

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): June 17, 2021

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:

Title of each class
Common Stock, \$.01 par value

Trading Symbol(s)
KAI

Name of each exchange on which registered
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 June 16, 2021, Kadant Germany Holding GmbH, a subsidiary of Kadant Inc. (“Kadant” or the “Company”), entered into a Framework Agreement and various ancillary agreements for the purchase of all partnership interests and shares in The Clouth Group of Companies (“Clouth”) for approximately 78 million Euros in cash, subject to certain customary adjustments (the “Acquisition”). Clouth is a leading manufacturer of doctor blades and related equipment used in the production of paper, packaging, and tissue and will become part of Kadant’s Flow Control reporting segment upon the closing, which is expected to occur in the third quarter of 2021. 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 17, 2021 the Company will hold a webcast and conference call to discuss the transaction described above at 1:00 p.m. eastern time. A copy of an 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 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 Clouth, the benefits of the Acquisition, the probable timing of the completion of the Acquisition, and the expected future business and financial performance of Clouth following the transaction. These forward-looking statements represent our expectations as of the date of this press release. Kadant undertakes 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 January 2, 2021 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to the ability to consummate the Acquisition; Kadant’s ability to successfully integrate Clouth and its operations and employees and realize anticipated benefits from the transaction; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of Clouth; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the Acquisition; uncertainties as to the timing of the Acquisition; competitive and/or investor responses to the Acquisition; uncertainty of the expected financial performance of the combined operations following completion of the Acquisition; the ability to realize anticipated synergies and cost savings; unexpected costs, charges or expenses resulting from the Acquisition; the impact of the COVID-19 pandemic on our operating and financial results; adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; health epidemics; 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; price increases or shortages of raw materials; competition; changes in our tax provision or exposure to additional tax liabilities; 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; economic conditions and regulatory changes caused by the United Kingdom’s exit from the European Union; 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; substitution of an alternative index for LIBOR; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

Item 9.01 Financial Statements and Exhibits.

its

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

Exhibit

No. Description of Exhibits

99. [Press release issued by the Company on June 17, 2021.](#)

99. [Slides to be presented by the Company on June 17, 2021.](#)

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 17, 2021

By /s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer

KADANT

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www.kadant.com

PRESS RELEASE

Kadant to Acquire German Blade Manufacturer Joh. Clouth

WESTFORD, Mass., June 17, 2021 - Kadant Inc. (NYSE:KAI) has entered into a definitive agreement to acquire Joh. Clouth GmbH & Co. KG and its affiliates ("Clouth") for approximately 78 million Euros in cash, subject to certain customary adjustments. Clouth is a leading manufacturer of doctor blades and related equipment used in the production of paper, packaging, and tissue.

"Our acquisition of Clouth brings together two global market leaders to create an even stronger portfolio of doctor blades used in creping, scraping, cleaning, and coating applications," said Jeffrey L. Powell, president and chief executive officer of Kadant Inc. "Clouth's first-class management team has built a solid reputation in its core markets and established a formidable presence in Europe, Asia, and North America with 92% of its revenue from parts and consumables. We are delighted to welcome Clouth employees to the Kadant family."

"After nearly 150 years of building a world-class reputation for quality doctor blades, we are excited about this new chapter in our company's history," said Peter Kochenrath, chief executive officer of Clouth. "Kadant's relentless focus on serving customers with high-performance products and service is consistent with our business approach and positions Clouth well for continued growth."

Clouth was founded in 1874 in Germany and has 205 employees based in Germany and Poland. The company had revenue of approximately 41 million Euros in 2020. Clouth will become part of Kadant's Flow Control reporting segment upon the closing, which is expected to occur in the third quarter of 2021.

Conference Call

Kadant will hold a conference call and webcast on Thursday, June 17, 2021 at 1:00 p.m. eastern time to discuss the pending acquisition. To listen to the call and view the webcast, go to the "Investors" section of the Company's website at www.kadant.com. To participate in the question and answer session, dial 888-326-8410 within the U.S., or +1-704-385-4884 outside the U.S., and reference participant passcode 4144889. A replay of the webcast will be available on the Company's website through July 2, 2021.

About Kadant

Kadant Inc. is a global supplier of high-value, critical components and engineered systems used in process industries worldwide. The Company's products, technologies, and services play an integral role in enhancing process efficiency, optimizing energy utilization, and maximizing productivity in resource-intensive industries. Kadant is based in Westford, Massachusetts, with approximately 2,600 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 Clouth, the benefits of the proposed acquisition of Clouth (the "Acquisition"), the probable timing of the completion of the Acquisition, and the expected future business and financial performance of

Clough following the transaction. 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 January 2, 2021 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to the ability to consummate the Acquisition; Kadant's ability to successfully integrate Clough and its operations and employees and realize anticipated benefits from the transaction; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of Clough; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the Acquisition; uncertainties as to the timing of the Acquisition; competitive and/or investor responses to the Acquisition; uncertainty of the expected financial performance of the combined operations following completion of the Acquisition; the ability to realize anticipated synergies and cost savings; unexpected costs, charges or expenses resulting from the Acquisition; the impact of the COVID-19 pandemic on our operating and financial results; adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; health epidemics; 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; price increases or shortages of raw materials; competition; changes in our tax provision or exposure to additional tax liabilities; 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; economic conditions and regulatory changes caused by the United Kingdom's exit from the European Union; 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; substitution of an alternative index for LIBOR; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

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KADANT

Pending Acquisition of
Joh. Clouth GmbH & Co. KG
and affiliated companies ("Clouth")

June 17, 2021



Forward-Looking Statements

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the financial and operating performance of Clouth, the benefits of the proposed acquisition of Clouth (the "Acquisition"), the probable timing of the completion of the Acquisition, and the expected future business and financial performance of Clouth following the transaction. These forward-looking statements represent Kadant's 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 January 2, 2021 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to the ability to consummate the Acquisition; Kadant's ability to successfully integrate Clouth and its operations and employees and realize anticipated benefits from the transaction; unanticipated disruptions to the business, general and regional economic conditions, and the future performance of Clouth; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the Acquisition; uncertainties as to the timing of the Acquisition; competitive and/or investor responses to the Acquisition; uncertainty of the expected financial performance of the combined operations following completion of the Acquisition; the ability to realize anticipated synergies and cost savings; unexpected costs, charges or expenses resulting from the Acquisition; the impact of the COVID-19 pandemic on our operating and financial results; adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; health epidemics; 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; price increases or shortages of raw materials; competition; changes in our tax provision or exposure to additional tax liabilities; 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; economic conditions and regulatory changes caused by the United Kingdom's exit from the European Union; 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; substitution of an alternative index for LIBOR; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.

Acquisition Overview



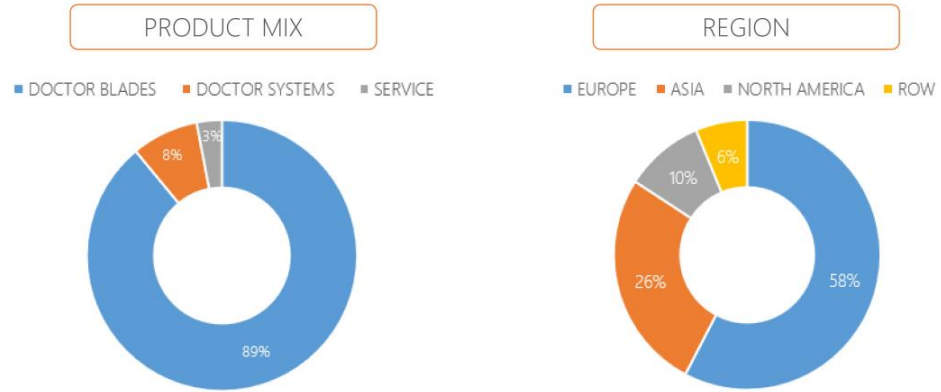
- Manufacturer of doctor blades used in creping, scraping, cleaning, and coating applications
- Founded in 1874 in Germany, built a global reputation for quality and high-performance blades
- Highly-automated manufacturing operations in Germany and Poland with a sales presence throughout Europe, Asia, and North America
- Strong market position in packaging, paper, and tissue sectors complemented by a notable presence in metal, synthetic fiber, and food sectors
- Revenue was approximately 41 million Euros in 2020 with 92% attributed to parts and consumables
- Purchase price is approximately 78 million Euros in cash
- Purchase agreement signed, expected closing in July 2021

Acquisition Rationale



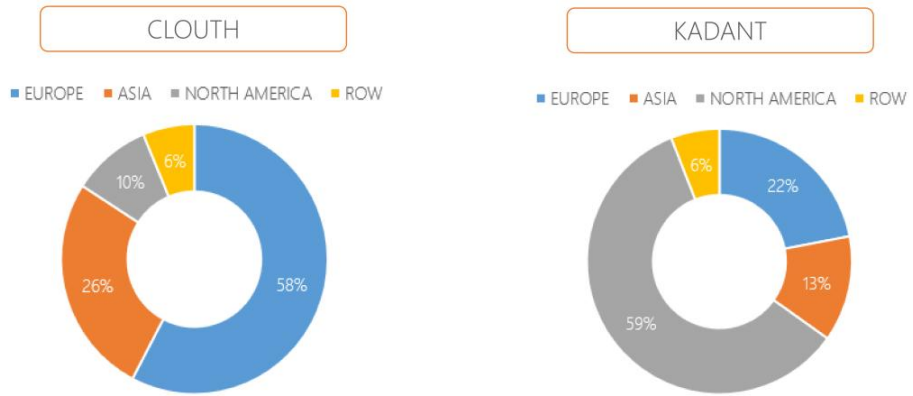
- Nearly doubles our global market position in doctor blades
- Significantly leverages our position in the fast-growing ceramic tissue blade market with the acquisition of the #2 global player
- Increases our aftermarket revenue in one of our most stable product lines with profitable market share growth potential
- Well-established brand in our core and adjacent markets
- Geographically complementary across regions
- Aftermarket profile consistent with our business model

2020 Clouth Revenue Sources



Geographic revenue is attributed to countries based on customer location (company estimate).

2020 Doctor Revenue by Region



Geographic revenue is attributed to countries based on customer location (company estimate).
Kadant revenue includes doctor blades, doctor systems, and related components only.

Kadant and Clouth Together

- Complementary geographic coverage provides minimal overlap and unparalleled global footprint
- Significantly advances our ability to supply the fast-growing ceramic creping blade market used in tissue production
- Combination of two global R&D leaders in scraping, cleaning, and ceramic blade development
- Scale opportunities in procurement, manufacturing, and automation



Integration

- Use multi-brand strategy retaining the strength of the Clouth brand
- Specialized manufacturing operations will continue as part of our decentralized operating structure
- Anticipate sharing of best practices, competitive collaboration
- Clouth will become part of our Flow Control reporting segment



Questions & Answers

To ask a question, please call **888-326-8410** within the U.S. or +1 704-385-4884 outside the U.S. and reference **414 4889**.

Please mute the audio on your computer.

KADANT

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June 17, 2021
