

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): May 31, 2024

KADANT INC.

(Exact name of registrant as specified in its charter)

Commission file number 001-11406

Delaware
(State or other jurisdiction of incorporation or organization)

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

**One Technology Park Drive
Westford, Massachusetts 01886**
(Address of principal executive offices, including zip code)
(978) 776-2000
(Registrant's telephone number, including area code)

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

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

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

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

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

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

Item 7.01 Regulation FD Disclosure.

On May 31, 2024, Kadant Inc. (“Kadant” or the “Company”) acquired all of the outstanding equity securities of Dynamic Sealing Technologies LLC and affiliates (“DSTI”) for \$55 million in cash, subject to certain customary adjustments (the “Acquisition”). DSTI is a leader in engineered fluid sealing and transfer solutions for rotating applications across various process industries and will become part of Kadant’s Flow Control reporting segment. A copy of the press release issued by the Company in connection with the Acquisition is furnished with this Current Report on Form 8-K and attached hereto as Exhibit 99.1.

On June 4, 2024, the Company will hold a webcast and conference call to discuss the transaction described above at 11:00 a.m. eastern time. A copy of our investor presentation with an overview of the Acquisition that will be presented on the webcast and discussed in the conference call is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is posted in the “Investors” section of the Company’s website at www.kadant.com.

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

Safe Harbor Statement

The following constitutes a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This Current Report on Form 8-K contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the financial and operating performance of DSTI, the benefits of the Acquisition, and the expected future business and financial performance of DSTI and Kadant. These forward-looking statements represent our expectations as of the date of this Current Report on Form 8-K. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading “Risk Factors” in Kadant’s Annual Report on Form 10-K for the fiscal year ended December 30, 2023 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to Kadant’s ability to successfully integrate DSTI and its operations and employees and realize anticipated benefits from the Acquisition; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of DSTI; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of the Acquisition; competitive, investor or customer responses to the Acquisition; the ability to realize anticipated synergies and cost savings; unexpected costs, charges or expenses resulting from the Acquisition; adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; our acquisition strategy; levels of residential construction activity; reductions by our wood processing customers of their capital spending or production of oriented strand board; changes to the global timber supply; development and use of digital media; cyclical economic conditions affecting the global mining industry; demand for coal, including economic and environmental risks associated with coal; failure of our information systems or breaches of data security and cybertheft; implementation of our internal growth strategy; supply chain constraints, inflationary pressure, price increases and shortages in raw materials; competition; changes to tax laws and regulations; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; loss of key personnel and effective succession planning; protection of intellectual property; climate change; adequacy of our insurance coverage; global operations; policies of the Chinese government; the variability and uncertainties in sales of capital equipment in China; currency fluctuations; changes to government regulations and policies around the world; compliance with government regulations and policies and compliance with laws; environmental laws and regulations; environmental, health and safety laws and regulations impacting the mining industry; our debt obligations; restrictions in our credit agreement and note purchase agreement; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

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

Exhibit No.	Description of Exhibits
99.1	Press release issued by the Company on June 3, 2024 announcing the completion of the Acquisition.
99.2	Investor presentation to be presented by the Company on June 4, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

KADANT INC.

SIGNATURE

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

KADANT INC.

Date: June 3, 2024

By /s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer

KADANT

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PRESS RELEASE

Kadant Acquires Dynamic Sealing Technologies *Expands Flow Control Segment with Fluid Rotary Union Manufacturer*

WESTFORD, Mass., June 3, 2024 – Kadant Inc. (NYSE: KAI) today announced it has completed the acquisition of Dynamic Sealing Technologies LLC and affiliates (“DSTI”) for approximately \$55 million in cash, subject to certain customary adjustments. The acquisition was financed through borrowings under Kadant’s revolving credit facility.

DSTI is a leader in engineered fluid sealing and transfer solutions for rotating applications. The company specializes in the design, manufacture, and integration of fluid rotary unions, electrical slip rings, and value-added products used to transfer hydraulic fluid, water, air, and other liquids and gases in a variety of industrial processes. With its primary operations in Andover, Minnesota, the company employs approximately 90 people, serving customers in numerous industries including defense, energy, medical, and factory automation. DSTI had revenue of approximately \$25 million for the trailing twelve months ended March 31, 2024 and will become part of Kadant’s Flow Control reporting segment.

“We are pleased to welcome our colleagues from DSTI to the Kadant family,” said Jeffrey L. Powell, president and chief executive officer of Kadant. “We have known and respected DSTI for nearly two decades and are honored that they are now a part of Kadant. The company’s custom engineered rotary unions and related products are highly complementary to our existing product portfolio and this acquisition serves to extend our presence in a number of adjacent industries.”

Jeffrey S. Meister, president of DSTI, commented, “Since our founding in 2002, we have strived to be at the forefront in high-performance, custom fluid sealing solutions for the world’s most challenging applications. In the years ahead, as a part of Kadant, we look forward to continuing our work to deliver exceptional products built by exceptional people.”

Conference Call

Kadant will hold a conference call and webcast on Tuesday, June 4, 2024 at 11:00 a.m. eastern time to discuss the acquisition. To listen to the call and view the webcast, go to the “Investors” section of the Company’s website at www.kadant.com. Participants interested in joining the call’s live question and answer session are required to register by visiting <https://register.vevent.com/register/B1c7f9fef358d9420a93ee8579a710a048> or selecting the Q&A link on our website to receive a dial-in number and unique pin. It is recommended that you join the call 10 minutes prior to the start of the event. A replay of the webcast presentation will be available on the Company’s website through July 5, 2024.

About Kadant

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

Safe Harbor Statement

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the financial and operating performance of DSTI, the benefits of the acquisition of DSTI (the "Acquisition"), and the expected future business and financial performance of DSTI and Kadant. These forward-looking statements represent our expectations as of the date of this press release. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading "Risk Factors" in Kadant's Annual Report on Form 10-K for the fiscal year ended December 30, 2023 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to Kadant's ability to successfully integrate DSTI and its operations and employees and realize anticipated benefits from the Acquisition; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of DSTI; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of the Acquisition; competitive, investor or customer responses to the Acquisition; the ability to realize anticipated synergies and cost savings; unexpected costs, charges or expenses resulting from the Acquisition; adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; our acquisition strategy; levels of residential construction activity; reductions by our wood processing customers of their capital spending or production of oriented strand board; changes to the global timber supply; development and use of digital media; cyclical economic conditions affecting the global mining industry; demand for coal, including economic and environmental risks associated with coal; failure of our information systems or breaches of data security and cybertheft; implementation of our internal growth strategy; supply chain constraints, inflationary pressure, price increases and shortages in raw materials; competition; changes to tax laws and regulations; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; loss of key personnel and effective succession planning; protection of intellectual property; climate change; adequacy of our insurance coverage; global operations; policies of the Chinese government; the variability and uncertainties in sales of capital equipment in China; currency fluctuations; changes to government regulations and policies around the world; compliance with government regulations and policies and compliance with laws; environmental laws and regulations; environmental, health and safety laws and regulations impacting the mining industry; our debt obligations; restrictions in our credit agreement and note purchase agreement; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

Contacts

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KADANT

Acquisition of
Dynamic Sealing Technologies LLC

Kadant Inc. (NYSE: KAI)
June 4, 2024

Forward-Looking Statements

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. This presentation and the accompanying remarks contain forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the financial and operating performance of Dynamic Sealing Technologies LLC and affiliates ("DSTI"), the benefits of the acquisition of DSTI (the "Acquisition"), and the expected future business and financial performance of DSTI and Kadant. These forward-looking statements represent our expectations as of the date of this presentation. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading "Risk Factors" in Kadant's Annual Report on Form 10-K for the fiscal year ended December 30, 2023 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to Kadant's ability to successfully integrate DSTI and its operations and employees and realize anticipated benefits from the Acquisition; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of DSTI; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of the Acquisition; competitive, investor or customer responses to the Acquisition; the ability to realize anticipated synergies and

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Technology driving a sustainable future

KADANT

DSTI Acquisition Overview

- Manufacturer of fluid rotary unions and related flow control products used in highly engineered, critical applications
- Based in Andover, Minnesota with approximately 90 employees
- Specialized manufacturing facilities in Minnesota and New York
- Well-established in the custom and multi-passage rotary union U.S. market
- Revenue for the trailing twelve months ended March 31, 2024 was \$25 million
- Purchase price was approximately \$55 million*

* Subject to customary adjustments

Primary Product Offerings

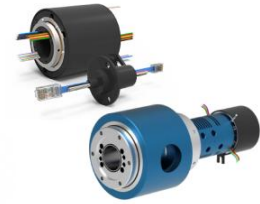
STANDARD ROTARY UNIONS



CUSTOM ROTARY UNIONS



ELECTRICAL SLIP RINGS



Key Industries Served



Acquisition Rationale

- ✓ Solid financial metrics and seasoned management team
- ✓ Exceptionally well-run and professional organization
- ✓ Strong knowledge base in flow control sealing technology
- ✓ Highly complementary product offering
- ✓ Well-positioned in fast-growing medical, construction, food & beverage, and semi-conductor sectors
- ✓ Established long-standing, deep customer relationships
- ✓ Excellent market reputation and established brand
- ✓ Expands reach and depth into new industries for Kadant

Integration

- DSTI will be included in our Flow Control reporting segment
- Manufacturing operations will continue in their current locations as part of our decentralized operating structure
- Significant opportunities for collaboration across our Flow Control businesses in the Americas, Europe, and Asia
- Commercial and operational synergies expected to accelerate in the coming years

Financial Details

- \$55 million purchase price*
- Revenue for the trailing twelve months ended March 31, 2024 was \$25 million
- Favorable tax attributes
- Borrowed \$55 million
- Borrowing rate estimated at approximately 6.7%

* Subject to customary adjustments



Question & Answer

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

Please mute the audio on your computer.



KADANT

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