	—	—	—	—	(2,544)	(6)	(2,550)
Balance at September 27, 2025	14,624,159	$ 146	$ 133,912	$ 925,624	2,846,024	$ (69,738)	$ (40,097)	$ 11,660	$ 961,507

Nine Months Ended September 27, 2025

(In thousands, except share and per share amounts)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Items	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 28, 2024	14,624,159	$ 146	$ 130,180	$ 859,693	2,878,080	$ (70,524)	$ (72,368)	$ 11,001	$ 858,128
Net income	—	—	—	77,944	—	—	—	1,247	79,191
Dividends declared – Common Stock, $1.02 per share	—	—	—	(12,013)	—	—	—	—	(12,013)
Activity under stock plans	—	—	3,732	—	(32,056)	786	—	—	4,518
Dividend paid to noncontrolling interest	—	—	—	—	—	—	—	(825)	(825)
Other comprehensive items	—	—	—	—	—	—	32,271	237	32,508
Balance at September 27, 2025	14,624,159	$ 146	$ 133,912	$ 925,624	2,846,024	$ (69,738)	$ (40,097)	$ 11,660	$ 961,507

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Kadant Inc. was incorporated in Delaware in November 1991 and trades on the New York Stock Exchange under the ticker symbol "KAI."

Kadant Inc. (together with its subsidiaries, the Company) is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing®. Its products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries while helping customers advance their sustainability initiatives with products that reduce waste or generate more yield with fewer inputs, particularly fiber, energy, and water. Producing more while consuming less is a core aspect of Sustainable Industrial Processing and a major element of the strategic focus of the Company's three reportable segments consisting of the Flow Control segment, Industrial Processing segment, and Material Handling segment.

Interim Financial Statements

The interim condensed consolidated financial statements and related notes presented have been prepared by the Company, are unaudited and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair statement of the Company's financial position at October 3, 2026, its results of operations, comprehensive income, and stockholders' equity for the three- and nine-month periods ended October 3, 2026 and September 27, 2025, and its cash flows for the nine-month periods ended October 3, 2026 and September 27, 2025. Interim results are not necessarily indicative of results for a full year or for any other interim period.

The condensed consolidated balance sheet presented as of January 3, 2026 has been derived from the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2026 (Annual Report). The condensed consolidated financial statements and related notes are presented as permitted by the rules and regulations of the Securities and Exchange Commission (SEC) for Form 10-Q and do not contain certain information included in the annual consolidated financial statements and related notes of the Company. The condensed consolidated financial statements and notes included herein should be read in conjunction with the consolidated financial statements and related notes included in the Annual Report.

Use of Estimates and Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Although the Company makes every effort to ensure the accuracy of the estimates and assumptions used in the preparation of its condensed consolidated financial statements or in the application of accounting policies, if business conditions were different, or if the Company were to use different estimates and assumptions, it is possible that materially different amounts could be reported in the Company's condensed consolidated financial statements.

Note 1 to the consolidated financial statements in the Annual Report describes the significant accounting estimates and policies used in preparation of the consolidated financial statements. There have been no material changes in the Company’s significant accounting policies during the nine months ended October 3, 2026.

Supplemental Cash Flow Information

	Nine Months Ended	
(In thousands)	October 3, 2026	September 27, 2025
Cash Paid for Interest	$ 14,754	$ 9,824
Cash Paid for Income Taxes, Net of Refunds	$ 32,954	$ 33,530
Non-Cash Investing Activities:		
Purchases of property, plant, and equipment in accounts payable	$ 1,485	$ 398
Non-Cash Financing Activities:		
Issuance of Company common stock upon vesting of restricted stock units	$ 6,046	$ 5,761
Dividends declared but unpaid	$ 4,252	$ 4,005

KADANT INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Restricted Cash

The Company's restricted cash generally serves as collateral for bank guarantees associated with providing assurance to customers that the Company will fulfill certain customer obligations entered into in the normal course of business and for certain banker's acceptance drafts issued to vendors. The majority of these restrictions will expire over the next twelve months.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the accompanying condensed consolidated balance sheet that are shown in aggregate in the accompanying condensed consolidated statement of cash flows:

(In thousands)	October 3, 2026	January 3, 2026	September 27, 2025	December 28, 2024
Cash and cash equivalents	$ 133,910	$ 119,551	$ 124,493	$ 94,660
Restricted cash	4,697	3,130	2,420	1,286
Total Cash, Cash Equivalents, and Restricted Cash	$ 138,607	$ 122,681	$ 126,913	$ 95,946

Inventories

The components of inventories are as follows:

(In thousands)	October 3, 2026	January 3, 2026
Raw Materials	$ 88,355	$ 92,674
Work in Process	50,214	44,455
Finished Goods (includes $1,725 and $3,556 at customer locations)	68,458	69,725
	$ 207,027	$ 206,854

Intangible Assets, Net

Acquired intangible assets by major asset class are as follows:

(In thousands)	Gross	Accumulated Amortization	Currency Translation	Net
October 3, 2026				
Definite-Lived				
Customer relationships	$ 423,546	$ (167,821)	$ (6,355)	$ 249,370
Product technology	111,696	(59,821)	(2,779)	49,096
Tradenames	24,026	(7,110)	(449)	16,467
Other	25,221	(22,719)	(569)	1,933
	584,489	(257,471)	(10,152)	316,866
Indefinite-Lived				
Tradenames	29,059	—	(540)	28,519
Acquired Intangible Assets	$ 613,548	$ (257,471)	$ (10,692)	$ 345,385
January 3, 2026				
Definite-Lived				
Customer relationships	$ 414,629	$ (148,139)	$ (4,483)	$ 262,007
Product technology	96,744	(54,929)	(2,076)	39,739
Tradenames	23,926	(6,106)	(366)	17,454
Other	25,221	(22,443)	(574)	2,204
	560,520	(231,617)	(7,499)	321,404
Indefinite-Lived				
Tradenames	29,059	—	(87)	28,972
Acquired Intangible Assets	$ 589,579	$ (231,617)	$ (7,586)	$ 350,376

Intangible assets are recorded at fair value at the date of acquisition. Subsequent impairment charges are reflected as a reduction in the gross balance, as applicable. Definite-lived intangible assets are stated net of accumulated amortization and currency translation in the accompanying condensed consolidated balance sheet. The Company amortizes definite-lived intangible assets over lives that have been determined based on the anticipated cash flow benefits of the intangible asset. Intangible assets related to the Company's 2026 acquisition totaled $21,518,000. See Note 2, Acquisitions, for further details.

Goodwill

The changes in the carrying amount of goodwill by reportable segment are as follows:

(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
Balance at January 3, 2026				
Gross balance	$ 139,759	$ 306,319	$ 195,081	$ 641,159
Accumulated impairment losses	—	(85,538)	—	(85,538)
Net balance	139,759	220,781	195,081	555,621
2026 Activity				
Acquisition (Note 2)	—	110,635	—	110,635
Measurement-period adjustments for 2025 acquisitions	—	3,358	—	3,358
Currency translation	(2,822)	(7,234)	(1,462)	(11,518)
Total 2026 activity	(2,822)	106,759	(1,462)	102,475
Balance at October 3, 2026				
Gross balance	136,937	413,078	193,619	743,634
Accumulated impairment losses	—	(85,538)	—	(85,538)
Net balance	$ 136,937	$ 327,540	$ 193,619	$ 658,096

Revenue Recognition

Most of the Company’s revenue relates to products and services that require minimal customization and is recognized at a point in time for each performance obligation under the contract when the customer obtains control of the goods or service. The remaining portion of the Company’s revenue is recognized over time based on an input method that compares the costs incurred to date to the total expected costs required to satisfy the performance obligation. Contracts are accounted for on an over time basis when they include products which have no alternative use and an enforceable right to payment over time. Most of the contracts recognized on an over time basis are for large capital equipment projects. These projects are highly customized for the customer and, as a result, would include a significant cost to rework in the event of cancellation.

The following table presents revenue by revenue recognition method:

	Three Months Ended		Nine Months Ended	
(In thousands)	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Point in Time	$ 281,073	$ 254,491	$ 838,131	$ 706,995
Over Time	32,087	17,076	69,409	59,049
	$ 313,160	$ 271,567	$ 907,540	$ 766,044

The Company disaggregates its revenue from contracts with customers by reportable segment, product type, and geography as this best depicts how its revenue is affected by economic factors.

KADANT INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following table presents the disaggregation of revenue by product type and geography:

(In thousands)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Revenue by Product Type:				
Parts and consumables	$ 218,357	$ 188,366	$ 642,019	$ 549,457
Capital	94,803	83,201	265,521	216,587
	$ 313,160	$ 271,567	$ 907,540	$ 766,044
Revenue by Geography (based on customer location):				
North America	$ 185,845	$ 165,708	$ 539,204	$ 483,546
Europe	65,319	65,869	200,363	178,440
Asia	38,046	23,893	102,346	63,536
Rest of world	23,950	16,097	65,627	40,522
	$ 313,160	$ 271,567	$ 907,540	$ 766,044

See Note 9, Business Segment Information, for information on the disaggregation of revenue by reportable segment.

The following table presents contract balances from contracts with customers:

(In thousands)	October 3, 2026	January 3, 2026
Contract Assets	$ 10,085	$ 6,599
Contract Liabilities	$ 58,676	$ 69,093

Contract assets represent unbilled revenue associated with revenue recognized on contracts accounted for on an over time basis, which will be billed in future periods based on the contract terms. Contract liabilities consist of short- and long-term customer deposits, advanced billings, and deferred revenue. Deferred revenue is included in other current liabilities, and long-term customer deposits are included in other long-term liabilities in the accompanying condensed consolidated balance sheet. Contract liabilities will be recognized as revenue in future periods once the revenue recognition criteria are met. The majority of the contract liabilities relate to advance payments on contracts accounted for at a point in time. These advance payments will be recognized as revenue when the Company's performance obligations have been satisfied, which typically occurs when the product has shipped and control of the asset has transferred to the customer.

The Company recognized revenue of $4,924,000 in the third quarter of 2026 and $6,064,000 in the third quarter of 2025, and $55,830,000 in the first nine months of 2026 and $36,861,000 in the first nine months of 2025 that was included in the contract liabilities balance at the beginning of 2026 and 2025, respectively. The majority of the Company's contracts for capital equipment products have an original expected duration of one year or less. Certain capital equipment product contracts require longer lead times and could take up to 24 months to complete. For contracts with an original expected duration of over one year, the aggregate amount of the transaction price allocated to the remaining unsatisfied or partially unsatisfied performance obligations was $24,459,000 as of October 3, 2026. The Company will recognize revenue for these performance obligations as they are satisfied, approximately 61% of which is expected to occur within the next twelve months and the remaining 39% thereafter.

Note Receivable

The Company entered into several agreements with the local government in China, which became effective in 2022, to sell its then-existing manufacturing building and land use rights at one of its subsidiaries in China for $25,159,000 and relocate to a new facility. The Company received a 31% down payment, with the remaining balance due on the earlier of the sale of the property by the local government or two years from the effective date of the agreements. To date, the local government in China has made various interim payments and the outstanding receivable was $13,709,000 at October 3, 2026, which is included in other current assets in the accompanying condensed consolidated balance sheet. The Company expects this receivable will be repaid in full, although the timing is uncertain.

Banker's Acceptance Drafts Included in Accounts Receivable

The Company's Chinese subsidiaries may receive banker's acceptance drafts from customers as payment for their trade accounts receivable. The drafts are non-interest bearing obligations of the issuing bank and generally mature within six months of the origination date. The Company's Chinese subsidiaries may sell the drafts at a discount to a third-party financial institution or transfer the drafts to vendors in settlement of current accounts payable prior to the scheduled maturity date. These drafts, which totaled $4,380,000 at October 3, 2026 and $9,115,000 at January 3, 2026, are included in accounts receivable in the accompanying condensed consolidated balance sheet until the subsidiary sells the drafts to a bank and receives a discounted amount, transfers the banker's acceptance drafts in settlement of current accounts payable prior to maturity, or obtains cash payment on the scheduled maturity date.

Income Taxes

In accordance with Accounting Standards Codification (ASC) 740, *Income Taxes* (ASC 740), the Company recognizes deferred income taxes based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using enacted tax rates in effect for the year in which these differences are expected to reverse. A tax valuation allowance is established, as needed, to reduce deferred tax assets to the amount expected to be realized. In the period in which it becomes more likely than not that some or all of the deferred tax assets will be realized, the valuation allowance will be adjusted.

It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. At October 3, 2026, the Company believes that it has appropriately accounted for any liability for unrecognized tax benefits. To the extent the Company prevails in matters for which a liability for an unrecognized tax benefit is established, the statute of limitations expires for a tax jurisdiction year, or the Company is required to pay amounts in excess of the liability, its effective tax rate in a given financial statement period may be affected.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released model rules introducing a new 15% global minimum tax for large multinational enterprises with an annual global revenue exceeding 750,000,000 euros (Pillar Two Rules). Since the release of the Pillar Two Rules, the OECD has issued multiple tranches of administrative guidance, as well as guidance on transitional safe harbor relief. Various countries, including the member states of the European Union, have adopted the Pillar Two Rules into their domestic laws, with certain rules coming into effect for fiscal years beginning in fiscal 2024. While the Pillar Two Rules serve as a framework for implementing the minimum tax, countries may enact domestic laws that vary slightly from the Pillar Two Rules and may also adjust domestic tax incentives to align with the Pillar Two Rules on different timelines.

In January 2026, the OECD released additional administrative guidance (Side-by-Side package) introducing new safe harbors. The package includes an elective Side-by-Side safe harbor that, subject to adoption into local law, may exempt eligible U.S. parented multinational groups from the application of certain aspects of the global minimum tax regime for fiscal years beginning on or after January 1, 2026. The Company continues to evaluate the applicability of available safe harbors, monitor developments in OECD guidance and related local-country implementation, and assess the potential impact on the Company’s future Pillar Two compliance obligations and effective tax rate.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the United States. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions, including 100% bonus depreciation, domestic research cost expensing pursuant to Internal Revenue Code Section 174, and changes to the calculation of the interest expense limitation. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. There was no material impact from the OBBBA provisions during the nine months ended October 3, 2026. The Company will continue to monitor the impact of the OBBBA and any additional clarifications or interpretive guidance related to the OBBBA as it is released.

Recent Accounting Pronouncements

Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosure (Topic 220). In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2024-03, to disaggregate operating expense into specific categories to provide enhanced transparency into the nature and function of expenses. This ASU is effective for fiscal year-end 2027 and interim periods beginning in fiscal 2028, with early adoption permitted and may be applied retrospectively. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. In July 2025, the FASB issued ASU No. 2025-05, to provide for a practical expedient permitting an entity to assume that conditions at the balance sheet date remained unchanged over the life of the asset when estimating expected credit losses for current accounts receivable and current contract assets accounted for under ASC 606, *Revenue from Contracts with Customers.* The Company adopted this ASU during the first quarter of 2026, which did not have an impact on its consolidated financial statements.

Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. In September 2025, the FASB issued ASU No. 2025-06, which improves the practicality of the guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. Under this ASU, eligible software development costs will begin capitalization when management has authorized and committed to funding the software project, it is probable that the project will be completed, and the software will be used to perform the function intended. This ASU is effective for fiscal years beginning in 2028, including interim periods within those fiscal years, with early adoption permitted and may be applied retrospectively. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

Interim Reporting (Topic 270): Narrow-Scope Improvements. In December 2025, the FASB issued ASU No. 2025-11, which clarifies the guidance to improve the consistency of interim reporting. This ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have had a material impact on the entity. This ASU is effective for fiscal years beginning in 2028, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

Environmental Credits and Environmental Credit Obligations (Topic 818). In May 2026, the FASB issued ASU No. 2026-02, which establishes guidance for the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations. This ASU is intended to reduce diversity in practice for entities that generate, purchase, sell, or use environmental credits. This ASU is effective for fiscal years beginning in 2028, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the effect that adoption of this ASU will have on its consolidated financial statements.

2. Acquisitions

The Company's acquisitions are accounted for using the acquisition method of accounting. The results of the acquired businesses are included in its condensed consolidated financial statements from the date of acquisition. Historically, acquisitions have been made at prices above the fair value of identifiable net assets, resulting in the recognition of goodwill. Acquisition costs were $453,000 in the third quarter of 2026 and $1,731,000 in the nine months ended October 3, 2026, and are included in selling, general, and administrative (SG&A) expenses in the accompanying condensed consolidated statement of income.

2026

On January 29, 2026, the Company entered into a definitive agreement to acquire the shares of voestalpine BÖHLER Profil GmbH & Co KG and voestalpine BÖHLER Profil VerwaltungsGmbH. The acquisition was completed on April 30, 2026 for $170,246,000, net of cash acquired and the noncash settlement of a pre-existing balance with the acquired entity. The acquisition was funded through borrowings under the Company's revolving credit facility. Upon closing, the acquired entities were renamed Kadant Profil GmbH & Co KG and Kadant Profil Verwaltungs GmbH (collectively, Kadant Profil). Kadant Profil is a manufacturer of customized rolled profiles and industrial knife solutions for demanding industrial applications and is part of the Company's Industrial Processing segment. The Company expects the acquisition to generate synergies by expanding product sales into new markets through its global sales network and relationships, broadening its product portfolio, strengthening its position in the markets it serves, leveraging the acquired workforce, and achieving internal production efficiencies. Goodwill recognized in the Kadant Profil acquisition was $110,635,000 and separately identifiable intangible assets acquired were $21,518,000, both of which are expected to be fully deductible for income tax purposes over 15 years.

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The following table summarizes the preliminary estimated fair values of assets acquired and liabilities assumed in connection with the acquisition of Kadant Profil.

(In thousands)	Total
Cash and Cash Equivalents	$ 2,917
Accounts Receivable	3,867
Inventories	14,401
Property, Plant, and Equipment	31,481
Other Assets	304
Definite-Lived Intangible Assets	
Customer relationships	6,783
Product technology	14,735
Goodwill	110,635
Total assets acquired	$ 185,123
Accounts Payable	$ 3,209
Other Current Liabilities	5,502
Long-Term Obligations	3,249
Total liabilities assumed	11,960
Net assets acquired	$ 173,163
Purchase Price:	
Cash consideration	$ 177,078
Noncash settlement of pre-existing balance with the acquired entity	(3,915)
	$ 173,163

The weighted-average amortization period for the definite-lived intangible assets related to the Kadant Profil acquisition is 17 years, including weighted-average periods of 24 years for customer relationships and 14 years for product technology.

The preliminary purchase price allocation for the Kadant Profil acquisition remains subject to revision as the Company continues to obtain information regarding the valuation of certain acquired assets and assumed liabilities. The Company expects the remaining purchase price adjustments to primarily relate to the valuation of intangible assets and inventory.

2025

During the nine months ended October 3, 2026, the Company recorded measurement-period adjustments related to its acquisitions of Babbini S.p.A. and G.P.S. Engineering S.r.l. (collectively, Babbini) on July 9, 2025, and Clyde Industries Holdings, Inc. and its subsidiaries (collectively, Clyde Industries) on October 7, 2025. The adjustments primarily related to inventory, intangible assets and deferred income taxes and were not material to the Company's condensed consolidated financial statements as of and for the three and nine months ended October 3, 2026.

2024

On August 21, 2024, the Company acquired a technology company, which is included in its Material Handling segment. The total purchase price was approximately $11,785,000, which included cash paid of $8,843,000, net of cash acquired, a post-closing holdback payment of $1,157,000, which was paid during the first quarter of 2026, and contingent consideration with a fair value of $1,785,000 as of the acquisition date. The contingent consideration is payable in Australian dollars (AUD) upon the achievement of certain revenue performance targets earned between June 30, 2025 and June 30, 2027. The maximum future value of the contingent consideration subject to payment is approximately $12,154,000, calculated using the AUD spot exchange rate at October 3, 2026. The fair value of the contingent consideration is dependent on the following assumptions: the probability of successful achievement of certain revenue targets, forecasted revenue, revenue volatility, and discount rate. See Note 8, Fair Value Measurements and Fair Value of Financial Instruments, for additional information related to the fair value of the contingent consideration assumed in the acquisition.

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3. Earnings per Share

Basic and diluted earnings per share (EPS) were calculated as follows:

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net Income Attributable to Kadant	$ 35,072	$ 27,722	$ 93,049	$ 77,944
Basic Weighted Average Shares	11,809	11,777	11,804	11,771
Effect of Restricted Stock Units and Employee Stock Purchase Plan Shares	20	25	13	19
Diluted Weighted Average Shares	11,829	11,802	11,817	11,790
Basic Earnings per Share	$ 2.97	$ 2.35	$ 7.88	$ 6.62
Diluted Earnings per Share	$ 2.96	$ 2.35	$ 7.87	$ 6.61

The effect of outstanding and unvested restricted stock units (RSUs) of the Company's common stock totaling 5,000 shares in the third quarter of 2026, 5,000 shares in the third quarter of 2025, 26,000 shares in the first nine months of 2026 and 19,000 shares in the first nine months of 2025 were not included in the computation of diluted EPS for the respective periods as the effect would have been antidilutive or, for unvested performance-based RSUs, the performance conditions had not been met as of the end of the respective reporting periods.

4. Provision for Income Taxes

The provision for income taxes was $36,123,000 in the first nine months of 2026 and $29,416,000 in the first nine months of 2025.

The effective tax rate of 27.7% in the first nine months of 2026 was higher than the Company's statutory rate of 21% primarily due to the distribution of the Company's worldwide earnings, state taxes, and nondeductible expenses.

The effective tax rate of 27.1% in the first nine months of 2025 was higher than the Company's statutory rate of 21% primarily due to nondeductible expenses, the distribution of the Company's worldwide earnings, state taxes, and the cost of repatriating the earnings of certain foreign subsidiaries. These items were offset in part by a net tax benefit from the re-measurement of certain deferred income tax assets and liabilities due to the decrease to Germany's future statutory tax rate enacted in July 2025 and foreign tax credits.

5. Long-Term Obligations

Long-term obligations are as follows:

(In thousands)	October 3, 2026	January 3, 2026
Revolving Credit Facility, due 2030	$ 447,458	$ 366,707
Senior Promissory Notes, due 2026 to 2028	4,990	4,990
Finance Leases, due 2026 to 2030	2,060	1,781
Other Borrowings, due 2026 to 2031	698	1,023
Total	455,206	374,501
Less: Current Maturities of Long-Term Obligations	(3,067)	(3,129)
Long-Term Obligations	$ 452,139	$ 371,372

See Note 8, Fair Value Measurements and Fair Value of Financial Instruments, for the fair value information related to the Company's long-term obligations.

Revolving Credit Facility

The Company's unsecured multi-currency revolving credit facility dated as of March 1, 2017 (as amended and restated to date, the Credit Agreement) matures on September 26, 2030 and has a borrowing capacity of $750,000,000, in addition to an uncommitted, unsecured incremental borrowing facility of $200,000,000.

During the second quarter of 2026, the Company borrowed approximately $181,815,000 of euro-denominated debt under the Credit Agreement to finance the acquisition of Kadant Profil. As of October 3, 2026, the outstanding balance under the Credit Agreement was $447,458,000, which included $233,458,000 of euro-denominated borrowings. The Company had $300,488,000 of committed borrowing capacity available as of October 3, 2026, which was calculated by translating its foreign-denominated borrowings using the administrative agent's borrowing date foreign exchange rates, in addition to the $200,000,000 uncommitted, unsecured incremental borrowing facility.

The weighted average interest rate for the outstanding balance under the Credit Agreement was 4.42% as of October 3, 2026 and 4.49% as of January 3, 2026.

Debt Compliance

As of October 3, 2026, the Company was in compliance with the covenants related to its debt obligations.

6. Stock-Based Compensation

The Company recognized stock-based compensation expense of $2,910,000 in the third quarter of 2026, $2,696,000 in the third quarter of 2025, $8,705,000 in the first nine months of 2026 and $8,516,000 in the first nine months of 2025 within SG&A expenses in the accompanying condensed consolidated statement of income. Unrecognized compensation expense related to stock-based compensation totaled $11,203,000 at October 3, 2026, which will be recognized over a weighted average period of 1.7 years.

Non-Employee Director RSUs

On March 11, 2026, the Company granted an aggregate of 2,565 RSUs to its non-employee directors with an aggregate grant date fair value of $850,000. Twenty-five percent of the RSUs vest on the last day of each fiscal quarter in 2026, subject to the director's continued service through the applicable vesting date.

Performance-based RSUs

On March 10, 2026, the Company granted performance-based RSUs to certain of its officers, which represented, in aggregate, the right to receive 18,665 shares (target RSU amount), with an aggregate grant date fair value of $6,186,000. The RSUs are subject to adjustment based on the achievement of the performance measure selected for the fiscal year, which is a specified target for adjusted earnings before interest, taxes, depreciation, and amortization (target adjusted EBITDA) generated from operations for the fiscal year. The RSUs are adjusted by comparing the actual adjusted EBITDA for the performance period to the target adjusted EBITDA. Actual adjusted EBITDA between 50% and 100% of the target adjusted EBITDA results in an adjustment of 50% to 100% of the target RSU amount. Actual adjusted EBITDA between 100% and 115% of the target adjusted EBITDA results in an adjustment using a straight-line linear scale between 100% and 150% of the target RSU amount. Actual adjusted EBITDA in excess of 115% results in an adjustment capped at 150% of the target RSU amount. If actual adjusted EBITDA is below 50% of the target adjusted EBITDA for the 2026 fiscal year, these performance-based RSUs will be forfeited. The Company recognizes compensation expense based on the probable number of performance-based RSUs expected to vest. Following the adjustment, the performance-based RSUs will be subject to additional time-based vesting, and will vest in three equal annual installments on March 10 of 2027, 2028, and 2029, provided that the officer is employed by the Company on the applicable vesting dates.

Time-based RSUs

On March 10, 2026, the Company granted time-based RSUs representing 13,658 shares to certain of its officers and employees with an aggregate grant date fair value of $4,526,000. These time-based RSUs vest in three equal annual installments on March 10 of 2027, 2028, and 2029, provided that a recipient is employed by the Company on the applicable vesting dates.

Modification of Equity Awards

On September 10, 2026, the Company entered into an executive transition agreement with its Chief Executive Officer in connection with his planned retirement on January 1, 2028. Pursuant to the agreement, the vesting of 10,255 outstanding RSUs, which were scheduled to vest after his retirement date, was accelerated to his retirement date. The modification resulted in an aggregate modification-date fair value of $2,917,000, which was lower than the original grant-date fair value. As of the modification date, unrecognized compensation expense was $2,152,000 related to these RSUs, which will be recognized ratably over the remaining requisite service period through his retirement date.

7. Accumulated Other Comprehensive Items

Comprehensive income combines net income and other comprehensive items, which represent certain amounts that are reported as components of stockholders' equity in the accompanying condensed consolidated balance sheet.

Changes in each component of accumulated other comprehensive items (AOCI), net of tax, are as follows:

(In thousands)	Foreign Currency Translation Adjustment	Pension and Other Post-Retirement Benefit Liability Adjustments	Total
Balance at January 3, 2026	$ (35,369)	$ 20	$ (35,349)
Other comprehensive items before reclassifications	(12,022)	(6)	(12,028)
Reclassifications from AOCI	—	(8)	(8)
Net current period other comprehensive items	(12,022)	(14)	(12,036)
Balance at October 3, 2026	$ (47,391)	$ 6	$ (47,385)

8. Fair Value Measurements and Fair Value of Financial Instruments

Fair value measurement is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3—Unobservable inputs based on the Company's own assumptions.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis:

	Fair Value as of October 3, 2026			
(In thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds and time deposits (a)	$ 17,836	$ —	$ —	$ 17,836
Banker's acceptance drafts (b)	$ —	$ 4,380	$ —	$ 4,380
Liabilities:				
Contingent consideration (c)	$ —	$ —	$ 2,084	$ 2,084

	Fair Value as of January 3, 2026			
(In thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds and time deposits (a)	$ 14,139	$ —	$ —	$ 14,139
Banker's acceptance drafts (b)	$ —	$ 9,115	$ —	$ 9,115
Liabilities:				
Contingent consideration (c)	$ —	$ —	$ 1,941	$ 1,941

(a) Included in cash and cash equivalents in the accompanying condensed consolidated balance sheet.

(b) Included in accounts receivable in the accompanying condensed consolidated balance sheet.
(c) Included in other current liabilities at October 3, 2026 and other long-term liabilities at January 3, 2026 in the accompanying condensed consolidated balance sheet.

The Company uses the market approach technique to value its Level 1 and Level 2 financial assets and liabilities, and there were no changes in valuation techniques during the first nine months of 2026. Banker's acceptance drafts are carried at face value, which approximates their fair value due to the short-term nature of the negotiable instrument.

The Company uses the income approach technique to estimate the fair value of its Level 3 contingent consideration, including valuation models that incorporate probability adjusted assumptions and simulations related to the achievement of milestones and the likelihood of making the related payment. The unobservable inputs used in the fair value measurements include the probability of successful achievement of certain revenue targets, forecasted revenue, revenue volatility, and discount rates. These assumptions were estimated based on a review of historical and projected results. Projected contingent consideration related to revenue-based payments is discounted back to the current period using a discounted cash flow model. Changes to the fair value of contingent consideration can result from changes to one or multiple inputs, including the discount rate, projected revenue, revenue volatility, and the assumed probabilities of successful achievement of certain revenue targets. There were no changes in the valuation techniques or significant unobservable inputs used in measuring the contingent consideration during the first nine months of 2026.

The following table provides a rollforward of the change in the fair value of the contingent consideration as determined by Level 3 inputs:

	Nine Months Ended	
(In thousands)	October 3, 2026	September 27, 2025
Balance at Beginning of Year	$ 1,941	$ 1,678
Interest accretion *(included within interest expense)*	69	—
Currency translation	74	88
Balance at End of Period	$ 2,084	$ 1,766

The carrying value and fair value of debt obligations, excluding lease obligations, are as follows:

	October 3, 2026		January 3, 2026	
(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt Obligations:				
Revolving credit facility	$ 447,458	$ 447,458	$ 366,707	$ 366,707
Senior promissory notes	4,990	4,994	4,990	4,981
Other	698	698	1,023	1,023
	$ 453,146	$ 453,150	$ 372,720	$ 372,711

The carrying value of the Company's revolving credit facility approximates the fair value as the obligation bears variable rates of interest, which adjust frequently, based on prevailing market rates. The fair value of the revolving credit facility is based on observable market interest rates and credit spreads available for similar instruments, which represent Level 2 measurements. The fair value of the senior promissory notes is primarily calculated based on quoted market rates plus an applicable margin available to the Company at the respective period end, which represent Level 2 measurements.

9. Business Segment Information

The Company is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing and operates in three reportable segments consisting of its Flow Control segment, Industrial Processing segment, and Material Handling segment. The Company aggregates its operating segments into its reportable segments where they contain similar products and economic characteristics, and share similar types of customers and production and distribution methods. The Flow Control segment is comprised of its fluid-handling and its doctoring, cleaning, & filtration operating segments, and the Industrial Processing segment is comprised of its wood processing and its fiber processing operating segments.

Each of the Company's reportable segments is led by a segment senior executive, who reports directly to the Chief Executive Officer (CEO). The Company has determined that its CEO is its Chief Operating Decision Maker (CODM) who is responsible for assessing performance and allocating resources. The CODM utilizes segment gross profit margin and segment operating income margin to evaluate the performance of each segment and allocate resources effectively. The CODM primarily

reviews these profit measures in comparison to forecasts, trends, key performance targets, and results of industry peers to assess profitability, identify areas for improvement, and make strategic decisions regarding investments and resource allocation within each segment.

A description of each reportable segment follows:

- *Flow Control* – Custom-engineered products, systems, and technologies that control the flow of fluids used in industrial and commercial applications to keep critical processes running efficiently in the packaging, paper and tissue, food, energy, defense, and numerous other industrial sectors. The Company's primary products include rotary sealing devices, steam systems, expansion joints, doctor systems, roll and fabric cleaning devices, and filtration and fiber recovery systems.
- *Industrial Processing* – Equipment, machinery, and technologies used to recycle paper and paperboard, process timber, and optimize industrial steam boiler efficiency in the packaging, paper, tissue, wood products, and food processing industries, among others. The Company's primary products include fiber processing systems and recycling equipment, chemical pulping equipment, debarkers, stranders, chippers, custom-engineered profiles and industrial blades, boiler cleaning technologies, and continuous dewatering equipment.
- *Material Handling* – Products and engineered systems used to handle bulk and discrete materials for secondary processing or transport in the aggregates, mining, food, and waste management industries, among others. The Company's primary products include conveying and vibratory equipment and balers. In addition, the Company manufactures and sells biodegradable, absorbent granules used as carriers in agricultural, home lawn and garden, professional lawn, turf and ornamental applications, and for oil and grease absorption.

The following tables present financial information for the Company's reportable segments:

Three Months Ended October 3, 2026

(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
Revenue	$ 102,382	$ 143,402	$ 67,376	$ 313,160
Cost of revenue	48,140	83,105	41,826	173,071
Gross Profit	54,242	60,297	25,550	140,089
Gross Profit Margin	*53.0%*	*42.0%*	*37.9%*	*44.7%*
Operating Expenses:				
Selling expenses	14,148	13,865	6,679	34,692
General and administrative expenses	9,139	11,984	4,541	25,664
Research and development expenses	1,375	1,855	601	3,831
Intangible asset amortization expense	1,263	4,894	2,686	8,843
Other segment items	42	1,296	60	1,398
Segment Operating Income	$ 28,275	$ 26,403	$ 10,983	$ 65,661
Segment Operating Income Margin	*27.6%*	*18.4%*	*16.3%*	
Corporate Expenses (a)				(12,108)
Interest Expense, Net (b)				(5,046)
Other Expense, Net (b)				(23)
Income Before Provision for Income Taxes				$ 48,484

(In thousands)	Flow Control	Industrial Processing	Material Handling	Corporate	Total
Other Segment Disclosures					
Depreciation expense (c)	$ 1,864	$ 4,160	$ 1,219	$ 24	$ 7,267
Capital expenditures	$ 1,943	$ 1,542	$ 1,275	$ 7	$ 4,767

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Three Months Ended September 27, 2025

(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
Revenue	$ 94,839	$ 106,393	$ 70,335	$ 271,567
Cost of revenue	45,657	59,964	43,285	148,906
Gross Profit	49,182	46,429	27,050	122,661
Gross Profit Margin	*51.9%*	*43.6%*	*38.5%*	*45.2%*
Operating Expenses:				
Selling expenses	14,470	10,728	6,790	31,988
General and administrative expenses	9,512	9,625	4,505	23,642
Research and development expenses	1,460	1,861	598	3,919
Intangible asset amortization expense	1,386	2,600	2,700	6,686
Other segment items	12	2,787	(76)	2,723
Segment Operating Income	$ 22,342	$ 18,828	$ 12,533	$ 53,703
Segment Operating Income Margin	*23.6%*	*17.7%*	*17.8%*	
Corporate Expenses (a)				(11,087)
Interest Expense, Net (b)				(2,716)
Other Expense, Net (b)				(19)
Income Before Provision for Income Taxes				$ 39,881

(In thousands)	Flow Control	Industrial Processing	Material Handling	Corporate	Total
Other Segment Disclosures					
Depreciation expense (c)	$ 1,935	$ 2,621	$ 1,142	$ 13	$ 5,711
Capital expenditures	$ 1,213	$ 783	$ 1,198	$ —	$ 3,194

Nine Months Ended October 3, 2026

(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
Revenue	$ 301,300	$ 410,240	$ 196,000	$ 907,540
Cost of revenue	142,415	239,164	122,164	503,743
Gross Profit	158,885	171,076	73,836	403,797
Gross Profit Margin	*52.7%*	*41.7%*	*37.7%*	*44.5%*
Operating Expenses:				
Selling expenses	44,326	41,400	20,605	106,331
General and administrative expenses	29,239	33,785	14,090	77,114
Research and development expenses	4,428	6,134	1,809	12,371
Intangible asset amortization expense	3,801	13,990	8,063	25,854
Other segment items	(152)	2,168	(33)	1,983
Segment Operating Income	$ 77,243	$ 73,599	$ 29,302	$ 180,144
Segment Operating Income Margin	*25.6%*	*17.9%*	*15.0%*	
Corporate Expenses (a)				(35,602)
Interest Expense, Net (b)				(13,998)
Other Expense, Net (b)				(68)
Income Before Provision for Income Taxes				$ 130,476

(In thousands)	Flow Control	Industrial Processing	Material Handling	Corporate	Total
Other Segment Disclosures					
Depreciation expense (c)	$ 5,564	$ 11,169	$ 3,652	$ 62	$ 20,447
Capital expenditures (d)	$ 9,992	$ 4,771	$ 3,993	$ 216	$ 18,972

KADANT INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Nine Months Ended September 27, 2025

(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
Revenue	$ 283,227	$ 291,854	$ 190,963	$ 766,044
Cost of revenue	133,114	165,106	117,791	416,011
Gross Profit	150,113	126,748	73,172	350,033
Gross Profit Margin	*53.0%*	*43.4%*	*38.3%*	*45.7%*
Operating Expenses:				
Selling expenses	43,727	31,756	20,083	95,566
General and administrative expenses	28,348	27,184	13,384	68,916
Research and development expenses	4,141	5,291	1,734	11,166
Intangible asset amortization expense	4,289	7,414	8,217	19,920
Other segment items	71	3,957	(253)	3,775
Segment Operating Income	$ 69,537	$ 51,146	$ 30,007	$ 150,690
Segment Operating Income Margin	*24.6%*	*17.5%*	*15.7%*	
Corporate Expenses (a)				(33,111)
Interest Expense, Net (b)				(8,920)
Other Expense, Net (b)				(52)
Income Before Provision for Income Taxes				$ 108,607

(In thousands)	Flow Control	Industrial Processing	Material Handling	Corporate	Total
Other Segment Disclosures					
Depreciation expense (c)	$ 5,588	$ 7,436	$ 3,499	$ 36	$ 16,559
Capital expenditures	$ 4,102	$ 3,703	$ 3,190	$ 3	$ 10,998

(In thousands)	October 3, 2026	January 3, 2026
Total Assets (e)		
Flow Control	$ 454,503	$ 450,911
Industrial Processing	989,188	826,062
Material Handling	409,640	411,813
Corporate (f)	18,585	23,392
	$ 1,871,916	$ 1,712,178

(a) Primarily consists of general and administrative expenses.
(b) The Company does not allocate interest expense, net and other expense, net to its segments.
(c) Depreciation expense by reportable segment is included within cost of revenue and selling, general, and administrative, and research and development expenses.
(d) Includes $5,842,000 for the purchase of a manufacturing facility in the Flow Control segment that was previously leased by the Company.
(e) Excludes intercompany receivables or payables and investment in subsidiary balances as the CODM uses total assets excluding these amounts as the measurement for the Company's segment assets.
(f) Corporate assets primarily consist of cash and cash equivalents, tax assets, right-of-use assets, and property, plant, and equipment, net.

10. Commitments and Contingencies

Right of Recourse

In the ordinary course of business, the Company's Chinese subsidiaries may receive banker's acceptance drafts from customers as payment for their trade accounts receivable. The drafts are non-interest bearing obligations of the issuing bank and generally mature within six months of the origination date. The Company's Chinese subsidiaries may use these banker's acceptance drafts prior to the scheduled maturity date to settle outstanding accounts payable with vendors. Banker's acceptance drafts transferred to vendors are subject to customary right of recourse provisions prior to their scheduled maturity dates. The Company had $11,562,000 at October 3, 2026 and $9,556,000 at January 3, 2026 of banker's acceptance drafts subject to recourse, which were transferred to vendors and had not reached their scheduled maturity dates. Historically, the banker's acceptance drafts have settled upon maturity without any claim of recourse against the Company.

Litigation

From time to time, the Company is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of business. Such litigation may include, but is not limited to, claims and counterclaims by and against the Company for breach of contract or warranty, canceled contracts, product liability, or bankruptcy-related claims. For legal proceedings in which a loss is probable and estimable, the Company accrues a loss based on the low end of the range of estimated loss when there is no better estimate within the range. If the Company were found to be liable for any of the claims or counterclaims against it, the Company would incur a charge against earnings for amounts in excess of legal accruals.

KADANT INC.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

When we use the terms "we," "us," "our," and the "Company," we mean Kadant Inc., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates.

This Quarterly Report on Form 10-Q and the documents we incorporate by reference in this report include forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), and Section 27A of the Securities Act of 1933, as amended. These forward-looking statements are not statements of historical fact and may include statements regarding possible or assumed future results of operations. Forward-looking statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management, using information currently available to our management. When we use words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "seeks," "should," "likely," "will," "would," "may," "continue," "could," or similar expressions, we are making forward-looking statements.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions. Our future results of operations may differ materially from those expressed in the forward-looking statements. Many of the important factors that will determine these results are beyond our ability to control or predict. You should not put undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. For a discussion of important factors that may cause our actual results to differ materially from those suggested by the forward-looking statements, you should read carefully the section captioned *Risk Factors*, included in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended January 3, 2026 (Annual Report), as further amended in Part II, Item 1A, within this report, and as may be further amended and/or restated in subsequent filings with the SEC.

Overview

Company Background

We are a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing®. Our products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries while helping our customers advance their sustainability initiatives with products that reduce waste or generate more yield with fewer inputs, particularly fiber, energy, and water. Producing more while consuming less is a core aspect of Sustainable Industrial Processing and a major element of the strategic focus of our business.

Our financial results are presented in three reportable segments consisting of our Flow Control segment, Industrial Processing segment, and Material Handling segment. A description of each reportable segment is as follows:

- *Flow Control* – Custom-engineered products, systems, and technologies that control the flow of fluids used in industrial and commercial applications to keep critical processes running efficiently in the packaging, paper and tissue, food, energy, defense, and numerous other industrial sectors. Our primary products include rotary sealing devices, steam systems, expansion joints, doctor systems, roll and fabric cleaning devices, and filtration and fiber recovery systems.
- *Industrial Processing* – Equipment, machinery, and technologies used to recycle paper and paperboard, process timber, and optimize industrial steam boiler efficiency in the packaging, paper, tissue, wood products, and food processing industries, among others. Our primary products include fiber processing systems and recycling equipment, chemical pulping equipment, debarkers, stranders, chippers, custom-engineered profiles and industrial blades, boiler cleaning technologies, and continuous dewatering equipment.
- *Material Handling* – Products and engineered systems used to handle bulk and discrete materials for secondary processing or transport in the aggregates, mining, food, and waste management industries, among others. Our primary products include conveying and vibratory equipment and balers. In addition, we manufacture and sell biodegradable, absorbent granules used as carriers in agricultural, home lawn and garden, professional lawn, turf and ornamental applications, and for oil and grease absorption.

See Note 9, Business Segment Information, in the accompanying condensed consolidated financial statements for financial information on our reportable segments.

Industry and Business Overview

Unless otherwise indicated, references to 2026 and 2025 in the *Industry and Business Overview* discussion below refer to the first nine months of each of the respective fiscal years.

Consolidated bookings increased 21% to $924.0 million in 2026 compared to 2025 driven by a 13% contribution from acquisitions, and higher demand for both parts and consumables and capital equipment products.

Parts and consumables bookings increased 21% in 2026 compared to 2025 and represented 72% of consolidated bookings, driven by demand in the core end markets we serve, as well as more recent demand supporting the defense industry and factory modernization and automation. Demand for our parts and consumables products remained stable throughout 2026, supported by our large global installed base, which continues to generate recurring business from aftermarket parts, maintenance upgrades, and related service requirements.

Capital equipment bookings increased 20% in 2026 compared to 2025, including 10% organic growth. The organic increase was led by our Industrial Processing segment where capital equipment demand remained relatively stable during 2026, but exceeded levels experienced in the comparatively weak 2025 period. Despite the increased capital equipment bookings in 2026, uncertainty persists regarding the timing of large capital equipment project orders. Customer inquiries and quotation activity remain healthy across all our segments; however, volatility in trade policies, inflationary pressures, and ongoing geopolitical conflicts have contributed to higher input-cost pressures and broader economic uncertainty. These factors have contributed to customer caution in approving large capital projects, resulting in extended approval cycles and increased variability in the timing of orders. This trend is particularly pronounced in our Industrial Processing segment, where average capital order values are significantly higher than in our other segments. As a result, the pipeline of large capital orders awaiting final customer approval has increased, and we remain optimistic about converting these opportunities into bookings in 2027.

Overall, we expect bookings in the full year 2026 to exceed full year 2025 levels, due to strong contributions from our recent acquisitions and stable growth in demand for our products. Looking forward, we see long-term strength in our end markets as customers rely on our products to enhance productivity through more efficient production processes. Additionally, we anticipate growth opportunities related to industrial automation and modernization investments, infrastructure spending, and investments in the energy and defense sectors.

An overview of our business by reportable segment is as follows:

- *Flow Control* – Our Flow Control segment bookings increased 10% in 2026 compared to 2025, reflecting strong demand across all regions for our parts and consumables products, especially in North America, where stronger demand benefited from factory automation projects. Demand for our capital equipment products was limited as customers remained cautious about capital spending amid market uncertainty. We expect demand for our products in this segment to remain stable for the remainder of 2026 and anticipate long-term strength in this segment due to its diversified market exposure.
- *Industrial Processing* – Our Industrial Processing segment bookings increased 43% in 2026 compared to 2025, including a 34% contribution from acquisitions. Organic bookings increased 7% in 2026 with higher bookings at our fiber processing product line offsetting weaker demand at our wood processing product line. Organic bookings at our fiber processing product line increased 31% in 2026 due to the execution of previously delayed projects and a favorable comparison to a weak 2025 period impacted by economic and tariff-related uncertainty. Organic bookings at our wood processing product line decreased 5% in 2026 due to softer demand for wood products. Elevated financing and construction costs have dampened consumer confidence resulting in a decline in new construction in the United States, leading to reduced demand for oriented strand board, lumber, and our wood processing products. Mills have responded with production curtailments and extended downtime. Overall, this segment continues to be negatively impacted by the volatility in the timing of capital project orders. Quotation activity remains high and project discussions continue across most regions; however, customers continue to defer larger capital investments. We expect demand for our capital equipment products to strengthen during the remainder of 2026, while demand for our parts and consumables products is expected to remain stable.
- *Material Handling* – Our Material Handling segment bookings increased 6% in 2026 compared to 2025, reflecting strong demand in North America for our parts and consumables products, particularly at our conveying and vibratory businesses. In the current environment, customers continue to prioritize maintenance spending and smaller incremental investments over large expansion projects. We expect demand for our products in this segment to remain stable for the remainder of 2026. Looking ahead, we believe infrastructure spending and continued data center expansion will provide future growth opportunities.

Our global operations have been and continue to be affected by challenging market conditions fueled by volatility in trade policies, inflationary pressures, and geopolitical uncertainty. We expect these conditions to persist, especially for large capital equipment projects where the order timing is uncertain. Nevertheless, we believe that the fundamentals of our business remain strong, supported by our established market position in key product lines, experienced global operations teams, and long-term strength of our end markets. For more information related to these challenges, and other factors impacting our

business, please see *Risk Factors,* included in Part I, Item 1A, of our Annual Report, as further amended in Part II, Item 1A, within this report, and as may be further amended and/or restated in subsequent filings with the SEC.

International Sales

Approximately half of our sales are to customers outside the United States, mainly in Europe, Asia, and Canada. As a result, our financial performance can be materially affected by currency exchange rate fluctuations between the U.S. dollar and foreign currencies. To mitigate the impact of foreign currency transaction fluctuations, we generally seek to charge our customers in the same currency in which our operating costs are incurred. Additionally, we may enter into forward currency exchange contracts to hedge certain firm purchase and sale commitments denominated in currencies other than our subsidiaries' functional currencies. We currently do not use derivative instruments to hedge our exposure to exchange rate fluctuations created by the translation into the U.S. dollar of our foreign subsidiaries' results that are in functional currencies other than the U.S. dollar.

Global Trade

The United States has imposed tariffs in the past and more recently proposed and implemented new tariffs on certain imports, which have increased and will continue to increase the cost of some of the parts and equipment we import. In addition, foreign countries have implemented and may in the future implement additional retaliatory tariffs in response to these actions by the United States, which have negatively impacted and may in the future negatively impact our operations. Although we are working to mitigate the impact of tariffs through pricing and sourcing strategies, we cannot be sure these strategies will effectively mitigate the impact of these costs. For more information on risks associated with our global operations, including tariffs, please see *Risk Factors,* included in Part I, Item 1A, of our Annual Report, as further amended in Part II, Item 1A, within this report, and as may be further amended and/or restated in subsequent filings with the SEC.

Acquisitions

We expect that a significant driver of our long-term growth will be through the acquisition of businesses and technologies that complement or augment our existing products and services or may involve entry into a new process industry. We have acquired several businesses in recent years and continue to pursue acquisition opportunities.

On April 30, 2026, we completed the acquisition of voestalpine BÖHLER Profil GmbH & Co KG and voestalpine BÖHLER Profil VerwaltungsGmbH for a net purchase price of $170.2 million. Upon closing, the acquired entities were renamed Kadant Profil GmbH & Co KG and Kadant Profil Verwaltungs GmbH (collectively, Kadant Profil). Kadant Profil is a manufacturer of customized rolled profiles and industrial knife solutions for demanding industrial applications and is part of our Industrial Processing segment. See Note 2, Acquisitions, in the accompanying condensed consolidated financial statements for further details.

Results of Operations

Third Quarter 2026 Compared with Third Quarter 2025

Revenue

The following table presents the change in revenue by segment between the third quarters of 2026 and 2025, and those changes excluding the effect of acquisitions and foreign currency translation which we refer to as change in organic revenue. Organic revenue excludes the effect of acquisitions for the four quarterly reporting periods following the date of the acquisition. The presentation of the change in organic revenue is a non-GAAP measure. We believe this non-GAAP measure helps investors gain an understanding of our underlying operations consistent with how management measures and forecasts its performance, especially when comparing such results to prior periods. This non-GAAP measure should not be considered superior to or a substitute for the corresponding U.S. generally accepted accounting principles (GAAP) measure.

Revenue by reportable segment in the third quarters of 2026 and 2025 is as follows:

(In thousands, except percentages)	Three Months Ended						*(Non-GAAP)* Change in Organic Revenue	
	October 3, 2026	September 27, 2025	Increase (Decrease)	% Change	Acquisitions	Currency Translation	Increase (Decrease)	% Change
Flow Control	$ 102,382	$ 94,839	$ 7,543	8%	$ —	$ 738	$ 6,805	7%
Industrial Processing	143,402	106,393	37,009	35%	30,998	(323)	6,334	6%
Material Handling	67,376	70,335	(2,959)	(4)%	—	131	(3,090)	(4)%
Consolidated	$ 313,160	$ 271,567	$ 41,593	15%	$ 30,998	$ 546	$ 10,049	4%

Consolidated revenue increased 15% in the third quarter of 2026, including an 11% contribution from acquisitions. Organic revenue increased 4%, reflecting stable demand for both parts and consumables and capital equipment products. Increased revenue in North America and Asia was partially offset by weaker performance in Europe, as macroeconomic uncertainties have led to more cautious capital spending.

Revenue at our Flow Control segment increased 8% in the third quarter of 2026, driven by higher demand for our parts and consumables products in our core end markets, as well as more recent demand supporting the defense industry and factory modernization and automation. Revenue also benefited from the fulfillment of several large orders originally scheduled for the fourth quarter. Stronger demand in North America offset weaker performance in Europe, reflecting challenging market conditions in the region.

Revenue at our Industrial Processing segment increased 35% in the third quarter of 2026, largely due to contributions from our recent acquisitions. Organic revenue increased 6% due to higher demand for our capital equipment products in North America and Asia, including projects focused on energy efficiency and modernization. These increases were partially offset by weaker demand in Europe, reflecting challenging market conditions, higher input costs, and continued customer caution in purchasing decisions.

Revenue at our Material Handling segment decreased 4% in the third quarter of 2026 due to lower capital equipment revenue at our baling businesses resulting from customer-requested delivery delays. The decrease was partially offset by higher demand for our parts and consumables products at our conveying and vibratory businesses in North America.

Gross Profit Margin

Gross profit margin by reportable segment in the third quarters of 2026 and 2025 is as follows:

	Three Months Ended		
	October 3, 2026	September 27, 2025	Basis Point Change
Flow Control	53.0%	51.9%	110 bps
Industrial Processing	42.0%	43.6%	(160) bps
Material Handling	37.9%	38.5%	(60) bps
Consolidated	44.7%	45.2%	(50) bps

Consolidated gross profit margin decreased to 44.7% in the third quarter of 2026 from 45.2% in the third quarter of 2025 primarily due to lower margins achieved on our capital equipment products. Incremental profit in inventory amortization expense and post-acquisition profit deferrals at our most recent acquisition lowered gross profit margin by 0.8 percentage points, which was largely offset by an increase of 0.6 percentage points from tariff refunds.

Within our reportable segments, gross profit margin:

- Increased to 53.0% at our Flow Control segment from 51.9% in the 2025 period, primarily due to higher margins achieved on our parts and consumables products, as well as a higher proportion of parts and consumables revenue in the 2026 period.
- Decreased to 42.0% at our Industrial Processing segment from 43.6% in the 2025 period. Incremental profit in inventory amortization expense and post-acquisition profit deferrals at our most recent acquisition lowered gross profit margin by 1.7 percentage points, which was partially offset by an increase of 0.7 percentage points from tariff refunds.

- Decreased to 37.9% at our Material Handling segment from 38.5% in the 2025 period, primarily due to lower margins achieved on our capital equipment products, partially offset by a higher proportion of parts and consumables product revenue, which increased to 57% of revenue compared to 52% in the 2025 period.

Selling, General, and Administrative Expenses

Selling, general, and administrative (SG&A) expenses by reportable segment and Corporate in the third quarters of 2026 and 2025 are as follows:

(In thousands, except percentages)	Three Months Ended October 3, 2026	Three Months Ended September 27, 2025	Increase (Decrease)	% Change
Flow Control	$ 24,592	$ 25,380	$ (788)	(3)%
Industrial Processing	32,039	25,453	6,586	26%
Material Handling	13,966	13,919	47	—%
Corporate	12,108	11,087	1,021	9%
Consolidated	$ 82,705	$ 75,839	$ 6,866	9%
Consolidated as a Percentage of Revenue	26.4%	27.9%		

Consolidated SG&A expenses increased $6.9 million, or 9%, in the third quarter of 2026 compared to the third quarter of 2025, primarily due to the inclusion of $6.1 million of operating expenses and $2.3 million of intangible amortization expense from acquisitions, partially offset by a decrease of $2.0 million in acquisition-related costs. Acquisition-related costs included in SG&A consist of acquisition costs and backlog amortization expense.

Within our reportable segments and Corporate, SG&A expenses:

- Decreased $0.8 million at our Flow Control segment primarily due to an increase of $0.3 million in foreign currency transaction gains and a $0.3 million decrease in external commissions.
- Increased $6.6 million at our Industrial Processing segment primarily due to the inclusion of $6.1 million of operating expenses and $2.3 million of intangible amortization expense from acquisitions, partially offset by a decrease of $1.8 million of acquisition costs.
- Increased $1.0 million at Corporate largely due to higher professional service fees.

Interest Expense

Interest expense increased to $5.6 million in the third quarter of 2026 from $3.1 million in the third quarter of 2025 due to increased borrowings under our revolving credit facility, which were primarily used to fund our acquisitions, partially offset by a lower weighted-average interest rate.

Provision for Income Taxes

Provision for income taxes increased to $12.8 million in the third quarter of 2026 from $11.8 million in the third quarter of 2025.

The effective tax rate of 26.4% in the third quarter of 2026 was higher than our statutory rate of 21%, primarily due to nondeductible expenses, the distribution of our worldwide earnings and state taxes. These items were offset in part by a benefit from research and development tax credits.

The effective tax rate of 29.5% in the third quarter of 2025 was higher than our statutory rate of 21% primarily due to an increase in liabilities for uncertain tax positions, the distribution of our worldwide earnings, nondeductible expenses, state taxes, and the cost of repatriating the earnings of certain foreign subsidiaries. These items were offset in part by a net tax benefit from the remeasurement of certain deferred income tax assets and liabilities due to the decrease to Germany's future statutory tax rate enacted in July 2025 and foreign tax credits.

Net Income

Net income increased to $35.7 million in the third quarter of 2026 from $28.1 million in the third quarter of 2025 primarily due to a $10.9 million increase in operating income, offset in part by a $2.5 million increase in interest expense and a $1.0 million increase in provision for income taxes (see discussions above for further details).

First Nine Months 2026 Compared with First Nine Months 2025

Revenue

The following table presents changes in revenue and organic revenue by segment between the first nine months of 2026 and 2025. Organic revenue is a non-GAAP measure as defined above in the results of operations for the third quarter of 2026 compared with the third quarter of 2025.

Revenue by segment in the first nine months of 2026 and 2025 is as follows:

	Nine Months Ended						*(Non-GAAP)* Change in Organic Revenue	
(In thousands, except percentages)	October 3, 2026	September 27, 2025	Increase	% Change	Acquisitions	Currency Translation	Increase	% Change
Flow Control	$ 301,300	$ 283,227	$ 18,073	6%	$ —	$ 7,927	$ 10,146	4%
Industrial Processing	410,240	291,854	118,386	41%	98,904	4,204	15,278	5%
Material Handling	196,000	190,963	5,037	3%	—	2,332	2,705	1%
Consolidated	$ 907,540	$ 766,044	$ 141,496	18%	$ 98,904	$ 14,463	$ 28,129	4%

Consolidated revenue increased 18% in the first nine months of 2026, including a 13% increase attributable to acquisitions. Organic revenue increased 4%, primarily due to higher demand for our capital equipment products at our Industrial Processing segment and, to a lesser extent, stable demand for our aftermarket parts at our Flow Control segment. Higher demand in North America and Asia was partially offset by lower demand in Europe, where challenging economic conditions have contributed to weaker organic performance.

Revenue at our Flow Control segment increased 6% in the first nine months of 2026 driven by higher demand for our parts and consumables products, particularly in North America and Asia. Demand in Europe was tempered by ongoing geopolitical tensions, energy price volatility, and macroeconomic uncertainty, which contributed to more cautious customer spending. Demand for our capital equipment products in the first nine months of 2026 was impacted by weak conditions in the pulp and paper industry, including mill closures, production curtailments, and industry consolidation.

Revenue at our Industrial Processing segment increased 41% in the first nine months of 2026, largely due to contributions from our recent acquisitions. Organic revenue increased 5%, driven by higher capital shipments in 2026 compared to the weaker performance in the prior-year period when tariff-related uncertainty led to constrained capital spending. Geographically, increased demand for our capital equipment in North America and Asia was partially offset by lower demand in Europe, where constrained market conditions have led customers to defer major capital expenditures.

Revenue at our Material Handling segment increased 3% in the first nine months of 2026, primarily due to higher demand for our parts and consumables products across all regions as customers focused their spending on maintenance and critical replacement parts.

Gross Profit Margin

Gross profit margin by segment in the first nine months of 2026 and 2025 is as follows:

	Nine Months Ended		
	October 3, 2026	September 27, 2025	Basis Point Change
Flow Control	52.7%	53.0%	(30) bps
Industrial Processing	41.7%	43.4%	(170) bps
Material Handling	37.7%	38.3%	(60) bps
Consolidated	44.5%	45.7%	(120) bps

Consolidated gross profit margin decreased to 44.5% in the first nine months of 2026 from 45.7% in the first nine months of 2025 largely due to lower margins achieved on our capital equipment products. Incremental profit in inventory amortization expense and post-acquisition profit deferrals at our most recent acquisition lowered gross profit margin by 0.8 percentage points, which was largely offset by an increase of 0.6 percentage points from tariff refunds.

Within our reportable segments, gross profit margin:

- Decreased to 52.7% at our Flow Control segment from 53.0% in the 2025 period primarily due to lower margins achieved on our parts and consumables products.
- Decreased to 41.7% at our Industrial Processing segment from 43.4% in the 2025 period primarily due to a lower proportion of higher-margin parts and consumables revenue, which declined to 72% of revenue from 77% in the 2025 period. In addition, incremental profit in inventory amortization expense and post-acquisition profit deferrals at our most recent acquisition lowered gross profit margin by 1.7 percentage points, which was partially offset by an increase of 0.8 percentage points from tariff refunds.
- Decreased to 37.7% at our Material Handling segment from 38.3% in the 2025 period due to lower margins achieved on our capital equipment products, partially offset by a higher proportion of parts and consumables product revenue, which increased to 60% of revenue compared to 58% in the 2025 period.

Selling, General, and Administrative Expenses

SG&A expenses by reportable segment and Corporate in the first nine months of 2026 and 2025 are as follows:

	Nine Months Ended			
(In thousands, except percentages)	October 3, 2026	September 27, 2025	Increase	% Change
Flow Control	$ 77,214	$ 76,435	$ 779	1%
Industrial Processing	91,343	70,024	21,319	30%
Material Handling	42,725	41,431	1,294	3%
Corporate	35,602	33,111	2,491	8%
Consolidated	$ 246,884	$ 221,001	$ 25,883	12%
Consolidated as a Percentage of Revenue	27.2%	28.8%		

Consolidated SG&A expenses increased $25.9 million, or 12%, in the first nine months of 2026 compared to the first nine months of 2025, primarily due to the inclusion of $17.6 million of operating expenses and $6.6 million of intangible amortization expense from acquisitions, and a $4.0 million unfavorable impact from foreign currency translation. These increases were partially offset by a decrease of $2.5 million in acquisition-related costs.

Within our reportable segments and Corporate, SG&A expenses:

- Increased $0.8 million at our Flow Control segment due to a $2.2 million unfavorable impact from foreign currency translation, partially offset by a $0.7 million reduction in acquisition-related costs and a $0.7 million decrease in external commissions.
- Increased $21.3 million at our Industrial Processing segment principally due to the inclusion of $17.6 million of operating expenses and $6.6 million of intangible amortization expense from acquisitions, and a $1.1 million unfavorable impact from foreign currency translation, partially offset by a decrease of $1.7 million of acquisition costs and a $0.7 million decrease in bad debt expense.
- Increased $1.3 million at our Material Handling segment primarily due to a $0.7 million unfavorable impact from foreign currency translation and a $0.6 million increase in external commissions.
- Increased $2.5 million at Corporate primarily reflecting the impact of an intellectual property settlement received in 2025.

Interest Expense

Interest expense increased to $15.4 million in the first nine months of 2026 from $10.2 million in the first nine months of 2025 primarily due to higher borrowings under our revolving credit facility, which were primarily used to fund our acquisitions. We expect interest expense to remain higher than prior-year levels for the remainder of 2026, primarily due to borrowings used to finance our April 2026 acquisition of Kadant Profil.

Provision for Income Taxes

Provision for income taxes increased to $36.1 million in the first nine months of 2026 from $29.4 million in the first nine months of 2025.

The effective tax rate of 27.7% in the first nine months of 2026 was higher than our statutory rate of 21% primarily due to the distribution of our worldwide earnings, state taxes, and nondeductible expenses.

The effective tax rate of 27.1% in the first nine months of 2025 was higher than our statutory rate of 21% primarily due to nondeductible expenses, the distribution of our worldwide earnings, state taxes, and the cost of repatriating the earnings of certain foreign subsidiaries. These items were offset in part by a net tax benefit from the remeasurement of certain deferred income tax assets and liabilities due to the decrease to Germany's future statutory rate enacted in July 2025 and foreign tax credits.

Net Income

Net income increased to $94.4 million in the first nine months of 2026 from $79.2 million in the first nine months of 2025 primarily due to a $27.0 million increase in operating income, offset in part by a $5.1 million increase in interest expense and a $6.7 million increase in provision for income taxes (see discussions above for further details).

Non-GAAP Key Performance Indicators

In addition to the financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures, including organic revenue (defined as revenue excluding the effect of acquisitions and foreign currency translation), adjusted operating income, earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted EBITDA, adjusted EBITDA margin (defined as adjusted EBITDA divided by revenue), and free cash flow (defined as cash flow provided by operating activities less capital expenditures).

We use organic revenue to understand our trends and to forecast and evaluate our financial performance and compare revenue to prior periods (see discussion in *Revenue* above). Adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin exclude amortization expense related to acquired intangible assets, profit in inventory, and backlog (collectively, purchase accounting expenses); acquisition costs; and other income or expense, as indicated. We exclude purchase accounting expenses and acquisition costs to provide a more meaningful and consistent comparison of our operating results over time and with peer companies. While we have a history of acquisition activity, such transactions do not occur on a predictable cycle, and the size and nature of these transactions will vary. We believe it is important for investors to understand that these intangible assets were recorded as part of purchase accounting and that they contribute to revenue generation. We also exclude other items when 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 decision-making and for compensation purposes. We also believe this information is responsive to investors' requests and gives them additional measures of our performance.

Our non-GAAP financial measures 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, our non-GAAP financial measures 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.

KADANT INC.

A reconciliation of adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin from net income attributable to Kadant is as follows:

(In thousands, except percentages)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net Income Attributable to Kadant	$ 35,072	$ 27,722	$ 93,049	$ 77,944
Net Income Attributable to Noncontrolling Interests	613	393	1,304	1,247
Provision for Income Taxes	12,799	11,766	36,123	29,416
Interest Expense, Net	5,046	2,716	13,998	8,920
Other Expense, Net	23	19	68	52
Operating Income	53,553	42,616	144,542	117,579
Intangible Asset Amortization Expense	8,843	6,521	25,854	19,174
Profit in Inventory Amortization Expense (a)	1,252	465	3,862	500
Backlog Amortization Expense (b)	—	165	—	746
Acquisition Costs	453	2,253	1,731	3,498
Indemnification Asset Reversal (Provision) (c)	337	—	212	(29)
Other Costs	—	287	—	287
Adjusted Operating Income (d) *(non-GAAP measure)*	64,438	52,307	176,201	141,755
Depreciation Expense	7,267	5,711	20,447	16,559
Adjusted EBITDA *(non-GAAP measure)*	$ 71,705	$ 58,018	$ 196,648	$ 158,314
Adjusted EBITDA Margin *(non-GAAP measure)*	22.9%	21.4%	21.7%	20.7%

(a) Represents amortization expense within cost of revenue associated with acquired profit in inventory.
(b) Represents intangible amortization expense associated with acquired backlog.
(c) Represents the net indemnification asset reversal or provision related to the release of or establishment of tax reserves associated with uncertain tax positions.
(d) Reflects new methodology, announced on February 19, 2026, to exclude intangible amortization expense.

A reconciliation of free cash flow from cash flow provided by operating activities is as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Cash Provided by Operating Activities	$ 62,901	$ 47,252	$ 138,327	$ 110,569
Capital Expenditures (a)	(4,767)	(3,194)	(18,972)	(10,998)
Free Cash Flow *(non-GAAP measure)*	$ 58,134	$ 44,058	$ 119,355	$ 99,571

(a) Includes $5.8 million paid in the nine months ended October 3, 2026 for the purchase of a previously leased manufacturing facility in the Flow Control segment.

Liquidity and Capital Resources

Consolidated working capital was $348.0 million at October 3, 2026, compared with $313.8 million at January 3, 2026. Cash and cash equivalents were $133.9 million at October 3, 2026, compared with $119.6 million at January 3, 2026, which included cash and cash equivalents held by our foreign subsidiaries of $118.6 million at October 3, 2026 and $100.3 million at January 3, 2026.

Cash Flow

Cash flow information for the first nine months of 2026 and 2025 is as follows:

(In thousands)	Nine Months Ended October 3, 2026	Nine Months Ended September 27, 2025
Net Cash Provided by Operating Activities	$ 138,327	$ 110,569
Net Cash Used in Investing Activities	(190,008)	(26,227)
Net Cash Provided by (Used in) Financing Activities	71,770	(59,302)
Exchange Rate Effect on Cash, Cash Equivalents, and Restricted Cash	(4,163)	5,927
Increase in Cash, Cash Equivalents, and Restricted Cash	$ 15,926	$ 30,967

Operating Activities

Cash provided by operating activities increased to $138.3 million in the first nine months of 2026 from $110.6 million in the first nine months of 2025. Our operating cash flows are primarily generated from cash received from customers, offset by cash payments for items such as inventory, employee compensation, operating leases, income taxes, and interest payments on outstanding debt obligations.

Significant operating cash outflows associated with working capital in the first nine months of 2026 were primarily attributable to increases in accounts receivable and contract assets and decreases in customer deposits. Accounts receivable and contract assets used $22.5 million of cash, primarily due to the timing of billings and customer payments. Customer deposits used $7.8 million of cash, primarily due to the timing of capital equipment orders. These uses of cash were partially offset by $7.7 million of cash provided by a decrease in inventories.

Significant operating cash outflows associated with working capital in the first nine months of 2025 were primarily attributable to increases in inventories and accounts receivable and decreases in other liabilities. A net increase in inventories used cash of $12.9 million, accounts receivable used cash of $7.7 million due to the timing of shipments, and other liabilities used cash of $10.4 million primarily related to incentive compensation payments. These cash outflows were partially offset by customer deposits, which provided $7.2 million of cash due to higher capital equipment orders, and contract assets, which provided $8.9 million of cash primarily due to the timing of billings on contracts accounted for over time.

Investing Activities

Cash used in investing activities was $190.0 million in the first nine months of 2026, compared with $26.2 million in the first nine months of 2025. The increase in 2026 was primarily attributable to $171.9 million of acquisition consideration, net of cash acquired, including $170.2 million for the acquisition of Kadant Profil and $1.7 million of post-closing payments related to acquisitions completed in 2024. Capital expenditures increased to $19.0 million in the first nine months of 2026, compared with $11.0 million in the first nine months of 2025, largely due to the purchase of a manufacturing facility that had previously been leased.

Financing Activities

Cash provided by financing activities was $71.8 million in the first nine months of 2026, compared with cash used of $59.3 million in the first nine months of 2025. The increase in the first nine months of 2026 primarily reflected higher net borrowings under our revolving credit facility, including borrowings of $190.9 million used primarily to finance the acquisition of Kadant Profil, partially offset by repayments of long-term obligations of $100.6 million. In the first nine months of 2025, borrowings under our revolving credit facility were $29.0 million and repayments of long-term obligations were $69.4 million. Cash dividends paid to stockholders increased to $12.5 million in 2026, compared with $11.8 million in 2025. Taxes paid related to the vesting of equity awards decreased to $4.9 million in 2026, compared with $6.1 million in 2025.

Exchange Rate Effect on Cash, Cash Equivalents, and Restricted Cash

The exchange rate effect on cash, cash equivalents, and restricted cash represents the impact of translation of cash balances at our foreign subsidiaries. In the first nine months of 2026, exchange rate changes resulted in a $4.2 million decrease in cash, cash equivalents, and restricted cash primarily due to the strengthening of the U.S. dollar against the euro and, to a lesser extent, the Swedish krona, partially offset by the weakening of the U.S. dollar against the Chinese renminbi. In the first nine months of 2025, exchange rate changes resulted in a $5.9 million increase in cash, cash equivalents, and restricted cash

primarily due to the weakening of the U.S. dollar against the euro and, to a lesser extent, the Swedish krona and the Canadian dollar.

Borrowing Capacity and Debt Obligations

Our unsecured multi-currency revolving credit facility entered into on March 1, 2017 (as amended and restated to date, the Credit Agreement) matures on September 26, 2030 and has a borrowing capacity of $750.0 million.

During the second quarter of 2026, we borrowed approximately $181.8 million of euro-denominated debt under our revolving credit facility to fund the acquisition of Kadant Profil. As of October 3, 2026, outstanding borrowings under the Credit Agreement totaled $447.5 million, including $233.5 million of euro-denominated borrowings. We had $300.5 million of available committed borrowing capacity, as well as an additional $200.0 million of uncommitted, unsecured incremental borrowing capacity. Under our debt agreements, our leverage ratio must be less than 3.75 to 1 or, if we elect, for the quarter during which a material acquisition occurs and for the three fiscal quarters thereafter, must be less than 4.25 to 1. As of October 3, 2026, our leverage ratio was 1.49 and we were in compliance with our debt covenants.

See Note 5, Long-Term Obligations, in the accompanying condensed consolidated financial statements for additional information regarding our debt obligations.

Additional Liquidity and Capital Resources

On May 21, 2026, our board of directors approved the repurchase of up to $50.0 million of our equity securities during the period from May 21, 2026 to May 21, 2027. We did not repurchase any shares of our common stock under this authorization or under our previous authorization that expired on May 15, 2026.

We paid cash dividends of $12.5 million in the first nine months of 2026. On September 10, 2026, we declared a quarterly cash dividend of $0.36 per share totaling $4.3 million that will be paid on November 12, 2026. Future declarations of dividends are subject to our board of directors' approval and may be adjusted as business needs or market conditions change. The declaration of cash dividends is subject to our compliance with the covenant in our Credit Agreement related to our consolidated leverage ratio.

We plan to make expenditures of approximately $9.0 to $11.0 million during the remainder of 2026 for property, plant, and equipment.

As of October 3, 2026, we had approximately $170.6 million of total unremitted foreign earnings. It is our intent to indefinitely reinvest $101.0 million of these earnings to support the current and future capital needs of our foreign operations, including debt repayments, if any. In the first nine months of 2026, we recorded withholding taxes on the earnings in certain foreign subsidiaries that we plan to repatriate in the foreseeable future. The foreign withholding taxes that would be required if we were to remit the indefinitely-reinvested foreign earnings to the United States would be approximately $2.9 million.

We believe that existing cash and cash equivalents, along with future cash generated from operations, and our existing borrowing capacity will be sufficient to meet the capital requirements of our operations for the next 12 months and the foreseeable future.

Application of Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, and the reported amounts of revenue and expenses during the reporting period. Our critical accounting policies are defined as those that entail significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. Management evaluates its estimates on an ongoing basis based on historical experience, current economic and market conditions, and other assumptions management believes are reasonable. We believe that our most critical accounting policies which are significant to our consolidated financial statements, and which involve the most complex or subjective decisions or assessments, are those described in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading *Application of Critical Accounting Estimates* in Part II, Item 7, of our Annual Report. There have been no material changes to these critical accounting policies since the end of fiscal 2025 that warrant disclosure.

Recent Accounting Pronouncements

See Note 1, under the heading *Recent Accounting Pronouncements*, in the accompanying condensed consolidated financial statements for details.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk from changes in interest rates and foreign currency exchange rates has not changed materially from our exposure as disclosed in Part II, Item 7A, of our Annual Report.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of October 3, 2026. The term "disclosure controls and procedures," as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon the evaluation of our disclosure controls and procedures as of October 3, 2026, our Chief Executive Officer and Chief Financial Officer concluded that as of October 3, 2026, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Management's assessment of the effectiveness of internal control over financial reporting includes internal controls over financial reporting systems and internal processes at Clyde Industries and Babbini, which were excluded from management's assessment in 2025. There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the fiscal quarter ended October 3, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A – Risk Factors

Careful consideration should be given to the factors discussed in Part I, Item 1A, *Risk Factors*, in our Annual Report for the fiscal year ended January 3, 2026, which could materially affect our business, financial condition or future results, in addition to the information set forth in this Quarterly Report on Form 10-Q. Except for the revised risk factor below regarding "*Operating globally subjects us to changes in government regulations and policies in multiple jurisdictions around the world, including those related to tariffs and trade barriers, taxation, exchange controls and political risks,*" there have been no material changes from the risk factors disclosed in our Annual Report.

Operating globally subjects us to changes in government regulations and policies in multiple jurisdictions around the world, including those related to tariffs and trade barriers, taxation, exchange controls and political risks.

Changes in government policies, political unrest, economic sanctions, trade embargoes, or other adverse trade regulations can negatively impact our business. Non-U.S. markets contribute a substantial portion of our revenues, and we intend to continue expanding our presence in these regions. For example, we operate businesses in Mexico and Canada and benefit from the United States-Mexico-Canada Agreement (USMCA). On July 1, 2026, the Office of the United States Trade Representative (USTR) announced that the United States does not agree to the renewal of the USMCA in its current form, triggering an annual review process that may result in modifications of the agreement. If the United States were to withdraw from or materially modify the USMCA or impose significant tariffs or taxes on goods imported into the United States, the cost of our products could significantly increase or no longer be priced competitively, which in turn could have a material adverse effect on our business and results of operations.

In 2025, the Trump Administration imposed a series of tariffs against U.S. trading partners pursuant to the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the Supreme Court ruled these tariffs unlawful. The Trump Administration immediately imposed new global tariffs pursuant to Section 122 of the Trade Act of 1974, which allows for tariffs of up to 15% for a period of up to 150 days. The Section 122 tariffs expired on July 24, 2026. On the

same day, USTR imposed new tariffs of 10% or 12.5% on 60 trading partners under Section 301 of the Trade Act of 1974. In July 2026, the United States imposed tariffs of 50% on certain imports from Canada under Section 338 of the Tariff Act of 1930, which became effective in August 2026. Our business has been negatively affected by these tariffs, and the timing and availability of refunds is uncertain.

The tariff landscape continues to evolve rapidly. The Trump Administration has modified the list of products subject to the additional 50% Section 338 tariff on Canada, both removing and adding various paper and paperboard products, and President Trump has threatened to increase the Section 232 tariffs on steel and aluminum from Canada to 100%, effective January 2027. On September 18, 2026, Congress passed the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, which directs the President to impose tariffs of up to 500% on goods from Russia or 100% on goods from countries that import oil and natural gas from Russia or evade sanctions on Russia. President Trump has temporarily waived these tariffs. USTR is also conducting an investigation under Section 301 of the Trade Act of 1974 into global overcapacity, which could result in additional tariffs on key trading partners. We may be negatively affected in the future by the quickly evolving tariff situation and the economic uncertainty created thereby.

Our business is also affected by various product or sector-specific tariffs that the United States imposes on trading partners. Certain products imported from China, including pulp and paper machinery, are subject to tariffs imposed by USTR pursuant to Section 301 of the Trade Act of 1974. The tariffs on pulp and paper machinery are set at 25%. In addition, the U.S. Department of Commerce has imposed tariffs of 50% on numerous categories of steel, aluminum, and copper products, under Section 232 of the Trade Expansion Act of 1962, and has expanded these tariffs to include certain derivative products subject to a 25% tariff. We import products that are impacted by these tariffs. While we try to mitigate the impact of the existing and other proposed tariffs by the Trump Administration, we cannot be certain if our actions will be successful. The tariffs have negatively affected and could in the future negatively affect our ability to compete against competitors who do not manufacture in China and/or are not subject to the tariffs.

The United States has tightened trade sanctions targeting countries like China and Russia. For example, since 2018 the United States has imposed various trade and economic sanctions targeting certain persons in Russia and certain types of business with Russia. The United States has continued to expand export control restrictions applicable to certain Chinese firms and continued its assessment of new controls for "emerging foundational technologies," escalating U.S.-China tension concerning technology. Moreover, tensions between the United States and China have increased and future actions by the United States or Chinese governments may impact our operations in and imports from China, as well as sales to and from China. In response, Russia and China have begun considering and, in some cases, implementing trade sanctions that could affect U.S.-owned businesses. The imposition of trade sanctions has and may in the future continue to make it generally more difficult to do business in Russia and China and cause delays or prevent shipment of products or services performed by our personnel, or to receive payment for products or services.

Additionally, the military conflict between Russia and Ukraine and the global response to it has and may in the future adversely impact our revenues, gross margins and financial results. The United States, the European Union, and many other countries have imposed sanctions on Russia, individuals in Russia and Russian businesses, including several large banks. In 2025, our sales to Russia were minimal at $1.9 million. As a result of the international sanctions regime in place against Russia, it has become extremely difficult to sell any of our equipment or services into Russia. Any proposed sales into Russia are evaluated on a case-by-case basis, taking into account the risks related to the sale, the costs associated with ensuring compliance with applicable sanctions and the likelihood of receiving payment from either party's banks. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geopolitical instability and uncertainty have had and could continue to have in the future a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, and logistics restrictions, and could increase the costs, risks and adverse impacts from these new challenges. The conflict between Russia and Ukraine, as well as other conflicts such as those in the Middle East, may also have the effect of heightening other risks disclosed in our Annual Report, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including inflation and business and consumer spending; disruptions to our global technology infrastructure, including through cyberattack, ransomware attack, or cyber-intrusion; adverse changes in international trade policies and relations; our ability to maintain or increase our prices, including any fuel surcharges in response to rising fuel costs; the energy crisis resulting from the Russia-Ukraine conflict, particularly in Europe; our ability to implement and execute our business strategy; disruptions in global supply chains; our exposure to foreign currency fluctuations; and constraints, volatility, or disruption in the capital markets. Such restrictions had and may in the future continue to have a material adverse impact on our business and operating results.

KADANT INC.

Item 5 – Other Information

Insider Trading Arrangements

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarter ended October 3, 2026.

Item 6 – Exhibits

Exhibit No.	Description of Exhibit
10.1*	Transition and Executive Chairman Agreement between the Registrant and Jeffrey L. Powell dated September 10, 2026.
31.1	Certification of the Principal Executive Officer of the Registrant Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Principal Financial Officer of the Registrant Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32	Certification of the Chief Executive Officer and the Chief Financial Officer of the Registrant Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Management contract or compensatory plan or arrangement.

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 thereunto duly authorized.

KADANT INC.

Date: November 10, 2026

/s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

TRANSITION AND EXECUTIVE CHAIRMAN AGREEMENT

THIS TRANSITION AND EXECUTIVE CHAIRMAN AGREEMENT (this ***"Agreement"***) by and between KADANT INC., a Delaware corporation (the ***"Company"***), and Jeffrey L. Powell (the ***"Executive"***) is made as of September 10, 2026 and shall take effect as of October 1, 2026 (the "***Effective Date"***).

WHEREAS, the Company and the Executive desire to provide for an orderly transition to the Executive's successor as President and Chief Executive Officer, to provide an incentive for the Executive to stay an employee through the transition period and for an additional period ending January 1, 2028 (the ***"Retirement Date"***); and

WHEREAS, in connection with the foregoing, the Company and the Executive wish to set forth the terms of such transition in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

1. Employment.

1.1 Except as hereinafter otherwise provided and unless sooner terminated as provided herein (such date when employment ends the "***Separation Date***"), the Company shall employ the Executive, and the Executive agrees to remain employed, on a full-time basis as Chief Executive Officer through January 2, 2027 (the "***Transition Date***") and as Executive Chairman (working on a part-time basis) thereafter through the Retirement Date, at which date his employment will end.

1.2 In addition to carrying out the regular duties of his positions, the Executive shall work under the direction of and on such matters as may be reasonably assigned to him by the Chairman (the "***Chair***") of the Board of Directors of the Company (the "***Board***") through the Transition Date and by the Board after such date. Such duties before the Transition Date may include, but shall not be limited to, the advancement of the business and interests of the Company, providing for an orderly transition of the role and responsibilities of the President and Chief Executive Officer of the Company to a successor President and Chief Executive Officer (the "***Successor CEO***"), consulting with the Successor CEO as requested on matters related to the Company as requested by the Successor CEO, and undertaking special assignments agreed to between the Executive and the Successor CEO. The duties as Executive Chairman may include, but shall not be limited to, the advancement of the business and interests of the Company, consulting with the Successor CEO or the Board as requested on strategic and operational matters related to the Company, meeting with industry groups and the Company's investors and customers as requested by the Successor CEO or the Board, evaluating potential acquisition targets, acting as a liaison between the Board and the Company's management and coordinating logistical matters related to the Board (e.g., calling meetings and preparing agendas). During the period between the Transition Date and the Separation Date, the parties anticipate that key employment services by Executive will provide the Company a relative benefit of at least one half of the key services Executive provided in the prior year, after taking into account those referenced in this section.

1.3 The Executive agrees that, during his employment, he shall, to the best of his ability, perform his duties, and shall not engage in any business, profession or occupation that would conflict with the rendering of the agreed upon services, either directly or indirectly, without the prior

approval of the Chair or, after he is the Executive Chairman, the Board. Nothing in this Section 1.3 shall prevent the Executive from serving on the boards of director or other advisory bodies, provided that the Executive complies with Section 4 of this Agreement.

2. Board Service. Subject to the fiduciary obligations of the Board, the Company shall (a) nominate the Executive to be reelected as a member of the Board at the Company's 2028 Annual Meeting of Stockholders and (b) appoint the Executive as the Executive Chairman from the Transition Date until the Retirement Date, at which time, unless his employment has sooner terminated as provided herein, the Executive will retire, step down as the Executive Chairman and cease to be an employee of the Company. For the avoidance of doubt, the Executive shall not be required to resign from the Board on the Retirement Date.

3. Compensation. During the period of his employment by the Company under this Agreement and for the covenants and obligations of the Executive contained herein, the Executive shall be compensated as follows:

3.1 Through the Transition Date, the Executive shall be paid a base salary at an annualized rate of $998,900 and between the Transition Date and the Retirement Date, the Executive shall be paid a base salary at an annualized rate of $499,450. (The base salary determined under this Section 3.1 shall be referred to hereafter as the *"**Base Salary.**"*)

3.2 The Executive shall be eligible to participate in the Company's Cash Incentive Plan and the actual bonus earned shall be determined and calculated in accordance with the compensation practices of the Company determined as follows, for the fiscal year ending January 2, 2027 (such period referred to as the "***2026 Fiscal Year***"), based on a target or reference bonus of $1,038,000 (the *"**2026 Bonus***") (and not payable if the Executive ceases to be employed before January 2, 2027 other than on a termination that satisfies Section 5.4 or Section 5.5 below). For the avoidance of doubt, the 2026 Bonus shall not be prorated.

The Executive shall be eligible to participate in the Company's Cash Incentive Plan and the actual bonus earned shall be determined and calculated in accordance with the compensation practices of the Company determined as follows, for the fiscal year ending January 1, 2028 (such period referred to as the ***"2027 Fiscal Year"***), based on a target or reference bonus of $519,000 (the ***"2027 Bonus"***) (and not payable if the Executive ceases to be employed before January 1, 2028 other than on a termination that satisfies Section 5.4 or Section 5.5 below). For the avoidance of doubt, the 2027 Bonus shall not be prorated and there will be no bonus for the fiscal year ending December 30, 2028 (such period referred to as the ***"2028 Fiscal Year"***).

Any bonus payable to the Executive under the Cash Incentive Plan shall be determined and paid in accordance with the terms of the Cash Incentive Plan in the same manner and at the same time as other executive officers of the Company, but in no event later than the 15th day of the third month of the fiscal year following the fiscal year for which the bonus is payable.

3.3 The Compensation Committee of the Board ("***Compensation Committee***") has approved revisions to the Executive's outstanding restricted stock unit awards to provide that, upon the Retirement Date but subject to providing an effective Release (as defined below), any then-outstanding restricted stock units that would otherwise vest after March 10, 2027 (if employment continued) shall fully vest and result in a distribution of the shares of Company common stock underlying such restricted stock unit awards as soon as practicable following the Retirement Date but no later than March 10, 2028, provided that the Executive has remained an employee of the Company through the Retirement Date. For

other purposes, except as provided in Section 5.5 hereof upon a termination of the Executive's employment before the Retirement Date that satisfies Section 5.1(d) below, the Executive's restricted stock unit awards shall continue to be governed by the terms of the applicable plans and agreements. In addition, the Executive acknowledges and agrees that, in the event that the Compensation Committee grants restricted stock unit awards to executive officers in March 2027, any such award granted to the Executive shall be equal in value to $1,862,000 at the closing price used by the Compensation Committee to grant awards to executive officers in March 2027, shall be subject solely to time-based vesting and shall vest in full upon the Retirement Date, in accordance with the first sentence of this Section 3.3. The Executive acknowledges that the Board is not obligated to grant additional awards to the Executive under any of the Company's equity incentive plans as a result of his service as Executive Chairman.

3.4 The Executive shall be reimbursed for any and all monies expended by him in connection with his employment for reasonable and necessary expenses on behalf of the Company in accordance with the policies of the Company then in effect.

3.5 The Executive shall (a) be eligible to participate in the Company's executive and employee benefit plans and arrangements that are offered to executive officers and employees of the Company (including, without limitation, 401(k)**,** medical insurance, dental insurance, life insurance and disability benefits), to the extent he remains eligible to do so under the terms of such plans through the Separation Date and to the extent that the Company continues such plans for its executive officers and employees and (b) continue to accrue vacation through the Transition Date (which shall accrue in accordance with the Company's vacation policy). Following the Separation Date, the Executive may, if eligible and at his own cost, elect to continue receiving group medical insurance pursuant to COBRA.

3.6 If, because of adverse business conditions or for other reasons, the Company at any time puts into effect salary reductions applicable to all executive officers of the Company generally, the salary payments required to be made under this Agreement to the Executive during any period in which such general reduction is in effect may be reduced by the same percentage as is applicable to all executive officers of the Company generally. Any benefits made available to the Executive which are related to Base Salary shall also be reduced in accordance with any salary reduction.

3.7 Through the Separation Date, the Executive shall comply with all of the Company's policies and procedures in effect at such time, including in connection with the maintenance of the Company's property. Notwithstanding the foregoing, he may retain his laptop and other personal computing devices and files and other documents as agreed to with the Company.

3.8 The Executive's Amended and Restated Executive Retention Agreement, dated as of December 9, 2008 (the ***"Executive Retention Agreement"***), shall, subject to the Executive's continued employment, remain in full force and effect and provide compensation as set forth therein in the event of a Change in Control (a ***"Change in Control"***) as defined therein until the Retirement Date. Any payments under this Agreement will not apply to the extent that they would overlap with any payments made thereunder in the reasonable determination of the Board. Nothing in this Agreement is intended to change the timing of payments, if any, due under the Executive Retention Agreement.

3.9 Executive shall not receive any compensation for his service as a director prior to the Retirement Date other than the compensation set forth herein. Provided the Executive continues to be a director following the Retirement Date, he shall receive the compensation paid to non-employee directors beginning on the date immediately following the Retirement Date.

4. Restrictive Covenants.

4.1 During the period of the Executive's employment with the Company and for a period of one year following the Separation Date (the "***Restricted Period***"), the Executive shall not, directly or indirectly, own, manage, control, operate, be employed by, participate in or be connected with the ownership, management, operation or control of any business that competes with the Company or any of its affiliated companies in the Applicable Territory if the Executive would be performing a job or job duties or services for the competitive entity that is or are similar to the job or job duties or services that the Executive performed for the Company at any time during the last two years of the Executive's employment; provided, however, that the foregoing ownership restriction shall not apply to ownership of less than 5% of the outstanding stock of a publicly held corporation, which ownership is disclosed to the Board, nor shall it apply to any other ownership interest that is disclosed to and approved by the Board. The Restricted Period shall automatically be extended to two years following the cessation of the Executive's employment if the Executive breaches a fiduciary duty to the Company or the Executive unlawfully takes, physically or electronically, any property belonging to the Company other than as set forth in Section 3.7 above. Notwithstanding the foregoing, the Restricted Period shall end immediately upon the Separation Date if the Company terminates the Executive's employment other than for Cause (as defined in this Section 4.1) "***Applicable Territory***" means the geographic areas in which the Executive provided services or had a material presence or influence at any time during his last two years of employment. "***Cause***" for purposes of this Section 4.1 means any of: (a) the Executive's conviction of, or plea of guilty or nolo contendere to, any crime involving dishonesty or moral turpitude, or any felony; or (b) a good faith finding by the Company in its sole discretion that the Executive has (i) engaged in dishonesty, misconduct or gross negligence; (ii) committed an act that injures or would reasonably be expected to injure the reputation, business or business relationships of the Company; (iii) breached the terms of this Agreement or any other restrictive covenant or confidentiality agreement with or policy of the Company; (iv) failed or refused to comply with any of the Company's policies or procedures; or (v) failed to perform the Executive's duties and/or responsibilities to the Company's satisfaction. The Executive acknowledges that he received this Agreement, including the non-competition provision set forth in this Section 4.1, at least 10 business days before the Effective Date He further acknowledges that in exchange for his compliance with the non-competition restriction set forth in this Section 4.1, he is eligible to receive the benefits set forth in Section 5.5 of this Agreement, subject to the terms and conditions thereof. The Executive understands and agrees that this consideration has been mutually agreed upon by the Company and the Executive, exceeds anything to which he is presently entitled, is fair and reasonable and sufficient consideration in exchange for the non-competition restriction, and that he has the right to consult with counsel prior to signing this Agreement.

4.2 During the period of the Executive's employment with the Company and for a period of two years following the Separation Date, the Executive shall not, either alone or in association with others, solicit, divert or take away, or attempt to divert or take away, the business or patronage of any of the clients, customers or business partners of the Company that were contacted, solicited or served by the Company during the 12-month period prior to the Separation Date.

4.3 During the period of the Executive's employment with the Company and for a period of two years following the Separation Date, the Executive shall not, either alone or in association with others, (a) solicit, induce or attempt to induce any employee of the Company to terminate his or her employment with the Company or (b) hire, recruit or attempt to hire any person who was employed by the Company at any time during the term of the Executive's employment with the Company, provided that

this clause (b) shall not apply to the recruitment or hiring of any individual whose employment with the Company has been terminated for a period of six months or longer.

4.4 During the period of the Executive's employment with the Company and thereafter, the Executive shall not, without the written consent of the Company, utilize or disclose to others any proprietary or confidential information of any type or description, which terminology shall be construed to mean any information developed or identified by the Company that is intended to give it an advantage over its competitors or that could give a competitor an advantage if obtained by it, unless and until such confidential information has become public knowledge through no fault of the Executive. Such information includes, but is not limited to, product or process design, specifications, manufacturing methods, financial or statistical information about the Company, marketing or sales information about the Company, sources of supply, lists of customers and the Company's plans, strategies and contemplated actions. The Executive shall not disclose any proprietary or confidential information to others outside the Company or use the same for any unauthorized purposes without written approval by an executive officer of the Company, either during or at any time after employment, unless and until such proprietary or confidential information has become public knowledge without fault by the Executive. Nothing in this Agreement or elsewhere prohibits or restricts the Executive from communicating with or voluntarily providing information the Executive believes indicates possible or actual violations of law to local, state or federal governmental agencies, any legislative body, law enforcement, or any self-regulatory organization (including but not limited to the Securities and Exchange Commission),. The Executive is not required to notify the Company that he has made any such reports or disclosures. In addition, notwithstanding the Executive's confidentiality and nondisclosure obligations, the Executive is hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

4.5 During the period of the Executive's employment by the Company and for a period of two years following the Separation Date, the Executive shall not in any way whatsoever aid or assist any party seeking to cause, initiate or effect a Change in Control of the Company without the prior approval of the Board.

5. Termination.

5.1 Except for the covenants set forth in Section 4, which covenants shall remain in effect for the periods stated therein, and subject to the satisfaction of the provisions of this Agreement that require payments or the provision of benefits after the termination of this Agreement, this Agreement and the Executive's employment shall terminate on the earliest of the following events:

(a) on the effective date set forth in any resignation submitted by the Executive and accepted by the Company, or if no effective date is agreed upon, the date of receipt of such letter;

(b) at the election of the Company, upon the Disability of the Executive. For purposes of this Agreement, **"Disability"** shall mean the Executive's absence from the performance of the Executive's duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative;

(c) upon the termination of the Executive by the Company for Cause. For purposes of this Agreement other than Section 4.1, **"Cause"** shall mean the Executive's failure to substantially perform his obligations under this Agreement after written notice given by the Company and, where reasonably curable, not cured within 15 days of such notice, or the Executive's willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company, provided that no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith and without reasonable belief that the Executive's action or omission was in the best interests of the Company; or

(d) on the Retirement Date, provided the Executive has remained an employee through such date, or upon other termination of the Executive's employment by the Company without Cause or as a result of his death, in either case occurring before the Retirement Date.

5.2 Except as otherwise expressly provided herein, upon the termination of this Agreement, all of the Company's obligations under this Agreement (except for obligations that by their terms require payment after the termination of this Agreement), including, without limitation, making payments to the Executive, shall immediately cease and terminate.

5.3 Notwithstanding the foregoing, in the event of the termination of this Agreement pursuant to Section 5.1(a) or (c), the Company shall pay to the Executive, in a lump sum in cash within 30 days after the Separation Date or such earlier date as required by applicable law, an amount equal to the sum of (a) the Executive's previously unpaid Base Salary through the Separation Date, (b) the Executive's annual bonus payable to the Executive for the most recently completed fiscal year (if such bonus has not yet been paid); provided that, notwithstanding the foregoing, such annual bonus need not be paid within the 30-day period as long as such annual bonus is paid at the same time as to other executive officers of the Company and not later than the 15th day of the third month of the fiscal year following the fiscal year for which the bonus is payable, and (c) the amount of any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) (but not to the extent that payment on such timing would be an impermissible acceleration under Section 409A, as defined below) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (a), (b), and (c) shall be hereinafter referred to as the ***"Accrued Obligations"***).

5.4 Notwithstanding the foregoing, in the event of the termination of this Agreement pursuant to Section 5.1(b), the Company shall (a) pay to the Executive (or the Executive's estate, if applicable), in a lump sum in cash within 30 days after the Separation Date (or such other date as is required by applicable law, including Section 409A), the Accrued Obligations, (b) without duplication of any amount included in the Accrued Obligations, the 2026 Bonus (if such bonus has not yet been paid) and (c) solely to the extent the Separation Date occurs on or after the Transition Date and without duplication of any amount included in the Accrued Obligations, the 2027 Bonus (if such bonus has not yet been paid) .

5.5 In the event of the termination of this Agreement before the Retirement Date pursuant to Section 5.1(d) and, other than as a result of a termination of employment by death, contingent upon the effectiveness of the Release (as defined below) and Executive's compliance with Sections 4 and 7 hereof, the Company shall:

(a) pay to the Executive a sum equal to (i) the Base Salary that the Executive would have received pursuant to this Agreement had the Executive remained an employee from the Separation Date through the Retirement Date (the **"Early Termination Period"**) and (ii) the maximum 401(k) plan matching contribution that the Company would have contributed had the Executive remained an employee during the Early Termination Period (to the extent not otherwise paid or provided); provided that the amounts set forth in clauses (i) and (ii) shall be paid in a lump sum six months and one day (the **"Delayed Payment Date"**) after the Executive has a separation from service pursuant to Section 8.4;

(b) pay to the Executive (i) the Executive's actual bonus for the 2026 Fiscal Year (if such bonus has not yet been paid) and (ii) to the extent the Separation Date occurs after the Transition Date, the Executive's actual bonus for the 2027 Fiscal Year (if such bonus has not yet been paid), in each case, paid as in the last sentence of Section 3.2;

(c) provided he timely elects and remains eligible for COBRA, pay COBRA premiums for single coverage under the group health and dental insurance coverage through the Retirement Date (less his portion of the premiums he would have paid as an active employee, which shall be paid by him, and with any later COBRA coverage being fully at his expense), provided that any such payments and related coverage shall be discontinued in the event that he ceases to be eligible for or to elect such COBRA coverage during such period. Such payments by the Company (but not eligible coverage at the Executive's expense) will cease if future regulations or legislation causes the Company to conclude such payments are reasonably likely to result in any tax liability to the Company; provided that the Company will reimburse the Executive for his own payments under this sentence (less the portion he would have paid as an active employee) if the Company cannot pay them directly and if permitted under applicable law without tax liability to the Company. The Executive must repay promptly to the Company any premiums paid under this subsection if he does not comply with the final paragraph of this Section 5.5 within the time period specified and no premiums will be paid after the deadline for such compliance if he has not so complied; and

(d) cause each of the Executive's then outstanding and unvested restricted stock unit awards to vest in full and result in a distribution of the shares of Company common stock underlying such restricted stock unit awards as soon as practicable following the Separation Date but no later than the15th day of the third month of the fiscal year following the fiscal year in which the Separation Date occurs, provided that with respect to performance-based restricted stock units, if the Separation Date occurs prior to the measurement date for such awards, the Executive agrees that such performance-based restricted stock units awards will be measured and adjusted to the same extent as if the Executive had remained an employee of the Company through the measurement date to determine the number of shares deliverable under such awards and such number of shares of Company common stock shall be delivered as soon as practicable following such measurement date but no later than the 15th day of the third month of the fiscal year following the fiscal year to which performance relates, provided further that no shares will be issued under any of the Executive's restricted stock unit awards unless the Executive complies with the final paragraph of this Section 5.5 within the time period specified and such restricted stock unit awards

shall immediately expire if the Executive does not comply with the final paragraph of this Section 5.5 within the time period specified.

The provision to the Executive of the benefits provided by clauses (a) through (d) of this Section 5.5 shall be contingent upon the execution by the Executive, within five business days following the Separation Date, of the Release Agreement (the **"Release"**) provided by the Company to the Executive contemporaneously with this Agreement and the Release's becoming irrevocable, and the Executive must repay promptly to the Company any payments made pursuant to clauses (a) through (d) if he does not comply with the final paragraph of this Section 5.5 within the time period specified. Payments contingent on the Release shall be paid no earlier than the first business day of the calendar year following the year of termination of employment if the 60-day period ends in such subsequent year. Payments that are triggered before or by death will continue to be paid after death.

6. Mitigation. The Executive shall not be required to mitigate the amount of any payment or benefits provided for by this Agreement by seeking other employment or otherwise. Further the amount of any payment or benefits provided for in this Agreement shall not be reduced by any compensation earned by the Executive as a result of employment by another employer, by retirement benefits or other compensation, by offset against any amount claimed to be owed by the Executive to the Company or otherwise.

7. Cooperation. The Executive agrees to cooperate fully with the Company in the investigation, defense or prosecution of any claims or actions in existence when his employment ends or that may be brought in the future against or on behalf of the Company by any third party against the Company or by the Company against any third party. The Executive also agrees that his full cooperation in connection with such claims or actions will include being available to meet with the Company's counsel to prepare for discovery, any mediation, arbitration, trial, administrative hearing or other proceeding, and to act as a witness when requested by the Company at reasonable times and locations designated by the Company. Moreover, unless otherwise prohibited by law, the Executive agrees to notify the General Counsel (or the Successor CEO in the absence of a General Counsel) of the Company at One Technology Park Drive, Westford, Massachusetts 01886, if he is asked by any person or entity (other than a governmental agency) to assist, testify or provide information in any such proceeding or investigation. Such notice shall be in writing and sent by overnight mail to the General Counsel or the Successor CEO in the absence of a General Counsel as promptly as practical under the circumstances after the Executive receives the request for assistance, testimony or information. If the Executive is not legally permitted to provide such notice, the Executive agrees that he will request that the person or entity seeking assistance, testimony or information provide notice consistent with this Section 7.

8. Payments Subject to Section 409A. Subject to the provisions in this Section 8, any severance payments or benefits under this Agreement shall begin only upon the date of the Executive's ***"separation from service"*** (determined as set forth below) which occurs on or after the date of termination of the Executive's employment. The following rules shall apply with respect to distribution of the payments and benefits, if any, to be provided to the Executive under this Agreement:

8.1 It is intended that each installment of the severance payments and benefits provided under this Agreement shall be treated as a separate "payment" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the ***"Code")***, and the guidance issued thereunder ***("Section 409A")***. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

8.2 If, as of the date of the Executive's "separation from service" from the Company, the Executive is not a ***"specified employee"*** (within the meaning of Section 409A), then each installment of the severance payments and benefits shall be made on the dates and terms set forth in this Agreement.

8.3 If, as of the date of the Executive's "separation from service" from the Company, the Executive is a "specified employee" (within the meaning of Section 409A), then:

(a) Each installment of the severance payments and benefits due under this Agreement that, in accordance with the dates and terms set forth herein, will be paid within the Short-Term Deferral Period (as hereinafter defined) shall be treated as a short-term deferral within the meaning of Treasury Regulation §1.409A-1(b)(4) to the maximum extent permissible under Section 409A. For purposes of this Agreement, the ***"Short-Term Deferral Period"*** means the period ending on the later of the fifteenth day of the third month following the end of the Executive's tax year in which the separation from service occurs and the fifteenth day of the third month following the end of the Company's tax year in which the separation from service occurs; and

(b) Each installment of the severance payments and benefits due under this Agreement that is not described in Section 8.3(a) and that would, absent this Section 8.3(b), be paid within the six-month period following the Executive's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, the Executive's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following the Executive's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of severance payments and benefits if and to the maximum extent that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation § 1.409A-1 (b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation §1.409A-1(b)(9)(iii) must be paid no later than the last day of the Executive's second taxable year following the taxable year in which the separation from service occurs.

8.4 The determination of whether and when the Executive's separation from service from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation §1.409A-1(h). Solely for purposes of this Section 8.4, the ***"Company"*** shall include all persons with whom the Company would be considered a single employer under Sections 414(b) and 414(c) of the Code.

8.5 All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (a) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (d) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

8.6 This Agreement is intended to comply with or be exempt from the provisions of Section 409A and the Agreement shall, to the extent practicable, be construed in accordance therewith. The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A and do not satisfy an exemption from, or the conditions of, Section 409A.

9. Disputes.

9.1 Settlement of Disputes; Arbitration. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement (including the arbitrability of the dispute or controversy) shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect and the Federal Arbitration Act. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

9.2 Expenses. Except with respect to any claim or contest regarding the validity or enforceability of, or liability under, Section 4, the Company agrees to pay as incurred, to the full extent permitted by law, all legal, accounting and other fees and expenses which the Executive may reasonably incur as a result of any claim or contest (regardless of the outcome thereof) by the Company, the Executive or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive regarding the amount of any payment or benefits pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

10. Successors.

10.1 Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the ***"Company"*** shall mean the Company as defined above and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement, by operation of law or otherwise.

10.2 Successor to Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive or the Executive's family hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate. Neither the Executive nor, in the event of his death, the executors, personal representatives or administrators of the Executive's estate, shall have the power to transfer, assign, mortgage or otherwise encumber in advance any of the payments provided for in this Agreement, nor shall any payments nor assets or funds of the Company be subject to seizure for the payment of any debts, judgments, liabilities, bankruptcy or other actions.

11. Notice. All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (a) by registered or certified mail, return receipt requested, postage prepaid, or (b) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company, Attention: CEO, at One Technology Park Drive, Westford, Massachusetts 01886 and to the Executive at such address as either the Company or the Executive may have furnished to the other in writing in accordance herewith. Any such notice, instruction or communication shall be deemed to have been delivered five business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it actually is received by the party for whom it is intended.

12. Miscellaneous.

12.1 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12.2 Injunctive Relief. The Company and the Executive agree that any breach of this Agreement by the Company or the Executive is likely to cause the other party substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Company or the Executive, as applicable, shall have the right to specific performance and injunctive relief, without the obligation to post a bond or show monetary damages. Notwithstanding Section 9.1 of this Agreement, either the Company or the Executive may seek temporary, preliminary or permanent injunctive relief with respect to any actual or threatened breach of Section 4 in a court of competent jurisdiction without first submitting such claim to arbitration. Any action arising under or relating to Section 4 shall be brought in the Business Litigation Session of the Suffolk County Superior Court or, if such court lacks jurisdiction, another court of competent jurisdiction sitting in Suffolk County, Massachusetts.

12.3 Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the Commonwealth of Massachusetts, without regard to conflicts of law principles.

12.4 Waivers. No waiver by the Company or the Executive at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the other party shall be deemed a waiver of that or any other provision at any subsequent time.

12.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same instrument.

12.6 Tax Withholding. Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state or local law.

12.7 Entire Agreement. Except with respect to the Executive Retention Agreement, and any non-disclosure or invention assignment agreement entered into between the Company and the Executive and the Executive's equity compensation awards (as amended herein) and their related plans, this Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements,

communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein, and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

12.8 Amendments. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Executive.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

KADANT INC.

By: /s/ Jonathan W. Painter
Jonathan W. Painter
Chairman of the Board

EXECUTIVE

/s/ Jeffrey L. Powell
Jeffrey L. Powell

Exhibit 31.1

CERTIFICATION

I, Jeffrey L. Powell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended October 3, 2026 of Kadant Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2026

/s/ Jeffrey L. Powell
Jeffrey L. Powell
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael J. McKenney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended October 3, 2026 of Kadant Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2026

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

Exhibit 32

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Jeffrey L. Powell, Chief Executive Officer, and Michael J. McKenney, Chief Financial Officer, of Kadant Inc., a Delaware corporation (the "Company"), do hereby certify, to our best knowledge and belief, that:

The Quarterly Report on Form 10-Q for the period ended October 3, 2026 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2026

/s/ Jeffrey L. Powell
Jeffrey L. Powell
Chief Executive Officer

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

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.