

REFINITIV

DELTA REPORT

10-K

KAI - KADANT INC

10-K - DECEMBER 30, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	9990
CHANGES	311
DELETIONS	5353
ADDITIONS	4326

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

FORM 10-K

(mark one)

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

For the fiscal year ended **December 31, 2022** **December 30, 2023**

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

(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)

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

<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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the Registrant as of **July 2, 2022** **July 1, 2023** (based on the closing price per share as reported on the New York Stock Exchange on the last business day of the Registrant's most recently completed second fiscal quarter), was approximately **\$2,138,187,000** **\$2,567,677,000**. For purposes of the immediately preceding sentence, the term "affiliate" consists of each director and executive officer of the Registrant.

As of **February 17, 2023** **February 16, 2024**, the Registrant had **11,674,218** **11,718,808** shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, to be used in connection with the Registrant's **2023** **2024** Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

Kadant Inc.
Annual Report on Form 10-K
for the Fiscal Year Ended **December 31, 2022** **December 30, 2023**
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Kadant Inc.

PART I

Forward-Looking Statements

This Annual Report on Form 10-K 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 and values 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" in [Part I, Item 1A](#), of this report.

Item 1. Business

Throughout this Annual Report on Form 10-K, when we use the terms "we," "us," "our," "Registrant," and the "Company," we mean Kadant Inc., and its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates. Kadant Inc. trades on the New York Stock Exchange under the ticker symbol "KAI."

Unless otherwise noted, references to 2023, 2022, 2021, and 2020 2021 in this Annual Report on Form 10-K are to our fiscal years ended December 31, 2022 December 30, 2023, January 1, 2022 December 31, 2022, and January 2, 2021 January 1, 2022, respectively.

Description of Our Business

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 three reportable operating segments: Flow Control, Industrial Processing, and Material Handling.

We have a long and well-established history of developing, manufacturing, and servicing a range of products and equipment used in process industries such as paper, packaging, and tissue; wood products; mining; metals; food processing; and recycling and waste management, among others. Some of our businesses or their predecessor companies have been in operation for more than 100 years. Our diverse customer base includes global and regional industrial manufacturers and distributors who participate in the broader resource transformation sector. We believe we have one of the largest installed bases of equipment in the markets we serve around the globe.

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

On January 1, 2024, we acquired Key Knife, Inc. and certain of its affiliates (collectively, Key Knife) pursuant to a securities purchase agreement dated December 22, 2023, for approximately \$156.0 million in cash, subject to certain customary adjustments. Key Knife is a global supplier of engineered knife systems for custom chipping, planing, and flaking solutions for wood products industries and is part of our Industrial Processing segment.

On January 24, 2024, we acquired all of the outstanding equity securities of KWS Manufacturing Company, Ltd. (KWS), for approximately \$84.0 million in cash, subject to certain customary adjustments. KWS is a leading manufacturer of conveying equipment for the bulk material handling industry and is part of our Material Handling segment.

See [Note 2](#), Acquisitions, and [Note 15](#), Subsequent Events, in the accompanying consolidated financial statements for further details regarding our acquisitions.

Business Segments and Products

We report our financial results by combining operating entities into three reportable operating segments: Flow Control, Industrial Processing, and Material Handling. See [Note 12](#), Business Segment and Geographical Information, in the accompanying consolidated financial statements for financial information regarding our segments.

Kadant Inc.

Flow Control Segment

Through our Flow Control segment, we provide 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, tissue, food, metals, and other industrial sectors. The Flow Control segment consists of our fluid-handling and doctoring, cleaning, & filtration product lines.

Kadant Inc.

Fluid-Handling

We develop, manufacture and market fluid-handling systems and equipment used in industrial piping systems to compensate for movement and to efficiently transfer fluid, power, and data. Our products are used primarily in the dryer section of the papermaking process and during the production of corrugated fiber-based packaging, metals, food, energy, chemicals, textiles, plastics pharmaceuticals, energy, rubber, textiles, chemicals, and food. Expansion joints are used in industrial piping systems. rubber. Our principal fluid-handling systems and equipment include:

- Rotary joints: Our mechanical sealing devices, used with rotating shafts, allow the transfer of pressurized fluid from a stationary source into and out of rotating machinery for heating, cooling, or the transfer of fluid power.

- Syphons: Our devices, installed inside rotating cylinders, are used to remove fluids from the rotating cylinders through rotary joints or unions located on either end of the cylinder.
- Turbulator® bars: Our steel or stainless steel axial bars, installed on the inside of cylinders, are used to induce turbulence in the condensate layer to improve the uniformity and rate of heat transfer through the cylinders.
- Expansion joints: Our rubber, metal, fabric, and other materials polytetrafluoroethylene (PTFE) expansion joints are used to compensate for movement in industrial piping systems due to thermal expansion, vibration and other causes.
- Engineered steam and condensate systems: Our steam systems control and advanced controls manage the flow of steam from the boiler to steam-heated rolls or processing machinery, collect condensed steam, and return it to the boiler to improve facilitate efficient energy efficiency utilization during the manufacturing process. Our systems and equipment are also used to efficiently and effectively distribute steam in a wide variety of industrial processing applications.

Doctoring, Cleaning, & Filtration

We develop, manufacture, and market a wide range of doctoring, cleaning, and filtration systems and related consumables that continuously clean rolls to keep paper machines and other industrial processes running efficiently. Doctoring and cleaning systems are also used in other process industries such as carbon fiber, textiles, food, and food processing, metals. Our principal doctoring, cleaning, and filtration products include:

- Doctor systems and holders: Our doctor systems clean papermaking rolls to maintain the efficient operation of paper machines and other equipment by placing a blade against the roll at a constant and uniform pressure. A doctor system consists of the structure supporting the blade and the blade holder.
- Doctor blades: We manufacture doctor and scraper blades made of a variety of materials including metal, bi-metal, or and synthetic materials that perform a variety of functions including cleaning, creping, web removal, flaking, and applying coatings. A typical doctor blade has a life ranging from eight hours to two months, depending on the application.
- Shower Cleaning showers and fabric-conditioning systems: Our cleaning shower and fabric-conditioning systems assist in the removal of contaminants that collect on paper machine fabrics used to convey the paper web through the forming, pressing, and drying sections of the paper machine. roll surfaces. A typical paper machine has between three and 12 fabrics, fabrics and multiple rolls. These fabrics can easily become contaminated with fiber, fillers, pitch, and dirt that can have a detrimental effect on paper machine performance and paper quality. Our cleaning shower and fabric-conditioning systems assist in the removal of these contaminants.
- Formation systems; Forming systems and wear surfaces: We supply structures that drain, purify, and recycle process water from the pulp mixture during paper sheet and web formation. Our wear surfaces are used to remove water from the paper web as it travels across the structures in the forming section of the paper machine.
- Water-filtration systems: We offer a variety of filtration systems and strainers that remove contaminants from process water before reuse and recover reusable fiber for recycling back into the pulp mixture.

Industrial Processing Segment

Through our Industrial Processing segment, we provide equipment, machinery, and technologies used to recycle paper and paperboard and process timber for use in the packaging, tissue, wood products and alternative fuel industries, among others.

Kadant Inc.

In addition, we provide industrial automation and digitization solutions to process industries. The Industrial Processing segment consists of our wood processing and stock-preparation product lines.

Kadant Inc.

Wood Processing

We develop, manufacture, and market debarkers, stranders, chippers, logging machinery, and related equipment used in the harvesting and production of lumber, and oriented strand board (OSB), and other wood products. In addition, we provide industrial automation and digitization solutions to process industries. Our principal wood processing products and services include:

- Ring and rotary debarkers: Our fixed and sliding ring debarkers utilize a rotating multi-tool to strip the bark off a non-rotating log. Our ring debarkers are used in lumber mills to remove the bark from the tree before further processing into lumber. Our rotary debarkers and related parts and consumables employ a combination of mechanical abrasion and log-to-log contact to efficiently remove bark from logs of all shapes and species.
- Stranders: Our disc and ring stranders and related parts and consumables cut batch-fed and tree-length logs into strands for OSB production and are used to manage strands in real time using our proprietary conveying and feeding equipment.
- Chippers: Our disc, drum, and veneer chippers and related parts and consumables are high-quality, robust chipper systems for waste-wood and whole-log applications found in pulp woodrooms, chip plants, and sawmill and planer mill sites.
- **Logging machinery; Engineered knife systems:** Our **log loaders** equipment includes custom chipping, planing, and **swing yarders** are flaking products and systems used to gather timber for lumber production in sawmills, pulp mills, chip plants and other applications.
- Industrial **Automation automation** and **Control: control:** We provide industrial automation, process technology, and project management services to help industrial companies digitally transform their operations.

Stock-Preparation

We develop, manufacture, and market custom-engineered systems and equipment, as well as standard individual components, for pulping, de-inking, screening, cleaning, and refining primarily recycled fiber for preparation for entry into the paper machine, and recausticizing and evaporation equipment and systems used in the production of virgin pulp. Our principal stock-preparation products include:

- Recycling and approach flow systems: Our equipment includes pulping, screening, cleaning, and de-inking systems that process fiber and remove contaminants, such as ink, glue, metals, and other impurities, to prepare them for entry into the paper machine during the production of recycled paper.
- Virgin pulping process equipment: Our equipment includes pulp washers, evaporators, and recausticizing and condensate treatment systems used to remove lignin, concentrate and recycle process chemicals, and remove condensate gases.

Material Handling Segment

Through our Material Handling segment, we provide 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. In addition, we manufacture and sell biodegradable, absorbent granules used as carriers in agricultural applications and for oil and grease absorption. The Material Handling segment consists of our conveying and vibratory, baling, and fiber-based product lines.

Conveying and Vibratory Equipment

We develop, manufacture, and market conveying and vibratory equipment and systems to various process industries, including mining, aggregates, food processing, packaging, and **pulp and paper**. Our principal conveying and vibratory products include:

- Vibratory equipment: feeders, screens, and flow aides utilized in the feeding of rugged and non-rugged materials as well as in mixing, blending, and packaging of fragile materials with speed and precision.
- Conveying equipment: transport idlers, power terminal units, and electric controls, used to transport bulk materials in harsh above- and below-ground mining environments; and screw conveyors and **feeders, slide gates, and** bucket elevators used for material handling operations in **the agricultural, food, chemical, and paper markets, industries, among others.**

Kadant Inc.

Baling

We develop, manufacture, and market individual components and equipment for baling recyclable and waste materials to prepare them for secondary processing, transport, or storage. Our principal baling products **include:**

Kadant Inc.

- **Balers and related equipment:** Our equipment includes **include** horizontal channel balers, vertical balers, conveyors, compactors, and bale wrapping machines used in the processing of recyclable and waste materials.

Fiber-based Products

We manufacture and sell biodegradable, absorbent granules derived from papermaking by-products. These materials are primarily used as carriers in agricultural, home lawn and garden, professional lawn, turf and ornamental applications, and for oil and grease absorption.

Dependency on a Single Customer

No single customer accounted for 10% or more of our consolidated revenues revenue in any of the past three years. In addition, within our Flow Control, Industrial Processing, and Material Handling segments, no single customer accounted for more than 10% of each of the respective segment's revenue. Approximately 53% in 2023, 55% in 2022, and 58% in 2021, and 55% in 2020, of our consolidated revenue were to customers outside the United States, principally in Europe, Asia and Canada.

Backlog

Our backlog of firm orders by segment are as follows:

		December		January			
(In millions)	(In millions)	31, 2022	1, 2022	(In millions)		December 30, 2023	December 31, 2022
Flow Control	Flow Control	\$ 80.2	\$ 73.1				
Industrial Processing	Industrial Processing	197.8	185.2				
Material Handling	Material Handling	67.3	51.6				
		\$ 345.3	\$ 309.9				
		\$					

We anticipate that the majority of the backlog at year-end 2022 2023 will be shipped within 24 12 months. Some of our capital orders can be canceled by the customer upon payment of a cancellation fee.

Research and Development

We develop a broad range of products for all facets of the markets we serve. We operate research and development facilities in the United States, Europe, and Canada, and focus our product innovations on process industry challenges and the need for improved fiber processing, heat transfer, roll and fabric cleaning, fluid handling, timber harvesting, wood processing, and secondary material handling. In addition to internal product development activities, our research centers allow customers to simulate their own operating conditions and applications to identify and quantify opportunities for improvement.

Our research and development expenses were \$13.6 million in 2023, \$12.7 million in 2022, and \$11.4 million in 2021, and \$11.3 million in 2020. 2021.

Sales and Marketing

We market and sell our engineered products, services, and systems to process industries using a combination of a direct sales, force and independent sales agents, and distributors depending on the market and product being sold. Technical service personnel, product specialists, and independent sales agents and distributors other subject matter experts are utilized in certain markets and with certain product lines. Our application expertise is complemented by a consultative selling approach to ensure we meet the needs of our customers.

Competition

We are a leading supplier of systems and equipment in each of our product lines within our Flow Control segment and there are several global and numerous local competitors in each market. In our Industrial Processing segment, we compete with a limited number of global and regional competitors in the forest products markets and fiber processing equipment markets. In our Material Handling segment, we compete with numerous global, regional, and local competitors for our conveying and vibratory equipment, and strong regional competitors for our baling equipment and fiber-based granules offerings. Because of the diversity of our products, we face many different types of competitors and competition. We compete primarily on the basis of technical expertise, product innovation, and product performance. We believe the reputation that we have established for high-performance, high-reliability products supported by our in-depth process knowledge and application expertise provides us with a competitive advantage. In addition, a significant portion of our business is generated from our worldwide customer base.

Kadant Inc.

To maintain this base, we have emphasized our global presence, local support, and problem-solving relationship with our customers. Our success primarily depends on the following factors:

**Kadant
Inc.**

- Technical expertise and process knowledge;
- Product innovation;
- Product quality, reliability, and performance;
- Operating efficiency of our products;
- Customer service and support;
- Relative price of our products; and
- Total cost of ownership of our products.

Raw Materials

The primary raw materials used by our businesses are: Flow Control segment – steel, stainless steel, ductile iron, brass, bronze, aluminum, and elastomers; Industrial Processing segment – steel and stainless steel; and Material Handling segment – steel, aluminum, and composites. These raw materials are generally purchased and available through a number of suppliers. The raw material used in the manufacture of our fiber-based granules is a by-product from the production of paper that we obtain from two paper mills. If these mills were unable or unwilling to supply us with sufficient fiber, we would be forced to find one or more alternative suppliers for this raw material. To date, our raw materials have generally been available to meet our current needs.

Patents, Licenses, and Trademarks

We protect our intellectual property rights by applying for and obtaining patents when appropriate. We also rely on technical know-how, trade secrets, and trademarks to maintain our competitive position. We also enter into license agreements with others to grant and/or receive rights to patents, trademarks, and know-how. No particular patent, or related group of patents, is so important that its expiration or loss would significantly affect our operations.

Flow Control Segment

We have numerous U.S. and foreign patents, including foreign counterparts to our U.S. patents, expiring on various dates ranging from 2023 2025 to 2050, related to fluid handling and doctoring, cleaning, and filtration equipment. From time to time, we enter into licenses with other companies for products that serve the pulp, papermaking, converting, and paper recycling industries.

Industrial Processing Segment

We have numerous U.S. and foreign patents, including foreign counterparts to our U.S. patents, expiring on various dates ranging from 2023 2024 to 2040, 2042, related to stock-preparation and wood processing systems and equipment.

Material Handling Segment

We have numerous U.S. and foreign patents, including foreign counterparts to our U.S. patents, expiring on various dates ranging from 2023 2024 to 2041, related to various aspects of conveyor belt systems and conveying apparatus, and baling equipment. We license one of our two significant product brand names, Link-Belt®, from a third party pursuant to a trademark license agreement. Approximately a quarter 31% of our Material Handling segment revenue in 2022 2023 was generated by sales of conveying equipment under the Link-Belt® name. Under the terms of the license agreement, we have a worldwide, exclusive, royalty-free, perpetual license to use the Link-Belt® trademark in connection with such products.

We also currently hold several U.S. patents, expiring on various dates ranging from 2026 to 2034, related to various aspects of the processing of fiber-based granules and the use of these materials in agricultural, home lawn and garden, professional lawn, turf and ornamental applications, and for oil and grease absorption.

Government Regulations

We are subject to a variety of U.S. and international governmental regulations, including environmental regulations. We believe that our operations comply in all material respects with applicable laws and regulations. Our compliance with these requirements did not change during the past year, and is not expected to have a material adverse effect on our cash flows, earnings, or competitive position. For more information on risks related to government regulations, please see [Part I, Item 1A](#), “Risk Factors.”

Kadant Inc.

Seasonal Influences

Flow Control Segment

There are no material seasonal influences on this segment's sales of products and services.

Industrial Processing Segment

Our Industrial Processing segment is subject to seasonal variations, with demand for our wood processing products tending to be greater during the building and timber harvesting season, which generally occurs in the second and third quarters in North America.

Material Handling Segment

Our Material Handling segment may experience minor seasonal fluctuations in sales, with demand for our products tending to be greater in the second and third quarters due to the impact of weather and favorable outdoor working conditions at certain of our customers. Our fiber-based products business experiences fluctuations in sales, usually in the third quarter, when sales decline due to the seasonality of the agricultural and home lawn and garden markets.

Human Capital Resources

At Kadant, our culture is based on responsible and safe practices, supported by an engaged and empowered workforce. We believe that our employees are the core of our business, and we devote significant time and resources to their training and development. For more information, please reference our Corporate Sustainability Report, which is available at www.kadant.com.

Safety

We maintain a safety-first culture grounded on the premise of eliminating workplace incidents, risks and hazards. We have created and implemented processes to help eliminate safety events by reducing their frequency and severity. Our commitment to safety is reinforced by our robust safety program and training.

Talent, Development, Diversity and Inclusion

The attraction, retention and development of exceptional employees is critical to our continued success. As part of these efforts, we strive to offer a competitive compensation and benefits program and to foster a safe and inclusive work environment where everyone feels respected, valued and empowered to do their best work. We embrace the diversity of our employees, including their unique backgrounds, experiences, and talents. Everyone is valued and appreciated for their distinct contributions to the growth and sustainability of our business. We strive to cultivate a culture of diversity and inclusion that supports and enhances our ability to recruit, develop and retain talent at every level.

As of ~~December 31, 2022~~ December 30, 2023, we had approximately 3,100 full-time employees worldwide. Of our full-time employees, approximately ~~46%~~ 45% were in North America, 32% were in Europe and ~~19%~~ 20% were in Asia. Other than certain of our Canadian employees and typical works councils outside of the U.S., none of our employees are represented by labor unions or covered by a collective bargaining agreement. Subsequent to year-end 2023, with the acquisitions of Key Knife and KWS, we added approximately 300 full-time employees in North America.

Our management team places significant focus and attention on matters concerning our human capital, particularly their diversity, capability development, and succession planning. Accordingly, we regularly review talent development and succession plans for each of our functions and operating segments, to identify and develop a pipeline of talent to maintain business operations. We have numerous programs to attract and retain our talent, including leadership and executive development programs as well as technical and other training. We partner with vocational schools, community colleges, universities and associations to promote future careers in manufacturing through training and apprenticeship programs. We also have a well-established performance management and talent development process in which managers provide regular feedback and coaching to develop employees.

Compensation and Benefits

As part of these efforts, we strive to offer a competitive compensation and benefits program. Our compensation and benefits program is designed to attract and retain talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals and create long-term value for our stockholders. We offer comprehensive, locally relevant benefits to all eligible employees which include, among other benefits:

Kadant Inc.

- Comprehensive health insurance coverage;
- Retirement benefits;
- Life insurance and disability benefits; and
- Leave and wellness benefits.

Safety

We maintain a safety-first culture grounded on the premise of eliminating workplace incidents, risks and hazards. We have created and implemented processes to help eliminate safety events by reducing their frequency and severity. Our commitment to safety is reinforced by our robust safety program and training.

We believe that our employees are the core of our business, and we intend to continue building upon our culture to drive sustainable performance across the business. For more information, please reference our Corporate Sustainability Report, which is available at www.kadant.com.

Kadant Inc.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission (SEC) under the Exchange Act. The SEC maintains a website that contains reports, proxy and information statements, and other information that are filed electronically by issuers with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov. In addition, we make available free of charge through our website at www.kadant.com our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to these reports filed with or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file these materials with, or furnish them to, the SEC. We are not including the information contained on our website as part of this report, nor are we incorporating the information on our website into this report by reference.

Information about our Executive Officers

The following table summarizes certain information concerning our executive officers as of ~~February 17, 2023~~ February 16, 2024:

Name	Age	Present Title (Fiscal Year First Became Executive Officer)
Jeffrey L. Powell	64 65	President and Chief Executive Officer (2009)
Michael J. McKenney	61 62	Executive Vice President and Chief Financial Officer (2002)
Stacy D. Krause	46 47	Senior Vice President, General Counsel, and Secretary (2018)
Dara F. Mitchell	54 55	Senior Vice President, Corporate Development (2021)
Deborah S. Selwood	54 55	Senior Vice President and Chief Accounting Officer (2015)
Peter J. Flynn	72 73	Senior Vice President (2019)
Thomas Andrew Blanchard	64 65	Vice President (2021)
Michael C. Colwell	57 58	Vice President (2019)
Fredrik H. Westerhout	58 59	Vice President (2021)

Mr. Powell has been our chief executive officer and a director since July 2019 and our president since April 2019. He served as an executive vice president and a co-chief operating officer from March 2018 to March 2019. From March 2013 to March 2018, he was an executive vice president and had supervisory responsibility for our stock-preparation, wood processing, and fiber-based products businesses. From September 2009 to March 2013, he was a senior vice president. From January 2008 to September 2009, Mr. Powell was vice president, new ventures, with principal responsibility for acquisition-related activities. Prior to joining us, Mr. Powell was the chairman and chief executive officer of Castion Corporation from April 2003 through December 2007.

Mr. McKenney has been an executive vice president and our chief financial officer since March 2018. From June 2015 to March 2018, he was a senior vice president and our chief financial officer. He served as our vice president, finance and chief accounting officer from 2002 to 2015 and as corporate controller from 1997 to 2007. Mr. McKenney was controller of Kadant AES, our division acquired from Albany International Inc., from 1993 to 1997. Prior to 1993, Mr. McKenney held various financial positions at Albany International and Coopers & Lybrand LLP.

Ms. Krause has been our senior vice president, general counsel, and secretary since November 2021 and served as our vice president, general counsel and secretary from July 2018 to November 2021. She served as our deputy general counsel from December 2017 to June 2018. Prior to joining us, Ms. Krause was head of commerce cloud commercial legal at salesforce.com, inc., a global SAAS software company, from July 2016 to December 2017. She previously served as assistant general counsel of Demandware, Inc., a global SAAS software company, from January 2014 to July 2016, prior to its acquisition by salesforce.com, and was assistant general counsel of Entegris, Inc., a provider of advanced materials and materials handling solutions, from 2011 to 2014. Prior to 2011, Ms. Krause was a lawyer in the corporate transactional department of Wilmer Cutler Pickering Hale and Dorr LLP.

Ms. Mitchell has been our senior vice president, corporate development, since May 2019 and served as our vice president, corporate development from 2016 to 2019 and our director of corporate development from 2013 to 2016. Prior to joining Kadant, Ms. Mitchell was a principal at NewDelta Partners, an investment banking and strategic advisory firm, and investment director at 3i, a global private equity firm where she was responsible for investing in technology companies.

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Ms. Selwood has been our senior vice president and chief accounting officer since May 2019 and served as our vice president and chief accounting officer from 2015 to 2019. Prior to that, she served as our corporate controller from 2007 to 2015 and as assistant controller from 2004 to 2007. Prior to 2004, Ms. Selwood held various financial positions at Arthur Andersen LLP and Genuity Inc.

Mr. Flynn has been our senior vice president since August 2022 and provides strategic management support, including management of special projects. He previously served as our vice president from July 2019 to July 2022 with supervisory responsibility for our stock-preparation business, which is part of our Industrial Processing segment, and our baling product

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line, which is part of our Material Handling segment. Prior to July 2019, Mr. Flynn served as the president of our Kadant Black Clawson LLC subsidiary from 2003 to 2019. Kadant Black Clawson manufactures stock-preparation equipment primarily for the pulp and paper industry.

Mr. Blanchard has been our vice president responsible for our Material Handling segment since August 2022, and prior to that, had supervisory responsibility for our conveying and vibratory equipment and fiber-based products businesses from November 2021 to July 2022. Mr. Blanchard previously served as the president of our Syntron Material Handling subsidiaries (SMH) since January 2019 when we acquired SMH. He also served as the president of SMH from June 2014 to January 2019 prior to our acquisition. SMH, which is part of our Material Handling segment, designs and manufactures conveyors and vibratory feeders for bulk material handling in the aggregates, mining and food industries.

Mr. Colwell has been our vice president responsible for our Industrial Processing segment since August 2022, and prior to that, had supervisory responsibility for our wood processing business, which is part of our Industrial Processing segment, from July 2019 to July 2022. He previously had responsibility for our fiber-based products business from July 2019 to November 2021. Mr. Colwell previously served as the president of Kadant Carmanah Design (Carmanah), a division of our subsidiary Kadant Canada Corp., from 2013 to 2019. Carmanah, which is part of our wood processing business, designs and manufactures equipment for the oriented strand board industry. Mr. Colwell previously served as the president and chief executive officer of Carmanah Design and Manufacturing Inc. from April 2010 until its acquisition by us in November 2013.

Mr. Westerhout has been our vice president responsible for our Flow Control segment since November 2021. Mr. Westerhout previously served as the vice president of our flow control subsidiaries in Europe since April 2014.

Item 1A. Risk Factors

Our business, results of operations and financial condition, and an investment in our securities, are subject to a number of risks. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties we face. Our business is also subject to general risks and uncertainties that affect many other companies, including overall economic and industry conditions. Additional risks and uncertainties not currently known to us or that we currently believe are not material may also impair our business, consolidated financial condition and results of operations.

Risks Related to our Business and Industry

Adverse changes in global and local economic conditions may negatively affect our industry, business and results of operations.

We sell products worldwide to global process industries and a significant portion of our revenue is from customers based in North America, Europe and China. Uncertainties in global and regional economic outlooks have negatively affected, and may in the future negatively affect, demand for our customers' products and, as a consequence, our products and services, especially our capital equipment systems and products, and our operating results. Also, uncertainty regarding economic conditions has caused, and may in the future cause, liquidity and credit issues for many businesses, including our customers and suppliers, and may result in their inability to fund projects, capacity expansion plans, and to some extent, routine operations and capital expenditures. These conditions, as well as other global events such as wars or global health crises, have resulted, and may in the future result, in a number of structural changes in process industries, including decreased spending, mill closures, consolidations, and bankruptcies, all of which negatively affect our business, revenue, and profitability. Financial and economic turmoil affecting the worldwide economy or the banking system and financial markets, in particular due to political or economic developments, could have negatively affected, and may in the future negatively affect, our business and cause the expectations for our business results of operations to differ materially in the future from our current expectations.

Revenues from the sale of large capital equipment and systems projects are often difficult to predict accurately, especially in periods of economic uncertainty, and large capital equipment projects require significant investment requiring our customers to secure financing, which may be difficult.

We manufacture capital equipment and systems used in process industries, including the paper, fluid handling, wood processing and material handling industries. Approximately 37% 38% of our revenue in 2022 2023 was from the sale of capital equipment to be used in process industries. The demand for capital equipment is variable and depends on a number of factors, including

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consumer demand for end products, existing manufacturing capacity, the level of capital spending by our customers and economic conditions. As a consequence, our bookings and revenues for capital projects tend to be variable and hard to predict. It is especially difficult to accurately forecast our operating results during periods of economic uncertainty. Our customers curtail their capital and operating spending during periods of economic uncertainty and are cautious about resuming spending as market conditions improve. Levels of consumer spending on non-durable goods, demand for food and beverage packaging, and demand for new housing and remodeling are all factors that affect paper and wood processing companies' demand for our products. Expansion of bulk material handling capacity and infrastructure spending are factors that affect demand for material handling equipment. Reductions in demand levels in any of these areas can negatively impact our business. As companies in

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our customers' industries consolidate operations in response to market weakness, they frequently reduce capacity, increase downtime, defer maintenance and upgrades, and postpone or even cancel capacity additions or expansion projects. Capacity growth and investment can be uneven and the larger paper producers our customers have delayed, and may in the future delay, additional new capacity start-ups in reaction to softer market conditions. In general, as significant capacity additions come online and the economic growth rate slows, paper producers our customers have deferred and could in the future defer further investments or the delivery of previously-ordered equipment until the market absorbs the new production.

Large capital equipment projects require a significant investment and may require our customers to secure financing from external sources. Our financial performance will be negatively impacted if there are delays in customers securing financing or our customers become unable to secure such financing due to any number of factors, including a tightening of monetary policy or regime-based sanctions such as those imposed on Russia and China. Financing delays of our customers can cause us to delay booking pending orders as well as the shipment of some orders. The inability of our customers to obtain credit may affect our ability to recognize revenue and income, particularly on large capital equipment orders from new customers for which we may require letters of credit. We may also be unable to issue letters of credit to our customers, which are required in some cases to guarantee performance, during periods of economic uncertainty. This has negatively affected our bookings and revenues in the past, particularly in China, and may negatively affect our operating results in the future.

We have significant international sales and operations and face risks related to health epidemics and pandemics, including the COVID-19 pandemic, which has presented and may continue to present challenges to our business and results of operations.

Our business and operations have been and may continue to be challenged by the effects of the COVID-19 pandemic and may be challenged by other adverse public health developments, including disruptions or restrictions on our employees' and other service providers' ability to travel, temporary closures of our facilities or the facilities of our customers, suppliers or other vendors in our supply chain, potentially including single source suppliers, and other disruptions in the supply chain. In addition, the COVID-19 pandemic has impacted and other disease outbreaks could impact global trade, and adversely affect the U.S. or global economy and capital markets.

The COVID-19 pandemic negatively affected the global economy, disrupted global supply chains, resulted in significant travel and transport restrictions and created significant volatility in the financial markets. China's previous zero-COVID policy has resulted in the closure of one of our manufacturing facilities in China for a period of time and such policy, if reinstituted in the future, heightens the risk that our facilities in China may be closed by government authorities as a result of any COVID-19 cases in a particular geographic area, which could cause disruptions to our business that could adversely impact our financial results. With China ceasing its zero-COVID policy, our facilities in China are managing COVID-19 cases in its employee population, which has had and may continue to have an adverse effect on our operations. Additionally, our financial results have been adversely impacted and may be adversely impacted in the future by decreased levels of bookings, customer-requested delays on certain capital projects and service work, customer downtime and shutdowns, and visitation restrictions at customer facilities, all of which have affected and may adversely affect in the future our ability to recognize revenue for sales of our products and services. We have incurred costs and may incur costs in the future related to pandemics, such as increased employee benefit costs, if our employees require hospitalization or other costly medical treatment. The future impact of pandemics could include further disruption and volatility in the global capital markets, which, depending on future developments, could impact our capital resources and liquidity in the future.

The COVID-19 pandemic has evolved and continues to evolve rapidly. As a result, we cannot reasonably estimate the scope of the impact of this or other pandemics, including the potential impact of emerging variants or the response of government authorities to any such variants or other developments, on our business and any adverse effect and impact that pandemics may ultimately have on our business. The impact of COVID-19 could worsen if new and more virulent or transmissible variants emerge, resulting in a resurgence of COVID-19 infections in affected regions. In addition, travel, commercial and other similar restrictions put in place by various government authorities in response to COVID-19 have contributed to global supply disruptions and we have, and may in the future, incur costs to mitigate such disruptions, which could be significant. New information may emerge concerning the severity of COVID-19 or any of its variants, the pace and method through which it is transmitted, contained and/or treated, and the nature of the approach of the local governments in the jurisdictions in which we operate to handling the outbreak, any of which could impact our employees, operations, suppliers, customers and/or operating and financial results, including our ability to determine our quarterly results. We operate in 20 countries and the government responses in each of those countries have differed and resulted in varying levels of containment of COVID-19, degree and duration of closures, and nature of safety precautions, all of which we have and will continue to manage. The impact of pandemics and potential actions by government authorities in response to them may also have the effect of heightening other risks disclosed in this Annual Report on Form 10-K, any of which could materially and adversely affect our business and results of operations. Although we have worked and continue to work diligently to ensure that our global facilities can operate with minimal disruption, mitigate the impact of the outbreak on our employees' health and safety, and address the supply chain impact on ourselves and our customers, the full extent to which COVID-19 has affected and will continue to affect the global economy and our results will depend on future developments and factors that cannot be predicted.

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Implementing our acquisition strategy involves risks, and our failure to successfully implement this strategy could have a material adverse effect on our business.

We expect that one a significant driver of our long-term growth over the next several years will be the acquisition of technologies businesses and businesses technologies that complement or augment our existing products and services or may involve entry into a new process industry. We continue to actively pursue acquisition opportunities, some of which may be material to our business and financial performance, and involve significant cash expenditures and the incurrence of significant debt. Although we have been successful with this strategy in the past, we may not be able to grow our business in the future through acquisitions for a number of reasons, including:

- difficulties identifying and executing acquisitions, including our ability to conduct and complete due diligence, difficulties in negotiations with the counterparty, and inability to obtain regulatory and antitrust approvals;
- competition with other prospective buyers resulting in our inability to complete an acquisition or in our paying a substantial premium over the fair value of the net assets of the acquired business;
- access to and availability of capital;
- difficulty in integrating operations, technologies, products and the key employees of the acquired business;
- inability to maintain existing customers of the acquired business or to sell the products and services of the acquired business to our existing customers;
- inability to retain key management of the acquired business;
- diversion of management's attention from other business concerns;
- inability to improve the revenues and profitability or realize the expected cost savings and synergies;
- assumption of significant liabilities, some of which may be unknown at the time of acquisition; and
- identification of internal control deficiencies of the acquired business.

We are required to record acquisition-related costs in the period incurred. Once completed, acquisitions may involve significant integration costs. These acquisition-related costs could be significant in a reporting period and have an adverse effect on our results of operations.

Any acquisition we complete may be made at a substantial premium over the fair value of the net identifiable assets of the acquired business. We are required to assess the realizability of goodwill and indefinite-lived intangible assets annually, and whenever events or changes in circumstances indicate that goodwill and intangible assets, including definite-lived intangible assets, may be impaired. These events or circumstances would generally include operating losses or a significant decline in earnings associated with the acquired business or assets, and our ability to realize the value of goodwill and intangible assets will depend on the future cash flows of these businesses. We may incur impairment charges to write down the value of our goodwill and acquired intangible assets in the future if the assets are not deemed recoverable, which could have a material adverse effect on our operating results.

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We manufacture equipment used in the production of forest products, including lumber and OSB, and our financial performance may be adversely affected by decreased levels of residential construction activity.

We manufacture debarkers, stranders and related equipment used in the production of lumber and OSB. Our customers produce these products principally for new residential construction, home repair and remodeling activities. As such, the operating results for our Industrial Processing segment correlate to a significant degree to the level of this residential construction activity, primarily in North America and, to a lesser extent, in Europe. Residential construction activity is influenced by a number of factors, including the supply of and demand for new and existing homes, new housing starts, unemployment rates, interest rate levels, availability of mortgage financing, mortgage foreclosure rates, availability of construction labor and suitable land, seasonal and unusual weather conditions, general economic conditions and consumer confidence. A significant increase in long-term interest rates, changes in tax policy on the deductibility of mortgage interest, tightened lending standards, high unemployment rates and other factors that reduce the level of residential construction activity could have a negative effect on our financial performance.

The OSB market is highly concentrated and the market for building products is highly competitive. The loss of a significant customer or our customers' reductions in capital spending or OSB production could have a material adverse effect on our financial performance.

The OSB market is highly concentrated and there are a limited number of OSB manufacturers. As a percentage of our Industrial Processing segment revenues, the two largest OSB customers together accounted for 10% in 2023, 13% in 2022, and 11% in 2021, and 9% in 2020, 2021. The loss of one or more of these OSB customers to a competitor could adversely affect our revenues and profitability. In addition, the market for building products is highly competitive. Products that compete with OSB include other wood panel products and substitutes for wood building products, such as nonfiber-based alternatives. For example, plastic, wood/plastic or composite materials may be used by builders as alternatives to OSB products. Changes in component prices, such as energy,

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chemicals, wood-based fibers, and nonfiber alternatives can change the competitive position of OSB relative to other available alternatives and could increase substitution. Our customers' OSB production can be adversely affected by lower-cost producers of other wood panel products and substitutes for wood building products. Lower demand for OSB products or a decline in the profitability of one or more of our customers could result in a reduction in spending on capital equipment or the shutdown or closure of an OSB mill, which could have a material adverse effect on our financial performance.

Our Wood Processing product line can be materially impacted by changes to the global timber supply.

Changes in the environment that affect natural resources such as timber may have significant effects on the sales of wood processing equipment by our Industrial Processing segment. Approximately 22% 21% of our revenue in 2022 2023 was from our Wood Processing product line. Changes in the environment, like wildfires and damage from pests such as the mountain pine beetle, have affected tracts of land in Western Canada that could have otherwise been logged by the forestry industry. Reduction in availability of

timber can result in decreased logging activity, mill closures, and lower operating rates at mills, as well as reduced capital expenditures. A reduction in capital expenditures by mills would likely lead to a decrease in demand for new wood processing equipment, which would in turn affect demand for parts, as our wood processing customers are likely to reduce utilization of equipment, reduce inventories, redistribute parts from closed mills and delay rebuilds and other maintenance during industry downturns. In addition to declining orders for wood processing products, adverse economic conditions for our wood processing customers may make it more difficult for us to collect accounts receivable in a timely manner, or at all, which may adversely affect our working capital.

The development and increasing use of digital media has had, and will continue to have, an adverse impact on our Flow Control and Industrial Processing segments.

Developments in digital media have adversely affected demand for newsprint and for printing and writing grades of paper, particularly in North America and Europe, a trend which is expected to continue. Approximately 7% 4% of our revenue in 2022 2023 was from customers producing newsprint and printing and writing grades of paper. Significant declines in the production of printing and writing paper grades have also led to a drop in the construction of recycled tissue mills, as those mills use printing and writing grades of waste paper as their fiber source. The increased use of digital media has had, and will continue to have, an adverse effect on demand for our products in those markets.

Our Material Handling segment can be materially impacted by cyclical economic conditions affecting the global mining industry.

Changes in economic conditions affecting the global mining industry can occur abruptly and unpredictably, which may have significant effects on the sale of equipment by our subsidiary, SMH, which is in our Material Handling segment. Approximately 4% 6% of our consolidated revenue in 2022 2023 was from SMH's mining customers. Cyclicity for original equipment sales is driven primarily by price volatility of the commodities that are mined using SMH's equipment, including coal, salt,

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aggregates, potash, copper, iron ore and trona, or their substitutes, as well as product life cycles, competitive pressures and other economic factors affecting the mining industry, such as company consolidation, increased regulation and competition affecting demand for commodities, and the broader economy, including changes in government monetary or fiscal policies and from market expectations with respect to such policies. Falling commodity prices have in the past and may in the future lead to reduced capital expenditures by SMH's customers, reductions in the production levels of existing mines, a contraction in the number of existing mines and the closure of less efficient mines. Reduced capital expenditures and decreased mining activity by SMH's customers are likely to lead to a decrease in demand for new mining equipment, and may result in a decrease in demand for parts as SMH's customers are likely to reduce utilization of equipment, reduce inventories, redistribute parts from closed mines and delay rebuilds and other maintenance during industry downturns. In addition to declining orders for SMH's products, adverse economic conditions for SMH's customers may make it more difficult for SMH to collect accounts receivable in a timely manner, or at all, which may adversely affect our working capital. As a result of this cyclicity in the global mining industry, SMH may experience significant fluctuations in its business, results of operations and financial condition, and we expect SMH's business to continue to be subject to these fluctuations in the future.

A portion of our Material Handling segment is dependent on continued demand for coal, which is subject to economic and environmental risks.

Approximately 3% and 4% and 2% of the our Material Handling segment's 2022 revenues 2023 revenue came from its thermal and metallurgical coal-mining customers, respectively, respectively, which represented in aggregate less than 2% of our consolidated revenue. Many of these customers supply coal for the generation of electricity and/or steel production. Demand for electricity and steel is affected by the global level of economic activity and economic growth. The pursuit of the most cost-effective form of electricity generation continues to take place throughout the world and coal-fired electricity generation faces intense price competition from other energy sources, particularly natural gas. In addition, coal combustion typically generates significant greenhouse gas emissions and governmental and private sector goals and mandates

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to reduce greenhouse gas emissions may increasingly affect the mix of electricity generation sources. Further developments in connection with legislation, regulations, international agreements or other limits on greenhouse gas emissions and other environmental impacts or costs from coal combustion, both in the United States and in other countries, could diminish demand for coal as a fuel for electricity generation. If lower greenhouse gas emitting forms of electricity generation, such as nuclear, solar, natural gas or wind power, become more prevalent or cost effective, or diminished economic activity reduces demand for electricity and steel, demand for coal will decline. Reduced demand for coal could result in reduced demand for SMH's mining equipment and could adversely affect our overall business, financial condition and results of operations.

Failure of our information systems or breaches of data security and cybertheft could impact our business.

We operate a geographically dispersed business and rely on the electronic storage and transmission of proprietary and confidential information, including technical and financial information, among our operations, customers and suppliers. We also rely on information technology (IT), including IT services from third parties, in certain of our solutions, products, and services for customers as well as our enterprise infrastructure. Despite our security measures and internal controls, our information technology and infrastructure has been and may in the future be vulnerable to unauthorized access or attacks by nation states, hackers or cyber criminals or breaches due to employee error, malfeasance or other disruptions, such as business email compromises, phishing and other cyber-related fraud. Our systems could be compromised by malware (including ransomware), cyberattacks, and other events, ranging from widespread, non-targeted, global cyber threats to targeted advanced persistent threats. These threats could be indicators of an increased risk to our products, solutions, services, manufacturing, and IT infrastructure. Recent global cyberattacks have been perpetuated by the compromise of software updates to widely used software products, including some products that we use, which increases the risk that vulnerabilities or malicious content could be inserted into our products or IT infrastructure. We maintain a cybersecurity insurance policy that provides limited coverage for some, but not all potential risks and liabilities associated with cyberattacks and other events, which may

not be fully insurable. While we continuously seek to improve the security attributes of our products, solutions, services and IT infrastructure, we cannot eliminate risk or ensure that we will not be harmed by cyberattacks or disruptions.

In some global cyberattacks, malware has been spread from one party to another via network connections that the parties had previously authorized. Our business uses IT resources on a dispersed, global basis for a wide variety of functions including development, engineering, manufacturing, sales, accounting, and human resources. Our vendors, partners, employees and customers have access to, and share, information across multiple locations via various digital technologies. In addition, we rely on partners and vendors for a wide range of outsourced activities, including cloud providers, as part of our internal IT infrastructure and our commercial offerings. Secure connectivity is important to these ongoing operations. To a significant extent, the security of systems to which we connect depends on how such systems are designed, installed, protected, configured, updated and monitored, much of which is typically outside of our control. Also, our partners and vendors frequently have access to our confidential information as well as confidential information about our customers, employees, and others. In addition, if a ransomware attack or other cybersecurity incident occurs, either internally or at our vendors or third-party technology service providers, we could be prevented from accessing our data or systems, which may cause interruptions or

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delays in our business operations, cause us to incur remediation costs, subject us to demands to pay a ransom, or damage our reputation, regardless of whether we pay the ransom amount. We design our security architecture to reduce the risk that a compromise of our partners' infrastructure, for example a cloud platform, could lead to a compromise of our internal systems or customer networks, but this risk cannot be eliminated and vulnerabilities at third parties could result in unknown risk exposure to our business.

We monitor and manage various information systems that exist within our global operations and upgrade or implement new enterprise resource planning software at our business operations as needed. As we implement and add functionality, problems could arise that we have not foreseen. System failures, network disruptions, and breaches of data security could limit our ability to conduct business as usual, including our ability to communicate and transact business with our customers and suppliers; result in the loss or misuse of this information, including credit card numbers or other personal information, the loss of business or customers, or damage to our brand or reputation; or interrupt or delay reporting of our financial results. Such system failures or unauthorized access could be caused by external theft or attack, misconduct by our employees, suppliers, or competitors, or natural disasters.

In addition, the cost and operational consequences of implementing further data protection measures, such as to comply with local privacy laws such as the European Union's General Data Protection Regulation, or various similar foreign or U.S. federal and state laws, could be significant.

The current cyber threat environment indicates increased risk for all companies. Like other global companies, we have experienced cyber threats and incidents, although none have been material or had a material adverse effect on our business or financial condition. Our information security efforts include programs designed to address security governance, product security, identification and protection of critical assets, insider risk, third-party risk, and cyber defense operations. We believe these measures reduce, but cannot eliminate, the risk of an information security incident. Any significant security incidents could have an adverse impact on sales, harm our reputation and cause us to incur legal liability and increased costs to address such events and related security concerns.

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It may be difficult for us to implement our strategies for improving internal growth.

Some of the markets in which we compete are mature and have relatively low growth rates. We pursue a number of strategies to improve our internal growth, including:

- strengthening our presence in selected geographic markets, including emerging markets and existing markets where we see opportunities;
- focusing on parts and consumables sales;
- using low-cost manufacturing bases, such as China, India and Mexico;
- allocating research and development funding to products with higher growth prospects;
- developing new applications for our technologies;
- combining sales and marketing operations in appropriate markets to compete more effectively;
- finding new markets for our products and expanding into different verticals or process industries;
- continuing to develop cross-selling opportunities for our products and services to take advantage of our depth of product offerings; and
- corporate efficiency programs, such as Lean manufacturing and the "80/20" rule (the Pareto Principle).

We may not be able to successfully implement these strategies, or achieve cost savings or desired efficiencies, and these strategies may not result in the expected growth of our business.

Supply chain constraints, inflationary pressure, price increases and shortages in raw materials and components, and dependency upon certain suppliers for such raw materials and components could adversely impact our operating results.

Some of our businesses have been and may continue to be impacted by supply chain constraints, inflationary pressure on material costs, longer lead times, port congestion, and increased freight costs. In addition, current or future governmental policies may increase the risk of inflation which could further increase the costs of raw materials and components for our businesses. Supply chain constraints and inflationary pressure have and may in the future continue to have a negative impact on our results of operations and financial condition, including pressure on our gross profit margins.

We use a variety of raw materials, including a significant amount of stainless steel, carbon steel, commodities and critical components to manufacture our products. Increases in the prices of such raw materials, commodities and critical components could adversely affect our operating results if we were unable to fully offset the effect of these increased costs through price increases, productivity improvements, or cost reduction programs.

Some of our businesses depend on a limited number of suppliers to provide critical components used in the manufacture of our products. If we are unable to obtain sufficient supplies of these components or these sources of supply cease to be available to us, we could experience shortages in critical components or be unable to meet our

commitments to customers. Alternative sources of supply could be more expensive, or in some cases, we could be unable to locate such alternative sources.

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We believe our current sources of raw materials, commodities and critical components will generally be sufficient for our needs in the foreseeable future. However, our operating results could be negatively impacted if supply is insufficient for our operations or if we are unable to expand supply as needed.

While our businesses are working to alleviate supply chain constraints through various measures, we are unable to predict the impact of these constraints on the timing of revenue and operating costs of our business in the future.

We are subject to intense competition in all our markets.

We believe that the principal competitive factors affecting the markets for our products include technical expertise and process knowledge, product innovation, automation, product quality, and price. Our competitors include a number of large multinational corporations that may have substantially greater financial, marketing, and other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies, such as those related to factory digitalization, the industrial internet of things, and smart technology and artificial intelligence, and changes in customer requirements, or to devote greater resources to the promotion and sale of their services and products. Competitors' technologies may prove to be superior to ours. Our current products, those under development, and our ability to develop new technologies may not be sufficient to enable us to compete effectively. Competition, especially in China, has increased as new companies enter the market and existing competitors expand their product lines and manufacturing operations.

Changes in our tax provision or exposure to additional income tax liabilities laws and regulations could affect our profitability.

We derive a significant portion of our revenue and earnings from our international operations, and are subject to income and other taxes in the United States and numerous foreign jurisdictions. Changes in U.S. and foreign income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates assessed or changes in the taxability of certain revenues or the deductibility of certain expenses, thereby affecting our income tax expense and profitability. A number of factors may cause our effective tax rate to fluctuate, including: changes in tax rates in various jurisdictions; unanticipated

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changes in the amount of profit in jurisdictions in which the statutory tax rates may be higher or lower than the U.S. tax rate; the resolution of issues arising from tax audits with various tax authorities; changes in the valuation of our deferred tax assets and liabilities; adjustments to income taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including impairments of goodwill in connection with acquisitions; and changes in available tax credits or our ability to utilize foreign tax credits. Any of these factors could cause us to experience an effective tax rate significantly different from that of prior periods or current expectations, which could have an adverse effect on our results of operations or cash flows.

In addition, many countries are implementing legislation and other guidance to align their international tax rules with the Organisation for Economic Co-operation and Development's ("OECD") (OECD) Base Erosion and Profit Shifting recommendations and action plan that aim to standardize and modernize global corporate tax policy, including changes to cross-border tax, transfer pricing documentation rules, and nexus-based tax incentive practices. The OECD is also continuing discussions surrounding fundamental changes in allocation of profits among tax jurisdictions in which companies do business, as well as the implementation of released model rules introducing a new 15% global minimum tax (namely for large multinational corporations with an annual global revenue exceeding 750.0 million euros (Pillar Two Rules). Various countries, including the "Pillar One" and "Pillar Two" proposals). Some countries intend to implement laws based on member states of the European Union, have implemented legislation adopting the Pillar Two proposals, Rules, which may adversely negatively impact our provision for income taxes, net income and cash flows.

If we are unable to successfully manage our manufacturing operations, our ability to deliver products to our customers could be disrupted and our business, financial condition and results of operations could be adversely affected.

Equipment and operating systems necessary for our manufacturing businesses may break down, perform poorly, or fail. Any such disruption could cause losses in efficiencies, delays in shipments of our products and the loss of sales and customers, and insurance proceeds may not adequately compensate us for our losses.

In order to enhance the efficiency and cost effectiveness of our manufacturing operations, and to better serve customers located in various countries, as we have in the past, we may in the future move product lines from one of our plants to another and consolidate manufacturing operations in certain of our plants. Even if we successfully move our manufacturing processes, there is no assurance that the cost savings and efficiencies we anticipate will be achieved.

Changes Further, changes in zoning laws in China are requiring us have impacted and may continue to relocate certain of impact our manufacturing facilities, and other operations. For example, in 2022, we received a request by local Chinese authorities to relocate one of our facilities and, have negotiated after negotiations with the Chinese government, regarding completed the relocation of such facility, the facility in 2023. Such relocation, and any relocations required in the future, may increase our costs and could have a material impact on our manufacturing operations.

In addition, our manufacture of certain products is concentrated in specific geographic locations. As a result of such concentration, we may be disproportionately exposed to the impact of any disruptions, regulations or delays that impact those geographic locations, which may negatively impact our ability to manufacture products produced in those locations and have an adverse effect on our business results.

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We may be required to reorganize our operations in response to changing conditions in the worldwide economy and the industries we serve, and such actions may require significant expenditures and may not be successful.

We have undertaken various restructuring measures in the past in response to changing market conditions in the countries in which we operate and we may engage in additional cost reduction programs in the future. The costs of these programs may be significant and we may not recoup the costs of these programs. In connection with any future plant closures, delays or failures in the transition of production from existing facilities to facilities in other geographic regions could also adversely affect our results of operations. In addition, it is difficult to accurately forecast our financial performance in periods of economic uncertainty in a region or globally, and the efforts we have made or may make to align our cost structure may not be sufficient or able to keep pace with rapidly changing business conditions. Our profitability may decline if our restructuring efforts do not sufficiently reduce our future costs and position us to maintain or increase our sales.

Our future success is substantially dependent on the continued service of our senior management and other key employees and effective succession planning.

Our future success is substantially dependent on the continued service of our senior management and other key employees. The loss of the services or retirement of our senior management or other key employees could make it more difficult to successfully operate our business and achieve our business goals. We also may be unable to attract qualified personnel or retain existing management, product development, sales, operational and other support personnel that are critical to our success, which could result in harm to key customer relationships, loss of key information, expertise, or know-how, and unanticipated recruitment and training costs. In addition, effective succession planning is also a key factor for our future success. Our failure to continue to enable the effective transfer of knowledge and facilitate smooth transitions with regard to key management employees, including in connection with our succession planning, could adversely affect our long-term strategic planning and execution and negatively affect our business, financial condition, operating results, and prospects. If we fail to enable the effective transfer of knowledge and facilitate smooth transitions for key personnel, the operating results and

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future growth for our business could be adversely affected, and the morale and productivity of the workforce could be disrupted.

Our inability to protect our intellectual property or defend ourselves against the intellectual property claims of others could have a material adverse effect on our business. In addition, litigation to enforce our intellectual property and contractual rights or defend ourselves could result in significant litigation or licensing expense.

We seek patent and trade secret protection for significant new technologies, products, and processes because of the length of time and expense associated with bringing new products through the development process and into the marketplace. We own numerous U.S. and foreign patents, and we intend to file additional applications, as appropriate, for patents covering our products. Patents may not be issued for any pending or future patent applications owned by or licensed to us, and the claims allowed under any issued patents may not be sufficiently broad to protect our technology. Any issued patents owned by or licensed to us may be challenged, invalidated, or circumvented, and the rights under these patents may not provide us with competitive advantages. In addition, competitors may design around our technology, copy our technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture increased market share. In addition, as our patents expire, we rely on trade secrets and proprietary know-how to protect our products. We cannot be sure the steps we have taken, or will take in the future, will be adequate to deter misappropriation of our proprietary information and intellectual property. Of particular concern are developing countries, such as China and India, where the laws, courts, and administrative agencies may not protect our intellectual property rights as fully as in the United States or Europe.

We seek to protect trade secrets and proprietary know-how, in part, through confidentiality and non-competition agreements with our collaborators, employees, and consultants. These agreements may be breached, we may not have adequate remedies for any breach, and our trade secrets and proprietary know-how may otherwise become known or be independently developed by our competitors, or our competitors may otherwise gain access to our intellectual property.

Others may assert intellectual property infringement claims against us or our customers. We may provide a limited intellectual property indemnity in connection with our terms and conditions of sale to our customers and in other types of contracts with third parties. Indemnification payments and legal expenses to defend claims could be costly.

We could incur substantial costs to defend ourselves in suits brought against us, including for alleged infringement of third-party rights, or in suits in which we may assert our intellectual property or contractual rights against others. An unfavorable outcome of any such litigation could have a material adverse effect on our business and results of operations.

SMH holds numerous U.S. and foreign patents, including foreign counterparts to its U.S. patents, and licenses the trademarked brand name of one of its significant products, Link-Belt®, from a third party. If the third party were to terminate that license agreement, we would lose the right to use the Link-Belt® trademark in the marketplace and cease to benefit from any of its associated goodwill.

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Effects of climate change may adversely impact our business.

Climate change may pose environmental risks that could harm our results of operations and affect the way we conduct business. Some of our operations are located in regions that may become increasingly vulnerable due to climate change, which may cause extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, winds, and rainfall, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions or weather-driven natural disasters could impact our ability to maintain our operations in those areas. For example, we have manufacturing locations in the southeastern United States, which region has experienced record hurricanes in recent years reportedly due to the effects of climate change. Increased energy demand to heat or cool our facilities in certain locations may place stresses on local energy infrastructure and potentially constrain local energy supplies, which could have a negative impact on our operations.

Climate change could also affect demand for our products by our customers that are affected by weather and weather-driven events, including seasonal changes in outdoor working conditions and rainfall levels. Climate change has also been cited as contributing to the increased likelihood around the world of hot and dry conditions in which wildfires and **invasive species, like** the destructive mountain pine beetle, thrive. As a result of the effects of climate change, our customers in the forestry industry may face damage to assets and losses from business interruption, which could lead to the reduced operation or closure of mills, and disruption of supply chains of which we may be a part. These risks could harm our business and results of operations.

Investors, customers and other stakeholders are increasingly focused on the climate-related performance of companies they invest in. As part of our commitment to sustainability, we have set and may in the future set sustainability goals, particularly related to greenhouse gas emissions reductions. There is a risk that we may not be able to meet the goals that we set and strive to meet. If we have not responded in a satisfactory manner and demonstrated our commitment to addressing climate change, investors and customers' willingness to invest in, spend money with and otherwise provide capital to us may also be impacted.

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Our insurance coverage may be inadequate or expensive.

We are subject to claims in the ordinary course of business. It is not always possible to prevent or detect activities giving rise to claims, and the precautions we take may not be effective in all cases. We maintain insurance policies that provide limited coverage for some, but not all, potential risks and liabilities associated with our business. We may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. In addition, certain risks generally are not fully insurable. Even where insurance coverage applies, insurers may contest their obligations to make payments. Our financial condition, results of operations and cash flows could be materially and adversely affected by losses and liabilities from uninsured or under-insured events, as well as by delays in the payment of insurance proceeds, or the failure by insurers to make payments.

Risks Related to our Foreign Operations

Our global operations subject us to various risks that may adversely affect our results of operations.

We are a leading global supplier of equipment and critical components used in process industries worldwide. We sell our products globally, including sales to customers in China, South America, Russia and India, and operate multiple manufacturing operations worldwide, including operations in Canada, China, Europe, Mexico, India and Brazil. International revenues and operations are subject to a number of risks which vary by geographic region, including the following:

- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system;
- foreign customers may have longer payment cycles;
- foreign countries may impose additional withholding taxes or otherwise tax our foreign income;
- economic sanctions, trade embargoes, tariffs, currency restrictions or other adverse trade regulations;
- environmental and other regulations can adversely impact our ability to operate our facilities;
- disruption from climate change, natural disaster, including earthquakes and/or tornadoes, fires, war, terrorist activity, and other force majeure events beyond our control;
- changes in zoning laws that may require relocation of our manufacturing operations;

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- disruption from fast-spreading health epidemics and pandemics which have and may continue to result in widespread interruption interruptions or restrictions on our employees' and other service providers' ability to travel, temporary closures of our business operations and those facilities or the facilities of our customers, supplier suppliers or other vendors in our supply chain, potentially including single source suppliers, other disruptions in the supply chain, and vendors; related issues, similar to what occurred during the COVID-19 pandemic;
- worsening economic conditions may result in worker unrest, labor actions, and potential work stoppages;
- political and/or civil unrest may disrupt commercial activities of ours or our customers;
- fluctuations in foreign currency exchange rates and foreign interest rates beyond our control;
- it may be difficult to repatriate funds, due to unfavorable domestic and foreign tax consequences or other restrictions or limitations imposed by foreign governments;
- competition, especially in China, has increased as new companies enter the market and existing competitors expand their product lines and manufacturing operations;
- the protection of intellectual property in foreign countries may be more difficult to enforce; and
- any continuing effects on cross border trade and labor, and political and regulatory volatility resulting from the United Kingdom's exit from the European Union.

Operating globally subjects us to various risks that may adversely affect our results of operations in the future.

Policies of the Chinese government may negatively impact our business.

We operate significant manufacturing facilities in China. In 2022, 2023, our sales to China were \$85.5 million \$81.5 million, or 9%, of our revenue. Our Chinese manufacturing facilities provide low-cost sourcing to many of our subsidiaries. Changes in the policies of the Chinese government, devaluation of the Chinese currency, restrictions on the repatriation of cash, political unrest, unstable economic conditions, or other developments in China or in U.S.-China relations that are adverse to trade, including enactment of protectionist legislation or trade or currency restrictions, could negatively impact our business and operating results. Policies of the Chinese government to target slower economic growth may negatively affect our business in China if customers are unable to expand capacity or obtain financing for expansion or improvement projects. The United States has restricted investment in certain companies with ties to the Chinese military; if such restrictions are expanded, or if investment was otherwise restricted, our business would be negatively affected.

Policies of the Chinese government to advance internal political priorities may potentially negatively affect our business in any number of ways that we may not foresee. For example, the Chinese government has imposed a ban on all recovered paper imports effective as of January 1, 2021. According to Fastmarkets RISI, the Chinese government's actions have led to a severe shortage of recovered paper in China, which has forced mills to incur additional downtime. Chinese containerboard producers have been looking to build capacity for fiber in Southeast Asia, with the intent to ship pulp back to

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China for further processing. These policies have and could in the future continue to have a significant influence on the price, nature and availability of the type of paper imported into China, could have a negative effect on the operating capacity of our customers in China, and have and may in the future continue to affect the demand for our products and our operating results in China and the surrounding region.

Our sales of capital equipment in China tend to be more variable and are subject to a number of uncertainties.

Our bookings and revenues from China have tended to be more variable than in other geographic regions. The Chinese pulp and paper industry has experienced periods of significant capacity expansion to meet demand followed by periods of reduced activity while overcapacity is absorbed. These cycles result in periods of significant bookings activity for our capital products and increased revenues followed by a significant decrease in bookings or potential delays in shipments and order placements by our customers as they attempt to balance supply and demand.

Orders from customers in China, particularly for large stock-preparation systems that have been tailored to a customer's specific requirements, have credit risks higher than we generally incur elsewhere, and some orders are subject to the receipt of financing approvals from the Chinese government or can be impacted by the availability of credit and more restrictive monetary policies. We generally do not record bookings for signed contracts from customers in China for large stock-preparation systems until we receive the down payments for such contracts. The timing of the receipt of these orders and the down payments are uncertain and there is no assurance that we will be able to recognize revenue on these contracts. We may experience a loss if a contract is canceled prior to the receipt of a down payment if we have commenced engineering or other work associated with the contract or we may not be able to retain a down payment. We typically have inventory awaiting shipment to customers and could incur a loss if contracts are canceled and we cannot re-sell the equipment. In addition, we may experience a loss if the contract is canceled, or the customer does not fulfill its obligations under the contract, prior to the receipt of a letter of credit or final payments covering the remaining balance of the contract, which could represent a significant

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portion of the total order. As a result of these factors, our revenues recognized in China have varied, and will in the future vary from period to period and be difficult to predict.

Our results of operations may be adversely affected by currency fluctuations.

As a multinational corporation, we are exposed to fluctuations in currency exchange rates that impact our business in many ways. We are exposed to both translation as well as transaction risk associated with transactions denominated in currencies that differ from our subsidiaries' functional currencies. Although most of our subsidiaries' costs are denominated in the same currency as their revenues, changes in the relative values of currencies occur from time to time and can adversely affect our operating results. Some of the foreign currency translation risk is mitigated when foreign subsidiaries have revenue and expenses in the same foreign currency. Further, certain foreign subsidiaries may hold U.S. dollar assets or liabilities which, as the U.S. dollar strengthens versus the applicable functional currencies, will result in currency transaction gains on assets or losses on liabilities. While some foreign currency transaction risks can be hedged using derivatives or other financial instruments, or may be insurable, such attempts to mitigate these risks may be costly and may not always be successful.

When we translate the local currency results of our foreign subsidiaries into U.S. dollars during a period in which the U.S. dollar is strengthening, our financial results will reflect decreases due to foreign currency translation. In addition, our consolidated financial results are adversely affected when foreign governments devalue their currencies. Our major foreign currency translation exposures involve the currencies in Europe, China, Brazil, Canada, and Mexico. For example, China's central bank has previously devalued the renminbi to boost the Chinese economy, which had a negative translation impact on our consolidated **revenues revenue** and may in the future have a negative translation impact if this recurs. The overall favorable or unfavorable effect of foreign currency translation on our financial results will vary by quarter. We do not enter into derivatives or other financial instruments to hedge this type of foreign currency translation risk.

Risks Related to Regulation of our Business and Industry

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 we benefited from the North American Free Trade Agreement, which has been replaced by the United States-Mexico-Canada Agreement (USMCA), from which we also benefit. 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.

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In addition, the Office of the United States Trade Representative has imposed tariffs on a wide variety of products from China, including pulp and paper machinery equipment, 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 25% on numerous categories of steel imports, and 10% on numerous categories of aluminum imports, from most countries under Section 232 of the Trade Expansion Act of 1962. While we try to mitigate the impact of the existing and other proposed tariffs through pricing and sourcing strategies, we cannot be certain how our customers and competitors will react to the actions we take. The tariffs have 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 U.S. and China have increased and future actions by the U.S. or Chinese governments may impact our operations in and supply 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 may 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 **2022, 2023**, our sales to Russia were **\$9.2 million \$4.0 million**, or **less than 1%** of our revenue. 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

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and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geopolitical instability and uncertainty has 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 this Annual Report on Form 10-K, 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 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 could have a material adverse impact on our business and operating results going forward.

We are required to comply with a wide variety of laws and regulations, and are subject to regulation by various federal, state and foreign agencies.

We are subject to various local, state, federal, foreign and transnational laws and regulations, particularly those relating to environmental protection, the importation and exportation of products, tariffs and trade barriers, taxation, exchange controls, current good manufacturing practices, data protection, health and safety and our business practices in the U.S. and abroad, such as anti-corruption and anti-competition laws, and, in the future, any changes to such laws and regulations could adversely affect us. Any noncompliance by us with applicable laws and regulations or the failure to maintain, renew or obtain necessary permits and licenses could result in criminal, civil and administrative penalties and could have an adverse effect on our results of operations.

We are subject to risks and costs associated with environmental laws and regulations.

The manufacturing of our products requires the use of hazardous materials that are subject to a broad array of environmental, health and safety laws and regulations. Our failure to manage the use, transportation, emissions, discharge, storage, recycling, or disposal of hazardous materials could lead to increased costs or regulatory penalties, fines and legal liability. Our ability to expand, modify or operate our manufacturing facilities in the future may be impeded by environmental regulations, such as air quality, wastewater requirements, and energy supply and use restrictions. The Chinese government has pledged to tackle the country's hazardous smog and improve air quality conditions, which has prompted authorities to impose strict pollution control measures when certain pollution levels are detected and ahead of high-profile events. Regulators have in the past and may in the future temporarily restrict the operations of our manufacturing facilities in a particular geographic location as a result of attempts to control pollution levels, or energy supply or use restrictions in China. Environmental laws and

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regulations could also require us to acquire pollution abatement or remediation equipment, modify product designs, or incur other expenses. New regulations promulgated in reaction to climate change could result in increased manufacturing costs associated with air pollution control or energy requirements, and increased or new monitoring, recordkeeping, and reporting of greenhouse gas emissions. We also see the potential for higher energy costs driven by climate change regulations. Implementation of such new regulations could increase our costs or require us to modify our operations and negatively impact our business and results of operations.

Since 2020, we have set annual goals related to environmental, social and governance (ESG) issues. Some or all of our current or future ESG goals may be difficult to achieve and may be subject to factors beyond our reasonable control, including without limitation, actions of our customers and suppliers, technological advances with respect to replacing natural gas with renewable energy sources for industrial applications, and the availability of renewable energy sources for our facilities and applications. Failure to achieve our ESG goals could negatively impact our reputation, which could have an adverse impact on our overall business and stock price.

Environmental, health and mine safety laws and regulations impacting the mining industry may adversely affect demand for products manufactured by our Material Handling segment.

SMH, which is in our Material Handling segment, supplies equipment to mining companies operating in major mining regions throughout the world. SMH's customers' operations are subject to or affected by a wide array of regulations in the jurisdictions where they operate, including those directly impacting mining activities and those indirectly affecting their businesses, such as applicable environmental and mine safety laws. New environmental and health legislation or administrative regulations relating to mining or affecting demand for mined materials or more stringent interpretations of existing laws and regulations, may require SMH's customers to significantly change or curtail their operations. The mining industry has also

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encountered increased scrutiny as it relates to safety regulations. New legislation or regulations and the high cost of compliance with such regulations relating to mine safety standards may induce customers to discontinue or limit their mining operations and may discourage companies from developing new mines or maintaining existing mines, which in turn could diminish demand for our products and services. As a result of these factors, demand for SMH's mining equipment could be adversely affected by environmental and health regulations directly or indirectly impacting the mining industry. Any reduction in demand for SMH's products as a result of environmental, health or mine safety regulations could have an adverse effect on SMH's and our overall business, financial condition or results of operations.

Risks Related to Indebtedness and our Credit Agreement

Our debt may adversely affect our cash flow and may restrict our investment opportunities.

We have borrowed amounts under our five-year, unsecured multi-currency revolving credit facility (Credit Agreement) and under other agreements to fund our operations and our acquisition strategy. Our borrowing capacity under the Credit Agreement may decrease as a result of the impact that foreign exchange rate fluctuations could have on our foreign-denominated borrowings.

Pursuant to the Credit Agreement, we have a borrowing capacity of \$400.0 million with an uncommitted, unsecured incremental borrowing facility of \$200.0 million with a maturity date of November 30, 2027. In 2018, we also issued \$10.0 million in senior notes under our Multi-Currency Note Purchase and Private Shelf Agreement with Prudential Private Capital, a unit of PGIM, Inc., and affiliate of Prudential Financial, Inc. (Note Purchase Agreement). We may also in the future obtain additional long-term debt and working capital lines of credit to meet future financing needs, which would have the effect of increasing our total leverage. Our indebtedness could have negative consequences, including:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- limiting our ability to pay dividends on or to repurchase our capital stock;
- limiting our ability to complete a merger or an acquisition or acquire new products and technologies through acquisitions or licensing agreements; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete.

Our The majority of our existing indebtedness bears interest at fixed and floating rates, and as a result, our interest payment obligations on our indebtedness will fluctuate if interest rates increase or decrease. From time to time, we hedge a portion of our variable rate interest payment obligations through an interest rate swap agreement. The counterparty to the swap agreement could demand an early termination of the swap agreement if we were to be in default under the Credit Agreement, or any agreement that amends or replaces the Credit Agreement in which the counterparty is a member, and we were unable to cure the default. If our swap agreement was to be terminated prior to the applicable scheduled maturity date and if we were required to pay cash for the value of the swap, we could incur a loss, which could adversely affect our financial results.

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In addition, the Tax Cuts and Jobs Act of 2017 (2017 Tax Act) places certain limitations on the deductibility of interest expense as a percentage of adjusted taxable income. If interest rates or the level of our debt increase, to the extent that the associated interest expense exceeds the limitation established by the 2017 Tax Act, the amount of interest expense that we would not be able to deduct for income tax purposes, if significant, could adversely affect our financial results and cash flows.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive, and other factors beyond our control. Our business may not generate sufficient cash flows to meet these obligations or to successfully execute our business strategy. If we were unable to service our debt and fund our business, we could be forced to reduce or delay capital expenditures or research and development expenditures, seek additional financing or equity capital, restructure or refinance our debt, curtail or eliminate our cash dividend to stockholders, or sell assets.

Restrictions in our Credit Agreement and Note Purchase Agreement may limit our activities.

Our Credit Agreement and the Note Purchase Agreement contain, and future debt instruments to which we may become subject may contain, restrictive covenants that limit our ability to engage in activities that could otherwise benefit us, including restrictions on our ability (including the ability of our subsidiaries) to: incur additional indebtedness; pay dividends on, redeem, or repurchase our capital stock; make investments; create liens; sell assets; enter into transactions with affiliates; and consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries.

We are also required to meet specified financial covenants under the terms of our Credit Agreement and the Note Purchase Agreement. Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control. Our failure to comply with any of these restrictions or covenants may result in an event of default under our Credit Agreement, the Note Purchase Agreement our swap agreement and other loan and note obligations, which could permit acceleration of the debt under those instruments and require us to repay the debt before its scheduled due date. If an event of default were to occur, we might not have sufficient funds available to make the payments required under our indebtedness. In addition, our inability to borrow funds under our Credit Agreement would have significant consequences for our business, including reducing funds

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available for acquisitions and other investments in our business; and impacting our ability to pay dividends and meet other financial obligations.

Furthermore, our Credit Agreement requires that any amounts borrowed under the facility be repaid by the maturity date in 2027. If we are unable to roll over the amounts borrowed into a new credit facility and we do not have sufficient cash to repay our borrowings, we may default under the Credit Agreement. We may need to repatriate cash from our overseas operations, which may not be possible, to fund the repayment and we may be required to pay taxes on the repatriated amounts. Such repatriation would have an adverse effect on our effective tax rate and cash flows.

Adverse changes to the soundness of financial institutions could affect us.

We have relationships with many financial institutions, including lenders under our credit facilities and insurance underwriters, and from time to time we execute transactions with counterparties in the financial industry, such as our interest rate swap agreement and other hedging transactions. In addition, our subsidiaries in China often hold banker's acceptance drafts that are received from customers in the normal course of business. These drafts may be discounted or used to pay vendors prior to the scheduled maturity date or submitted to an acceptance bank for payment at the scheduled maturity date. These financial institutions or counterparties could be adversely affected by volatile conditions in the financial markets, economic downturns, and difficult economic conditions. These conditions could result in financial instability, bankruptcy, or other adverse effects at these financial institutions or counterparties. We may not be able to access credit facilities in the future, complete transactions as intended, or otherwise obtain the benefit of the arrangements we have entered into with such financial parties, which could adversely affect our business and results of operations.

Risks Related to Ownership of our Capital Stock

Our share price fluctuates and experiences price and volume volatility.

Stock markets in general and our common stock in particular experience significant price and volume volatility from time to time. The market price and trading volume of our common stock may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our operations, business prospects, or future funding. Given the nature of the markets in which we participate and the volatility of orders, we may not be able to reliably predict future revenues and profitability, and unexpected changes may cause us to adjust our operations. A large proportion of our costs are fixed, due in part to our significant selling, general and administrative, research and development, and manufacturing costs. Thus, small declines in revenues could disproportionately affect our operating results. Other factors that could affect our share price and quarterly operating results include:

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- changes in the assumptions used for revenue recognized over time;
- fluctuations in revenues due to customer-initiated delays in product shipments;
- failure of a customer to comply with an order's contractual obligations or inability of a customer to provide financial assurances of performance;
- adverse changes in demand for and market acceptance of our products;
- failure of our products to pass contractually agreed upon acceptance tests, which could delay or prohibit recognition of revenues under applicable accounting guidelines;
- competitive pressures resulting in lower sales prices for our products;
- adverse changes in the process industries we serve;
- delays or problems in our introduction of new products or in the manufacture of our products;
- our competitors' announcements of new products, services, or technological innovations;
- contractual liabilities incurred by us related to guarantees of our product performance;
- increased costs of raw materials or supplies, including the cost of energy;
- changes in the timing of product orders;
- changes in the estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, or expenses;
- the impact of acquisition accounting and the treatment of acquisition and restructuring costs as period costs;
- fluctuations in our outstanding indebtedness and associated interest expense;
- fluctuations in our effective tax rate;
- fluctuations in foreign currency exchange rates;
- the operating and share price performance of companies that investors consider to be comparable to us; and
- changes in global financial markets and global economies and general market conditions.

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Anti-takeover provisions in our charter documents and under Delaware law could prevent or delay transactions that our shareholders may favor.

Provisions of our charter and bylaws may discourage, delay, or prevent a merger or acquisition that our shareholders may consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares. For example, these provisions:

- authorize the issuance of "blank check" preferred stock without any need for action by shareholders;
- provide for a classified board of directors with staggered three-year terms;
- require supermajority shareholder voting to effect various amendments to our charter and bylaws;
- eliminate the ability of our shareholders to call special meetings of shareholders;
- prohibit shareholder action by written consent; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

Our board of directors could adopt a shareholder rights plan in the future that could have anti-takeover effects and might discourage, delay, or prevent a merger or acquisition that our board of directors does not believe is in our best interest and those of our shareholders, including transactions in which shareholders might otherwise receive a premium for their shares.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We are regularly subject to attempted cyberattacks and other cyber incidents and, therefore, cybersecurity is an important element of our business and our overall enterprise risk management program. Like other global companies, we have experienced cyber threats and incidents, although none to date have been material or had a material adverse effect on our business or financial condition. We have a multilayered approach for assessing, identifying, preventing, evaluating, managing and monitoring cybersecurity risks, that is designed to help prevent such attacks and protect our information, systems, assets and operations from internal and external cyber threats and to help mitigate risks of cyber incidents. Our board of directors delegated authority to the risk oversight and sustainability committee to assist in fulfilling its oversight responsibilities with respect to management's identification, prevention, evaluation, management, and monitoring of our critical enterprise risks. The risk oversight and sustainability committee is briefed by our Head of Global IT or counsel on a quarterly basis regarding cybersecurity risks and mitigation strategies. We continually invest in efforts to protect, monitor, and mitigate cybersecurity risks, including through our robust information security function, training and compliance programs, and regular employee training.

We devote significant resources to protecting the security of our computer systems, software, networks and other technology assets, and our cybersecurity risk management processes include physical, procedural and technical safeguards. Our cybersecurity policies, standards and procedures include incident response plans designed to help coordinate our response to cybersecurity incidents, and includes processes to triage, assess the severity of, escalate, contain, investigate, and remediate incidents. We seek to enhance our policies and practices to better protect our platform, adapt to changes in regulations, identify potential and emerging security risks and develop mitigations for those risks, including conducting cyber incident tabletop exercises with our management team.

We engage external parties, including consultants, network security firms and other experts, to help us assess and enhance our cybersecurity oversight. For example, we have hired an external security vendor to conduct penetration and vulnerability testing on our networks and receive regular updates about industry cyber risks.

In order to oversee and identify risks from cybersecurity threats associated with our use of third-party service providers, we perform third-party risk assessments designed to help protect against the misuse of IT by third parties and business partners and generally request that third-party service providers provide us information about their security policies and procedures. We monitor security incidents involving our third-party providers and adjust our procedures as necessary.

We do not believe that there have been or are currently any known risks from cybersecurity threats that are reasonably likely to materially affect us or our business strategy, results of operations or financial condition.

Cybersecurity Governance and Oversight

Our board of directors has delegated oversight of cybersecurity to the risk oversight and sustainability committee. The risk oversight and sustainability committee receives quarterly updates from management and provides feedback regarding cybersecurity, including updates regarding recent incidents in the industry and the cyber threat landscape, and is notified

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between such updates regarding significant new cybersecurity threats or incidents as necessary. The board of directors receives regular reports from the risk oversight and sustainability committee.

We have a Head of Global IT whose global information security team (IT Security Team) is responsible for leading organization-wide cybersecurity strategy, policy, standards and processes and works across relevant operating entities to assess and prepare us to address cybersecurity risks. Our Head of Global IT and IT Security Team perform due diligence on the IT security systems and processes of all potential acquisition targets, and newly acquired companies are not permitted access into our IT networks or systems until they have met the necessary security standards. The Head of Global IT's cybersecurity experience includes managing the network, infrastructure security and a cyber security team of a global consumer products company with a heavy online presence and with sales of services and goods to the U.S. government. In addition, our IT Security Team consists of employees that have security certifications from reputable cybersecurity training organizations, including CompTIA, and over 20 years of combined infrastructure architecture experience, including PCI, SOC1 and SOC2 level compliance.

We have also established a cross-functional Corporate Incident Response Team (CIRT) led by our General Counsel and consisting of various leaders, including our Head of Global IT, that is responsible for coordinating our response to cybersecurity incidents that present significant risk to us. The board of directors will be notified if the CIRT has been activated and provided periodic updates concerning the incident.

In an effort to deter and detect cyber threats, we require all employees who use an official company email account to conduct business to complete regular trainings on data protection, cybersecurity, incident response and prevention, which covers timely and relevant topics, including social engineering, phishing, password protection, confidential data protection, asset use and mobile security, and educates employees on the importance of reporting all incidents immediately. We also use technology-based tools to mitigate cybersecurity risks.

Item 2. Properties

We believe that our facilities are in good condition and are suitable and adequate for our present operations. We do not anticipate significant difficulty in obtaining lease renewals or alternative space as needed.

The location and general character of our principal properties as of year-end 2022 are as follows:

Flow Control Segment

We own approximately 1,033,000 1,013,000 square feet and lease approximately 212,000 square feet, under leases expiring on various dates ranging from 2023 2024 to 2028, of manufacturing, engineering, and office space. In addition, in China, we lease the land associated with our buildings under long-term leases, which expire on dates ranging from 2050 to 2062. Our principal engineering and manufacturing facilities are located in Valinhos, Brazil; Three Rivers, Michigan, United States; Anderson, South Carolina, United States; Hückeswagen, Hückeswagen, Germany; Auburn, Massachusetts, United States; Weesp, The Netherlands; Wuxi, China; Moers, Germany; Guadalajara, Mexico; Bury, England; Huskvarna, Sweden; Sweden and Kamienna Gora, Poland and Eltmann, Germany, Poland.

Industrial Processing Segment

We own approximately 859,000 1,356,000 square feet and lease approximately 532,000 154,000 square feet, under leases expiring on various dates ranging from 2023 2024 to 2027 2028 of manufacturing, engineering, and office space. In addition, in China, we lease the land associated with our future-planned facility building under a long-term lease, which expires in 2071. In addition, in Sidney, British Columbia, Canada, we lease the land associated with our building under a long-term lease, which expires in 2032. Our principal engineering and manufacturing facilities are located in Vitry-le-Francois, France; Jining, China; Vitry-le-François, France; Lebanon, Ohio, United States; Sidney, British Columbia, Canada; Lohja, Finland and Finland; Surrey, British Columbia, Canada. Canada and Tualatin, Oregon, United States.

Material Handling Segment

We own approximately 230,000 342,000 square feet and lease approximately 519,000 square feet, under leases expiring on various dates ranging from 2023 2024 to 2034. Our principal manufacturing and office space is located in Saltillo, Mississippi, United States; Georgsmarienhutte, Georgsmarienhütte, Germany; Burleson, Texas, United States; Crown Point, Indiana, United States; Green Bay, Wisconsin, United States and Alfreton, England.

Corporate

We lease approximately 18,000 square feet in Westford, Massachusetts, United States, for our corporate headquarters under a lease expiring that expires in 2026.

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Item 3. Legal Proceedings

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Price of Common Stock

Our common stock trades on the New York Stock Exchange under the symbol "KAI." The closing market price on the New York Stock Exchange for our common stock on February 17, 2023 February 16, 2024 was \$218.55 \$339.08 per share.

Holders of Common Stock

As of February 17, 2023 February 16, 2024, we had approximately 1,864 1,771 holders of record of our common stock. This does not include holdings in street or nominee name.

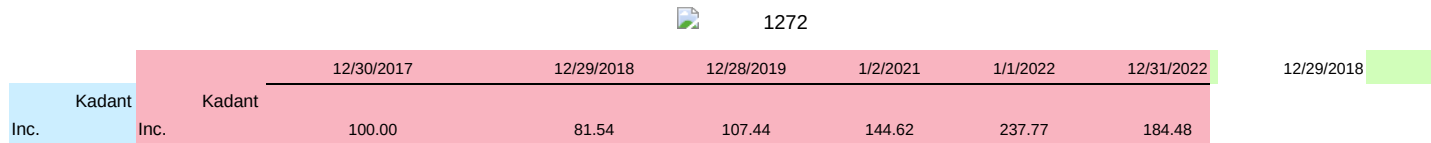
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Issuer Purchases of Equity Securities

On May 19, 2022 May 18, 2023, our board of directors approved the repurchase of up to \$50 million \$50.0 million of our equity securities during the period from May 19, 2022 May 18, 2023 to May 19, 2023 May 18, 2024. We have not repurchased any shares of our common stock under this authorization or under our previous \$20 million \$50.0 million authorization, which expired on May 20, 2022 May 19, 2023.

Performance Graph

This performance graph compares the cumulative, five-year total shareholder return assuming an investment of \$100 (and the reinvestment of dividends) in our common stock, the Russell 3000 Stock Index, and the Dow Jones U.S. Industrial Machinery TSM Index. Because our fiscal year ends on a Saturday, the graph values are calculated using the last trading day prior to the end of our fiscal year.



Russell	Russell						
3000	3000	100.00	94.76	124.15	150.08	188.60	152.37
Dow	Dow						
Jones U.S.	Jones U.S.						
Industrial	Industrial						
Machinery	Machinery						
TSM	TSM	100.00	84.34	114.71	133.84	166.44	145.27

Item 6. [Reserved]

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the consolidated financial statements and related notes set forth in [Item 8](#), "Financial Statements and Supplementary Data." The following discussion also contains forward-looking statements, including the outlook for our business, that involve a number of risks and uncertainties. See [Part I](#), "Forward-Looking Statements," for a discussion of the forward-looking statements contained below and [Part I, Item 1A](#), "Risk Factors," for a discussion of certain risks that could cause our actual results to differ materially from the results anticipated in such forward-looking statements.

A detailed discussion of the year-over-year results for 2022 compared with 2021 can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed 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 businesses.

Our financial results are reported in three reportable operating segments: Flow Control, Industrial Processing, and Material Handling. The Flow Control segment consists of our fluid-handling and doctoring, cleaning, & filtration product lines; the Industrial Processing segment consists of our wood processing and stock-preparation product lines; and the Material Handling segment consists of our conveying and vibratory, baling, and fiber-based product lines. See [Note 12](#), Business Segment and Geographical Information, in the accompanying consolidated financial statements for a description and financial information of our reportable operating segments.

Industry and Business Overview

Our bookings increased 7% to a Bookings were \$917.4 million in 2023, including record \$958.2 million in 2022 led by strong parts and consumables bookings, especially within which represented 64% of consolidated bookings. Bookings decreased 4% compared to record bookings in 2022, which included exceptionally strong demand for capital equipment at our Flow Control segment. Our 2022 Industrial Processing segment in the first half of the year. The bookings included \$50.2 million attributable decrease occurred across various regions. In Europe, weak macroeconomic conditions impacted demand for our products, including in Germany, Europe's largest economy, which experienced a more significant decline in industrial production than anticipated. A decline in domestic and foreign confidence in China's market, along with persistent debt pressures, particularly in the property market, have constrained growth, which has lengthened the timing of capital orders. In North America, we experienced steady demand for our capital and aftermarket products following the exceptionally strong demand in the first two quarters of 2022. In 2024, we expect steady demand in our key end markets to acquisitions and a \$39.8 million unfavorable effect continue at current levels, along with healthy contributions from foreign currency translation. See [Acquisitions](#) below for further details. We ended the year with consolidated backlog of \$345.3 million, increasing 11% from the end of 2021, our recent acquisitions. An overview of our business by segment is as follows:

- Flow Control** – Our Flow Control segment ended a strong year with record bookings for both parts and consumables products and capital equipment. Bookings increased 17% and organic bookings, which excludes an acquisition and an unfavorable foreign currency translation effect, increased 14% remained flat compared to 2021. Orders for both parts 2022. In North America, there was constrained capital spending as mills took downtime and consumables products paper and capital equipment continue containerboard producers consolidated or moved locations to be strong due to the strength align capacity with demand. In Europe, there was continued uncertainty in the end markets we serve and as customers seek to optimize energy utilization. We expect to continue to see steady demand in 2023, but comparatively lower than 2022 primarily due to weak macroeconomic conditions caused by elevated inflation and high interest rates. However, many of the nearly \$200 million of record orders we received end markets in our Flow Control segment remain strong despite the general sluggishness in the first half of the year. manufacturing sector, and we expect bookings in 2024 to remain stable.
- Industrial Processing** – Our Industrial Processing segment bookings decreased 6% and organic bookings, which excludes an acquisition and an unfavorable foreign currency translation effect, decreased 3% 13% compared to 2021. While our parts and consumables bookings experienced a record year, our capital bookings decreased 18% compared 2022 due to a record 2021 as strong demand for capital equipment at our wood processing business returned to a more typical level in 2022. Record orders for our wood processing business products capital equipment in 2021 were the first half of 2022. This was fueled by a robust U.S. housing market and high demand for lumber, OSB and plywood, which drove new capital equipment investment. As we look forward, Demand in our wood processing business returned to and has continued at a more typical level. While there is uncertainty still a healthy level of quote activity, there has been an increase in the quote to order times. Demand for our stock-preparation products declined 9% compared to 2022 due to weaker market conditions in most regions. In Europe, macroeconomic conditions led to a pullback in capital investments and

paper mill shutdowns. Market-related downtime at our customers in the U.S. contributed to weaker demand for our products. In China, overall market conditions were sluggish as changes to how governmental efforts monetary policy impacted the timing of capital investments and mills focused on bringing capacity online. We expect that our Industrial Processing segment will have higher bookings in 2024 due in large part to control inflation may impact this segment's end markets. Therefore, contributions from our recent acquisition of Key Knife, which we anticipate will also result in an incrementally higher percentage of parts and consumables. In addition, we expect comparatively lower bookings in 2023 given the high level of bookings we experienced in the first half of 2022. higher demand for our stock-preparation capital equipment driven by projects focused on energy savings and reduced water consumption.

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- *Material Handling* – Our Material Handling segment had record bookings in 2023. Bookings increased 3% compared to 2022 for both led by record parts and consumables bookings and a \$12 million capital equipment. Bookings increased 20% order for the longest conveying line in North America. The largest contributor to our 2023 bookings increase was our conveying and organic bookings, which excludes an acquisition vibratory business due in part to the positive impact on the aggregates industry from new government legislation. The aggregates industry significantly expanded plant production capacity to meet demand and, an unfavorable foreign currency translation effect, increased 13% compared to 2021. as a result, we expect some slowing in capital expenditures in the near term. We expect this steady that our Material Handling segment will have higher bookings in 2024 due to contributions from our recent acquisition of KWS and increased demand at our European baling business due in part to continue into 2023 given the anticipated growth trends in recycling and infrastructure investments, government programs aimed at stimulating capital investment.

Our global operations have been and continue to be impacted by increasingly complex market conditions fueled by inflationary pressures, including the strengthening of the U.S. dollar, geopolitical tensions, labor availability, and lingering global supply chain constraints. Supply chain constraints have resulted softening markets. While the U.S. economy has proven more resilient than predicted, growth in inflationary pressure on material costs, longer lead times, the European economy has slowed due to high interest rates and increased freight costs. Our businesses are alleviating supply chain constraints through various measures, including advance purchases of raw materials to prevent potential elevated inflation, and China's manufacturing disruptions and mitigating increased material and freight costs through price adjustments, when possible.

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industry has contracted. We expect our operating environment to continue to be challenging, as central banks work to address inflationary pressures, which creates more continued uncertainty for the latter half of 2023. We 2024. However, we believe that the fundamentals of our business remain strong, particularly given our high backlog levels, solid market position in key product lines, strong global operations team, teams, and ongoing long-term strength of our end markets. In addition, we see growth opportunity from different legislation in the markets we serve, U.S. and abroad aimed at fueling investment, including those targeting environmental initiatives.

International Sales

More than 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 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 imposes tariffs on certain imports from China, which has and will continue to increase the cost of some of the equipment that we import. 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 [Part I, Item 1A](#), "Risk Factors."

Acquisitions

We expect that one a significant driver of our long-term growth over the next several years 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. In recent years, we We have acquired several businesses in recent years and continue to pursue acquisition opportunities.

On November 14, 2022 January 1, 2024, we acquired Key Knife pursuant to a business securities purchase agreement dated December 22, 2023, for approximately \$156.0 million in Canada, which cash, subject to certain customary adjustments. Key Knife is included part of our Industrial Processing segment.

On January 24, 2024, we acquired all of the outstanding equity securities of KWS for approximately \$84.0 million in cash, subject to certain customary adjustments. KWS is part of our Material Handling segment, for approximately \$3.6 million, net of cash acquired, segment.

We completed several smaller acquisitions in 2022 and 2023. In the third quarter of 2021, we acquired The Clouth Group of Companies, (Clouth) which is part of our Flow Control segment, and East Chicago Machine Tool Corporation, which is part of our Material Handling segment, for \$92.9 million an aggregate \$146.4 million, net of cash acquired plus and debt assumed. Clouth, which is included in our Flow Control segment, is a leading manufacturer of doctor blades and related equipment used in the production of paper,

packaging, and tissue. We expect several synergies in connection with this acquisition, including deepening our presence in the growing ceramic blade market and expansion of product sales at our existing businesses by leveraging Clouth's complementary global geographic footprint. Clouth has three manufacturing facilities in Germany and one in Poland.

On August 23, 2021, we acquired East Chicago Machine Tool Corporation (Balemaster) for \$53.5 million, net of cash acquired. Balemaster, which is included in our Material Handling segment, is a leading U.S. manufacturer of horizontal balers and related equipment used primarily for recycling packaging waste at corrugated box plants and large retail and distribution centers. We expect several synergies in connection with this acquisition, including expanding our presence in the secondary material processing sector and creating new opportunities for leveraging our high-performance balers produced in Europe.

In the fourth quarter of 2021, we acquired a business in India, which is included in our Industrial Processing segment, for approximately \$2.9 million.

See [Note 2](#), Acquisitions, and [Note 15](#), Subsequent Events, in the accompanying consolidated financial statements for further details.

Results of Operations

2022 2023 Compared to 2021 2022

Revenue

The following table presents changes in revenue by segment between 2022 2023 and 2021, 2022, and those changes excluding the effect of foreign currency translation and acquisitions, 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,

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especially when comparing such results to prior periods. This non-GAAP measure should not be considered superior to or a substitute for the corresponding GAAP measure.

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Revenue by segment in 2022 2023 and 2021 2022 is as follows:

(In thousands, except percentages)	(In thousands, except percentages)	December 31, 2022	January 1, 2022	Total Increase	% Change	Currency Translation		
Flow Control	Flow Control	\$ 349,107	\$ 288,788	\$ 60,319	21 %	\$	(16,492)	\$
Industrial Processing	Industrial Processing	353,698	328,762	24,936	8 %		(15,911)	
Material Handling	Material Handling	201,934	169,029	32,905	19 %		(8,662)	
Consolidated Revenue		\$ 904,739	\$ 786,579	\$ 118,160	15 %	\$	(41,065)	\$
Consolidated								

Consolidated Both consolidated revenue in 2022 increased 15%, including a 5% increase from acquisitions and a 5% decrease from the unfavorable effect of foreign currency translation. The 15% increase in organic revenue increased 6% in 2023 with relatively equal contributions from parts and consumables products and capital equipment products. The majority of the revenue increase was broad-based with each due to higher demand at our Material Handling segment, especially for our bulk material handling products and, to a lesser extent, increased demand for our parts and consumables products at our Flow Control and Industrial Processing segments. From a regional perspective,

the majority of our operating segments increasing over 10% compared to 2021, the revenue increase was driven by higher demand in North America. In addition, modestly higher demand in Europe was offset by softening demand in China.

Revenue at our Flow Control segment increased 21% 4% in 2022, while organic revenue 2023 primarily due to higher demand for parts and consumables products and, to a lesser extent, capital equipment products in North America driven by continued strength in the U.S. economy and underlying packaging industry. While there was increased 18% with relatively equal contributions demand for our capital equipment products in Europe from our fluid-handling and doctoring, cleaning, & filtration product lines. Increased revenue customers seeking to mitigate high energy prices, demand for both our parts and consumables products and was modestly higher than 2022 reflecting the challenging market conditions. In China, a slowdown in manufacturing activity resulted in weaker demand for our capital equipment was driven by strength in the underlying packaging industry, especially in the U.S., and increased demand in Europe resulting in part from high energy prices as customers sought to optimize energy utilization. products.

Revenue at our Industrial Processing segment increased 8% remained flat in 2022, 2023, while organic revenue increased 12% 2%. Nearly 70% of the organic Organic revenue increase was related increased primarily due to higher demand for our capital equipment products and parts and consumable products at our wood processing business businesses in North America where the robust U.S. economy and housing market continued to demonstrate resiliency against inflationary pressures. Additionally, demand increased for parts and high demand for lumber, OSB and plywood, especially consumable products in the first half of the year, drove demand for our products. Maintenance stock-preparation business in Europe due to maintenance requirements at many of our wood processing customers and high mill operating rates augmented customers. This increase was largely offset by softening demand for our parts and consumables products. The remaining organic revenue increase related to at our stock-preparation business where we had steady demand for our products throughout the year. Compared to 2021, we experienced increased demand for stock-preparation businesses in China as manufacturing activity has contracted and mills focus on installing and optimizing capital equipment primarily at our European operations, as customers sought to reduce their input costs with our fiber processing solutions. purchased in prior periods.

Revenue at our Material Handling segment increased 19% in 2022, while organic revenue increased 15%, 2023 due to higher demand for both our capital equipment products and, to a lesser extent, parts and consumables products at our vibratory conveying and conveying vibratory business in North America resulting from strong demand across all industries. Also contributing America. This was due in large part to expansion projects related to the organic revenue increase was mining of minerals that led to increased demand for our conveying systems, including an expansion project for the longest conveying line in North America. Revenue also increased, but to a lesser extent, at our baling business due to higher demand for capital equipment at our baling operations due to greater market products as more industries focus on waste reduction and government-backed policy demand for recycling.

Gross Profit Margin

Gross profit margin by segment in 2022 2023 and 2021 2022 is as follows:

		December 31, 2022		January 1, 2022			December 30, 2023		December 31, 2022	Point Cl
Flow Control	Flow Control	52.0%	51.0%		Flow Control	51.8%	52.0%		(20) bps	
Industrial Processing	Industrial Processing	39.2%	40.1%		Industrial Processing	40.2%	39.2%		100 bps	
Material Handling	Material Handling	34.4%	34.4%		Material Handling	35.7%	34.4%		130 bps	
Consolidated	Consolidated	43.1%	42.9%		Consolidated	43.5%	43.1%		40 bps	

Consolidated gross profit margin increased to 43.5% in 2023 compared with 43.1% in 2022 due to higher margins achieved on parts and consumable products, especially at our Material Handling segment. In addition, higher margins achieved on our capital equipment products were offset by a lower proportion of parts and consumables revenue, which decreased to 62% in 2023 compared with 42.9% to 63% in 2021. The consolidated gross profit margin in 2021 included \$4.3 million of amortization of acquired profit in inventory, which lowered gross profit margin by 0.5 percentage points and benefits received from government employee retention assistance programs of \$0.9 million, which increased gross profit margin by 0.1 percentage points. 2022.

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Within our operating segments, gross profit margin:

- Increased Decreased to 52.0% 51.8% at our Flow Control segment from 51.0% 52.0% in 2021 2022 primarily due to the inclusion of \$3.1 million of amortization of acquired profit higher margins achieved on our capital equipment products, offset by a decrease in inventory, which lowered gross profit margin in 2021 by 1.1 percentage points. margins for our parts and consumables products.
- Decreased Increased to 39.2% from 40.1% 40.2% at our Industrial Processing segment from 39.2% in 2022 primarily due to the impact of lower-margin capital equipment revenue at higher margins achieved on our wood processing businesses parts and the inclusion of \$0.7 million of benefits received from government employee retention assistance programs, which increased gross profit margin consumable products and, to a lesser extent, an increase in the 2021 period by 0.2 percentage points. proportion of higher-margin stock-preparation parts and consumables revenue.
- Remained flat at 34.4% Increased to 35.7% at our Material Handling segment. The impact of the segment from 34.4% in 2022 primarily due to higher gross profit margin generated from margins achieved for our Balemaster business acquired parts and consumables products, partially offset by a decrease in the third quarter proportion of

2021 was offset by the inclusion of \$1.2 million of amortization of acquired profit in inventory, which lowered gross profit margin by 0.7 percentage points in 2021. higher-margin conveying and vibratory parts and consumables products revenue.

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Selling, General, and Administrative Expenses

Selling, general, and administrative (SG&A) expenses by segment in 2023 and 2022 are as follows:

(In thousands, except percentages)	(In thousands, except percentages)	December 31, 2022	% of Revenue	January 1, 2022	% of Revenue	Increase	% Change	(In thousands, except percentages)	December 30, 2023	December 31, 2022	Increase	% Change
Flow Control	Flow Control	\$ 86,458	25 %	\$ 76,730	27 %	\$ 9,728	13 %	Flow Control	\$ 87,427	\$ 86,458	\$ 969	1%
Industrial Processing	Industrial Processing	61,885	17 %	60,802	18 %	1,083	2 %	Industrial Processing	66,384	61,885	4,499	7%
Material Handling	Material Handling	40,067	20 %	38,575	23 %	1,492	4 %	Material Handling	43,008	40,067	2,941	7%
Corporate	Corporate	35,995	N/A	32,680	N/A	3,315	10 %	Corporate	39,445	35,995	3,450	10%
Consolidated	Consolidated	\$224,405	25 %	\$208,787	27 %	\$15,618	7 %	Consolidated	\$236,264	\$224,405	\$11,859	5%
Consolidated as a Percentage of Revenue												

Consolidated SG&A expenses as a percentage of revenue decreased to was 25% in 2022 from 27% in 2021 principally due to the increase in revenue, both 2023 and 2022. Consolidated SG&A expenses increased \$15.6 million primarily due \$11.9 million, or 5%, in 2023 compared to higher compensation expense associated with existing and new personnel and increased travel costs, 2022, which are gradually returning to pre-pandemic levels. Consolidated SG&A expense also included increases from an incremental \$11.3 million a decrease of SG&A expenses from acquisitions, the inclusion of \$1.4 million of benefits received from government employee retention assistance programs \$1.2 million in 2021, and \$1.3 million from indemnification asset reversals related to the release of tax reserves. These Excluding the decrease in indemnification asset reversals, consolidated SG&A expenses increased \$13.1 million, or 6%, primarily due to annual wage increases, were offset by a \$9.8 million favorable effect of foreign currency translation as well as incremental travel and a decrease of \$3.6 million in acquisition-related consulting costs.

Within our operating segments, SG&A expenses:

- Increased \$9.7 million \$1.0 million at our Flow Control segment principally primarily due to the inclusion annual wage increases, incremental travel and trade show costs, and an unfavorable effect of an incremental \$7.8 million foreign currency translation of SG&A expenses from Clouth, increased compensation expense and travel costs, indemnification asset reversals of \$0.7 million related to the release of tax reserves, and the inclusion of benefits received from government employee retention assistance programs of \$0.8 million in 2021. These increases were partially offset by a \$4.8 million favorable effect decrease in bad debt expense, acquisition costs, and the inclusion of foreign currency translation and a decrease of \$2.6 million in incremental acquisition-related costs.
- Increased \$1.1 million at our Industrial Processing segment due to increased compensation and selling-related costs, an indemnification asset reversal related to the release of tax reserves of \$0.6 million, \$0.7 million in 2022.
- Increased \$4.5 million at our Industrial Processing segment principally due to increased compensation expense associated with existing and the inclusion new personnel, incremental travel and trade show costs, and \$1.1 million of benefits received from government employee retention assistance programs of \$0.5 million in 2021, acquisition costs. These increases were partially offset by a \$3.4 million \$1.0 million favorable effect of foreign currency translation. translation and the inclusion of an indemnification asset reversal related to the release of tax reserves of \$0.6 million in 2022.
- Increased \$1.5 million \$2.9 million at our Material Handling segment principally due to the inclusion of an incremental \$3.1 million of SG&A expenses from Balemaster, offset in part by a \$1.6 million favorable effect of foreign currency translation.
- Increased \$3.3 million at Corporate primarily due to increased compensation expense associated with existing and travel new personnel and increased selling-related costs, partially offset by a decrease of \$0.5 million in acquisition-related costs.
- Increased \$3.5 million at Corporate due to annual wage increases and consulting costs.

Gain on Sale and Other Costs, Items, Net

A summary The components of the items included in gain on sale and other costs, items, net is in 2023 and 2022 are as follows:

(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022

Gain on Sale of Assets	Gain on Sale of Assets		
		\$(20,190)	\$(515)
Other Income			
Relocation Costs			
Restructuring Costs			
Impairment Costs	Impairment Costs	731	804
Restructuring Costs		603	176
		<u>\$(18,856)</u>	<u>\$ 465</u>
		\$	

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Gain on Sale of Assets

We entered into several agreements with the local government in China to sell the our then existing manufacturing building and land use rights at of one of our subsidiaries in China for \$25.2 million and relocate to a new facility (China Transaction). The agreements became effective in the first quarter of 2022 after a 31% down payment was received, including 25% in 2021 and 6% in the first quarter of 2022, and a land use right in a new location was secured. As a result, we recognized a gain on the China Transaction of \$20.2 million, or \$15.1 million, net of deferred taxes of \$5.1 million \$5.0 million, in the first quarter of 2022. A receivable of \$16.1 million was recognized for the present value of the remaining amount of the sale proceeds, which is due on the earlier of when the government sells the property or within two years from the effective date of the agreements. The receivable outstanding at December 31, 2022 was \$15.2 million. Our subsidiary, which is part of the Industrial Processing segment, relocated to its new facility during the third quarter of 2023. See [Note 8](#), Gain on Sale and Other Items, Net in the accompanying consolidated financial statements for further details.

Other Income and Relocation Costs

In 2023, in connection with the China Transaction, we recognized income of \$0.8 million from outsourcing the demolition and cleanup of the then existing manufacturing building in China and sale of the remaining fixed assets. In addition, we incurred costs of \$0.8 million related to the relocation of machinery and equipment and administrative offices to the new manufacturing facility.

Restructuring and Impairment Costs

2023 Restructuring Plans

- Restructuring and impairment costs of \$0.4 million in 2023 within our Flow Control segment related to our restructuring plan to consolidate a small manufacturing operation into a larger facility in Germany. Restructuring and impairment costs related to this plan consisted of severance costs for the termination of 10 employees, facility and other closure costs, and asset-write downs.
- Restructuring costs of \$0.4 million in 2023 within our Flow Control segment related to the termination of a contract at one of our operations in Germany.

2021 Restructuring Plan

- Restructuring costs of \$0.6 million in 2022 within our Flow Control segment related to our 2021 restructuring plan to eliminate a redundant ceramic blade manufacturing operation in France. Restructuring costs related to this plan consisted of severance costs for the termination of five employees and facility and other closure costs.

Other Impairment Costs

- Impairment costs of \$0.7 million in 2022 within our Industrial Processing segment will continue to occupy its current facility until construction consisted of its new facility is complete, which is expected in 2023.

In 2021, gain on sale of assets included a gain of \$0.5 million on the sale of a building within our Industrial Processing segment.

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Impairment and Restructuring Costs

During 2022, we recorded impairment costs of \$0.7 million within our Industrial Processing segment. The impairment costs included \$0.5 million primarily related to the write-down of inventory at our business in Russia and \$0.2 million associated with the China Transaction related to the write-down of certain fixed assets that will were not be moved to the new manufacturing facility in China.

During the fourth quarter of 2021, we initiated a restructuring plan within our Flow Control segment to eliminate a redundant ceramic blade manufacturing operation that resulted from our acquisition of Clouth. The plan consisted of severance costs related to the termination of five employees, and facility and other closure costs. Severance costs totaled \$0.4 million, of which \$0.2 million were recorded in 2022 and \$0.2 million in 2021, and facility and other closure costs totaled \$0.4 million, all of which were recorded in 2022. During 2021, we also recorded asset impairment charges related to this restructuring plan of \$0.5 million for the write-down of an intangible asset, \$0.2 million for the write-down of certain machinery and equipment, and \$0.1 million for the write-down of a right-of-use asset. We do not expect to incur additional restructuring charges related to this restructuring plan.

See Note 8, Gain on Sale and Other Costs, Net in the accompanying consolidated financial statements for further details. facility.

Interest Expense

Interest expense increased to \$8.4 million in 2023 from \$6.5 million in 2022 from \$4.8 million in 2021 primarily due to a higher weighted-average interest rate, offset in part by lower average debt outstanding in 2022 2023 compared with 2021. 2022. We expect interest expense will increase significantly in 2024 as a result of the \$230.0 million borrowed in January 2024 to fund our Key Knife and KWS acquisitions.

Provision for Income Taxes

Our provision for income taxes increased decreased to \$42.2 million in 2023 from \$43.9 million in 2022 from \$27.2 million in 2021. 2022. The effective tax rate of 27% in both 2023 and 2022 was higher than our statutory rate of 21% primarily due to the distribution of our worldwide earnings, state taxes, and nondeductible expenses, and state taxes. These increases in tax expense were offset in part by a decrease in tax related to the reversal of tax reserves associated with uncertain tax positions. The effective tax rate of 24% in 2021 was higher than our statutory rate of 21% primarily due to the distribution of our worldwide earnings, nondeductible expenses, and state taxes. These increases in tax expense were offset in part by a decrease in tax related to the net excess income tax benefits from stock-based compensation arrangements. expenses.

Net Income

Net income increased decreased to \$116.8 million in 2023 from \$121.7 million in 2022 from \$84.9 million in 2021 primarily due to a \$54.6 million \$5.5 million decrease in operating income and a \$1.9 million increase in operating income, interest expense, offset in part by a \$16.7 million increase \$1.7 million decrease in provision for income taxes taxes. Net income in 2022 included a \$15.1 million after-tax gain on the sale of a building related to the China Transaction (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 foreign currency translation and acquisitions), adjusted operating income, earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted EBITDA,

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adjusted EBITDA margin (defined as adjusted EBITDA divided by revenue), and free cash flow (defined as net cash provided by operating activities less capital expenditures).

We use organic revenue in order 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 impairment restructuring and restructuring impairment costs, acquisition costs, relocation costs, amortization expense related to acquired profit in inventory and backlog, and certain gains or losses, other income and expense, as indicated. These items are excluded as they are not indicative of our core operating results and are not comparable to other periods, which have differing levels of incremental costs, expenditures or income, or none at all. Additionally, we use free cash flow in order to provide insight on our ability to generate cash for acquisitions and debt repayments, as well as for other investing and financing activities.

We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our core business, operating results, or future outlook. We believe that the inclusion of such measures helps investors gain an understanding of our underlying operating performance and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. Such measures are also used by us in our financial and operating decision-making and for compensation purposes. We also believe this information is responsive to investors' requests and gives them an additional measure of our performance.

Our non-GAAP financial measures are not meant to be considered superior to or a substitute for the results of operations or cash flow flows prepared in accordance with GAAP. In addition, our non-GAAP financial measures have limitations

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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.

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)	(In thousands, except percentages)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands, except percentages)	December 30, 2023	December 31, 2022	January 1, 2022
Net Income Attributable to Kadant	Net Income Attributable to Kadant	\$120,928	\$ 84,043	\$ 55,196	Net Income Attributable to Kadant	\$ 116,069	\$ 120,928	\$ 84,043
Net Income Attributable to Noncontrolling Interest	Net Income Attributable to Noncontrolling Interest	802	838	543	Net Income Attributable to Noncontrolling Interest	737	802	838
Provision for Income Taxes	Provision for Income Taxes	43,906	27,171	17,948	Provision for Income Taxes	42,210	43,906	27,171
Interest Expense, Net	Interest Expense, Net	5,574	4,554	7,242	Interest Expense, Net	6,640	5,574	4,554
Other Expense, Net	Other Expense, Net	72	104	195	Other Expense, Net	101	72	104
Operating Income	Operating Income	171,282	116,710	81,124	Operating Income	165,757	171,282	116,710
Gain on Sale (a)		(20,190)	(515)	—				
Gain on Sale and Other Income (a)					Gain on Sale and Other Income (a)	(841)	(20,190)	(515)
Acquisition Costs	Acquisition Costs	668	3,655	485	Acquisition Costs	1,442	668	3,655
Indemnification Asset Reversals (b)	Indemnification Asset Reversals (b)	1,316	—	—	Indemnification Asset Reversals (b)	102	1,316	—
Impairment and Restructuring Costs		1,334	980	2,979				
Relocation Costs					Relocation Costs	798	—	—
Restructuring and Impairment Costs					Restructuring and Impairment Costs	766	1,334	980
Acquired Backlog Amortization (c)	Acquired Backlog Amortization (c)	703	1,326	544	Acquired Backlog Amortization (c)	—	703	1,326
Acquired Profit in Inventory Amortization (d)	Acquired Profit in Inventory Amortization (d)	(218)	4,284	—	Acquired Profit in Inventory Amortization (d)	—	(218)	4,284
Adjusted Operating Income (non-GAAP measure)	Adjusted Operating Income (non-GAAP measure)	154,895	126,440	85,132	Adjusted Operating Income (non-GAAP measure)	168,024	154,895	126,440
Depreciation and Amortization	Depreciation and Amortization	34,233	32,976	30,790	Depreciation and Amortization	33,297	34,233	32,976
Adjusted EBITDA (non-GAAP measure)	Adjusted EBITDA (non-GAAP measure)	\$189,128	\$159,416	\$115,922	Adjusted EBITDA (non-GAAP measure)	\$ 201,321	\$ 189,128	\$ 159,416

Adjusted EBITDA Margin (non-GAAP measure)	Adjusted EBITDA Margin (non-GAAP measure)	20.9%	20.3%	18.3%	Adjusted EBITDA Margin (non-GAAP measure)	21.0	%	20.9	%	20.3%
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A reconciliation of free cash flow from net cash provided by operating activities is as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	\$102,625	\$162,420	\$92,884				
Less: Capital Expenditures (e)	Less: Capital Expenditures (e)	(28,199)	(12,771)	(7,595)				
Free Cash Flow (non-GAAP measure)	Free Cash Flow (non-GAAP measure)	\$ 74,426	\$149,649	\$85,289				

- (a) Includes a \$20.2 million gain in 2022 on the China Transaction in our Industrial Processing segment.
- (b) Represents indemnification asset reversals related to the release of tax reserves associated with uncertain tax positions.
- (c) Represents intangible amortization expense associated with acquired backlog.
- (d) Represents (income) expense within cost of revenue associated with amortization of acquired profit in inventory.
- (e) Includes capital expenditures of \$7.4 million in 2023 and \$10.4 million in 2022 associated with the China Transaction.

2021 Compared to 2020

A detailed discussion of the year-over-year results of operations for 2021 compared with 2020 can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended January 1, 2022, filed with the SEC.

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Liquidity and Capital Resources

Consolidated working capital was \$201.9 million \$225.8 million at December 31, 2022 December 30, 2023, compared with \$162.4 million \$201.9 million at January 1, 2022 December 31, 2022. Cash and cash equivalents were \$76.4 million \$103.8 million at December 31, 2022 December 30, 2023, compared with \$91.2 million \$76.4 million at January 1, 2022 December 31, 2022, which included cash and cash equivalents held by our foreign subsidiaries of \$94.6 million at December 30, 2023 and \$75.8 million at December 31, 2022 and \$83.8 million at January 1, 2022.

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Cash Flows Flow

Cash flow information is as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	\$102,625	\$162,420			

Net Cash	Net Cash		
Used in	Used in		
Investing	Investing		
Activities	Activities	(29,520)	(154,475)
Net Cash (Used in)			
Provided by Financing			
Activities		(80,569)	22,808
Net Cash			
Used in			
Financing			
Activities			
Exchange	Exchange		
Rate Effect	Rate Effect		
on Cash,	on Cash,		
Cash	Cash		
Equivalents,	Equivalents,		
and	and		
Restricted	Restricted		
Cash	Cash	(6,972)	(3,232)
(Decrease) Increase in			
Cash, Cash Equivalents,			
and Restricted Cash		\$ (14,436)	\$ 27,521
Increase			
(Decrease)			
in Cash,			
Cash			
Equivalents,			
and			
Restricted			
Cash			

Operating Activities

Cash provided by operating activities decreased increased to \$165.5 million in 2023 from \$102.6 million in 2022 from \$162.4 million in 2021 primarily due to the timing of investments a reduction in cash used for working capital. 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.

Cash During 2023, significant cash inflows associated with working capital related to inventory, other liabilities and unbilled revenue. Shipments of inventory provided by operating activities cash of \$14.1 million and increases in 2022 was other liabilities provided cash of \$9.2 million due to the timing of payments to subcontractors and outside vendors. In addition, a reduction in unbilled revenue provided cash provided by net income, of \$6.5 million. These sources of cash were offset in part by investments in \$28.9 million of cash outflows associated with accounts payable and customer deposits primarily due to the timing of payments.

During 2022, significant cash outflows associated with working capital capital related to inventory and accounts receivable. Increases in inventories and accounts receivable used cash of \$54.6 million, including \$36.1 million for inventory primarily related to capital equipment orders that will ship shipped in 2023. These uses of cash were offset in part by \$14.4 million of cash provided by received from customer deposits.

Cash provided by operating activities in 2021 was due to cash provided by net income and working capital. Cash provided by working capital in 2021 included \$54.0 million from customer deposits and accounts payable, reflecting the impact of increased capital equipment order activity, and \$19.5 million from other liabilities, which included a \$6.2 million deposit received for the anticipated sale of a building in connection with the China Transaction, and an increase in our accrued incentive compensation, advance billings, and accrued income taxes resulting from our improved financial performance. These sources of cash were offset in part by cash used of \$27.9 million for accounts receivable and inventories as a result of revenue growth and to support increased demand, and \$15.0 million for other assets due in part to prepayments for raw materials and a land use right operating lease related to the relocation of our existing facility in China.

Investing Activities

Cash used in investing activities was \$30.8 million in 2023 compared to \$29.5 million in 2022 compared to \$154.5 million 2022. Capital expenditures were \$31.9 million in 2021. Cash used in investing activities 2023 and \$28.2 million in 2022, included including capital expenditures of \$28.2 million, which included \$10.4 million for expenditures associated with the construction China Transaction of a new manufacturing facility \$7.4 million in China, 2023 and \$3.5 million for acquisitions. This use of cash was partially offset by proceeds received from the sale of assets of \$2.1 million \$10.4 million in 2022. Cash used in investing activities in 2021 included \$144.0 million for acquisitions and \$12.8 million for capital expenditures.

Financing Activities

Cash used in financing activities was \$111.1 million in 2023 compared to \$80.6 million in 2022, 2022. Repayments of short- and long-term obligations were \$94.0 million in 2023 compared with cash provided by financing activities of \$22.8 million in 2021. In 2022, we had net debt repayments of \$63.4 million, which consisted of to repayments of short- and long-term obligations of \$85.5 million, partially offset by short- and long-term borrowings of \$22.1 million, primarily under our revolving credit facility. In 2021, we had net borrowings of \$36.3 million, which consisted of borrowings under our revolving credit facility of \$151.9 million, including \$140.3 million used \$22.1 million in 2022. Cash dividends

paid to fund acquisitions, partially offset by repayments of short-term obligations of \$13.2 million in 2023 and long-term obligations of \$115.6 million, \$12.0 million in 2022. In addition, we made payments taxes paid related to the vesting of cash dividends equity awards were \$3.9 million in 2023 compared to stockholders of \$12.0 million \$4.6 million in 2022 and \$11.5 million in 2021, 2022.

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. The subsidiaries. The \$3.1 million increase in cash, cash equivalents, and restricted cash in 2023 related to exchange rates was primarily attributable to the weakening of the U.S. dollar against the euro, the Canadian dollar, and Mexican peso. The \$7.0 million reduction in cash, cash equivalents and restricted cash in 2022 related to exchange rates was primarily attributable to the strengthening of the U.S. dollar against the Chinese renminbi, euro, and British pound sterling. The \$3.2 million reduction in cash, cash equivalents and restricted cash in 2021 was primarily attributable to the strengthening of the U.S. dollar against the euro and Swedish krona, offset in part by the weakening of the U.S. dollar against the Chinese renminbi.

Borrowing Capacity and Debt Obligations

On November 30, 2022, November 30, 2022, we entered into a sixth amendment to our unsecured multi-currency revolving credit facility, originally entered into on March 1, 2017 (as amended and restated to date, the Credit Agreement). Among other things, this

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amendment extended the maturity date to November 30, 2027, and increased our uncommitted, unsecured incremental borrowing facility from \$150 million \$150.0 million to \$200 million \$200.0 million.

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We have a total borrowing capacity of \$400 million \$400.0 million under our Credit Agreement. At year-end 2022, As of December 30, 2023, we had \$214.1 million \$301.1 million of borrowing capacity available under our Credit Agreement, in addition to the \$200 million \$200.0 million uncommitted, unsecured incremental borrowing facility. Under our debt agreements, our leverage ratio must be less than 3.75 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. As of December 31, 2022 December 30, 2023, our leverage ratio was 0.74 0.27 and we were in compliance with our debt covenants. covenants. See Note 6, Short- and Long-Term Obligations, in the accompanying consolidated financial statements for additional information regarding our debt obligations.

In January 2024, we borrowed \$230.0 million under our revolving credit facility to fund the acquisitions of Key Knife and KWS. Borrowings under our revolving credit facility bear variable rates of interest and adjust frequently based on prevailing market rates and the terms of our Credit Agreement. The weighted average interest related to this debt was 6.45% at the time of borrowing. Following these acquisitions, we had borrowing capacity of \$71.1 million under our Credit Agreement, in addition to the \$200.0 million uncommitted, unsecured incremental borrowing facility. See Note 6, Short-and Long-term Obligations, and Note 15, Subsequent Events, in the accompanying consolidated financial statements for additional information.

Additional Liquidity and Capital Resources

In addition to the obligations on our consolidated balance sheet at December 30, 2023, which include, but are not limited to, short- and long-term obligations (Note 6), unrecognized tax benefits (Note 5), and leases (Note 9), we have outstanding letters of credit and bank guarantees of \$23.4 million at December 30, 2023, primarily relating to performance obligations and customer deposit guarantees (Note 7).

On May 19, 2022 May 18, 2023, our board of directors approved the repurchase of up to \$50 million \$50.0 million of our equity securities during the period from May 19, 2022 May 18, 2023 to May 19, 2023 May 18, 2024. We have not repurchased any shares of our common stock under this authorization or under our previous \$20 million \$50.0 million authorization which that expired on May 20, 2022 May 19, 2023.

We paid cash dividends of \$12.0 million \$13.2 million in 2022, 2023. On November 17, 2022 November 16, 2023, we declared a quarterly cash dividend of \$0.26 \$0.29 per share totaling \$3.0 million \$3.4 million that was paid on February 2, 2023 February 1, 2024. 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 also subject to our compliance with the covenant in our Credit Agreement related to our consolidated leverage ratio.

We plan to make capital expenditures of approximately \$32 \$29.0 to \$34 million \$31.0 million during 2023 2024 for property, plant, and equipment, including \$8 \$2.0 million related to \$9 million for a new manufacturing facility in China. One of our Chinese subsidiaries entered into several agreements with the Chinese government in the first quarter of 2022 to sell its existing facility but will continue to occupy it until construction of a new facility is completed, which is expected in 2023. Capital expenditures final payments for the new facility are approximately \$19 million, including \$10.4 million paid in 2022 and \$8.6 million to be paid in 2023. These expenditures will be offset by the proceeds received from the sale of our existing facility, the remainder of which is due the earlier of when the government sells the property or the first quarter of 2024. Capital expenditures for 2023 also include a facility expansion project of \$5 million related to our wood processing product line. China Transaction.

As of December 31, 2022 December 30, 2023, we had approximately \$248.1 million \$285.0 million of total unremitted foreign earnings. It is our intent to indefinitely reinvest \$229.0 million \$253.5 million of these earnings to support the current and future capital needs of our foreign operations, including debt repayments, if any. In 2022, 2023, 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 ~~\$4.1 million~~ **\$5.2 million**.

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

Material Contractual Obligations

The following table summarizes our material contractual obligations as of December 31, 2022 and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods. Detailed information concerning these obligations can be found in [Note 6 - Short- and Long-Term Obligations](#), [Note 7 - Commitments and Contingencies](#), and [Note 9 - Leases](#) in the accompanying consolidated financial statements.

(In millions)	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years	Total
Debt Obligations:					
Principal payments	\$ 2.8	\$ 4.5	\$ 190.2	\$ 1.7	\$ 199.2
Interest payments (a)	8.6	16.9	15.8	0.1	41.4
Operating and Finance Lease Obligations	6.3	8.3	4.3	9.3	28.2
Letters of Credit and Bank Guarantees	27.5	4.6	0.4	—	32.5
Total	\$ 45.2	\$ 34.3	\$ 210.7	\$ 11.1	\$ 301.3

(a) Includes interest expense on both variable and fixed rate debt assuming no prepayments. Variable interest rates have been assumed to remain constant through the end of the term at the rates that existed as of year-end 2022.

Application of Critical Accounting Estimates

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial

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statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Our actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies and estimates are defined as those that entail significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions. For a discussion on the application of these estimates and other accounting policies, see [Note 1](#), Nature of Operations and Summary of Significant Accounting Policies, in the accompanying consolidated financial statements. We believe that our most critical accounting policies and estimates upon which our financial position depends, and which involve the most complex or subjective decisions or assessments, are those described below.

Income Taxes

We operate in numerous countries under many legal forms and, as a result, are subject to the jurisdiction of numerous domestic and non-U.S. tax authorities, as well as to tax agreements and treaties among these governments. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and

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assumptions regarding significant future events, such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and available tax credits. Changes in tax laws, regulations, agreements and treaties, currency-exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of current and deferred tax balances and our results of operations.

We compute our provision for income taxes using the asset and liability method, and we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for tax loss or credit carryforwards. We measure deferred tax assets and liabilities using the currently enacted tax rates that are expected to apply to taxable income in the years in which we expect to realize those deferred tax assets and liabilities. We estimate the degree to which our deferred tax assets on deductible temporary differences and tax loss or credit carryforwards will result in an income tax benefit based on the expected profitability by tax jurisdiction, and we provide a valuation allowance for these deferred tax assets if it is more likely than not that they will not be realized in the future. If it were to become more likely than not that these deferred tax assets would be realized, we would reverse the related valuation allowance. Should our actual future taxable income by tax jurisdiction vary from our estimates, additional valuation allowances or reversals thereof may be necessary. When assessing the need for a valuation allowance in a tax jurisdiction, we evaluate the weight of all available evidence to determine whether it is more likely than not that some portion or all of the deferred income tax assets will not be

realized. As part of this evaluation, we consider our cumulative three-year history of earnings before income taxes, taxable income in prior carryback years, future reversals of existing taxable temporary differences, prudent and feasible tax planning strategies, and expected future results of operations. At year-end 2022, 2023, we continued to maintain maintained a valuation allowance in the United States against certain a portion of our state operating loss carryforwards in the United States and a valuation allowance in certain foreign jurisdictions due to the uncertainty of future profitability in these the state jurisdictions in the United States, and we maintained valuation allowances in certain those foreign jurisdictions because of the uncertainty of future profitability. jurisdictions. Our tax valuation allowance was \$9.0 million \$7.8 million at year-end 2022, 2023.

In the ordinary course of business there are inherent uncertainties and judgments required in quantifying our income tax positions. It is our policy to provide for uncertain tax positions and the related interest and penalties based upon our assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. On a quarterly basis, we evaluate our uncertain tax positions against various factors, including changes in facts or circumstances, tax laws, or the status of audits by tax authorities. We believe that we have appropriately accounted for any liability for unrecognized tax benefits, and at year-end 2022, 2023, our liability for these unrecognized tax benefits, including an accrual for the related interest and penalties, totaled \$12.2 million \$13.2 million. To the extent we prevail in matters for which a liability for an unrecognized tax benefit is established or are required to pay amounts in excess of the liability, our effective tax rate in a given financial statement period may be affected.

We intend to repatriate the distributable reserves of select foreign subsidiaries back to the United States and, during 2022, 2023, we recorded \$0.8 million \$0.7 million of net tax expense associated with these foreign earnings that we plan to repatriate in 2023, 2024. Except for these select foreign subsidiaries, we intend to reinvest indefinitely the earnings of our international subsidiaries in order to support the current and future capital needs of their operations, including the repayment of our foreign debt.

In December 2021, the OECD released the Pillar Two Rules. Since the release of the Pillar Two Rules, the OECD has issued three 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 Pillar Two Rules into their domestic laws, with certain rules coming into effect for fiscal years beginning in 2024. Some countries are in the process of drafting legislation for adoption in future years. 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. We are monitoring developments of the Pillar Two Rules and are evaluating the potential impact they may have on the jurisdictions in which we operate.

Revenue Recognition

Approximately 90% of our revenue is recognized at a point in time following the transfer of control of the goods or service to the customer, primarily relating to our products that require minimal customization for the customer. The remaining portion of our revenue is recognized on an over time basis using an input method that compares the costs incurred to date to the total expected costs required to satisfy the performance obligation. Most revenue recognized on an over time basis is for large capital products that are highly customized for the customer and, as a result, would include significant cost to rework in the

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event of cancellation. The over time basis of accounting requires significant judgment in determining applicable contract costs and the corresponding revenue to be recognized, which could be different if there were to be changes to the circumstances of the contract. When adjustments to revenue and costs are required, the adjustments are included in earnings in the period of the change. Judgment is also required for contracts involving variable consideration and multiple performance obligations.

Valuation of Goodwill and Intangible Assets

We use assumptions and estimates in determining the fair value of assets acquired and liabilities assumed in a business combination, including the determination of the fair value of intangible assets acquired, which represents a significant portion

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of the purchase price in many of our acquisitions. We estimate the fair value of intangible assets primarily based on projections of discounted cash flows which we expect to arise from identifiable intangible assets of acquired businesses. The determination of the allocation of the purchase price for the fair value of intangible assets acquired requires significant judgment as does the determination as to whether such intangibles are amortizable or non-amortizable and, if amortizable, the amortization period of the intangible asset.

We Beginning in 2023, we evaluate the recoverability of goodwill and indefinite-lived intangible assets as of the first day of our fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that the carrying value of an asset might be impaired. Prior to 2023, this evaluation was performed as of the end of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying value of an asset might be impaired. Potential impairment indicators include a significant decline in sales, earnings, or cash flows, material adverse changes in the business climate, and a significant decline in the market capitalization due to a sustained decrease in our stock price. We are permitted to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If the qualitative impairment analysis (Step 0) results in a determination that the fair value of a reporting unit or an indefinite lived intangible asset is more likely than not less than its carrying amount, we perform a quantitative impairment analysis (Step 1). We may bypass the qualitative assessment and proceed directly to the quantitative assessment. Estimates of discounted future cash flows arising from intangible assets acquired require assumptions related to revenue and operating income growth rates, discount rates, and other factors. Different assumptions from those made in our analysis could materially affect projected cash flows and our evaluation of goodwill and indefinite-lived intangible assets for impairment.

At year-end 2022 and 2021, October 1, 2023 (the first day of the fourth quarter of 2023), we performed a qualitative quantitative impairment analysis (Step 0) for on our reporting units. goodwill and indefinite-lived intangible assets. Based on these analyses, we determined goodwill and indefinite-lived intangible assets were not impaired. Goodwill totaled \$385.5 million \$384.3 million and indefinite-lived intangible assets totaled \$28.3 million \$28.2 million at October 1, 2023. At year-end 2023, no factors were identified that would alter the conclusions of our October 1, 2023 analysis. Goodwill totaled \$392.1 million and indefinite-lived intangible assets totaled \$28.6 million at year-end 2022, 2023.

Definite-lived intangible assets are evaluated for impairment if events or changes in circumstances indicate that the carrying value of an asset might be impaired, such as a significant reduction in cash flows associated with the assets. Actual cash flows arising from a particular intangible asset could vary from projected cash flows which could imply different carrying values from those established at the dates of acquisition and which could result in impairment of such asset. No indicators of impairment were identified in 2022, 2023 and 2021, except for impairment charges of \$0.5 million in 2021 related to the closure of a business in our Flow Control Segment, 2022. Definite-lived intangible assets were \$147.4 million \$130.7 million at year-end 2022, 2023.

A material adverse change in the business climate including a prolonged economic downturn and weakness in demand for our products could negatively affect the revenue and profitability assumptions used in our assessment of goodwill and intangible assets, which may result in impairment charges. Any future impairment charges could have a material adverse effect on our results of operations in the period in which an impairment is determined to exist.

See [Note 1](#), Nature of Operations and Summary of Significant Accounting Policies, under the heading *Impairment of Long-Lived Assets*, in the accompanying consolidated financial statements for further details regarding impairment costs recorded.

Inventories

We value our inventory at the lower of the actual cost (on a first-in, first-out; or weighted average basis) or net realizable value and include materials, labor, and manufacturing overhead. The valuation of inventory requires us to make judgments, based on currently available information, about the forecasted usage of and demand for each particular product or product line. Assumptions about future dispositions of inventory are inherently uncertain and, although we make every effort to ensure the accuracy of our forecasts of future product usage and demand, any changes in those assumptions may result in a write-down of inventory in the period in which inventory is deemed excessive or obsolete, which could adversely affect our results of operations.

Recent Accounting Pronouncements

See [Note 1](#), Nature of Operations and Summary of Significant Accounting Policies, under the heading *Recently Adopted Recent Accounting Pronouncements Not Yet Adopted*, in the accompanying consolidated financial statements for further details.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates and foreign currency exchange rates, which could affect our future results of operations and financial condition. We manage our exposure to these risks through our regular operating and financing activities. We enter From time to time, we have entered into swap agreements to hedge a portion of our exposure to variable rate long-term debt. Additionally, we use short-term forward contracts to manage certain exposures to foreign currencies. We enter into forward currency-exchange contracts to hedge firm purchase and sale commitments denominated in currencies other than our subsidiaries' functional currencies. We do not engage in extensive foreign currency hedging activities. However, when we do enter into foreign currency hedging activities, the purpose is to protect our functional currency cash flows related to these commitments from fluctuations in foreign exchange rates. Our forward currency-exchange contracts hedge transactions

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primarily denominated in U.S. dollars, Canadian dollars, and euros. Gains and losses arising from forward

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contracts are recognized as offsets to gains and losses resulting from the transactions being hedged. We do not hold or engage in transactions involving derivative instruments for purposes other than risk management.

Interest Rates

Our exposure to changes in interest rates relates primarily to our long-term debt. Our borrowings under the Credit Agreement of \$186.1 million \$98.8 million at year-end 2022, 2023 bear variable rates of interest, which adjust frequently based on prevailing market rates. Assuming year-end borrowing levels, a 10% increase in interest rates on our variable-rate debt would have increased our annual pre-tax interest expense by \$0.5 million \$0.4 million in 2022. A portion of 2023. In January 2024, we borrowed \$230.0 million under our outstanding variable-rate debt at year-end 2022 was hedged with revolving credit facility to fund the Key Knife and KWS acquisitions. As a swap agreement sensitive to changes result, we expect interest expense will increase significantly in the three-month London Interbank Offered Rate (LIBOR) forward curve. A 10% decrease in the three-month LIBOR forward curve would have increased our unrealized loss by an immaterial amount in 2022, 2024.

Currency Exchange Rates

We generally view our investment in foreign subsidiaries in a functional currency other than our reporting currency as long-term. Our investment in foreign subsidiaries is sensitive to fluctuations in foreign currency exchange rates. The functional currencies of our foreign subsidiaries are principally denominated in euros, British pounds sterling, Mexican pesos, Canadian dollars, Chinese renminbi, Brazilian reals, and Swedish krona. The effect of changes in foreign exchange rates on our net investment in foreign subsidiaries is reflected in the "accumulated other comprehensive items" component of stockholders' equity. A 10% decrease in functional currencies relative to the U.S. dollar, would have resulted in a reduction in stockholders' equity of \$38.6 million \$43.8 million at year-end 2022, 2023.

At year-end 2022, 2023, we had \$73.1 million \$75.8 million of euro-denominated borrowings outstanding. The translation of our foreign-denominated debt impacts our borrowing capacity available under our Credit Agreement, which is calculated in U.S. dollars. A 10% negative movement increase in the euro foreign exchange rates rate against the U.S. dollar would have decreased our borrowing capacity by approximately \$7.9 million \$7.6 million at year-end 2022, 2023.

The fair value of forward currency-exchange contracts is sensitive to fluctuations in foreign currency exchange rates. The fair value of forward currency-exchange contracts is the estimated amount that we would pay or receive upon termination of the contracts. A 10% adverse change in year-end 2022 2023 foreign currency exchange rates related to our foreign currency exchange contracts would have had an immaterial effect on our results of operations in 2022, 2023. Any adverse change related to foreign currency contracts would have been largely offset by the corresponding change in the fair value of the underlying hedged items.

Item 8. Financial Statements and Supplementary Data

This data is submitted as a separate section to this report and incorporated herein by reference. See [Item 15](#), "Exhibits and Financial Statement Schedules."

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 at year-end 2022, 2023. 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 at year-end 2022, 2023, our Chief Executive Officer and Chief Financial Officer concluded that at year-end 2022, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

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Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f). Our management assessed the effectiveness of our internal control over financial reporting at year-end 2022, 2023. In making this assessment, our management used the criteria set forth in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management believes that at year-end 2022, 2023 our internal control over financial reporting was effective based on the criteria issued by COSO.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our independent registered public accountants, KPMG LLP, have issued an audit report on our internal control over financial reporting, which is included herein on pages F-2 and F-3 and incorporated into this Item 9A by reference.

Changes in Internal Control over Financial Reporting

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 December 31, 2022 December 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable. *Insider Trading Arrangements and Policies*

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 fiscal quarter ended December 30, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information about our Directors

This information will be included under the heading "Election of Directors" in our 2023 2024 proxy statement for our 2023 2024 Annual Meeting of Shareholders and is incorporated in this report by reference, except for the information concerning executive officers, which is included under the heading "Information about our Executive Officers" in Part I, Item 1 of Part I of this report.

Section 16(a) Beneficial Ownership Reporting Compliance

The information required under Item 405 of Regulation S-K will be included under the heading "Stock Ownership—Delinquent Section 16(a) Reports" in our 2023 2024 proxy statement and is incorporated in this report by reference.

Corporate Governance

The information required under Items 406 and 407 of Regulation S-K will be included under the heading "Corporate Governance" in our 2023 2024 proxy statement and is incorporated in this report by reference.

Item 11. Executive Compensation

This information will be included under the headings "Executive Compensation," "Corporate Governance - Compensation Committee Interlocks and Insider Participation," and "Compensation Discussion and Analysis" in our 2023 2024 proxy statement and is incorporated in this report by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except for the information concerning equity compensation plans, this information will be included under the heading "Stock Ownership" and "Equity Compensation Plan Information" in our 2023 2024 proxy statement and is incorporated in this report by reference.

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The following table provides information about the securities authorized for issuance under our equity compensation plans at year-end 2022:

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants, and Rights		Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)	
Equity compensation plans approved by security holders	85,477	(a)	\$ —	(b)	395,636	(c)
Equity compensation plans not approved by security holders	—		\$ —		—	
Total	85,477	(a)	\$ —	(b)	395,636	(c)

- (a) Consists of shares of our common stock issuable upon the vesting of restricted stock units and performance-based restricted stock units under the Amended and Restated 2006 Equity Incentive Plan.
- (b) Shares of restricted stock units and performance-based restricted stock units outstanding on December 31, 2022 had a weighted average grant date fair value of \$153.98.
- (c) Includes an aggregate of 82,532 shares of common stock issuable under our employees' stock purchase plan in connection with current and future offering periods under the plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

This information will be included under the heading "Corporate Governance" in our 2023 2024 proxy statement and is incorporated in this report by reference.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG LLP, located in Boston, Massachusetts, auditor firm ID:185. The information required by this item will be included under the heading "Independent Registered Public Accounting Firm" in our 2023 2024 proxy statement and is incorporated in this report by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements (see Index on Page F-1 of this report):

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheet

Consolidated Statement of Income

Consolidated Statement of Comprehensive Income

Consolidated Statement of Cash Flows

Consolidated Statement of Stockholders' Equity

Notes to Consolidated Financial Statements

(2) All schedules are omitted because they are not applicable or not required, or because the required information is shown either in the consolidated financial statements or in the notes thereto.

(3) Exhibits filed herewith or incorporated in this report by reference are set forth in the [Exhibit Index](#) beginning on page [37](#). This list of exhibits identifies each management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

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(b) Exhibits

Exhibit Number	Description of Exhibit
2.1	Securities Purchase Agreement dated as of December 22, 2023, by and among Key Knife, Inc., Key Knife Canadian Investments Corporation, Key Knife, Inc., Employee Stock Ownership Trust, Kadant Inc. and Kadant Canada Corp., (1)
3.1	Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 [File No. 001-11406] and incorporated in this document by reference).
3.2	Amended and Restated Bylaws of the Registrant effective November 20, 2014 (filed as Exhibit 3.1 to the Registrant's Form 8-K [File No. 001-11406] filed with the Commission on November 25, 2014 and incorporated in this document by reference).
4.1	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended December 28, 2019 [File No. 001-11406] and incorporated in this document by reference).
10.1*	Form of Indemnification Agreement between the Registrant and its directors and officers (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 [File No. 001-11406] and incorporated in this document by reference).
10.2*	Form of Amended and Restated Executive Retention Agreement (change in control agreement) between the Registrant and its named executive officers, as amended and restated on December 9, 2008 (filed as Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended January 3, 2009 [File No. 001-11406] and incorporated in this document by reference).
10.3*	Form of Executive Retention Agreement (change in control agreement) between the Registrant and its executive officers for new agreements entered into from and after November 16, 2016 (filed as Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 [File No. 001-11406] and incorporated in this document by reference).
10.4*	Employment Agreement between Kadant Johnson Europe B.V. and Fredrik Westerhout dated May 16, 2022 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 2, 2022 [File No. 011-11406] and incorporated in this document by reference).
10.5*	Amended and Restated 2006 Equity Incentive Plan of the Registrant effective as of May 17, 2017 (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 1, 2017 [File No. 011-11406] and incorporated in this document by reference).
10.6*	Cash Incentive Plan of the Registrant, Amended and Restated as of March 9, 2022 (filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K [File No. 001-11406] filed with the Commission on March 15, 2022 and incorporated in this document by reference).
10.7*	Summary of non-employee director compensation of the Registrant (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 2, 2022 [File No. 001-11406] and incorporated in this document by reference).
10.8*	Form of Performance-Based Restricted Stock Unit Award Agreement between the Registrant and its executive officers used for restricted stock unit awards on or after March 5, 2014 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2014 [File No. 001-11406] and incorporated in this document by reference).
10.9*	Form of Time-Based Restricted Stock Unit Award Agreement between the Registrant and its executive officers used for restricted stock unit awards on or after March 5, 2014 (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2014 [File No. 001-11406] and incorporated in this document by reference).

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Exhibit Number	Description of Exhibit
10.10*	Form of Performance-Based Restricted Stock Unit Award Agreement between the Registrant and its executive officers used for restricted stock unit awards on or after March 5, 2014 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.11*	Form of Time-Based Restricted Stock Unit Award Agreement between the Registrant and its executive officers used for restricted stock unit awards on or after March 5, 2014 (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.12*	Form of Directors Restricted Stock Unit Award Agreement between the Registrant and its non-employee directors used for restricted stock unit awards on or after March 5, 2014 (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.13	Amended and Restated Credit Agreement dated as of March 1, 2017, among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K [File No. 001-11406] filed with the Commission on March 7, 2017 and incorporated in this document by reference).
10.14	First Amendment and Limited Consent, dated as of May 24, 2017, to the Amended and Restated Credit Agreement dated as of March 1, 2017 by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 1, 2017 [File No. 001-11406] and incorporated in this document by reference).
10.15	Limited Consent, dated as of December 9, 2018, to the Amended and Restated Credit Agreement dated as of March 1, 2017 by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.16	Second Amendment, dated as of December 14, 2018, to the Amended and Restated Credit Agreement dated as of March 1, 2017 by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 29, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.17	Third Amendment, dated as of March 16, 2020, to the Amended and Restated Credit Agreement dated as of March 1, 2017 by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 28, 2020 [File No. 001-11406] and incorporated in this document by reference).
10.18	Fourth Amendment, dated as of May 4, 2021, to the Amended and Restated Credit Agreement, dated as of March 1, 2017, by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, and Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 3, 2021 [File No. 001-11406] and incorporated in this document by reference).

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Exhibit Number	Description of Exhibit
10.19	Joinder Agreement, dated as of May 4, 2021, to the Amended and Restated Credit Agreement, dated as of March 1, 2017, by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, and Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 3, 2021 [File No. 001-11406] and incorporated in this document by reference).
10.20	Fifth Amendment, dated as of December 9, 2021, to the Amended and Restated Credit Agreement, dated as of March 1, 2017, by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, and Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent, Agent (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended January 1, 2022 [File No. 001-11406] and incorporated in this document by reference).
10.21	Sixth Amendment, dated as of November 30, 2022, to the Amended and Restated Credit Agreement, dated as of March 1, 2017, by and among the Registrant, the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto, and Citizens Bank, N.A., as Administrative Agent and Multicurrency Administrative Agent, Agent (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022 [File No. 001-11406] and incorporated in this document by reference).
10.22	Amended and Restated Guarantee Agreement dated as of March 1, 2017, among the Registrant, as Borrower, and each of the Subsidiary Guarantors, in favor of Citizens Bank, N.A., as Administrative Agent and as Multicurrency Administrative Agent for the bank and other financial institutions or entities from time to time parties to the Amended and Restated Credit Facility (filed as Exhibit 99.2 to the Registrant's Current Report on Form 8-K [File No. 001-11406] filed with the Commission on March 7, 2017 and incorporated in this document by reference).
10.23	Guarantee Agreement dated as of March 1, 2017, by Kadant Cayman Ltd. in favor of Citizens Bank, N.A., as Administrative Agent and as Multicurrency Administrative Agent for the banks and other financial institutions or entities from time to time parties to the Amended and Restated Credit Facility (filed as Exhibit 99.3 to the Registrant's Current Report on Form 8-K [File No. 001-11406] filed with the Commission on March 7, 2017 and incorporated in this document by reference).
10.24	Multi-Currency Note Purchase and Private Shelf Agreement, dated as of December 14, 2018 among the Registrant, PGIM, Inc. and the Purchasers as defined therein (filed as Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 [File No. 001-11406] and incorporated in this document by reference).
10.25	International Swap Dealers Association, Inc. Master Agreement dated May 13, 2005 between the Registrant and Citizens Bank of Massachusetts and Swap Confirmation dated May 18, 2005 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 2, 2005 [File No. 001-11406] filed with the Commission on August 11, 2005 and incorporated in this document by reference).
10.26	Swap Confirmation dated May 16, 2018 between the Registrant and Citizens Bank, National Association (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 [File No. 001-11406] filed with the Commission on August 8, 2018 and incorporated in this document by reference).
21	Subsidiaries of the Registrant.
23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
24	Power of Attorney (included on the signatures page to the Annual Report on Form 10-K).

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Exhibit Number	Description of Exhibit
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.
97	Dodd-Frank Compensation Recovery Policy (adopted May 2023).

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Exhibit Number	Description of Exhibit
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.

(1) The schedules to this document have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any of the schedules to the U.S. Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary

Not applicable.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) 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: February 28, 2023 February 27, 2024

By: _____
Jeffrey L. Powell
Chief Executive Officer and President

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jeffrey L. Powell, Michael J. McKenney and Deborah S. Selwood, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on February 28, 2023 February 27, 2024.

	Signature	Title
By:	_____ /s/ Jeffrey L. Powell Jeffrey L. Powell	Chief Executive Officer, President and Director (Principal Executive Officer)
By:	_____ /s/ Michael J. McKenney Michael J. McKenney	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
By:	_____ /s/ Deborah S. Selwood Deborah S. Selwood	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
By:	_____ /s/ Jonathan W. Painter Jonathan W. Painter	Director and Chairman of the Board
By:	_____ /s/ John M. Albertine John M. Albertine	Director
By:	_____ /s/ Thomas C. Leonard Thomas C. Leonard	Director
By:	_____ /s/ Rebecca Martinez O'Mara Rebecca Martinez O'Mara	Director
By:	_____ /s/ Erin L Russell Erin L. Russell	Director

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Annual Report on Form 10-K
Index to Consolidated Financial Statements and Schedule

The following Consolidated Financial Statements of the Registrant and its subsidiaries are required to be included in Item 8:

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheet as of <u>December 31, 2022</u> December 30, 2023 and <u>January 1, 2022</u> December 31, 2022	F-4
Consolidated Statement of Income for the fiscal years ended December 30, 2023, December 31, 2022, <u>January 1, 2022</u>, and <u>January 2, 2021</u>, January 1, 2022	F-5
Consolidated Statement of Comprehensive Income for the fiscal years ended <u>December 31, 2022</u>, <u>January 1, 2022</u>, December 30, 2023, December 31, 2022, and <u>January 2, 2021</u> January 1, 2022	F-6
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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Kadant Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kadant Inc. and subsidiaries (the Company) as of December 31, 2022 December 30, 2023 and January 1, 2022 December 31, 2022, the related consolidated statements of income, comprehensive income, cash flows, and stockholders' stockholders' equity for each of the fiscal years in the three-year period ended December 31, 2022 December 30, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2022 December 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 30, 2023 and January 1, 2022 December 31, 2022, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended December 31, 2022 December 30, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 30, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Report of Independent Registered Public Accounting Firm (continued)

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of uncertain tax positions

As discussed in Note 1 to the consolidated financial statements, 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. As disclosed in Note 5 to the consolidated financial statements, the Company has recognized uncertain tax positions amounting to \$10,354,000 \$11,212,000 as of December 31, 2022 December 30, 2023. The Company's tax positions are subject to audit by local taxing authorities across multiple global jurisdictions. Tax law can be complex and tax audits can take an extended period of time to resolve, and accordingly, the ultimate outcome with respect to taxes the Company may owe may differ from the amounts recognized.

We identified the assessment of specific uncertain tax positions as a critical audit matter. Complex auditor judgment, including specialized skills and knowledge, was required in evaluating the Company's interpretation of, and compliance with, tax law globally and the estimate of the amount of tax benefits expected to be realized.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process to assess specific uncertain tax positions. This included controls related to the identification evaluation of those uncertain tax positions, interpretation of tax law and its application in the liability estimation process. We involved tax professionals with specialized skills and knowledge, who assisted in evaluating the Company's Company's intercompany transfer pricing studies for compliance with applicable tax laws and regulations, evaluating the impact of intercompany transfer pricing policies on its uncertain tax positions, and assessing the expiration of statutes of limitations with applicable laws and regulations.

/s/ KPMG LLP

We have served as the Company's Company's auditor since 2012.

Boston, Massachusetts

February 28, 2023 27, 2024

Kadant Inc. 2022 2023 Financial Statements

Consolidated Balance Sheet						
(In thousands, except share and per share amounts)	(In thousands, except share and per share amounts)	December 31, 2022	January 1, 2022	(In thousands, except share and per share amounts)	December 30, 2023	December 31, 2022
Assets	Assets					
Current Assets:	Current Assets:					
Current Assets:						
Current Assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 76,371	\$ 91,186			
Restricted cash	Restricted cash	3,354	2,975			
Accounts receivable, net of allowances of \$3,595 and \$2,735		130,297	117,209			

Accounts receivable, net of allowances of \$4,090 and \$3,595			
Inventories	Inventories	163,672	134,356
Contract assets	Contract assets	14,898	8,626
Other current assets	Other current assets	26,818	29,530
Total Current Assets	Total Current Assets	415,410	383,882
Property, Plant, and Equipment, Net	Property, Plant, and Equipment, Net	118,855	107,989
Other Assets	Other Assets	54,516	44,111
Intangible Assets, Net (Notes 1 and 2)	Intangible Assets, Net (Notes 1 and 2)	175,645	199,343
Goodwill (Notes 1 and 2)	Goodwill (Notes 1 and 2)	385,455	396,887
Total Assets	Total Assets	\$1,149,881	\$1,132,212

Liabilities and Stockholders' Equity

Liabilities and Stockholders' Equity

Liabilities and Stockholders' Equity	Liabilities and Stockholders' Equity		
Current Liabilities:	Current Liabilities:		
Short-term obligations and current maturities of long-term obligations (Note 6)	Short-term obligations and current maturities of long-term obligations (Note 6)	\$ 3,821	\$ 5,356
Accounts payable	Accounts payable	58,060	59,250
Accrued payroll and employee benefits	Accrued payroll and employee benefits	35,672	37,203
Customer deposits	Customer deposits	64,361	59,262
Advanced billings	Advanced billings	7,966	11,894
Other current liabilities	Other current liabilities	43,581	48,532
Total Current Liabilities	Total Current Liabilities	213,461	221,497
Long-Term Obligations (Note 6)	Long-Term Obligations (Note 6)	197,340	264,158

Current Liabilities:

Long-Term Deferred Income Taxes (Note 5)	Long-Term Deferred Income Taxes (Note 5)	38,745	34,944
Other Long- Term Liabilities	Other Long- Term Liabilities	44,764	45,997
Commitments and Contingencies (Note 7)	Commitments and Contingencies (Note 7)		
Commitments and Contingencies (Note 7)			
Commitments and Contingencies (Note 7)			
Stockholders' Equity (Notes 3 and 4):			
Stockholders' Equity (Notes 3 and 4):			
Preferred stock, \$.01 par value, 5,000,000 shares authorized; none issued	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	Common stock, \$.01 par value, 150,000,000 shares authorized; 14,624,159 shares issued	146	146
Capital in excess of par value	Capital in excess of par value	119,924	115,888
Retained earnings	Retained earnings	660,644	551,848
Treasury stock at cost, 2,949,997 and 3,003,419 shares	Treasury stock at cost, 2,949,997 and 3,003,419 shares	(72,287)	(73,596)
Treasury stock at cost, 2,915,978 and 2,949,997 shares			
Accumulated other comprehensive items (Note 14)	Accumulated other comprehensive items (Note 14)	(54,578)	(30,350)
Total Kadant Stockholders' Equity	Total Kadant Stockholders' Equity	653,849	563,936
Noncontrolling interest	Noncontrolling interest	1,722	1,680
Total Stockholders' Equity	Total Stockholders' Equity	655,571	565,616

Total Liabilities and Stockholders' Equity	Total Liabilities and Stockholders' Equity	\$1,149,881	\$1,132,212
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The accompanying notes are an integral part of these consolidated financial statements.

Kadant Inc.

2022 2023 Financial Statements

		Consolidated Statement of Income						
(In thousands, except per share amounts)	(In thousands, except per share amounts)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands, except per share amounts)	December 30, 2023	December 31, 2022	January 1, 2022
Revenue (Notes 1 and 12)	Revenue (Notes 1 and 12)	\$904,739	\$786,579	\$635,028				
Costs and Operating Expenses:	Costs and Operating Expenses:							
Costs and Operating Expenses:								
Costs and Operating Expenses:								
Cost of revenue	Cost of revenue	515,184	449,214	357,722				
Selling, general, and administrative expenses	Selling, general, and administrative expenses	224,405	208,787	181,905				
Research and development expenses	Research and development expenses	12,724	11,403	11,298				
Gain on sale and other costs, net (Note 8)		(18,856)	465	2,979				
Gain on sale and other items, net (Note 8)								
		733,457	669,869	553,904				
Operating Income	Operating Income	171,282	116,710	81,124				
Interest Income	Interest Income	904	267	181				
Interest Expense	Interest Expense	(6,478)	(4,821)	(7,423)				
Other Expense, Net	Other Expense, Net	(72)	(104)	(195)				
Income Before Provision for Income Taxes	Income Before Provision for Income Taxes	165,636	112,052	73,687				
Provision for Income Taxes (Note 5)	Provision for Income Taxes (Note 5)	43,906	27,171	17,948				

Net Income	Net Income	121,730	84,881	55,739
Net Income	Net Income			
Attributable to	Attributable to			
Noncontrolling	Noncontrolling			
Interest	Interest	(802)	(838)	(543)
Net Income	Net Income			
Attributable to	Attributable to			
Kadant	Kadant	\$120,928	\$ 84,043	\$ 55,196
Earnings per	Earnings per			
Share	Share			
Attributable to	Attributable to			
Kadant (Note	Kadant (Note			
13)	13)			
Earnings per Share				
Attributable to Kadant (Note				
13)				
Earnings per Share				
Attributable to Kadant (Note				
13)				
Basic	Basic	\$ 10.38	\$ 7.26	\$ 4.81
Diluted	Diluted	\$ 10.35	\$ 7.21	\$ 4.77
Weighted	Weighted			
Average	Average			
Shares (Note	Shares (Note			
13)	13)			
Weighted Average Shares				
(Note 13)				
Weighted Average Shares				
(Note 13)				
Basic	Basic	11,654	11,579	11,482
Diluted	Diluted	11,688	11,655	11,564

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

Kadant Inc.

2022 2023 Financial Statements

Consolidated Statement of Comprehensive Income								
(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Net Income	Net Income	\$121,730	\$84,881	\$55,739				
Other Comprehensive Items:	Other Comprehensive Items:				Other Comprehensive Items:			
Foreign currency translation adjustment	Foreign currency translation adjustment	(25,522)	(11,324)	18,395				
Pension and other post-retirement liability adjustments, net (net of tax of \$225, \$(1), and \$78)		644	(22)	180				
Effect of pension plan settlement		—	—	(119)				

Deferred gain (loss) on cash flow hedges (net of tax of \$147, \$118, and \$(57))		520	366	(184)
Pension and other post-retirement liability adjustments, net (net of tax of \$45, \$225, and \$(1))				
Deferred (loss) gain on cash flow hedges (net of tax of \$(32), \$147, and \$118)				
Deferred (loss) gain on cash flow hedges (net of tax of \$(32), \$147, and \$118)				
Deferred (loss) gain on cash flow hedges (net of tax of \$(32), \$147, and \$118)				
Other Comprehensive Items	Other Comprehensive Items	(24,358)	(10,980)	18,272
Comprehensive Income	Comprehensive Income	97,372	73,901	74,011
Comprehensive Income Attributable to Noncontrolling Interest	Comprehensive Income Attributable to Noncontrolling Interest	(672)	(716)	(687)
Comprehensive Income Attributable to Kadant	Comprehensive Income Attributable to Kadant	\$ 96,700	\$73,185	\$73,324

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

Kadant Inc.

2022 2023 Financial Statements

Consolidated Statement of Cash Flows								
(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Operating Activities	Operating Activities							
Net income attributable to Kadant	Net income attributable to Kadant							
Net income attributable to Kadant	Net income attributable to Kadant	\$120,928	\$ 84,043	\$55,196				
Net income attributable to noncontrolling interest	Net income attributable to noncontrolling interest	802	838	543				
Net income	Net income	121,730	84,881	55,739				

Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	Depreciation and amortization	34,936	34,302	31,334
Depreciation and amortization	Depreciation and amortization			
Stock-based compensation expense	Stock-based compensation expense	8,576	8,527	6,776
Provision for losses on accounts receivable	Provision for losses on accounts receivable	1,165	5	356
Gain on sale of assets (Note 8)		(20,190)	(515)	—
Gain on sale of assets and other income (Note 8)				
Non-cash impairment costs (Note 8)	Non-cash impairment costs (Note 8)	731	804	1,861
Deferred income tax provision (benefit)		7,159	(1,384)	142
Deferred income tax (benefit) provision				
Other items, net	Other items, net	6,658	6,473	4,712
Changes in assets and liabilities, net of effects of acquisitions:	Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	Accounts receivable	(18,515)	(16,737)	7,116
Contract assets	Contract assets	(6,715)	(1,222)	6,073
Inventories	Inventories	(36,116)	(11,173)	(89)
Other assets	Other assets	(5,566)	(15,033)	(833)
Accounts payable	Accounts payable	1,362	26,346	(15,620)
Customer deposits	Customer deposits	14,358	27,693	3,903
Other liabilities	Other liabilities	(6,948)	19,453	(8,586)
Net cash provided by operating activities	Net cash provided by operating activities	102,625	162,420	92,884
Investing Activities	Investing Activities			
Investing Activities				
Investing Activities				
Acquisitions, net of cash acquired (Note 2)	Acquisitions, net of cash acquired (Note 2)	(3,474)	(143,981)	(7,095)

Purchases of property, plant, and equipment	Purchases of property, plant, and equipment	(28,199)	(12,771)	(7,595)
Proceeds from sale of property, plant, and equipment	Proceeds from sale of property, plant, and equipment	2,111	1,740	145
Other investing activities	Other investing activities	42	537	—
Net cash used in investing activities	Net cash used in investing activities	(29,520)	(154,475)	(14,545)

Financing Activities

Financing Activities

Proceeds from issuance of short-and long-term obligations	Proceeds from issuance of short-and long-term obligations	22,057	151,944	26,000
Repayment of short-and long-term obligations	Repayment of short-and long-term obligations	(85,510)	(115,576)	(99,547)
Dividends paid	Dividends paid	(12,001)	(11,460)	(10,903)
Proceeds from issuance of Company common stock	Proceeds from issuance of Company common stock	1,376	1,892	3,207
Tax withholding payments related to stock-based compensation	Tax withholding payments related to stock-based compensation	(4,607)	(3,432)	(2,599)
Dividend paid to noncontrolling interest	Dividend paid to noncontrolling interest	(630)	(560)	(525)
Other financing activities	Other financing activities	(1,254)	—	(189)
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(80,569)	22,808	(84,556)
Exchange Rate Effect on Cash, Cash Equivalents, and Restricted Cash	Exchange Rate Effect on Cash, Cash Equivalents, and Restricted Cash	(6,972)	(3,232)	4,584

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

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

(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash (14,436) 27,521 (1,633)

Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash

Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash

Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash

Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	94,161	66,640	68,273
Cash, Cash Equivalents, and Restricted Cash at End of Year	Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 79,725	\$ 94,161	\$66,640

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 consolidated financial statements.

Kadant Inc.

2022 2023 Financial Statements

Consolidated Statement of Stockholders' Equity

(In thousands, except share and per share amounts)	(In thousands, except share and per share amounts)	Common Stock		Capital in Excess of Par	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Items	Noncontrolling Interest	Total Stockholders' Equity	Capital in Excess of Par Value	Retained Earnings
		Shares	Amount	Value	in	Shares	Amount					
					Capital							
Balance at December 28, 2019		14,624,159	\$ 146	\$ 106,698	Excess of Par	3,214,888	\$(78,778)	\$ (37,620)	Other Comprehensive Items	\$ 1,384		Total Stockholders' Equity
Net income		—	—	—	Value	55,196	Earnings	—	—	543	Interest	Equity
Dividends declared – Common Stock, \$0.96 per share		—	—	—	(11,045)	—	—	—	—	—	—	(11,045)
Dividend paid to noncontrolling interest		—	—	—	—	—	—	—	—	(525)	—	(525)
Activity under stock plans		—	—	4,126	—	(132,969)	3,259	—	—	—	—	7,385
Other comprehensive items		—	—	—	—	—	—	18,128	—	144	—	18,272
	Shares											
	Shares											
Balance at January 2, 2021												
Balance at January 2, 2021	Balance at January 2, 2021	14,624,159	\$ 146	\$ 110,824	\$479,400	3,081,919	\$(75,519)	\$ (19,492)	\$ 1,546	\$ 496,905		
Net income	Net income	—	—	—	84,043	—	—	—	838	84,881		
Dividends declared – Common Stock, \$1.00 per share	Dividends declared – Common Stock, \$1.00 per share	—	—	—	(11,595)	—	—	—	—	(11,595)		
Dividend paid to noncontrolling interest	Dividend paid to noncontrolling interest	—	—	—	—	—	—	—	(560)	(560)		
Noncontrolling interest acquired (Note 2)	Noncontrolling interest acquired (Note 2)	—	—	—	—	—	—	—	367	367		
Purchase of shares of noncontrolling interest (Note 2)	Purchase of shares of noncontrolling interest (Note 2)	—	—	—	—	—	—	—	(389)	(389)		

Activity under stock plans	Activity under stock plans	—	—	5,064	—	(78,500)	1,923	—	—	6,987
Other comprehensive items	Other comprehensive items	—	—	—	—	—	—	(10,858)	(122)	(10,980)
Balance at January 1, 2022	Balance at January 1, 2022	14,624,159	\$ 146	\$ 115,888	\$551,848	3,003,419	\$(73,596)	\$ (30,350)	\$ 1,680	\$ 565,616
Net income	Net income	—	—	—	120,928	—	—	—	802	121,730
Dividends declared – Common Stock, \$1.04 per share	Dividends declared – Common Stock, \$1.04 per share	—	—	—	(12,132)	—	—	—	—	(12,132)
Dividend paid to noncontrolling interest	Dividend paid to noncontrolling interest	—	—	—	—	—	—	—	(630)	(630)
Activity under stock plans	Activity under stock plans	—	—	4,036	—	(53,422)	1,309	—	—	5,345
Other comprehensive items	Other comprehensive items	—	—	—	—	—	—	(24,228)	(130)	(24,358)
Balance at December 31, 2022	Balance at December 31, 2022	14,624,159	\$ 146	\$ 119,924	\$660,644	2,949,997	\$(72,287)	\$ (54,578)	\$ 1,722	\$ 655,571
Net income										
Dividends declared – Common Stock, \$1.16 per share										
Activity under stock plans										
Activity under stock plans										
Activity under stock plans										
Other comprehensive items										
Balance at December 30, 2023										

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

Kadant Inc.

2022 2023 Financial Statements

Notes to Consolidated Financial Statements

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 operating segments: Flow Control, Industrial Processing, and Material Handling.

Noncontrolling Interest

One of the Company's foreign subsidiaries that manufactures fluid-handling products is part of a joint venture agreement with an Italian company in which each holds a 50% ownership interest. The agreement provides the Company's subsidiary with the option to purchase the remaining 50% interest in the joint venture.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of its wholly and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated.

Fiscal Year

Typically, the Company's The Company has adopted a fiscal quarters and fiscal year consist of 13 and 52 weeks, respectively, ending on the Saturday closest to the end of the corresponding calendar quarter for its fiscal quarters and on the Saturday closest nearest to December 31 31. References to 2023, 2022, and 2021 are for its fourth fiscal quarter and fiscal year. As a result of the difference between the fiscal and calendar periods, a 53rd week is added to the Company's fiscal year every five or six years. In a 53-week fiscal year, the Company's fourth fiscal quarter contains 14 weeks. The Company's fiscal years ended December 30, 2023 (fiscal 2023), December 31, 2022 (fiscal 2022 or 2022) and January 1, 2022 (fiscal 2021 or 2021) contained 52 weeks .

Financial Statement Presentation

Certain reclassifications have been made to prior periods to conform with the current period presentation. Within operating activities in the consolidated statement of cash flows, the Company previously included certain non-cash movements between right-of-use assets and its fiscal year ended January 2, 2021 (fiscal 2020 or 2020) contained 53 weeks. Each quarter operating lease liabilities as a decrease in other assets and an increase in other liabilities, respectively. The Company recast the prior periods to exclude this non-cash movement, which did not result in a change to net cash provided by operating activities within the consolidated statement of fiscal 2022, 2021 and 2020 contained 13 weeks, except the fourth quarter of 2020, which contained 14 weeks. The impact of the additional week cash flows in 2020 was not material to the Company's financial results. these periods.

Use of Estimates and Critical Accounting Policies

The preparation of consolidated 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 consolidated 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 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 consolidated financial statements.

Critical accounting policies are defined as those that entail significant judgments and estimates, and could potentially result in materially different results under different assumptions and conditions. The Company believes that the most critical accounting policies upon which its financial position depends, and which involve the most complex or subjective decisions or assessments, concern income taxes, revenue recognition, the valuation of goodwill and intangible assets, and inventories. A discussion of the application of these and other accounting policies is included within this note.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (ASC 606). Most of the Company's revenue is recognized at a point in time for each performance obligation under the contract when the customer obtains control of the goods or service. Most of the

Kadant Inc.	2023 Financial Statements
Notes to Consolidated Financial Statements	

Company's parts and consumables products and its capital products with minimal customization are accounted for at a point in time. The Company has made a policy election to not treat the obligation to ship as a separate performance

Kadant Inc.	2022 Financial Statements
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obligation under the contract and, as a result, the associated shipping costs are reflected in the cost of revenue when revenue is recognized.

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 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:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021
(In thousands)				
(In thousands)				
Point in Time				
Point in Time				
Point in Time	Point in Time	\$ 807,966	\$ 705,709	\$ 557,702

Over Time	Over Time	96,773	80,870	77,326
	\$	904,739	\$ 786,579	\$ 635,028
Over Time				
Over Time				
	\$			
	\$			
	\$			

The transaction price includes estimated variable consideration where applicable. Such variable consideration relates to certain performance guarantees and rights to return the product. The Company estimates variable consideration as the most likely amount to which it expects to be entitled based on the terms of the contracts with customers and historical experience, where relevant. For contracts with multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative stand-alone selling price.

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

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

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Revenue by Product Type:	Revenue by Product Type:				Revenue by Product Type:			
Parts and Consumables	Parts and Consumables	\$572,988	\$511,766	\$417,545				
Capital	Capital	331,751	274,813	217,483				
		\$904,739	\$786,579	\$635,028				
	\$							
Revenue by Geography (based on customer location):	Revenue by Geography (based on customer location):				Revenue by Geography (based on customer location):			
North America	North America	\$508,899	\$420,382	\$360,061				
Europe	Europe	233,790	220,578	161,527				
Asia	Asia	113,932	103,810	72,268				
Rest of World	Rest of World	48,118	41,809	41,172				
		\$904,739	\$786,579	\$635,028				
	\$							

See [Note 12](#), Business Segment and Geographical Information, for information on the disaggregation of revenue by reportable operating segment.

The following table presents contract balances from contracts with customers:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Contract Assets	Contract Assets	\$14,898	\$ 8,626			
Contract Liabilities	Contract Liabilities	\$82,413	\$77,004			

Contract assets in the accompanying consolidated balance sheet 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 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

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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.

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The Company recognized revenue of \$65,562,000 in 2023 and \$61,804,000 in 2022 and \$33,128,000 in 2021 that was included in the contract liabilities balance at the beginning of 2022 2023 and 2021 2022, respectively. The majority of the Company's contracts for capital equipment have an original expected duration of one year or less. Certain capital 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 as of year-end 2022 2023 was \$49,866,000, \$38,458,000. The Company will recognize revenue for these performance obligations as they are satisfied, approximately 66% 88% of which is expected to occur within the next twelve months and the remaining 34% 12% after December 31, 2023 December 28, 2024.

Customers in China will often settle their accounts receivable with banker's acceptance drafts, in which case cash settlement will be delayed until the drafts mature or are settled prior to maturity. For customers outside of China, final payment for the majority of the Company's products is received in the quarter following the product shipment. Certain of the Company's contracts include a longer period before final payment is due, which is typically within one year of final shipment or transfer of control to the customer.

The Company includes in revenue amounts invoiced for shipping and handling with the corresponding costs reflected in cost of revenue. Provisions for discounts, warranties, returns and other adjustments are provided for in the period in which the related sale was recorded. Sales taxes, value-added taxes, and certain excise taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenue.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable arise from sales on credit to customers, are recorded at the invoiced amount, and do not bear interest. The Company establishes an allowance for credit losses to reduce accounts receivable to the net amount expected to be collected. The Company exercises judgment in determining its allowance for credit losses, which is based on its historical collection and write-off experience, adjusted for current macroeconomic trends and conditions, credit policies, specific customer collection issues, and accounts receivable aging. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and each customer's current creditworthiness. The Company continuously monitors collections and payments from its customers. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. In some instances, the Company utilizes letters of credit to mitigate its credit exposure.

The changes in the allowance for credit losses are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Balance at Beginning of Year	Balance at Beginning of Year	\$ 2,735	\$2,977	\$2,698				
Provision charged to expense	Provision charged to expense	1,165	5	356				
Accounts written off	Accounts written off	(129)	(178)	(266)				
Currency translation	Currency translation	(176)	(69)	189				
Balance at End of Year	Balance at End of Year	\$ 3,595	\$2,735	\$2,977				

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 \$10,826,000 at year-end 2023 and \$5,729,000 at year-end 2022, and \$8,049,000 at year-end 2021, are included in accounts receivable in the accompanying 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.

Warranty Obligations

The Company's contracts covering the sale of its products include warranty provisions that provide assurance to its customers that the products will comply with agreed-upon specifications during a defined period of time. The Company

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provides for the estimated cost of product warranties at the time of sale based on the historical occurrence rates and repair costs, as well as knowledge of any specific warranty problems that indicate projected warranty costs may vary from

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historical patterns. The Company negotiates the terms regarding warranty coverage and length of warranty depending on the products and applications. While the Company engages in extensive product quality programs and processes, the Company's warranty obligation is affected by product failure rates, repair costs, service delivery costs incurred in correcting a product failure, and supplier warranties on parts delivered to the Company. Should these factors or actual results differ from the Company's estimates, revisions to the estimated warranty liability would be required.

The Company's liability for warranties is included in other current liabilities in the accompanying consolidated balance sheet. The changes in the carrying amount of product warranty obligations are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Balance at Beginning of Year	Balance at Beginning of Year	\$ 7,298	\$ 7,064			
Provision charged to expense	Provision charged to expense	4,955	4,366			
Usage	Usage	(4,587)	(4,268)			
Acquisitions		—	429			
Currency translation	Currency translation	(383)	(293)			
Balance at End of Year	Balance at End of Year	\$ 7,283	\$ 7,298			

Leases

In accordance with ASC 842, *Leases* (ASC 842), the Company determines whether an arrangement is, or contains, a lease at inception. Operating lease liabilities are included in other current liabilities and other long-term liabilities and the corresponding right-of-use (ROU) assets are included in other assets in the accompanying consolidated balance sheet. Classification of operating lease liabilities as either current or noncurrent is based on the expected timing of payments due under the Company's lease obligations.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities with original contract terms greater than 12 months are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Operating leases with an original term of 12 months or less are not recorded in the accompanying consolidated balance sheet.

In determining the present value of future lease payments, the Company utilizes either the rate implicit in the lease if that rate is readily determinable or its incremental secured borrowing rate commensurate with the term of the underlying lease. Lease terms may include the effect of options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company recognizes operating lease expense for lease payments on a straight-line basis over the lease term. Variable lease costs are not included in fixed lease payments and, as a result, are excluded from the measurement of the ROU assets and lease liabilities. The Company expenses all variable lease costs as incurred, which were not material in 2022, 2021 and 2020.

As a lessee, the Company accounts for the lease and non-lease components of its real estate and equipment leases as a single lease component. For vehicle leases, the Company does not combine lease and non-lease components.

See [Note 9](#), *Leases*, for additional information about the Company's lease obligations.

Income Taxes

In accordance with 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 [December 31, 2022](#) and [December 30, 2023](#), 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 three tranches of

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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 2024. Some countries are in the process of drafting legislation for adoption in future years. 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. The Company is monitoring developments of the Pillar Two Rules and is evaluating the potential impact they may have on the jurisdictions in which it operates.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to Kadant by the weighted average number of shares outstanding during the year. Diluted EPS is computed using the treasury stock method assuming the effect of all potentially dilutive securities, including stock options (in 2021), restricted stock units (RSUs) and employee stock purchase plan shares.

Cash, Cash Equivalents, and Restricted Cash

At year-end 2022 2023 and 2021, 2022, cash equivalents included investments in money market funds and highly liquid short-term investments, which had maturities of three months or less at the date of purchase. The carrying amounts of cash equivalents approximate their fair values due to the short-term nature of these instruments.

The Company's restricted cash generally serves as collateral for certain banker's acceptance drafts issued to vendors and 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. 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 consolidated balance sheet that are shown in aggregate in the consolidated statement of cash flows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Cash and cash equivalents	Cash and cash equivalents	\$76,371	\$91,186	\$65,682				
Restricted cash	Restricted cash	3,354	2,975	958				
Total Cash, Cash Equivalents, and Restricted Cash	Total Cash, Cash Equivalents, and Restricted Cash	\$79,725	\$94,161	\$66,640				

Supplemental Cash Flow Information

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Cash Paid for Interest	Cash Paid for Interest	\$ 6,053	\$ 4,441	\$ 6,899				
Cash Paid for Income Taxes, Net of Refunds	Cash Paid for Income Taxes, Net of Refunds	\$36,971	\$ 24,174	\$17,506				
Non-Cash Investing Activities:	Non-Cash Investing Activities:							
Non-Cash Investing Activities:	Non-Cash Investing Activities:							
Fair value of assets acquired	Fair value of assets acquired	\$ 2,785	\$190,977	\$ 9,295				
Cash paid for acquired businesses	Cash paid for acquired businesses	(3,597)	(152,661)	(7,565)				

Liabilities (adjusted)				
assumed of acquired				
businesses	\$	(812)	\$	38,316 \$ 1,730
Fair value of assets				
acquired				
Fair value of assets				
acquired				
Cash paid				
for acquired				
businesses,				
net				
Increase				
(decrease)				
in liabilities				
assumed				
Purchase of property with				
outstanding loan				
receivable				
Purchase of property with				
outstanding loan				
receivable				
Purchase of property with				
outstanding loan				
receivable				
Purchase of property with				
outstanding loan				
receivable				
Purchase of property with				
outstanding loan				
receivable				
Purchases of property,				
plant and equipment in				
accounts payable				
Purchases of property,				
plant and equipment in				
accounts payable				
Non-Cash Financing				
Activities:				
Non-Cash Financing				
Activities:				
Non-Cash Financing				
Activities:				
Issuance of Company				
common stock upon				
vesting of RSUs				
Dividends declared				
but unpaid				

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out; or weighted average basis) or net realizable value and include materials, labor, and manufacturing overhead. The Company regularly reviews its quantities of inventories on hand and compares these amounts to the historical and forecasted usage of and demand for each particular product or

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product line. The Company records a charge to cost of revenue for excess and obsolete inventory to reduce the carrying value of inventories to net realizable value.

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The components of inventories are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Raw Materials	Raw Materials	\$ 71,040	\$ 59,177			
Work in Process	Work in Process	38,612	29,448			
Finished Goods (includes \$658 and \$1,163 at customer locations)	Finished Goods	54,020	45,731			
Finished Goods (includes \$5,182 and \$658 at customer locations)	Finished Goods					
		\$ 163,672	\$ 134,356			

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Assets acquired as part of a business combination are initially recorded at fair value. The costs of additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. The Company provides for depreciation and amortization primarily using the straight-line method over the estimated useful lives of the property as follows: buildings, 10 to 40 years; machinery and equipment, 2 to 10 years; and leasehold improvements, the shorter of the term of the lease or the life of the asset. For construction in progress, no provision for depreciation is made until the assets are available and ready for use.

Property, plant, and equipment consist of the following:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Land	Land	\$ 10,729	\$ 11,011			
Buildings	Buildings	68,915	67,787			
Machinery, Equipment, and Leasehold Improvements	Machinery, Equipment, and Leasehold Improvements	143,642	136,656			
Construction in Progress	Construction in Progress	17,011	6,567			
		240,297	222,021			
Less: Accumulated Depreciation and Amortization	Less: Accumulated Depreciation and Amortization	121,442	114,032			
		\$118,855	\$107,989			

Depreciation and amortization expense was \$14,849,000 in 2023, \$14,429,000 in 2022, and \$13,433,000 in 2021, and \$12,209,000 in 2020. 2021. See [Note 9](#), Leases, for further details relating to assets under financing leases included in property, plant and equipment in the accompanying consolidated balance sheet.

Intangible Assets, Net

Acquired intangible assets by major asset class are as follows:

(In thousands)	(In thousands)	Gross	Accumulated Amortization	Currency Translation	Net	(In thousands)	Gross	Accumulated Amortization	Currency Translation	Net
December 31, 2022										
December 30, 2023										
Definite-Lived	Definite-Lived									
Definite-Lived										
Definite-Lived										
Customer relationships										
Customer relationships										
Customer relationships	Customer relationships	\$218,782	\$ (94,653)	\$ (7,045)	\$117,084					
Product technology	Product technology	67,548	(39,940)	(2,754)	24,854					
Tradenames	Tradenames	7,427	(3,903)	(420)	3,104					
Other	Other	20,314	(17,338)	(623)	2,353					
		314,071	(155,834)	(10,842)	147,395					
Indefinite-Lived	Indefinite-Lived									
Tradenames	Tradenames	29,059	—	(809)	28,250					
Tradenames										
Tradenames										
Acquired Intangible Assets	Acquired Intangible Assets	\$343,130	\$(155,834)	\$(11,651)	\$175,645					

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(In thousands)	(In thousands)	Gross	Accumulated Amortization	Currency Translation	Net	(In thousands)	Gross	Accumulated Amortization	Currency Translation	Net
January 1, 2022										
December 31, 2022						December 31, 2022				
Definite-Lived	Definite-Lived									
Customer relationships										
Customer relationships										
Customer relationships	Customer relationships	\$217,021	\$ (79,839)	\$ (3,455)	\$133,727					
Product technology	Product technology	67,230	(35,833)	(1,752)	29,645					
Tradenames	Tradenames	7,427	(3,405)	(373)	3,649					
Other	Other	20,210	(16,250)	(561)	3,399					
		311,888	(135,327)	(6,141)	170,420					
Indefinite-Lived	Indefinite-Lived									
Tradenames	Tradenames	29,059	—	(136)	28,923					

Tradenames					
Tradenames					
Acquired	Acquired				
Intangible	Intangible				
Assets	Assets	\$340,947	\$(135,327)	\$ (6,277)	\$199,343

In connection with its impairment analysis, the Company reduced its definite-lived intangible assets by \$499,000 in 2021. See *Impairment of Long-Lived Assets* under the heading *Intangible Assets* within this note for further details.

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 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 acquired related to the Company's acquisition in 2022 2023 were \$2,183,000, \$211,000, which primarily consisted of customer relationships and have a weighted-average amortization period of 14 years (see Note 2, Acquisitions). Definite-lived intangible assets as of at year-end 2022 2023 have a weighted average amortization period of 13 years. Amortization of definite-lived intangible assets was \$18,448,000 in 2023, \$20,507,000 in 2022, and \$20,869,000 in 2021 and \$19,125,000 in 2020 and was included in selling, general, and administrative (SG&A) expenses in the accompanying consolidated statement of income. The estimated future amortization expense of definite-lived intangible assets is \$18,380,000 in 2023; \$17,407,000 \$17,634,000 in 2024; \$15,474,000 \$15,671,000 in 2025; \$14,979,000 \$15,170,000 in 2026; \$14,078,000 \$14,262,000 in 2027; \$13,069,000 in 2028; and \$67,077,000 \$54,885,000 in the aggregate thereafter.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired business at the date of acquisition. The Company's acquisitions have historically been made at prices above the fair value of the acquired net assets, resulting in goodwill, due to the expectation of synergies from combining the businesses.

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

(In thousands)	(In thousands)	Flow Control	Industrial Processing	Material Handling	Total	(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
<u>Balance as of January 2, 2021</u>										
<u>Balance as of January 1, 2022</u>										
Gross balance										
Gross balance										
Gross balance	Gross balance	\$101,437	\$215,881	\$119,944	\$437,262					
Accumulated impairment losses	Accumulated impairment losses	—	(85,509)	—	(85,509)					
Net balance	Net balance	101,437	130,372	119,944	351,753					
<u>2021 Activity</u>										
	Acquisitions (Note 2)	25,805	1,116	26,836	53,757					
<u>2022 Activity</u>										
	Acquisitions (Note 2) (a)									
	Acquisitions (Note 2) (a)									
	Acquisitions (Note 2) (a)									
	Impairment loss									
Currency translation	Currency translation	(3,653)	(2,015)	(2,955)	(8,623)					
Total 2021 activity		22,152	(899)	23,881	45,134					
<u>Balance at January 1, 2022</u>										
Total 2022 activity										
<u>Balance at December 31, 2022</u>										
						<u>Balance at December 31, 2022</u>				
Gross balance	Gross balance	123,589	214,982	143,825	482,396					
Accumulated impairment losses	Accumulated impairment losses	—	(85,509)	—	(85,509)					

Net balance	Net balance	123,589	129,473	143,825	396,887
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(In thousands)	(In thousands)	Flow Control	Industrial Processing	Material Handling	Total	(In thousands)	Flow Control	Industrial Processing	Material Handling	Total
<u>2022 Activity</u>										
Acquisition (a) (Note 2)		(33)	—	1,231	1,198					
Impairment loss		—	(29)	—	(29)					
<u>2023 Activity</u>										
Acquisition (Note 2)										
Acquisition (Note 2)										
Acquisition (Note 2)										
Currency translation	Currency translation	(5,247)	(5,063)	(2,291)	(12,601)					
Total 2022 activity		(5,280)	(5,092)	(1,060)	(11,432)					
<u>Balance at December 31, 2022</u>										
Currency translation										
Currency translation										
Total 2023 activity										
<u>Balance at December 30, 2023</u>										
Gross balance	Gross balance	118,309	209,919	142,765	470,993					
Accumulated impairment losses	Accumulated impairment losses	—	(85,538)	—	(85,538)					
Net balance	Net balance	\$118,309	\$124,381	\$142,765	\$385,455					

(a) Includes \$1,733,000 for an acquisition completed in 2022 and adjustments to the purchase price allocations for acquisitions completed in 2021, principally related to inventory, machinery and equipment, and deferred taxes.

Impairment of Long-Lived Assets

The Beginning in 2023, the Company evaluates the recoverability of goodwill and indefinite-lived intangible assets as of the first day of the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that it is more likely than not that the carrying value of an asset might be impaired. Prior to 2023, this evaluation was performed as of the end of each fiscal year, or more frequently if events or changes in circumstances indicate that it is more likely than not that the carrying value of an asset might be impaired. Potential impairment indicators include a significant decline in sales, earnings, or cash flows, material adverse changes in the business climate, and a significant decline in the market capitalization due to a sustained decrease in the Company's stock price. The Company is permitted to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If the qualitative assessment (Step 0) results in a determination that the fair value of a reporting unit or indefinite-lived intangible asset is more likely than not less than its carrying amount, the Company performs a quantitative impairment analysis (Step 1). The Company may bypass the qualitative assessment and proceed directly to the quantitative assessment.

The Company assesses its definite-lived intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be fully recoverable. To analyze recoverability, the Company projects undiscounted net future cash flows over the remaining lives of such assets or asset groups. If these projected cash flows were to be less than the carrying amounts, an impairment loss would be recognized, resulting in a write-down of the assets with a corresponding charge to earnings. The impairment loss would be measured based upon the difference between the carrying amounts of the assets and their fair values calculated using projected discounted cash flows.

Goodwill

At October 1, 2023 (the first day of the fourth quarter of 2023), the Company performed a quantitative goodwill impairment analysis (Step 1) for all of its reporting units, which indicated that the fair value of each reporting unit exceeded its carrying value, and determined that the assets were not impaired. At year-end 2023, no factors were identified that would alter the conclusions of the October 1, 2023 goodwill impairment analysis.

At year-end 2022, and 2021, in connection with its annual impairment analysis, the Company performed a qualitative goodwill impairment assessment (Step 0) for each of its reporting units, which indicated that the fair value of each reporting unit exceeded its carrying value, and determined that the assets were not impaired. The impairment analysis included an assessment of certain qualitative factors including, but not limited to, the results of prior fair value calculations, the movement of the Company's share price and market capitalization, the reporting units' and the Company's overall financial performance, and macroeconomic and industry conditions. The Company considered the qualitative factors and weighed the evidence obtained and determined that it was not more likely than not that the fair value of any of the respective reporting unit's assets was less than its

carrying amount. Although the Company believes the factors considered in the impairment analysis are reasonable, significant changes in any one of the assumptions used could have produced a different result.

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Goodwill by reporting unit is as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Fluid-Handling	Fluid-Handling	\$ 62,426	\$ 64,003			
Doctoring, Cleaning, & Filtration	Doctoring, Cleaning, & Filtration	55,883	59,586			
Stock-Preparation	Stock-Preparation	20,311	20,819			
Wood Processing	Wood Processing	104,070	108,654			
Material Handling	Material Handling	142,765	143,825			
		<u>\$385,455</u>	<u>\$396,887</u>			

Intangible Assets

At October 1, 2023, the Company performed a quantitative impairment analysis (Step 1) on its indefinite-lived intangible assets and determined that the assets were not impaired. At year-end 2023, no factors were identified that would alter the conclusions of the October 1, 2023 indefinite-lived intangible asset impairment analysis. At year-end 2022, and 2021, the Company performed a qualitative impairment analysis (Step 0) on its indefinite-lived intangible assets and determined that the assets were not impaired.

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No triggering events or indicators of impairment were identified in 2022 2023 or 2021 2022 related to the Company's definite-lived intangible assets, except for the definite-lived intangible assets associated with its existing ceramic blade product line in France in 2021. In the fourth quarter of 2021, the Company decided to exit its ceramic blade business in France, which became a redundant manufacturing operation as a result of its acquisition of The Clouth Group of Companies (Clouth) in the third quarter of 2021. As a result of this decision, the Company recorded an impairment charge of \$499,000 in the fourth quarter of 2021 related to its product technology intangible asset, which is included in gain on sale and other costs, net in the accompanying consolidated statement of income. The Company ceased production at this business during the last quarter of 2022, assets.

Business Combinations

The Company's acquisitions have been accounted for using the purchase method of accounting under ASC 805, *Business Combinations* (ASC 805), and the results of the acquired businesses have been included in its consolidated financial statements from their respective dates of acquisition. The Company accounts for all transactions and events in which it obtains control over a business under ASC 805 by establishing the acquisition date and recognizing the fair value of all assets acquired and liabilities assumed. The Company's acquisitions have historically been made at prices above the fair value of identifiable net assets, resulting in goodwill, due to synergies expected to be realized by combining the businesses.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business acquisition date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the purchase price allocation period, which is generally one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. For changes in the valuation of intangible assets between the preliminary and final purchase price allocation, the related amortization is adjusted in the period it occurs. Subsequent to the purchase price allocation period, any adjustment to assets acquired or liabilities assumed is included in operating results in the period in which the adjustment is determined. Acquisition transaction costs are recorded as incurred in SG&A expenses in the accompanying consolidated statement of income and were \$1,442,000 in 2023 (see [Note 15, Subsequent Events](#)), \$668,000 in 2022, and \$3,655,000 in 2021, and \$485,000 in 2020. 2021.

Foreign Currency Translation and Transactions

All assets and liabilities of the Company's foreign subsidiaries are translated at fiscal year-end exchange rates, and revenue and expenses are translated at average exchange rates for each quarter in accordance with ASC 830, *Foreign Currency Matters*. Resulting translation adjustments are reflected in the "accumulated other comprehensive items" (AOCI) component of stockholders' equity (see [Note 14, Accumulated Other Comprehensive Items](#)). Foreign currency transaction gains and losses are included in the accompanying consolidated statement of income and are not material in the three years presented.

Stock-Based Compensation

The Company recognizes compensation expense for all stock-based awards granted to employees and directors based on the grant date estimate of fair value for those awards. The fair value of RSUs is based on the grant date price of the Company's common stock, reduced by the present value of estimated dividends foregone during the requisite service period. For time-based RSUs, compensation expense is recognized ratably over the requisite service period for the entire award based on the grant date fair value, and net of actual forfeitures recorded when they occur. For performance-based RSUs, compensation expense is recognized ratably over the requisite service period for each separately vesting portion of

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the award based on the grant date fair value, net of actual forfeitures recorded when they occur, and remeasured each reporting period until the total number of RSUs to be issued is known. Compensation expense related to any modified stock-based awards is based on the fair value for those awards as of the modification date with any remaining incremental compensation expense recognized ratably over the remaining requisite service period.

Derivatives

The Company uses derivative instruments primarily to reduce its exposure to changes in currency exchange rates and interest rates. When the Company enters into a derivative contract, the Company makes a determination as to whether the transaction is deemed to be a hedge for accounting purposes. If a contract is deemed a hedge, the Company formally documents the relationship between the derivative instrument and the risk being hedged. In this documentation, the Company specifically identifies the asset, liability, forecasted transaction, cash flow, or net investment that has been designated as the hedged item, and evaluates whether the derivative instrument is expected to reduce the risks associated

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with the hedged item. To the extent these criteria are not met, the Company does not use hedge accounting for the derivative. The change in the fair value of a derivative not deemed to be a hedge is recorded currently in earnings. The Company does not hold or engage in transactions involving derivative instruments for purposes other than risk management.

ASC 815, *Derivatives and Hedging*, requires that all derivatives be recognized on the consolidated balance sheet at fair value. For derivatives designated as cash flow hedges, the related gains or losses on these contracts are deferred as a component of AOCI. These deferred gains and losses are recognized in the consolidated statement of income in the period in which the underlying anticipated transaction occurs. For derivatives designated as fair value hedges, the unrealized gains and losses resulting from the impact of currency exchange rate movements are recognized in earnings in the period in which the exchange rates change and offset the currency gains and losses on the underlying exposures being hedged. The Company performs an evaluation of the effectiveness of the hedge both at inception and on an ongoing basis. The ineffective portion of a hedge, if any, and changes in the fair value of a derivative not deemed to be a hedge, are recorded in the accompanying consolidated statement of income.

Recently Adopted Recent Accounting Pronouncements Not Yet Adopted

Reference Rate Reform Business Combinations - Joint Venture Formations (Topic 848) 805, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting, Recognition and Initiation Measurement*. In March 2020, August 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04 which provides optional expedients and exceptions for applying GAAP 2023-05, to contracts, hedging relationships, and other transactions affected by address the discontinuation diversity in practice on the accounting treatment of reference rates, such as the London Interbank Offered Rate (LIBOR), if certain criteria are met. Generally, contract modifications related to reference rate reform may be considered an event that does not require remeasurement or reassessment of a previous accounting determination at the modification date. The guidance in joint venture formations. Under this ASU, a joint venture is applicable required to apply a new basis of accounting at its formation date by valuing the Company's existing contracts net assets contributed at fair value for both business and hedging relationships that reference LIBOR. asset transactions. The Company adopted this ASU during value of the fourth quarter of 2022 and its adoption did not have a material impact on the consolidated financial statements.

Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. In October 2021, the FASB issued ASU No. 2021-08 which requires entities net assets in total is then allocated to recognize and measure contract individual assets and contract liabilities acquired in a business combination in accordance by applying Topic 805 with ASU No.2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance in this ASU will generally result in the Company recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. certain exceptions. This new guidance is effective for joint ventures with a formation date on or after January 1, 2025 and is required to be applied prospectively. Additionally, joint ventures with a prospective basis in fiscal 2023, with early adoption permitted, formation date prior to January 1, 2025 have an option to elect to apply the guidance retrospectively, provided adequate information is available. The impact of the adoption of this ASU on the Company's consolidated financial statements will be dependent on the contract assets and liabilities acquired upon joint ventures formed in future business combinations, periods.

Segment Reporting - Improving Reportable Segment Disclosures (Topic 280). In November 2023, the FASB issued ASU No. 2023-07, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. Under this ASU, a company is required to enhance its segment disclosures to include significant segment expenses that are regularly provided to the chief operating decision maker (CODM), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. This ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods. This ASU is effective for the Company's fiscal year ending December 28, 2024, and interim periods beginning in fiscal 2025, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the effects that the adoption of this ASU will have on its consolidated financial statements.

Income Taxes - Improvements to Income Tax Disclosures (Topic 740). In December 2023, the FASB issued ASU No. 2023-09, to improve income tax disclosure requirements, primarily through enhanced disclosures related to the income tax rate reconciliation and income taxes paid. This ASU is effective for fiscal 2025, with early adoption

permitted and may be applied retrospectively. The Company is currently evaluating the effects that the adoption of this ASU will have on its consolidated financial statements.

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2. Acquisitions

2023

On December 19, 2023, the Company acquired a business in Sweden, which is included in the Company's Industrial Processing segment, for approximately \$895,000, net of cash acquired.

2022

On November 14, 2022, the Company acquired a business in Canada, which is included in the Company's Material Handling segment, for approximately \$3,612,000, \$3,622,000, net of cash acquired.

2021

In the third quarter of 2021, the Company acquired all partnership interests and shares in Clouth, for \$92,864,000, net of cash acquired plus debt assumed. The majority of the Clouth companies were acquired on July 19, 2021 and the acquisition of the last legal entity occurred on August 10, 2021, which the Company accounted for as a noncontrolling interest during the period from July 19, 2021 to August 10, 2021. The Company funded the purchase price with euro-denominated borrowings under its revolving credit facility and existing cash. Clouth, which is included in the Company's Flow Control segment, is a leading manufacturer of doctor blades and related equipment used in the production of paper, packaging, and tissue. The Company expects several synergies in connection with this acquisition, including deepening its presence in the growing ceramic blade market and expansion of sales at its existing businesses by leveraging Clouth's complementary global geographic footprint. Clouth has three manufacturing facilities in Germany and one in Poland. Goodwill from the Clouth acquisition was \$25,773,000, of which \$7,367,000 \$7,116,000 is expected to be deductible for tax purposes over 15 years. In addition, intangible assets acquired were \$34,467,000, of which \$6,444,000 is expected to be deductible for tax purposes over the respective useful lives. For 2021, the Company recorded revenue of \$23,221,000 and an operating loss of \$4,068,000 for Clouth from the date of acquisition, including amortization expense of \$3,481,000 associated with acquired profit in inventory and backlog and \$2,710,000 of acquisition transaction costs.

On August 23, 2021, the Company acquired all the outstanding equity securities in East Chicago Machine Tool Corporation (Balemaster) and certain assets of affiliated companies for \$53,547,000, net of cash acquired. Balemaster,

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which is included in the Company's Material Handling segment, is a leading U.S. manufacturer of horizontal balers and related equipment used primarily for recycling packaging waste at corrugated box plants and large retail and distribution centers. The Company funded the purchase price with borrowings under its revolving credit facility. The Company expects several synergies in connection with the acquisition, including expansion of its presence in the secondary material processing market and creation of new opportunities for leveraging its high-performance balers produced in Europe. Goodwill from the Balemaster acquisition was \$26,334,000, none of which is deductible for tax purposes. In addition, intangible assets acquired were \$28,060,000, none of which is deductible for tax purposes. For 2021, the Company recorded revenue of \$9,038,000 and operating loss of \$641,000 for Balemaster from the date of acquisition, including amortization expense of \$2,042,000 associated with acquired profit in inventory and backlog and \$782,000 of acquisition transaction costs.

In the fourth quarter of 2021, the Company acquired the assets of a business in India, which is included in its Industrial Processing segment, for approximately \$2,882,000.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed and the purchase price for Clouth and the Company's other acquisitions in 2021. Measurement period adjustments in 2022 were not material to the Company's results of operations.

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(In thousands)	Clouth	Other	Total
Net Assets Acquired:			
Cash and Cash Equivalents	\$ 4,923	\$ 3,757	\$ 8,680
Accounts Receivable	6,808	1,641	8,449
Inventories	14,255	5,000	19,255
Property, Plant, and Equipment	24,045	5,143	29,188
Other Assets	6,056	2,922	8,978
Definite-Lived Intangible Assets			
Customer relationships	20,192	23,100	43,292
Product technology	8,915	2,700	11,615
Tradenames	—	1,400	1,400

Other	401	1,560	1,961
Indefinite-Lived Intangible Assets			
Tradenames	4,959	—	4,959
Goodwill	25,773	27,449	53,222
Total assets acquired	116,327	74,672	190,999
Short-term Obligations and Current Maturities of Long-term Obligations	1,393	—	1,393
Accounts Payable	1,287	797	2,084
Long-Term Deferred Income Taxes	9,013	6,760	15,773
Long-Term Obligations	4,244	—	4,244
Other Liabilities	8,240	6,929	15,169
Total liabilities assumed	24,177	14,486	38,663
Net assets acquired	\$ 92,150	\$ 60,186	\$ 152,336
Purchase Price:			
Cash Paid	\$ 92,150	\$ 60,186	\$ 152,336

The weighted-average amortization period for Clouth's definite-lived intangible assets is 19 years, including weighted-average amortization periods of 24 years for customer relationships and 10 years for product technology. The weighted-average amortization period for the Company's other 2021 acquisitions' definite-lived intangible assets is 16 years, including weighted-average amortization periods of 17 years for customer relationships, 13 years for product technology, and 16 years for tradenames.

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Unaudited Supplemental Pro Forma Information

The following unaudited pro forma information provides the effect of the Company's 2021 acquisition of Clouth as if it had occurred at the beginning of 2020:

(In thousands, except per share amounts)	January 1, 2022	January 2, 2021
Revenue	\$ 812,016	\$ 682,248
Net Income Attributable to Kadant	\$ 90,184	\$ 55,760
Earnings per Share Attributable to Kadant		
Basic	\$ 7.79	\$ 4.86
Diluted	\$ 7.74	\$ 4.82

(In thousands, except per share amounts)	January 1, 2022
Revenue	\$ 812,016
Net Income Attributable to Kadant	\$ 90,184
Earnings per Share Attributable to Kadant	
Basic	\$ 7.79
Diluted	\$ 7.74

The historical consolidated financial information of the Company and Clouth has been adjusted in the pro forma information above to give effect to pro forma events that are (i) directly attributable to the acquisition and related financing arrangements, (ii) expected to have a continuing impact on the Company, and (iii) factually supportable.

Pro forma results include the following non-recurring pro forma adjustments:

- Pre-tax charge reversal to cost of revenue of \$3,082,000 in 2020 and reversal of \$3,082,000 in 2021, for the sale of inventory revalued at the date of acquisition.

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- Pre-tax charge reversal to SG&A expenses of \$3,109,000 in 2020 and reversal of \$2,710,000 in 2021 and \$399,000 in 2021, for acquisition costs and intangible asset amortization related to acquired backlog, respectively.
- Estimated tax effects related to the pro forma adjustments.

Pro forma results in 2020 include a pre-tax gain of \$4,409,000 from the forgiveness of a shareholder loan at Clouth.

These pro forma results of operations have been prepared for comparative purposes only, and they do not purport to be indicative of the results of operations that would have resulted had the acquisition of Clouth occurred as of the beginning of 2020, or that may result in the future.

The Company's pro forma results exclude the Company's other acquisitions in 2021 as the inclusion of those results would not have been materially different from the pro forma results presented above had the acquisitions occurred at the beginning of 2020.

2020

On June 1, 2020, the Company acquired Cogent Industrial Technologies Ltd. (Cogent), which is included in its Industrial Processing segment, for approximately \$6,866,000, net of cash acquired. The Company funded the acquisition through borrowings under its revolving credit facility. Intangible assets acquired primarily relate to customer relationships with a fair value of \$3,350,000. Cogent, based in British Columbia, Canada, is an industrial automation and controls solution provider that offers expertise in process technology integration, industrial automation and controls, industrial safety, project management, and operational performance management systems.

On May 28, 2020, the Company also acquired certain intellectual property from a company in Austria, which is included in its Industrial Processing segment, for \$416,000, of which \$229,000 was paid in the second quarter of 2020, \$125,000 in the first quarter of 2021, and \$62,000 in the first quarter of 2022. Intangible assets acquired represent product technology with a fair value of \$557,000 at acquisition date.

3. Employee Benefit Plans

Stock-Based Compensation Plans

The Company maintains stock-based compensation plans primarily for its key employees and directors, although the plans permit awards to others expected to make significant contributions to the future of the Company. The plans authorize the compensation committee of the Company's board of directors (the board committee) to award a variety of stock and stock-based incentives, such as restricted stock, RSUs, nonqualified and incentive stock options, stock bonus shares, or performance-based shares. The award recipients and the terms of awards granted under these plans are determined by the board committee. Upon a change of control, as defined in the plans, all options or other awards become

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fully vested and all restrictions lapse. The Company had 313,104 281,708 shares available for grant under these stock-based compensation plans at year-end 2022, 2023. The Company generally issues its common stock out of treasury stock, to the extent available, for share issuances related to its stock-based compensation plans.

The Company recognizes compensation cost for all stock-based awards granted to employees and directors based on the grant date estimate of fair value for those awards. The fair value of RSUs is based on the grant date price of the Company's common stock, reduced by the present value of estimated dividends foregone during the requisite service period.

The components of pre-tax stock-based compensation expense included in SG&A expenses in the accompanying consolidated statement of income are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
RSU Awards	RSU Awards	\$ 8,222	\$8,224	\$6,453				
Employee Stock Purchase Plan Awards	Employee Stock Purchase Plan Awards	354	303	323				
Total	Total	\$ 8,576	\$8,527	\$6,776				

The Company grants RSUs to non-employee directors and certain employees. Holders of RSUs have no voting rights and are not entitled to receive cash dividends.

Non-Employee Director Restricted Stock Units

The Company granted RSU awards consisting of 868 RSUs in 2023, 941 RSUs in 2022 and 1,009 RSUs in 2021 and 2,085 RSUs in 2020 to each of its incumbent non-employee directors. Half of the RSUs vested on June 1 of each year and the remaining RSUs vested ratably on the last day of the third and fourth fiscal quarters of each year. In addition, the Company granted RSU awards consisting of 470 RSUs in May 2022, which vested ratably on the last day of the third and fourth fiscal quarters of 2022, and 1,042 RSUs in July 2020, which vested ratably on the last day of the third and fourth fiscal quarters of 2020 to its then new non-employee director. Each RSU issued to the directors represents the right to receive one share of the Company's common stock upon vesting.

Performance-Based Restricted Stock Units

The Company grants performance-based RSUs to certain officers of the Company. Each performance-based RSU represents the right to receive one share of the Company's common stock upon vesting. The RSUs are subject to adjustment based on the achievement of a performance measure selected for the fiscal year, which historically has been a specified target for adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA) generated from operations. Following the adjustment, the RSUs are subject to additional time-based vesting, and vest in three equal annual installments, provided that the officer is employed by the Company on the applicable vesting dates.

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The Company recognizes compensation expense associated with performance-based RSUs ratably over the requisite service period for each separately vesting portion of the award based on the grant date fair value, net of actual forfeitures recorded when they occur, and remeasured each reporting period until the total number of RSUs to be issued is known. Unrecognized compensation expense related to the unvested performance-based RSUs totaled \$2,563,000 \$3,693,000 at year-end 2022, 2023, and will be recognized over a weighted average period of 1.3 1.4 years.

The performance-based RSU agreements provide for forfeiture in certain events, such as voluntary or involuntary termination of employment, and for acceleration of vesting in certain events, such as death, disability or a change in control of the Company. If death, disability, or a change in control occurs prior to the end of the performance period, the officer will receive the target RSU amount; otherwise, the officer will receive the number of deliverable RSUs based on the achievement of the performance goal, as stated in the RSU agreements.

Time-Based Restricted Stock Units

The Company grants time-based RSUs to its officers and other employees of the Company. Each time-based RSU represents the right to receive one share of the Company's common stock upon vesting. The Company recognizes compensation expense associated with these time-based RSUs ratably over the requisite service period for the entire award based on the grant date fair value, and net of actual forfeitures recorded when they occur. The time-based RSU agreement provides for forfeiture in certain events, such as voluntary or involuntary termination of employment, and for acceleration of vesting in certain events, such as death, disability, or a change in control of the Company. Unrecognized compensation expense related to the time-based RSUs totaled \$3,841,000 \$3,954,000 at year-end 2022, 2023, and will be recognized over a weighted average period of 1.8 years.

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Vesting of Restricted Stock Units

A summary of the activity of the Company's unvested RSUs in 2022 2023 is as follows:

(In thousands, except per share amounts)	(In thousands, except per share amounts)	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
Unvested RSUs at January 1, 2022	107	\$127.70		
Unvested RSUs at December 31, 2022				
Granted	Granted	50	\$170.76	
Vested	Vested	(67)	\$123.93	
Forfeited	Forfeited	(5)	\$168.18	
Unvested RSUs at December 31, 2022	85	\$153.98		
Unvested RSUs at December 30, 2023				

The weighted average grant date fair value of RSUs granted was \$212.92 in 2023, \$170.76 in 2022, and \$174.52 in 2021, and \$88.22 in 2020. 2021. The total fair value of shares vested was \$7,834,000 in 2023, \$8,337,000 in 2022, and \$5,892,000 in 2021, and \$7,343,000 in 2020. 2021.

Stock Options

The Company has not granted stock options since 2013. Prior to 2014, the Company granted nonqualified stock options to its executive officers that vested over three years and were not exercisable until vested. All options Options awarded in prior periods were granted at an exercise price equal to the fair market value of the Company's common stock on the date of grant. There were no stock options outstanding at year-end 2023, 2022 and 2021 as all remaining stock options were exercised prior to the end of 2021. The total intrinsic value of options exercised and total cash received from options exercised during the year ended January 1, 2022 were \$4,986,000 and \$665,000, respectively.

A summary of the Company's stock option exercises are as follows:

(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021
Total Intrinsic Value of Options Exercised	\$ —	\$ 4,986	\$ 4,071

Cash Received from Options Exercised	\$	—	\$	665	\$	1,123
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Employee Stock Purchase Plan

The Company's eligible U.S. employees may elect to participate in its employee stock purchase plan. Under the plan, shares of the Company's common stock may be purchased at a 15% discount from the fair market value at the beginning or end of the purchase period, whichever is lower. Shares purchased under the plan are subject to a one-year resale restriction and are purchased through payroll deductions of up to 10% of each participating employee's gross wages. The Company issued 10,627 shares for 2023 (issued in fiscal 2024), 9,111 shares in 2022, and 10,230 shares in 2021 and 13,062 shares in 2020 of its common stock under this plan. The Company had 82,532 shares available for grant under the employee stock purchase plan at year-end 2022, 2023.

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401(k) Savings and Other Defined Contribution Plans

The Company's U.S. subsidiaries participate in the Kadant Inc. 401(k) Retirement Savings Plan sponsored by the Company. Contributions to the plan are made by both the employee and the Company and are immediately vested. Company contributions are based upon the level of employee contributions. Certain of the Company's subsidiaries offer other retirement plans, the majority of which are defined contribution plans. Company contributions to these plans are based on formulas determined by the Company. For these plans, the Company contributed and charged to expense \$5,607,000 in 2023, \$5,151,000 in 2022, and \$4,706,000 in 2021, and \$4,501,000 in 2020, 2021.

Pension and Other Post-Retirement Defined Benefits Plans

The Company sponsors pension and other post-retirement defined benefit plans covering employees at certain U.S. and foreign subsidiaries. In accordance with ASC 715, Compensation-Retirement Benefits, the Company recognizes the funded status of its plans as an asset or liability and changes in the funded status through AOCI, net of tax, in the accompanying consolidated balance sheet. The amounts in AOCI are recognized as net periodic benefit cost pursuant to the Company's accounting policy for amortizing such amounts. Further, actuarial Actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit cost will be recognized as a component of AOCI, net of tax.

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The Company records the non-service component of net periodic pension cost in other expense, net in the accompanying consolidated statement of income. The disclosure requirements related to the Company's defined benefit plans are not material for the fiscal years presented.

4. Stockholders' Equity

Preferred Stock

The Company's Certificate of Incorporation authorizes up to 5,000,000 shares of preferred stock, \$.01 par value per share, for issuance by the Company's board of directors without further shareholder approval.

Common Stock

At year-end 2022, 2023, the Company had reserved 481,113 447,094 unissued shares of its common stock for possible issuance under its stock-based compensation plans.

5. Income Taxes

The components of income before provision for income taxes are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Domestic	Domestic	\$ 46,558	\$ 26,599	\$14,132				
Foreign	Foreign	119,078	85,453	59,555				
		\$165,636	\$112,052	\$73,687				

The components of the provision for income taxes are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Current Provision:	Current Provision:							
Federal								

Federal					
Federal	Federal	\$ 8,738	\$ 2,173	\$ 339	
Foreign	Foreign	26,032	25,512	16,800	
State	State	1,977	870	667	
		36,747	28,555	17,806	
Deferred Provision (Benefit):	Deferred Provision (Benefit):				Deferred Provision (Benefit):
Federal	Federal	1,970	1,823	2,146	
Foreign	Foreign	4,233	(3,430)	(2,361)	
State	State	956	223	357	
		7,159	(1,384)	142	
		\$43,906	\$27,171	\$17,948	

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The Company receives a tax deduction upon the exercise of nonqualified stock options and the vesting of RSUs. The Company recognizes excess income tax benefits and tax deficiencies related to stock-based compensation arrangements as discrete items within the provision for income taxes in the reporting period in which they occur. The Company recognized an income tax benefit of \$354,000 in 2023, \$501,000 in 2022 and \$1,808,000 in 2021 and \$758,000 in 2020 in the accompanying consolidated statement of income.

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The provision for income taxes in the accompanying consolidated statement of income differs from the provision calculated by applying the statutory federal income tax rate of 21% to income before provision for income taxes due to the following:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Provision for Income Taxes at Statutory Rate	Provision for Income Taxes at Statutory Rate	\$34,784	\$23,531	\$15,474				
Increases (Decreases) Resulting From:	Increases (Decreases) Resulting From:							
Foreign tax rate differential	Foreign tax rate differential	5,770	2,819	1,891				
State income taxes, net of federal income tax								
Nondeductible expenses	Nondeductible expenses	2,683	1,673	2,117				
State income taxes, net of federal income tax		2,316	863	807				
Reversal of tax benefit reserves, net		(1,368)	(444)	(730)				
U.S. tax cost of foreign earnings	U.S. tax cost of foreign earnings	932	481	599				

Provision for (reversal of) tax benefit reserves, net				
Research and development tax credits	Research and development tax credits	(425)	(454)	(465)
Excess tax benefit related to stock-based compensation	Excess tax benefit related to stock-based compensation	(377)	(1,525)	(661)
Change in valuation allowance	Change in valuation allowance	318	(31)	(469)
Other	Other	(727)	258	(615)
		<u>\$43,906</u>	<u>\$27,171</u>	<u>\$17,948</u>

The Company's net deferred tax liability consists of the following:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Deferred Tax Asset:	Deferred Tax Asset:					
Net operating loss carryforwards	Net operating loss carryforwards					
Net operating loss carryforwards	Net operating loss carryforwards					
Net operating loss carryforwards	Net operating loss carryforwards	\$ 13,057	\$ 14,162			
Lease liabilities	Lease liabilities	6,031	6,393			
Inventory basis difference	Inventory basis difference	4,118	4,600			
Employee compensation	Employee compensation	3,697	4,368			
Capitalized research expenses	Capitalized research expenses	3,398	2,349			
Reserves and accruals	Reserves and accruals	1,949	3,167			
Allowance for credit losses	Allowance for credit losses	673	420			
Foreign, state, and alternative minimum tax credit carryforwards	Foreign, state, and alternative minimum tax credit carryforwards	490	508			
Other	Other	122	48			
Deferred tax asset, gross	Deferred tax asset, gross	33,535	36,015			
Less: valuation allowance	Less: valuation allowance	(8,983)	(9,212)			
Deferred tax asset, net	Deferred tax asset, net	24,552	26,803			

Deferred Tax Liability:	Deferred Tax Liability:	Deferred Tax Liability:	
Goodwill and intangible assets	Goodwill and intangible assets	(41,129)	(43,780)
Fixed asset basis difference	Fixed asset basis difference	(11,438)	(6,009)
ROU assets	ROU assets	(5,145)	(5,431)
Provision for unremitted foreign earnings	Provision for unremitted foreign earnings	(783)	(559)
Other	Other	(1,976)	(1,819)
Deferred tax liability	Deferred tax liability	(60,471)	(57,598)
Net deferred tax liability	Net deferred tax liability	<u>\$(35,919)</u>	<u>\$(30,795)</u>

Deferred tax assets and liabilities are presented in the accompanying consolidated balance sheet within other assets and long-term deferred income taxes on a net basis by tax jurisdiction. The Company has established valuation allowances related to certain domestic and foreign deferred tax assets on deductible temporary differences, tax losses, and tax credit carryforwards. The valuation allowance at year-end 2022 2023 was \$8,983,000, \$7,829,000, consisting of \$160,000 \$68,000 in the United States and \$8,823,000 \$7,761,000 in foreign jurisdictions. The decrease in the valuation allowance in 2022 2023 of \$229,000 \$1,154,000 is related primarily to utilization of net operating losses and a decrease in unbenefited deferred tax assets from a restructuring.

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partially offset by fluctuations in foreign currency exchange rates and utilization of net operating losses, partially offset by an increase in valuation allowance associated with restructuring losses. rates. Compliance with ASC 740 requires the Company to periodically evaluate the necessity of establishing or adjusting a valuation allowance for deferred tax assets depending on whether it is more likely than not that a related tax benefit will be realized in future periods. When assessing the need for a valuation allowance in a tax jurisdiction, the Company evaluates the weight of all available evidence to determine whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As part of this evaluation,

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the Company considers its cumulative three-year history of earnings before income taxes, taxable income in prior carryback years, future reversals of existing taxable temporary differences, prudent and feasible tax planning strategies, and expected future results of operations. As of year-end 2022 2023, the Company continued to maintain maintained a valuation allowance in the United States against a portion of its state net operating loss carryforwards in the United States and a valuation allowance in certain foreign jurisdictions due to the uncertainty of future profitability in certain the state jurisdictions. As of year-end 2022, the Company maintained valuation allowances in certain foreign jurisdictions because of the uncertainty of future profitability within and those foreign jurisdictions.

At year-end 2022 2023, the Company had U.S. federal and state net operating loss carryforwards of \$1,002,000 and \$22,587,000, respectively, \$13,683,000 and foreign net operating loss carryforwards of \$51,804,000, \$46,852,000. The U.S. federal net operating loss carryforward does not expire. The state net operating loss carryforwards begin to expire in 2024 and a portion does not expire. Of the foreign net operating loss carryforwards, \$1,451,000 \$965,000 will expire in the years 2025 through 2042 2043, and the remainder do not expire. As of year-end 2022 2023, the Company also had state disallowed business interest expense carryforwards of \$71,000 and foreign tax credits of \$368,000, \$382,000, of which \$120,000 came from the acquisition of Syntron Material Handling Group, LLC and certain of its affiliates (SMH) in 2019. The disallowed business interest expense carryforward does not expire, and the foreign tax credit carryforward begins to expire in 2024. The utilization of these tax attributes is limited to the Company's future taxable income, and certain of these tax attributes are subject to an annual limitation as a result of the acquisition of SMH, which constitutes a change of ownership as defined under Internal Revenue Code Section 382. income.

At year-end 2022 2023, the Company had approximately \$248,103,000 \$284,980,000 of unremitted foreign earnings. During 2022 2023, the Company repatriated \$39,081,000 \$27,957,000 of previously taxed foreign earnings to the United States and recognized a foreign exchange loss of \$2,673,000 \$1,211,000 associated with these earnings. The Company intends to repatriate the distributable reserves of select foreign subsidiaries back to the United States and has recognized \$764,000 \$653,000 of net tax expense on the estimated repatriation amount during 2022 2023. Except for these select foreign subsidiaries, the Company intends to indefinitely reinvest \$228,972,000 \$253,469,000 of earnings of its foreign subsidiaries in order to support the current and future capital needs of their operations, including the repayment of the Company's foreign debt. The related foreign withholding taxes, which would be required if the Company were to remit these foreign earnings to the United States, would be approximately \$4,095,000. \$5,190,000.

The Company operates within multiple tax jurisdictions and could be subject to audit in those jurisdictions. Such audits can involve complex income tax issues, which may require an extended period of time to resolve and may cover multiple years. In management's opinion, adequate provisions for income taxes have been made for all years subject to audit.

As of year-end 2022, 2023, the Company had a liability of \$10,354,000 \$11,212,000 for unrecognized tax benefits which, if recognized, would reduce the effective tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Unrecognized Tax Benefits, Beginning of Year	Unrecognized Tax Benefits, Beginning of Year	\$ 9,731	\$8,337			
Gross Increases—Tax Positions in Prior Periods	Gross Increases—Tax Positions in Prior Periods	2,116	2,409			
Gross Decreases—Tax Positions in Prior Periods	Gross Decreases—Tax Positions in Prior Periods	(138)	(2,182)			
Gross Increases—Current-period Tax Positions	Gross Increases—Current-period Tax Positions	1,260	1,920			
Gross Increases—Current-Period Tax Positions Settlements	Gross Increases—Current-Period Tax Positions Settlements					
Lapses of Statutes of Limitations	Lapses of Statutes of Limitations	(2,251)	(649)			
Currency Translation	Currency Translation	(364)	(104)			
Unrecognized Tax Benefits, End of Year	Unrecognized Tax Benefits, End of Year	\$10,354	\$9,731			

A portion of the unrecognized tax benefits generated in 2022, 2023 is offset by deferred tax assets in the accompanying consolidated balance sheet. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company has accrued \$2,017,000 at year-end 2023 and \$1,806,000 at year-end 2022 and \$1,704,000 at year-end 2021 for the potential payment of interest and penalties. The interest and penalties included in the accompanying consolidated statement of income was an expense of \$120,000 in 2023 and a benefit of \$333,000 in 2022 and \$129,000 in 2021, 2022.

The Company is currently under audit in four certain of its foreign tax jurisdictions. During 2021, the Company finalized its examination with the Internal Revenue Service for the tax years 2017 and 2018 with no material adjustments. It is reasonably possible that over the next fiscal year the amount of liability for unrecognized tax benefits may be reduced by up to \$122,000 \$413,000 primarily from the expiration of tax statutes of limitations.

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The Company remains subject to U.S. federal income tax examinations for the tax years 2019 through 2022, 2023, and to non-U.S. income tax examinations for the tax years 2015 through 2022, 2023. In addition, the Company remains subject to state and local income tax examinations in the United States for the tax years 2003 through 2022, 2023.

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6. Short- and Long-Term Obligations

Short- and long-term obligations are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	(In thousands)	December 30, 2023	December 31, 2022
Revolving Credit Facility, due 2027	Revolving Credit Facility, due 2027	\$186,131	\$250,267			
Senior Promissory Notes, due 2023 to 2028		10,000	10,000			
Finance Leases, due 2023 to 2026		1,940	1,610			
Other Borrowings, due 2023 to 2028		3,090	7,637			
Senior Promissory Notes, due 2024 to 2028						
Finance Leases, due 2024 to 2026						
Other Borrowings, due 2024 to 2028						
Total	Total	201,161	269,514			
Less: Short-Term Obligations and Current Maturities of Long-Term Obligations	Less: Short-Term Obligations and Current Maturities of Long-Term Obligations	(3,821)	(5,356)			
Long-Term Obligations	Long-Term Obligations	\$197,340	\$264,158			

See [Note 11, 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

On November 30, 2022, the Company entered into a sixth amendment to its unsecured multi-currency revolving credit facility, originally entered into on March 1, 2017 (as amended and restated to date, the Credit Agreement). Among other things, this amendment extended the maturity date to November 30, 2027, and increased the uncommitted, unsecured incremental borrowing facility from \$150,000,000 to \$200,000,000. Pursuant to the Credit Agreement, the Company has a borrowing capacity of \$400,000,000 and interest on borrowings outstanding accrues and is payable in arrears calculated at one of the following rates selected by the Company: (i) the Base Rate, as defined, plus a margin of 0% to 1.25%, or (ii) Eurocurrency Rate, Term SOFR (plus a 10 basis point credit spread adjustment), CDOR Rate, and RFR, as applicable and defined, plus a margin of 1.0% to 2.25%. The margin is determined based upon the ratio of the Company's total debt, net of unrestricted cash up to \$50,000,000, to earnings before interest, taxes, depreciation, and amortization as defined in the Credit Agreement. Additionally, the Credit Agreement requires the payment of a commitment fee payable in arrears on the available borrowing capacity under the Credit Agreement, which ranges from 0.125% to 0.350%.

Obligations under the Credit Agreement may be accelerated upon the occurrence of an event of default, which includes customary events of default under such financing arrangements. In addition, the Credit Agreement contains negative covenants applicable to the Company and its subsidiaries, including financial covenants requiring the Company to maintain a maximum consolidated leverage ratio of 3.75 to 1.00, or, if the Company elects, for the quarter during which a material acquisition occurs and for the three fiscal quarters thereafter, 4.25 to 1.00, and limitations on making certain restricted payments (including dividends and stock repurchases).

Loans under the Credit Agreement are guaranteed by certain domestic subsidiaries of the Company.

At year-end **2022**, **2023**, the outstanding balance under the Credit Agreement was **\$186,131,000**, **\$98,761,000**, which included **\$73,131,000** **\$75,761,000** of euro-denominated borrowings primarily used to fund the Company's acquisitions in 2021. The Company had **\$214,061,000** **\$301,143,000** of borrowing capacity available at year-end **2022**, **2023**, 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 5.24% as of year-end 2023 and 4.33% as of year-end 2022 and 1.50% as of year-end 2021, 2022.

See [Note 10](#), Derivatives, under the heading *Interest Rate Swap Agreement*, for information relating to the Company's swap agreement, agreement, which matured on June 30, 2023.

Senior Promissory Notes

In 2018, the Company entered into an uncommitted, unsecured Multi-Currency Note Purchase and Private Shelf Agreement (Note Purchase Agreement). Simultaneous with the execution of the Note Purchase Agreement, the Company issued senior promissory notes (Initial Notes) in an aggregate principal amount of \$10,000,000, with a per annum interest rate of 4.90% payable semiannually, and a maturity date of December 14, 2028. The Company is required to prepay a

portion of the principal of the Initial Notes beginning on December 14, 2023 and each year thereafter, and may optionally prepay the principal on the Initial Notes, together with any prepayment premium, at any time in accordance with the Note Purchase Agreement. At year-end 2022, \$1,670,000 was included in current maturities of long-term obligations in the accompanying consolidated balance sheet related to this obligation. The obligations of the Initial Notes may be accelerated

upon an event of default as defined in the Note Purchase Agreement, which includes customary events of default under such financing arrangements.

The Initial Notes are *pari passu* with the Company's indebtedness under the Credit Agreement, and any other senior debt, subject to certain specified exceptions, and participate in a sharing agreement with respect to the obligations of the Company and its subsidiaries under the Credit Agreement. The Initial Notes are guaranteed by certain of the Company's domestic subsidiaries.

Debt Compliance

At year-end 2022, 2023, the Company was in compliance with the covenants related to its debt obligations.

Finance Leases

The Company's finance leases primarily relate to contracts for vehicles. See [Note 9](#), Leases, for further information relating to the Company's finance leases.

Other Borrowings

Prior to August 2022, At year-end 2023, other borrowings included a sale-leaseback financing arrangement for a manufacturing facility in Germany. This arrangement provided for a fixed price purchase option of the facility from the landlord at the end of the lease term in August 2022. The Company exercised this option and acquired the facility from the landlord for 2,722,000 euros, or approximately \$2,730,000. The Company applied its outstanding loan receivable due from the landlord of 1,393,000 euros, or approximately \$1,397,000, towards the purchase of the facility.

At year-end 2022, other borrowings included \$665,000 \$556,000 of short-term obligations and \$1,920,000 \$1,439,000 of long-term debt obligations outstanding assumed in the acquisition of Clouth, which have maturity dates ranging from 2023 2026 to 2028 and interest rates of up to 1.70%.

Annual Repayment Requirements

The following schedule presents the annual repayment requirements for the Company's short-and long-term obligations, excluding finance leases, as of year-end 2022, 2023.

(In thousands)	(In thousands)	(In thousands)	Total
2023	\$	2,840	
2024	2024	2,205	
2025	2025	2,210	
2026	2026	2,104	
2027	2027	188,136	
2028	2028	1,726	
		\$199,221	
	\$		
	=		
	\$		
	=		
	\$		
	=		

7. Commitments and Contingencies

Letters of Credit and Bank Guarantees

Outstanding letters of credit and bank guarantees issued on behalf of the Company, principally relating to performance obligations and customer deposit guarantees, totaled \$32,533,000 \$23,403,000 at year-end 2022, 2023. Certain of the Company's contracts require the Company to provide a standby letter of credit or bank guarantee to a customer as beneficiary, limited in amount to a negotiated percentage of the total contract value, in order to guarantee warranty and performance obligations of the Company under the contract. Typically, these standby letters of credit and bank guarantees expire without being drawn by the beneficiary.

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 noninterest-bearing 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

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scheduled maturity dates. The Company had \$9,090,000 at year-end 2023 and \$11,238,000 at year-end 2022 and \$9,593,000 at year-end 2021 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.

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Contingencies

In the ordinary course of business, the Company is, at times, required to issue limited performance guarantees, some of which do not require the issuance of letters of credit to customers in support of these guarantees, relating to its equipment and systems. The Company generally limits its liability under these guarantees to amounts typically capped at 10% or less of the value of the contract. The Company believes that it has adequate reserves for any potential liability in connection with such guarantees.

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.

8. Gain on Sale and Other Costs, Items, Net

A summary The components of the items included in gain on sale and other costs, items, net is are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Gain on Sale of Assets	Gain on Sale of Assets	\$(20,190)	\$(515)	\$ —				
Other Income								
Relocation Costs								
Restructuring Costs								
Impairment Costs	Impairment Costs	731	804	1,861				
Restructuring Costs		603	176	1,118				
		\$(18,856)	\$ 465	\$2,979				
	\$							

Gain on Sale of Assets

The Company entered into several agreements with the local government in China to sell the 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 (China Transaction). The agreements became effective in the first quarter of 2022 after a 31% down payment was received, including 25% in 2021 and 6% in the first quarter of 2022, and a land use right in a new location was secured. As a result, the Company recognized a gain on the China Transaction of \$20,190,000, or \$15,143,000, net of deferred taxes of \$5,047,000, in the first quarter of 2022. A receivable of \$16,082,000 was recognized for the present value of the remaining amount of the sale proceeds, which is due the earlier of when the government sells the property or within two years from the effective date of the agreements. The receivable outstanding at December 31, 2022 was \$15,181,000 and is included in other long-term assets in the consolidated balance sheet. The subsidiary, which is part of the Industrial Processing segment, will continue relocated to occupy its current facility until construction of its new facility is complete, which is expected in during the third quarter of 2023.

A summary of the change in the outstanding receivable on the China Transaction is as follows:

(In thousands)	December 31, 2022Total
Balance at Inception	\$ 17,294
Present value discount	(1,212)
Receivable recorded, net	16,082
Accretion of interest income	422
Currency translation	(1,323)
Balance at End December 31, 2022 (included in other assets)	15,181
Accretion of Year interest income	545
Currency translation	(316)
Balance at December 30, 2023 (included in other current assets)	\$ 15,18115,410

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In 2021, gain on sale of assets included \$515,000 related to a gain on the sale of a building in Theodore, Alabama, within the Company's Industrial Processing segment for net cash proceeds of \$1,634,000. The building was vacated as part

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of the Company's 2017 restructuring plan to consolidate three of its stock-preparation operations into a single new facility, which was completed in 2018.

Other Items, Net

Impairment Other Income and Restructuring Relocation Costs

During 2022, In 2023, in connection with the China Transaction, the Company recorded impairment recognized income of \$841,000 from outsourcing the demolition and cleanup of the then existing manufacturing building in China and sale of the remaining fixed assets. In addition, the Company incurred costs of \$731,000 and restructuring costs of \$35,000 within its Industrial Processing segment. The impairment costs included \$549,000 primarily \$798,000 related to the write-down relocation of inventory at the Company's business in Russia machinery and \$182,000 related to the write-down of certain fixed assets that will not be moved equipment and administrative offices to the new manufacturing facility in China. facility.

During the fourth quarter of 2021, the Company initiated aRestructuring and Impairment Costs

The Company's restructuring plan plans within its Flow Control Segment Segment are as follows:

2023 Restructuring Plans

- The Company incurred restructuring and impairment costs of \$400,000 in 2023 related to consolidating a small manufacturing operation into a larger facility in Germany. These charges consisted of severance costs of \$335,000 for the termination of 10 employees, facility and other closure costs of \$29,000, and asset-write downs of \$36,000.
- The Company incurred restructuring costs of \$366,000 related to the termination of a contract at one of its operations in Germany. The Company does not expect to incur additional costs related to its 2023 restructuring plans.

2021 Restructuring Plan

- The Company incurred restructuring costs of \$568,000 in 2022 and \$176,000 in 2021 related to its plan to eliminate a redundant ceramic blade manufacturing operation that resulted from its acquisition of Clouth. The plan in France. These charges consisted of severance costs related to for the termination of five employees and facility and other closure costs. Severance costs totaled \$381,000, of which \$205,000 were recorded in 2022 and \$176,000 in 2021, and facility and other closure costs totaled \$363,000, all of which were recorded in 2022. During 2021, the Company also recorded asset impairment charges related this restructuring plan of \$499,000 for the write-down of an intangible asset, \$226,000 for the write-down of certain machinery and equipment, and \$79,000 for the write-down of a ROU asset.

The Company does not expect to incur additional restructuring charges related to this restructuring plan.

During 2020, the Company also recorded restructuring costs totaling \$1,118,000, representing severance of \$35,000 and impairment costs of \$659,000 for 34 employees \$731,000 within its Flow Control segment, \$277,000 for 26 employees in its Industrial Processing segment during 2022. The impairment costs included \$549,000 primarily related to the write-down of inventory from the Company's operations in Russia and \$182,000 for four employees in its Material Handling segment. The Company also reduced its workforce by 21 employees in its Industrial Processing segment with no associated severance costs. The Company took these cost-containment actions to reduce payroll-related overhead and operating costs in response related to the slowdown write-down of certain fixed assets that were not moved to the new manufacturing facility in China as part of the global economy, largely driven by the COVID-19 pandemic. China Transaction.

A summary of the changes in accrued restructuring costs included in other current liabilities in the accompanying consolidated balance sheet, which are expected to be paid in 2023, the first half 2024, are as follows:

(In thousands)	Severance Costs	Facility and Other Closure Costs	Total
2021 Restructuring Plan			
Provision	\$ 176	\$ —	\$ 176
Usage	(19)	—	(19)
Currency translation	(1)	—	(1)
Balance at January 1, 2022	156	—	156
Provision	205	398	603
Usage	(159)	(231)	(390)
Currency translation	(13)	33	20
Balance at December 31, 2022	\$ 189	\$ 200	\$ 389
2020 Restructuring Plan			
Provision	\$ 1,118	\$ —	\$ 1,118
Usage	(1,052)	—	(1,052)
Currency translation	(5)	—	(5)
Balance at January 2, 2021	61	—	61
Usage	(61)	—	(61)
Balance at January 1, 2022	\$ —	\$ —	\$ —

During the fourth quarter of 2020, due to the continued and anticipated decline in demand for the Company's timber-harvesting business' products, the Company performed a quantitative analysis of the recoverability of the related intangible assets in which the income approach discounted cash flow methodology was used. As a result of this analysis, the Company determined that the fair values of the timber-harvesting product line's definite-lived intangible assets related to customer relationships, product technology and tradename were less than their carrying values, and therefore recorded additional impairment charges totaling \$1,861,000 in 2020 following \$2,336,000 of impairment charges recognized in 2019.

(In thousands)	Severance Costs	Contract Termination Costs	Facility and Other Closure Costs	Total
2023 Restructuring Plans				
Provision	\$ 335	\$ 366	\$ 29	\$ 730
Usage	(138)	(63)	(29)	(230)
Currency translation	4	10	—	14
Balance at December 30, 2023	\$ 201	\$ 313	\$ —	\$ 514
2021 Restructuring Plan				
Provision	\$ 176	\$ —	\$ —	\$ 176
Usage	(19)	—	—	(19)
Currency translation	(1)	—	—	(1)
Balance at January 1, 2022	156	—	—	156
Provision	205	—	398	603
Usage	(159)	—	(231)	(390)
Currency translation	(13)	—	33	20
Balance at December 31, 2022	189	—	200	389
Usage	(187)	—	(199)	(386)
Currency translation	(2)	—	(1)	(3)
Balance at December 30, 2023	\$ —	\$ —	\$ —	\$ —

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9. Leases

The Company enters into operating and finance lease commitments primarily for its manufacturing and office space, vehicles, and equipment that expire on various dates over the next 12 11 years, some of which include one or more options to extend the lease for up to 5 five years. In addition, the Company leases land associated with certain of its buildings in Canada and China under long-term leases expiring in 2032 to 2071. The lease in Canada also includes an assumed option to extend the term for up to 10 years.

The components of lease expense are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021
Operating Lease Cost		\$ 5,870	\$ 5,895	\$ 5,602
(In thousands)				
(In thousands)				
Operating Lease Cost (a)				
Operating Lease Cost (a)				
Operating Lease Cost (a)				
Short-Term Lease Cost				
Short-Term Lease Cost				
Short-Term Lease Cost	Short-Term Lease Cost	697	674	671
Finance Lease Cost:	Finance Lease Cost:			
Finance Lease Cost:				
Finance Lease Cost:				
ROU asset amortization				
ROU asset amortization				
ROU asset amortization	ROU asset amortization	1,026	1,045	1,157
Interest on lease liabilities	Interest on lease liabilities	52	46	74
Interest on lease liabilities				
Interest on lease liabilities				
Total Finance Lease Cost				
Total Finance Lease Cost				
Total Finance Lease Cost	Total Finance Lease Cost	1,078	1,091	1,231
Total Lease Costs	Total Lease Costs	\$ 7,645	\$ 7,660	\$ 7,504
Total Lease Costs				
Total Lease Costs				

(a) Includes variable lease costs of \$961,000 in 2023, \$478,000 in 2022, and \$670,000 in 2021.

Supplemental cash flow information related to leases is as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021
(In thousands)				
(In thousands)				
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:				
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:				
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	Cash Paid for Amounts Included in the Measurement of Lease Liabilities:			

Operating cash flows from operating leases	Operating cash flows from operating leases	\$	6,159	\$	12,474	\$	5,782
Operating cash flows from operating leases							
Operating cash flows from operating leases							
Operating cash flows from finance leases	Operating cash flows from finance leases	\$	51	\$	46	\$	74
Operating cash flows from finance leases							
Operating cash flows from finance leases							
Financing cash flows from finance leases							
Financing cash flows from finance leases							
Financing cash flows from finance leases	Financing cash flows from finance leases	\$	1,002	\$	1,044	\$	1,139
ROU Assets Obtained in Exchange for Lease Obligations:							
ROU Assets Obtained in Exchange for Lease Obligations:							
ROU Assets Obtained in Exchange for Lease Obligations:							
Operating leases							
Operating leases							
Operating leases	Operating leases	\$	4,002	\$	7,247	\$	2,560
Finance leases	Finance leases	\$	1,468	\$	1,147	\$	622
Finance leases							
Finance leases							

Supplemental balance sheet information related to leases is as follows:

(In thousands)	(In thousands)	Balance Sheet Line Item	December 31, 2022		January 1, 2022	
(In thousands)						
(In thousands)						
Operating Leases:	Operating Leases:					
Operating Leases:						
Operating Leases:						
ROU assets	ROU assets	Other current assets	\$	—	\$	2,341
ROU assets	ROU assets	Other assets		22,642		24,998
ROU assets						
Total operating lease assets						
Total operating lease assets						
Total operating lease assets	Total operating lease assets		\$	22,642	\$	27,339
Short-term liabilities	Short-term liabilities	Other current liabilities	\$	4,458	\$	4,596
Short-term liabilities						
Short-term liabilities						
Long-term liabilities	Long-term liabilities	Other long-term liabilities		17,817		19,959
Long-term liabilities						
Long-term liabilities						
Total operating lease liabilities						
Total operating lease liabilities						
Total operating lease liabilities	Total operating lease liabilities		\$	22,275	\$	24,555
Finance Leases:	Finance Leases:					

Finance Leases:				
Finance Leases:				
ROU assets, at cost				
ROU assets, at cost				
ROU assets, at cost	ROU assets, at cost	Property, plant, and equipment, at cost	\$ 3,901	\$ 4,076
ROU assets accumulated amortization	ROU assets accumulated amortization	Accumulated depreciation and amortization	(1,994)	(2,489)
ROU assets accumulated amortization				
ROU assets accumulated amortization				
ROU assets, net				
ROU assets, net				
ROU assets, net	ROU assets, net	Property, plant, and equipment, net	\$ 1,907	\$ 1,587
Short-term obligations	Short-term obligations	Short-term obligations and current maturities of long-term obligations	\$ 981	\$ 862
Short-term obligations				
Short-term obligations				
Long-term obligations				
Long-term obligations				
Long-term obligations	Long-term obligations	Long-term obligations	959	748
Total finance lease liabilities	Total finance lease liabilities		\$ 1,940	\$ 1,610
Total finance lease liabilities				
Total finance lease liabilities				

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		December 31, 2022		January 1, 2022
Weighted Average Remaining Lease Term				
(in years):				
Weighted Average Remaining Lease Term (in years):				
Weighted Average Remaining Lease Term (in years):				
Operating leases	Operating leases	8.0		8.7
Operating leases				
Operating leases				
Finance leases				
Finance leases				
Finance leases	Finance leases	2.2		2.1
Weighted Average Discount Rate:				
Weighted Average Discount Rate:				
Operating leases				
Operating leases				
Operating leases	Operating leases	3.88	%	3.82
Finance leases	Finance leases	3.79	%	2.55

Finance leases
Finance leases

As of **December 31, 2022** December 30, 2023, future lease payments for lease liabilities are as follows:

		Operating	Finance
		Operating	
		Operating	
		Operating	
(In thousands)	(In thousands)	Leases	Leases
2023		\$ 5,220	\$ 1,036
(In thousands)			
(In thousands)			
2024			
2024			
2024	2024	4,247	685
2025	2025	3,086	301
2025			
2025			
2026			
2026			
2026	2026	2,312	3
2027	2027	1,989	—
2028 and Thereafter		9,338	—
2027			
2027			
2028			
2028			
2028			
2029 and Thereafter			
2029 and Thereafter			
2029 and Thereafter			
Total Future Lease Payments			
Total Future Lease Payments			
Total Future Lease Payments	Total Future Lease Payments	26,192	2,025
Less: Imputed Interest	Less: Imputed Interest	(3,917)	(85)
Less: Imputed Interest			
Less: Imputed Interest			
Present Value of Lease Payments	Present Value of Lease Payments	\$ 22,275	\$ 1,940
Present Value of Lease Payments			
Present Value of Lease Payments			

As of **December 31, 2022** December 30, 2023, the Company had no significant operating and finance leases that had not yet commenced.

10. Derivatives

Interest Rate Swap Agreement

In 2018, the Company entered into an interest rate swap agreement (2018 Swap Agreement) with Citizens Bank to hedge its exposure to movements in USD LIBOR on its U.S. dollar-denominated debt. The 2018 Swap Agreement, **has which had** a \$15,000,000 notional value, **and expires** **matured** on June 30, 2023. **On Prior to the maturity of the 2018 Swap Agreement, on** a quarterly basis, the Company **receives received** three-month USD LIBOR, which **is was** subject to a zero percent floor, and **pays paid** a fixed rate of interest of 3.15% plus an applicable margin as defined in the Credit Agreement.

The Company **had** designated its 2018 Swap Agreement as a cash flow hedge and structured it to be 100% effective. Unrealized gains and losses related to the fair value of the 2018 Swap Agreement **are were** recorded to AOCI, net of tax. **In the event of early termination, the Company will receive from or pay to the counterparty the fair value of the**

The counterparty to the 2018 Swap Agreement could demand an early termination of that agreement if the Company were to be in default under the Credit Agreement, or any agreement that amends or replaces the Credit Agreement in which the counterparty is a member, and if it were to be unable to cure the default. See [Note 6](#), Short- and Long-Term Obligations, for further details.

The Company uses forward currency-exchange contracts that generally have maturities of twelve months or less to hedge exposures resulting from fluctuations in currency exchange rates. Such exposures result from assets and liabilities that are denominated in currencies other than the functional currencies of the Company's subsidiaries.

Forward currency-exchange contracts that hedge forecasted accounts receivable or accounts payable are designated as cash flow hedges and unrecognized gains and losses are recorded to AOCI, net of tax. Deferred gains and losses are recognized in the statement of income in the period in which the underlying transaction occurs. The fair values of forward currency-exchange contracts that are designated as fair value hedges and forward currency-exchange contracts that are not designated as hedges are recognized currently in earnings.

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Gains and losses reported within SG&A expenses in the accompanying consolidated statement of income associated with the Company's forward currency-exchange contracts that were not designated as hedges were not material in 2023, 2022, 2021, and 2020, 2021.

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The following table summarizes the fair value of derivative instruments in the accompanying consolidated balance sheet:

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Derivatives Not Designated as Hedging Instruments:				
Derivatives Not Designated as Hedging Instruments:				
Derivatives Not Designated as Hedging Instruments:	Derivatives Not Designated as Hedging Instruments:			
Derivatives in an Asset Position:	Derivatives in an Asset Position:	Derivatives in an Asset Position:		
Forward currency-exchange contracts	Forward currency-exchange contracts	Other Current Assets	\$ 15	\$ 647
			\$ 14	\$ 1,200

- (a) See [Note 11](#), Fair Value Measurements and Fair Value of Financial Instruments, for the fair value measurements relating to these financial instruments.
- (b) The year-end [2022](#) [2023](#) notional amounts are indicative of the level of the Company's recurring derivative activity during the year.

The following table summarizes the activity in AOCI associated with the Company's derivative instruments designated as cash flow hedges as of and for the year ended [December 31, 2022](#) [December 30, 2023](#):

(In thousands)	Interest Rate Swap Agreements	Forward Currency-Exchange Contracts	Total
Unrealized Loss, Net of Tax, at January 1, 2022	\$ (429)	\$ (33)	\$ (462)
Loss reclassified to earnings (a)	158	—	158
Gain (loss) recognized in AOCI	370	(8)	362
Unrealized Gain (Loss), Net of Tax, at December 31, 2022	\$ 99	\$ (41)	\$ 58

(In thousands)	Interest Rate Swap Agreement	Forward Currency-Exchange Contract	Total
Unrealized Gain (Loss), Net of Tax, at December 31, 2022	\$ 99	\$ (41)	\$ 58
Gain reclassified to earnings (a)	(99)	—	(99)
Gain recognized in AOCI	—	3	3
Unrealized Loss, Net of Tax, at December 30, 2023	\$ —	\$ (38)	\$ (38)

- (a) See [Note 14](#), Accumulated Other Comprehensive Items, for the income statement classification.

At year-end [2022](#) [2023](#), the Company expects to reclassify gains losses of [\\$58,000](#) [\\$38,000](#) from AOCI to earnings over the next twelve months based on [the estimated cash flows of the 2018 Swap Agreement and](#) the maturity date of the forward currency-exchange contract.

11. 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.

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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 December 31, 2022						Fair Value as of December 30, 2023					
	Level										
(In thousands)	(In thousands)	Level 1	Level 2	3	Total	(In thousands)	Level 1	Level 2	Level 3	Total	

Forward currency-exchange contracts (c)	\$	—	\$	44	\$—	\$	44
Forward currency-exchange contract							

- (a) Included in accounts receivable in the accompanying consolidated balance sheet.
- (b) Represents derivative instruments not designated as hedging instruments.
- (c) Represents derivative instruments designated as hedging instruments. The 2018 Swap Agreement matured on June 30, 2023.

The Company uses the market approach technique to value its financial assets and liabilities, and there were no changes in valuation techniques during 2022, 2023. 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 fair values of the forward currency-exchange contracts are based on quoted forward foreign exchange rates at the reporting date. The fair value of the 2018 Swap Agreement is was based on USD LIBOR yield curves at the reporting date. The forward currency-exchange contracts and the 2018 Swap Agreement are prior to its maturity were hedges of either recorded assets or liabilities or anticipated transactions and represent the estimated amount the Company would receive or pay upon liquidation of the contracts. Changes in values of the underlying hedged assets and liabilities or anticipated transactions are not reflected in the table above.

The carrying value and fair value of the Company's debt obligations, excluding lease obligations, are as follows:

		December 31, 2022		January 1, 2022			December 30, 2023			December 31, 2022	
(In thousands)	(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value		Carrying Value	Fair Value		Carrying Value	Fair Value
Debt	Debt										
Obligations:	Obligations:										
Revolving credit facility	Revolving credit facility	\$186,131	\$186,131	\$250,267	\$250,267						
Revolving credit facility											
Revolving credit facility											
Senior promissory notes	Senior promissory notes	10,000	9,773	10,000	10,947						
Other	Other	3,090	3,090	4,331	4,331						
		<u>\$199,221</u>	<u>\$198,994</u>	<u>\$264,598</u>	<u>\$265,545</u>						
		\$									

The carrying value of the 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 values of the senior promissory notes are primarily calculated based on quoted market rates plus an applicable margin available to the Company at the respective period ends, which represent Level 2 measurements.

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12. Business Segment and Geographical Information

The Company has combined its operating entities into three reportable operating segments: Flow Control, Industrial Processing, and Material Handling. The Flow Control segment consists of the fluid-handling and doctoring, cleaning, & filtration product lines; the Industrial Processing segment consists of the wood processing and stock-preparation product lines; and the Material Handling segment consists of the conveying and vibratory, baling, and fiber-based product lines. A description of each segment follows.

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- 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, tissue, food, metals, and 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 and process timber for use in the packaging, tissue, wood products and alternative fuel industries, among others. The Company's primary products include stock-preparation systems and recycling equipment, chemical pulping equipment, debarkers, stranders, chippers, and logging machinery. chippers. In addition, the Company provides industrial automation and digitization solutions to process industries.

- **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 applications and for oil and grease absorption.

The following table presents financial information for the Company's reportable operating segments:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Revenue	Revenue							
Flow Control (a)								
Flow Control (a)								
Flow Control (a)	Flow Control (a)	\$ 349,107	\$ 288,788	\$225,444				
Industrial Processing	Industrial Processing	353,698	328,762	261,577				
Material Handling (b)	Material Handling (b)	201,934	169,029	148,007				
		<u>\$ 904,739</u>	<u>\$ 786,579</u>	<u>\$635,028</u>				
Income Before Provision for Income Taxes	Income Before Provision for Income Taxes							
Flow Control (a,c)		\$ 89,942	\$ 65,509	\$ 51,530				
Flow Control (c)								
Industrial Processing (d)	Industrial Processing (d)	89,754	66,569	42,971				
Material Handling (b,e)		27,644	17,543	14,375				
Material Handling (e)								
Corporate (f)	Corporate (f)	(36,058)	(32,911)	(27,752)				
Total operating income	Total operating income	171,282	116,710	81,124				
Interest expense, net (g)	Interest expense, net (g)	(5,574)	(4,554)	(7,242)				
Other expense, net (g)	Other expense, net (g)	(72)	(104)	(195)				
		<u>\$ 165,636</u>	<u>\$ 112,052</u>	<u>\$ 73,687</u>				
Total Assets (h)	Total Assets (h)							
Flow Control (a)		\$ 386,804	\$ 382,379	\$263,141				
Flow Control								
Flow Control								
Flow Control								
Industrial Processing	Industrial Processing	419,095	405,575	379,965				
Material Handling (b)		336,492	334,785	273,909				
Material Handling								

Corporate (i)	Corporate (i)	7,490	9,473	10,556	
		\$1,149,881	\$1,132,212	\$927,571	
		\$			
Depreciation and Amortization	Depreciation and Amortization				Depreciation and Amortization
Flow Control (a)		\$ 9,179	\$ 8,366	\$ 6,333	
Flow Control					
Industrial Processing	Industrial Processing	12,575	13,467	13,163	
Material Handling (b)		13,085	12,341	11,628	
Material Handling					
Corporate					
		\$			
Capital Expenditures					Capital Expenditures
Flow Control					
Industrial Processing (j)					
Material Handling					
Corporate	Corporate	97	128	210	
		\$ 34,936	\$ 34,302	\$ 31,334	

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(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022
Capital Expenditures								
Flow Control (a)		\$ 4,425	\$ 4,128	\$ 2,808				
Industrial Processing (j)		20,137	6,412	3,123				
Material Handling (b)		3,575	2,211	1,539				
Corporate		62	20	125				
		\$ 28,199	\$ 12,771	\$ 7,595				
Geographical Information	Geographical Information				Geographical Information			
Revenue (k):	Revenue (k):				Revenue (k):			
United States (b)		\$404,835	\$328,456	\$286,015				
United States								
China								
Canada	Canada	87,951	79,426	62,059				
China		85,500	82,121	51,003				
Germany (a)		45,994	37,178	23,292				
Germany								
Other								
Other								

Other	Other	280,459	259,398	212,659
		<u>\$904,739</u>	<u>\$786,579</u>	<u>\$635,028</u>
Long-lived Assets (l):	Long-lived Assets (l):	Long-lived Assets (l):		
United States (b)	United States (b)	\$ 47,483	\$ 43,418	\$ 40,293
China (j)				
Germany				
Finland				
Canada	Canada	8,344	8,460	7,221
China (j)		15,834	6,613	9,844
Germany (a)		22,437	25,188	6,051
Other	Other	24,757	24,310	21,233
		<u>\$118,855</u>	<u>\$107,989</u>	<u>\$ 84,642</u>

- (a) Includes results from Clouth, which was acquired between July 19, 2021 and August 10, 2021 (see [Note 2](#), Acquisitions).
- (b) Includes results from Balemaster, which was acquired on August 23, 2021 (see [Note 2](#), Acquisitions).
- (c) Includes **restructuring and impairment costs of \$766,000, \$568,000 and \$980,000 in 2023, 2022 and 2021, respectively.** Includes acquisition-related expenses of \$254,000 and \$6,191,000 in 2022 and 2021, respectively. Acquisition-related expenses include acquisition costs and amortization expense associated with acquired profit in inventory and backlog. Includes non-cash charges for the write-off of indemnification assets of \$741,000 in 2022. **Includes impairment and restructuring costs of \$568,000, \$980,000 and \$659,000 in 2022, 2021 and 2020, respectively.**
- (d) **Includes other income of \$841,000, acquisition costs of \$1,066,000, and relocation costs of \$798,000 in 2023.** Includes a gain on the sale of a facility of \$20,190,000 (see [Note 8](#), Gain on Sale and Other **Costs, Items, Net**), non-cash charges for the write-off of an indemnification asset of \$575,000 and **impairment restructuring and restructuring impairment** costs of \$766,000 in 2022. **Includes Includes** a gain on the sale of a building of \$515,000 and acquisition-related expenses of \$223,000 in 2021. **Includes acquisition-related expenses of \$679,000 and impairment and restructuring costs of \$2,138,000 in 2020.**
- (e) Includes acquisition-related expenses of **\$376,000, \$899,000 and \$2,851,000 in 2023, 2022 and \$350,000 2021, respectively.** Includes a non-cash charge for the write-off of **an indemnification asset of \$126,000 in 2022, 2021 and 2020, respectively, 2023.**
- (f) **Represents** Primarily consists of general and administrative expenses.
- (g) The Company does not allocate interest **expense, net** and other expense, net to its segments.
- (h) Excludes all intercompany receivables or payables and investment in subsidiary balances.
- (i) Primarily includes cash and cash equivalents, tax assets, ROU assets, and property, plant, and equipment, net.
- (j) Includes capital expenditures of **\$7,424,000 and \$10,379,000 in 2023 and 2022, associated with respectively, related to** the construction of a **new** manufacturing facility in **China. See China (see Note 8, Gain on Sale and Other Costs, Net, Items, Net).**
- (k) Revenue is attributed to countries based on customer location.
- (l) Represents property, plant, and equipment, net.

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13. Earnings per Share

Basic and diluted EPS were calculated as follows:

(In thousands, except per share amounts)	(In thousands, except per share amounts)	December 31, 2022	January 1, 2022	January 2, 2021	(In thousands, except per share amounts)	December 30, 2023	December 31, 2022	January 1, 2022
Net Income	Net Income							
Attributable to Kadant	Attributable to Kadant	\$120,928	\$84,043	\$55,196				
Basic Weighted Average Shares								
Basic Weighted Average Shares								

Basic Weighted Average Shares	Basic Weighted Average Shares	11,654	11,579	11,482
Effect of Stock Options, Restricted Stock Units and Employee Stock Purchase Plan Shares	Effect of Stock Options, Restricted Stock Units and Employee Stock Purchase Plan Shares	34	76	82
Diluted Weighted Average Shares	Diluted Weighted Average Shares	11,688	11,655	11,564
Basic Earnings per Share	Basic Earnings per Share	\$ 10.38	\$ 7.26	\$ 4.81
Diluted Earnings per Share	Diluted Earnings per Share	\$ 10.35	\$ 7.21	\$ 4.77

The effect of outstanding and unvested RSUs of the Company's common stock totaling **17,100 shares in 2023**, 7,500 shares in 2022, **and 14,200 shares in 2021 and 22,900 shares in 2020** was 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 reporting periods.

14. 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 consolidated balance sheet.

Changes in each component of AOCI, net of tax, are as follows:

(In thousands)	(In thousands)	Foreign Currency Translation Adjustment	Pension and Other Post-Retirement Benefit Liability Adjustments	Deferred Gain (Loss) on Cash Flow Hedges	Total	(In thousands)	Foreign Currency Translation Adjustment	Pension and Other Post-Retirement Benefit Liability Adjustments	Deferred Gain (Loss) on Cash Flow Hedges	Total
Balance at January 1, 2022		\$(29,096)	\$ (792)	\$ (462)	\$(30,350)					
Balance at December 31, 2022										
Other comprehensive items before reclassifications	Other comprehensive items before reclassifications	(25,392)	610	362	(24,420)					
Reclassifications from AOCI	Reclassifications from AOCI	—	34	158	192					
Net current period other comprehensive items	Net current period other comprehensive items	(25,392)	644	520	(24,228)					
Balance at December 31, 2022		\$(54,488)	\$ (148)	\$ 58	\$(54,578)					

Balance at
December 30,
2023

Amounts reclassified out of AOCI are as follows:

(In thousands)	(In thousands)	December 31, 2022	January 1, 2022	January 2, 2021	Statement of Income Line Item	(In thousands)	December 30, 2023	December 31, 2022	January 1, 2022	Statement of Income Line Item
Retirement Benefit Plans	Retirement Benefit Plans									
Recognized net actuarial loss	Recognized net actuarial loss	\$ (36)	\$ (50)	\$ (66)	Other expense, net					
Recognized net actuarial loss										Other expense, net
Recognized net actuarial loss						\$ (9)		\$ (36)		\$ (50)
Amortization of prior service cost	Amortization of prior service cost	(10)	(12)	(55)	Other expense, net					
						(9)	(10)	(10)	(12)	(12)
Total expense before income taxes										
Total expense before income taxes										
Total expense before income taxes	Total expense before income taxes	(46)	(62)	(121)		(18)	(46)	(46)	(62)	(62)
Income tax benefit										
		12	17	153	Provision for income taxes	5	12	12	17	17
		(34)	(45)	32		(13)	(34)	(34)	(45)	(45)
Cash Flow Hedges (a)	Cash Flow Hedges (a)									
Interest rate swap agreements	Interest rate swap agreements	(208)	(451)	(333)	Interest expense					
Interest rate swap agreements										Interest expense
Interest rate swap agreements						136		(208)		(451)
Forward currency- exchange contracts	Forward currency- exchange contracts	—	—	28	Cost of revenue					
Forward currency- exchange contracts	Forward currency- exchange contracts	—	157	—	SG&A expense					
Total expense before income taxes						(208)	(294)	(305)		
Income tax benefit										
		50	70	73	Provision for income taxes					
Forward currency-exchange contracts										SG&A expense
						—		—	157	
Total income (expense) before income taxes										
						136		(208)		(294)

Income tax (provision) benefit					Income tax (provision) benefit					Provision for income taxes
		(158)	(224)	(232)		(37)		50	70	
						99	(158)	(158)	(224)	(224)
Total Reclassifications	Total Reclassifications	\$ (192)	\$ (269)	\$ (200)	Total Reclassifications	\$ 86	\$	\$ (192)	\$	\$ (269)

(a) See [Note 10](#), Derivatives, for additional information.

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15. Subsequent Events

Acquisitions

On January 1, 2024, the Company acquired Key Knife, Inc. and certain of its affiliates (collectively, Key Knife) pursuant to a securities purchase agreement dated December 22, 2023, for approximately \$156,000,000 in cash, subject to certain customary adjustments. Key Knife is a global supplier of engineered knife systems for custom chipping, planing, and flaking solutions for wood products industries, with revenue of approximately \$65,000,000 for the twelve months ended September 30, 2023 and 141 employees in the United States and Canada. Key Knife is part of the Company's Industrial Processing segment.

On January 24, 2024, the Company acquired all of the outstanding equity securities of KWS Manufacturing Company, Ltd. (KWS) for approximately \$84,000,000 in cash, subject to certain customary adjustments. KWS is a leading manufacturer of conveying equipment for the bulk material handling industry, with revenue of approximately \$45,000,000 for the twelve months ended September 30, 2023 and 165 employees in the United States. KWS is part of the Company's Material Handling segment.

The Company expects several synergies in connection with these acquisitions, including expansion of product sales into new markets by leveraging Key Knife's and KWS' existing presence, strengthening of relationships and sourcing efficiencies.

The excess of the purchase price for the acquisitions over the net assets acquired will be recorded as goodwill. The Company has not yet completed its preliminary assessment of the fair value of the assets acquired and liabilities assumed in these acquisitions, including the valuation of intangible assets and goodwill, due to the proximity of the acquisitions to the issuance of these consolidated financial statements. Accordingly and as permitted by ASC 805, *Business Combinations*, the Company is unable to provide further disclosures, including the allocation of the purchase price and pro forma financial information, for these acquisitions at this time.

Borrowings Under the Credit Agreement

In January 2024, the Company borrowed \$230,000,000 in aggregate under its existing revolving credit facility, pursuant to the terms of the Credit Agreement, to fund the Key Knife and KWS acquisitions.

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Exhibit 10.21

SIXTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This SIXTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "**Sixth Amendment**"), dated as of November 30, 2022 and made by and among KADANT INC., a Delaware corporation (the "**Borrower**"), the Subsidiary Guarantors party hereto, the Foreign Subsidiary Borrowers party hereto, the several banks and other financial institutions or entities parties hereto (the "**Lenders**"), CITIZENS BANK, N.A., as administrative agent (the "**Administrative Agent**"), and CITIZENS BANK, N.A., as multicurrency administrative agent (the "**Multicurrency Administrative Agent**"; together with the Administrative Agent, the "**Agents**").

Background

The Borrower, the Subsidiary Guarantors, the Foreign Subsidiary Borrowers, the Agents and the Lenders entered into an Amended and Restated Credit Agreement dated as of March 1, 2017, as amended by that certain First Amendment dated as of May 24, 2017, that certain Limited Consent dated as of December 9, 2018, that certain Second Amendment to Amended and Restated Credit Agreement dated as of December 14, 2018, that certain Third Amendment to Amended and Restated Credit Agreement dated as of March 16, 2020, that certain Fourth Amendment to Amended and Restated Credit Agreement dated as of May 4, 2021, and that certain Fifth Amendment to Amended and Restated Credit Agreement dated as of December 9, 2021 (the "**Original Credit Agreement**"), as amended by this Sixth Amendment and as further amended, modified or supplemented from time to time, the "**Credit Agreement**".

The Borrower has requested that the Agents and the Lenders amend the Original Credit Agreement in the manner set forth herein.

Capitalized terms not defined herein shall have the meanings given such terms in the Original Credit Agreement. This Sixth Amendment constitutes a Loan Document for all purposes under the Credit Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the promises and the agreements, provisions and covenants herein contained, the Borrower, the Subsidiary Guarantors, the Foreign Subsidiary Borrowers, the Agents and the Lenders hereby agree as follows:

1. Amendments to Original Credit Agreement. Subject to the terms and conditions herein contained and in reliance on the representations and warranties of the Borrower herein contained, effective upon satisfaction of the conditions precedent contained in Section 2 below, the following amendments are incorporated into the Original Credit Agreement:

(a) The Original Credit Agreement (excluding any exhibits and schedules) is hereby amended in its entirety as set forth in the Credit Agreement attached hereto as Annex A.

(b) Exhibit B to the Original Credit Agreement (Form of Compliance Certificate) is hereby amended and restated in its entirety as attached hereto as Annex B.

(c) Exhibit 2.2(a) to the Original Credit Agreement (Notice of Borrowing of Revolving Loans) is hereby amended and restated in its entirety as attached hereto as Annex C.

(d) Schedule 1.1 to the Original Credit Agreement (Commitments) is hereby amended and restated in its entirety as attached hereto as Annex D.

(e) Schedule 4.15 to the Original Credit Agreement (Subsidiaries) is hereby amended and

restated in its entirety as attached hereto as Annex E.

The foregoing amendments are limited to those set forth herein and is not a commitment or agreement to grant any amendment in the future.

2. Conditions Precedent.

The provisions of this Sixth Amendment shall be effective as of the date on which all of the following conditions shall be satisfied:

(a) the Borrower, each Subsidiary Guarantor and each Foreign Subsidiary Borrower shall have delivered to the Agents an executed counterpart of this Sixth Amendment;

(b) the Agents and the Lenders shall have indicated their consent and agreement by executing this Sixth Amendment;

(c) the Administrative Agent shall have received (i) such certificates or resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Sixth Amendment; (ii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Loan Parties are validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and including certified copies of the Organization Documents of each Loan Party; (iii) a certificate signed by a Responsible Officer of the Borrower certifying (A) that the conditions specified in Sections 5.2(a) and (b) of the Original Credit Agreement have been satisfied, (B) that there has been no event or circumstance since December 31, 2021 that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (C) there is no pending litigation or proceeding of or before any arbitrator or Governmental Authority and, to the knowledge of the Borrower, there is no investigation or litigation, proceeding of or before any Governmental Authority threatened by or against any Group Member or against any of their respective properties or revenues (i) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby or (ii) that would reasonably be expected to have a Material Adverse Effect, and (D) any approvals required to enter into the transaction contemplated herein by any Governmental Authority or material third party have been obtained; and (iv) certificates attesting to the Solvency of the Loan Parties as a whole, from the chief financial officer of the Borrower; and

(d) the Borrower shall have paid all of the Agents' fees and expenses and all amounts due and payable under the Loan Documents.

3. Miscellaneous.

(a) Ratification. The terms and provisions set forth in this Sixth Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Original Credit Agreement and except as expressly modified and superseded by this Sixth Amendment, the terms and provisions of the Original Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. The Borrower, the Subsidiary Guarantors, the Foreign Subsidiary Borrowers, the Agents and the Lenders agree that the Original Credit Agreement as amended hereby and the other Loan

Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. For all matters arising prior to the effective date of this Sixth Amendment, the Original Credit Agreement (as unmodified by this Sixth Amendment) shall control.

(b) **Representations and Warranties.** The Borrower hereby represents and warrants to the Agents that the representations and warranties set forth in the Loan Documents, after giving effect to this Sixth Amendment, are true and correct in all material respects (or all respects to the extent already qualified by materiality or the occurrence of a Material Adverse Effect) on and as of the date hereof, with the same effect as though made on and as of such date except with respect to any representations and warranties limited by their terms to a specific date. The Borrower further represents and warrants to the Agents and the Lenders that the execution and delivery of this Sixth Amendment (i) are within the Borrower's, each Subsidiary Guarantor's and each Foreign Subsidiary Borrower's organizational power and authority; (ii) have been duly authorized by all necessary organizational action of the Borrower, each Subsidiary Guarantor and each Foreign Subsidiary Borrower; (iii) is not in contravention of any provision of the Borrower's, any Subsidiary Guarantor's or any Foreign Subsidiary Borrower's Organizational Documents; (iv) do not violate any law or regulation, or any order or decree of any Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any material indenture, mortgage, deed of trust, lease, agreement or other material instrument to which either the Borrower, any Subsidiary Guarantor or any Foreign Subsidiary Borrower is a party or by which Borrower, any Subsidiary Guarantor, any Foreign Subsidiary Borrower or any of their property is bound. All representations and warranties made in this Sixth Amendment shall survive the execution and delivery of this Sixth Amendment.

(c) **Expenses of the Agent.** As provided in the Credit Agreement, the Borrower agrees to pay all reasonable costs and expenses incurred by the Agents in connection with the preparation, negotiation, and execution of this Sixth Amendment, including without limitation, the reasonable costs and fees of the Agents' legal counsel.

(d) **Severability.** Any provision of this Sixth Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Sixth Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

(e) **Applicable Law.** This Sixth Amendment shall be governed by and construed in accordance with the laws of the State of New York.

(f) **Successors and Assigns.** This Sixth Amendment is binding upon and shall inure to the benefit of the Agents, the Lenders and the Borrower, the Subsidiary Guarantors, the Foreign Subsidiary Borrowers and their respective successors and assigns.

(g) **Counterparts.** This Sixth Amendment may be executed in one or more counterparts and on facsimile counterparts or other electronic transmission, as permitted under the Original Credit Agreement, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Sixth Amendment or to any document to be signed in connection with this Sixth Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic association of signatures and records on electronic platforms, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State

Electronic Signatures and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require Administrative Agent to accept electronic signature counterparts in any form or format and (y) Administrative Agent reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to this Sixth Amendment and the parties hereto agree to promptly deliver such manually executed counterpart signature pages.

(h) **Headings.** The headings, captions, and arrangements used in this Sixth Amendment are for convenience only and shall not affect the interpretation of this Sixth Amendment.

(i) **ENTIRE AGREEMENT.** THIS SIXTH AMENDMENT EMBODIES THE ENTIRE AGREEMENT AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER THEREOF, AND SUPERSEDES ANY AND ALL PRIOR REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF.

(j) **Acknowledgement and Reaffirmation.** Each of the Borrower, as a guarantor, and Kadant Black Clawson LLC, Kadant International Holdings LLC, Kadant Johnson LLC, Kadant Syntron Holdings, LLC, Syntron Material Handling Group, LLC, Syntron Material Handling Holdings, LLC, Syntron Material Handling Intermediate Holdings, LLC and Syntron Material Handling, LLC (collectively, the "**Subsidiary Guarantors**") and together with the Borrower, the "**Guarantors**"), hereby acknowledges the amendments effected pursuant to this Sixth Amendment and reaffirms its guaranty of the Borrower Obligations and the Foreign Subsidiary Borrower Obligations (each as defined in the Guarantee) pursuant to that certain Amended and Restated Guarantee Agreement, dated as of March 1, 2017 (as amended, supplemented or otherwise modified from time to time, the "**Guarantee**"), among the Guarantors and the Administrative Agent. Notwithstanding anything to the contrary contained in this Sixth Amendment or the Original Credit Agreement to the contrary, the Foreign Subsidiary Borrowers shall only be liable for their own Foreign Subsidiary Borrower Obligations and not for the obligations of the Borrower or the other Foreign Subsidiary Borrowers contained in the Original Credit Agreement, as amended by the Sixth Amendment or in any other Loan Document.

[Remainder of Page Intentionally Left Blank] Exhibit 2.1

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

KADANT INC.

By: /s/ Jeffrey L. Powell
Name: Jeffrey L. Powell
Title: President and CEO

KADANT U.K. LIMITED
as a Foreign Subsidiary Borrower

By: /s/ Jeffrey L. Powell
Name: Jeffrey L. Powell
Title: Director

KADANT CANADA CORP.
as a Foreign Subsidiary Borrower

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

KADANT JOHNSON EUROPE B.V.
as a Foreign Subsidiary Borrower

By: /s/ Fredrik H. Westerhout
Name: Fredrik H. Westerhout
Title: Director

SECURITIES PURCHASE AGREEMENT

Date as of December 22, 2023,

By and Among

Key Knife, Inc.,

Key Knife Canadian Investments Corporation,

Key Knife, Inc., Employee Stock Ownership Trust,

Kadant Inc.

and

Kadant Canada Corp.

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]

KADANT LUXEMBOURG S.à r.l.
as a Foreign Subsidiary Borrower

By: /s/ Thomas A. Martin
Name: Thomas A. Martin
Title: Class A Manager

By: /s/ Florence Gerardy
Name: Florence Gerardy
Title: Class B Manager

KADANT JOHNSON DEUTSCHLAND GmbH
as a Foreign Subsidiary Borrower

By: /s/ Fredrik H. Westerhout
Name: Fredrik H. Westerhout
Title: Director

KADANT CAYMAN LTD.
as a Foreign Subsidiary Borrower

By: /s/ Hazel O'Brien
Name: Hazel O'Brien
Title: Director

By: /s/ Michael Pearson
Name: Michael Pearson
Title: Director

By: /s/ Thomas A. Martin
Name: Thomas A. Martin
Title: Director

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]
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Subsidiary Guarantors:

KADANT BLACK CLAWSON LLC
By: Kadant Inc., is sole member

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

KADANT INTERNATIONAL HOLDINGS LLC
By: Kadant Inc., is sole member

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

KADANT JOHNSON LLC
By: Kadant Inc., is sole member

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

KADANT SYNTRON HOLDINGS, LLC

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

SYNTRON MATERIAL HANDLING GROUP, LLC

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]
(S-3)

SYNTRON MATERIAL HANDLING HOLDINGS, LLC

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

SYNTRON MATERIAL HANDLING INTERMEDIATE HOLDINGS, LLC

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

SYNTRON MATERIAL HANDLING, LLC

By: /s/ Orrin H. Bean
Name: Orrin H. Bean
Title: Treasurer

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]
(S-4)

CITIZENS BANK, N.A., as Administrative Agent and as a Lender

By: /s/ Robert Anastasio
Name: Robert Anastasio

Title: Senior Vice President

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

CITIZENS BANK, N.A., as Multicurrency Administrative Agent and as a Lender

By: /s/ Robert Anastasio

Name: Robert Anastasio

Title: Senior Vice President

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]

CITIZENS BANK, N.A., as a Lender

By: /s/ Robert Anastasio

Name: Robert Anastasio

Title: Senior Vice President

[Signature Page - Sixth Amendment to Amended and Restated Credit Agreement]

JPMORGAN CHASE BANK, N.A.

By: /s/ Tyler Ambrose

Name: Tyler Ambrose

Title: Authorized Officer

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WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Christopher Mandonas

Name: Christopher Mandonas
Title: Vice President

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

BANK OF AMERICA, N.A.

By: /s/ Robert C. Megan
Name: Robert C. Megan
Title: Senior Vice President

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

HSBC BANK USA, N.A.

By: /s/ Jeffrey P. Sullivan
Name: Jeffrey P. Sullivan
Title: Senior Vice President

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HSBC BANK CANADA

By: /s/ James Stuart
Name: James Stuart
Title: AVP – Team Lead

By: /s/ Santiago Carbo
Name: Santiago Carbo
Title: RM - ISB

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TD BANK, N.A.

By: /s/ Leonid Batsevitsky
Name: Leonid Batsevitsky
Title: Vice President

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

BNP PARIBAS

By: /s/ Kirk Hoffman
Name: Kirk Hoffman
Title: Managing Director

By: /s/ Monica Tilani
Name: Monica Tilani
Title: Director

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Kelsey Hehman
Name: Kelsey Hehman
Title: Assistant Vice President

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

11552395v19

Annex A

Credit Agreement

See attached.

[Signature Page -Sixth Amendment to Amended and Restated Credit Agreement]

Conformed Copy through that certain First Amendment to Amended and Restated Credit Agreement and Limited Consent, dated as of May 24, 2017, that certain Second Amendment to Amended and Restated Credit Agreement, dated as of December 14, 2018, that certain Third Amendment to Amended and Restated Credit Agreement, dated as of March 16, 2020, that certain Fourth Amendment to Amended and Restated Credit Agreement, dated as of May 3, 2021, that certain Fifth Amendment to Amended and Restated Credit Agreement, dated as of December 9, 2021, and that certain Sixth Amendment to Amended and Restated Credit Agreement dated November 30, 2022.

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\$400,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

among

KADANT INC.,

as Borrower,

The Foreign Subsidiary Borrowers, from Time to Time Parties Hereto,

The Several Lenders from Time to Time Parties Hereto,

CITIZENS BANK, N.A.,
as Administrative Agent

and

CITIZENS BANK, N.A.,
as Multicurrency Administrative Agent

Dated as of March 1, 2017

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HSBC BANK USA, NATIONAL ASSOCIATION, HSBC BANK CANADA,
TD BANK, N.A., and BANK OF AMERICA, N.A.,
as Documentation Agents

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EXHIBITS:

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H	Reserved
I	Discontinued Operations
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2.2(a)	Notice of Borrowing Revolving Loans
2.2(b)	Notice of Borrowing Multicurrency Loans

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SECURITIES PURCHASE AGREEMENT

This **AMENDED AND RESTATED CREDIT AGREEMENT** (this Securities Purchase Agreement (the “**Agreement**”), dated is entered into as of **March 1, 2017** December 22, 2023, by and among **KADANT INC.** (i) Key Knife, Inc., an Oregon corporation (the “**Company**”); (ii) Key Knife Canadian Investments Corporation, a corporation formed under the Business Corporations Act (Ontario) (the “**Key Knife Canada**”); (iii) Key Knife, Inc. Employee Stock Ownership Trust (the “**ESOT**”), acting herein through Argent Trust Company, as Trustee (“**Trustee**”) not in its corporate capacity but solely in its capacity as Trustee; (iv) Kadant Inc., a Delaware corporation (the “**Borrower US Buyer**”); and (v) Kadant Canada Corp., a corporation formed under the Nova Scotia Companies Act (the “**Canadian Buyer**” and, collectively with the US Buyer, the “**Buyer**”).

Introduction

WHEREAS, the ESOT owns all of the outstanding equity securities of the Company (the “Company Securities”), and the Foreign Subsidiary Borrowers from time to time parties hereto, Subsidiary Guarantors party hereto, Company owns all of the several banks and other financial institutions or entities from time to time parties to this Agreement outstanding equity securities of Key Knife Canada (the “Lenders Key Knife Canada Securities” and, collectively with the Company Securities, the “Purchased Securities”), CITIZENS BANK, N.A., as administrative agent, and CITIZENS BANK, N.A., as multicurrency administrative agent.;

WHEREAS, the Administrative Agent, Company sponsors and has adopted the lenders party thereto, Key Knife, Inc. Employee Stock Ownership Plan (the “ESOP”) which provides the Borrower terms and conditions by which the Foreign Subsidiary Borrowers from time ESOT allocates the Company Securities to time parties thereto have entered into financing arrangements pursuant to which such lenders have made loans and advances and provided other financial accommodations to Borrower and such Foreign Subsidiary Borrowers as set forth the benefit of the participants in the Credit Agreement, dated August 3, 2012, by and among Administrative Agent, such lenders, Borrower and such Foreign Subsidiary Borrowers, as amended by the First Amendment to Credit Agreement and Limited Consent, dated as of November 1, 2013, and Second Amendment to Credit Agreement, dated as of March 29, 2016 ESOP (the “Existing Credit Agreement”, and together with all agreements, documents and instruments at any time executed and/or delivered in connection therewith or related thereto, as from time to time amended, modified, supplemented, extended, renewed, restated or replaced, collectively, the “Existing Loan Documents ESOP Participants”);

WHEREAS, Borrower the Company has requested that appointed the Administrative Agent and Trustee as the Lenders amend and restate sole trustee of the Existing Credit Agreement and continue the existing financing arrangements with Borrower pursuant to which Lenders may make loans and provide other financial accommodations to Borrower; and ESOT;

WHEREAS, the Administrative Agent Trustee is appointed to act on behalf of the ESOP Participants and pursuant to the ESOT shall act on behalf of the ESOT in relation to the Company Securities and this Agreement;

WHEREAS, the purchase and sale of the Purchased Securities and the Lenders have agreed other transactions contemplated hereby and by the other Transaction Documents (as defined below) are sometimes collectively referred to amend and restate herein as the Existing Credit Agreement and each Lender (severally and not jointly) “Transactions”;

WHEREAS, the board of directors of the Company has agreed to make such loans and provide such other financial accommodations to Borrower on reviewed the terms and conditions set forth herein of the Agreement and the Administrative Agent Transactions and has agreed approved the same and has recommended the Transactions as in the best interests of the Company;

WHEREAS, the Canadian Buyer desires to continue purchase, and the Company desires to act as agent for sell, all of the Lenders Key Knife Canada Securities on the terms and conditions set forth herein herein; and

WHEREAS, immediately subsequent to the purchase and sale of the Key Knife Canada Securities, the US Buyer desires to purchase, and the other Loan Documents; ESOT desires to sell, all of the Company Securities on the terms set forth herein; and

WHEREAS, an index of defined terms used herein is set forth in **Article 12**.

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NOW THEREFORE, in consideration of the mutual conditions representations, warranties, covenants and agreements hereinafter set forth, herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

ARTICLE 1

PURCHASE AND SALE; CLOSING

1.1 Defined Terms Purchase and Sale. As used In reliance upon the representations and warranties contained herein, and subject to the terms and conditions hereof, at the Closing, (a) first, the Company shall sell to the Canadian Buyer, and the Canadian Buyer shall purchase from the Company, the Key Knife Canada Securities (the "Key Knife Canada Closing"); and (b) second, subsequent to consummation of the Key Knife Canada Closing and distribution of the proceeds of the Key Knife Canada Closing to the ESOT, the ESOT shall sell to the US Buyer, and the US Buyer shall purchase from the ESOT, the Company Securities (the "Key Knife US Closing" and, collectively with the Key Knife Canada Closing, the "Closing"). At the Closing, the Company, individually and on behalf of the ESOT, will deliver certificates representing the Purchased Securities to the Buyer duly endorsed for transfer and free and clear of all liens, claims, encumbrances, security interests and restrictions of any kind ("Liens"), other than restrictions on transfers under applicable securities laws.

1.2 Closing. Unless this Agreement is earlier terminated pursuant to **Section 9.1**, the Closing will take place remotely, via electronic exchange of funds and documents on the later of (a) two business days after the conditions set forth in **Article 8** are satisfied (other than those conditions which by their nature are normally satisfied at the Closing, but subject to the satisfaction of such conditions at the Closing) or waived in writing, but in no event earlier than January 1, 2024 and (b) such other date that is agreed to in writing by the Company and the Buyer (the "Closing Date"). The Closing shall be effective as of 12:01 a.m. local time on the Closing Date.

1.3 Certain Definitions; Pre-Closing Deliveries.

(a) Certain Definitions. For purposes of this Agreement, the following terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1. indicated below:

"ACH Transactions Accounting Principles": any cash management or related services (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) provided by any Lender or its Affiliates for the account of the Borrower or its Subsidiaries.

"Additional Lender": as defined in Section 2.22(c).

"Adjusted Eurocurrency Rate": as to any Loan denominated in any applicable Currency (which, means United States generally accepted accounting principles as of the date hereof ("GAAP") and, to the extent consistent with GAAP, the historical accounting practices of this Agreement, shall mean Euros) for the Company and its Subsidiaries as reflected in the most recent financial statements described in **Section 2.8(a)**, without giving effect to purchase accounting arising from the consummation of the Transactions.

"Action" means any Interest Period, an interest rate per annum equal arbitration, judicial or administrative action, suit, litigation mediation, claim, complaint, dispute, action, demand, grievance, audit, investigation, inquiry, inspection, examination, notice letter, proceeding (public or private) or governmental proceeding.

"Accrued Bonuses" means the amount of accrued but unpaid employee bonuses of the Company and its Subsidiaries on a consolidated basis as of the Closing, including bonuses pursuant to (a) the Eurocurrency Rate for such Currency for such Interest Period divided by (b) one minus the Eurocurrency Reserve Percentage. Company's Company-wide Operating Profit Bonus Plan.

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"Administrative Agent Acquisition Proposal": Citizens Bank, N.A., shall mean any inquiry (in writing or otherwise) offer, proposal or indication of interest from any Third Party relating to any transaction or series of related transactions involving (a) any acquisition or purchase by any Third Party, directly or indirectly, of (i) assets (including capital stock of Subsidiaries of the Company) representing (x) 50% or more of the consolidated net revenues of the Company and its Subsidiaries immediately prior to such transaction or series of transactions or (y) 50% or more of the fair market value of the assets of the Company and its Subsidiaries, taken as a whole, or (ii) 50% or more of any class of outstanding voting or equity securities of the administrative agent for Company, (b) any tender offer (including a self-tender) or exchange offer that, if consummated, would result, directly or indirectly, in any Third Party (or the Lenders under this Agreement and shareholders thereof) beneficially owning 50% or more of any class of outstanding voting or equity securities of the Company or the surviving entity or (c) any merger, amalgamation, consolidation, share exchange, business combination, joint venture or other Loan Documents, together with similar transaction involving the Company or any of its successors. It is understood that matters concerning Subsidiaries, or liquidation, dissolution, recapitalization, extraordinary dividend, other significant corporate reorganization or other similar transaction involving the Multicurrency Revolving Loans will Company or any of its Subsidiaries, (i) pursuant to which 50% or more of any class of outstanding voting or equity securities of the Company or the resulting entity would be administered beneficially owned by

any Third Party (or the Multicurrency Administrative Agent direct or indirect parent entity of such Third Party or the shareholders of such Third Party) or (ii) which would result in assets (including capital stock of Subsidiaries of the Company) representing (x) 50% or more of the consolidated net revenues of the Company and therefore all notices concerning its Subsidiaries immediately prior to such Multicurrency Revolving Loans will be required transaction, or series of transactions or (y) 50% or more of the fair market value of the assets of the Company and its Subsidiaries, taken as a whole, being, directly or indirectly, acquired by or sold to be given at the Boston Funding Office, any Third Party.

"Affected Financial Institution Adequate Consideration": (a) any EEA Financial Institution means as such term is defined within ERISA Section 3(18), in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined in good faith by the trustee or (b) any UK Financial Institution, named fiduciary pursuant to the terms of the plan and in accordance with associated regulations.

"Affiliate": as to any of a specified Person means, any other Person that, directly or indirectly, is in Control of, is Controlled controlled by, controls, or is under common Control with, such Person.

"Agents": collectively, the Administrative Agent and the Multicurrency Administrative Agent.

"Aggregate Exposure": with respect to any Lender at any time, the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Outstanding Revolving Extensions of Credit.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": as defined in the preamble hereto.

"Agreement Currency": as defined in Section 2.20(b).

"Applicable Creditor": as defined in Section 2.20(b).

"Applicable Margin": as set forth on the Pricing Grid.

"Application": an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to open a Letter of Credit.

"Approved Fund": as defined in Section 10.6(b).

"Assignee": as defined in Section 10.6(b).

"Assignment and Assumption": an Assignment and Assumption, substantially in the form of Exhibit D.

"Available Revolving Commitment": as to any Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Outstanding Revolving Extensions of Credit; provided that in calculating any Lender's Outstanding Revolving Extensions of Credit for the purpose of determining such Lender's Available Revolving Commitment pursuant to Section 2.5(a), the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

"Available Tenor": as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or

component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (y) otherwise any payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.24(d).

"Bail-In Action": the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation": (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bank Product Agreements": those certain agreements entered into from time to time by the Borrower or its Domestic Subsidiaries in connection with any of the Bank Products.

"Bank Product Obligations": all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by the Borrower or its Domestic Subsidiaries to any Person who at the time of the entry into the related Bank Product Agreement was a Lender or an Affiliate thereof pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"Bank Products": any service or facility (which, for avoidance of doubt, excludes any lending arrangement not specified in (a) through (g) following) extended to the Borrower or its Domestic Subsidiaries by any Lender, or any Affiliate of such Lender, including: (a) credit cards (including e-credit cards), (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH Transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) foreign currency exchange agreements or other foreign currency agreements or arrangements

"Base Rate": for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate in effect on such day plus 1/2 of 1% (b) the rate of interest in effect for such day as publicly announced from time to time by Citizens as its "prime rate", and (c) the Daily SOFR Rate on such day plus 1% per annum. If the Administrative Agent shall have determined (which determination shall be conclusive absent clearly manifest error) that it is unable to ascertain the Federal Funds Rate or the Daily SOFR Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition of the term Federal Funds Rate, the Base Rate shall be determined without regard to clause (a) or (c), as applicable, of the preceding sentence until the circumstances giving rise to such inability no longer exist. The "prime rate" is a rate set by Citizens based upon various factors including Citizens' costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Citizens shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loans": Loans the rate of interest applicable to which is based upon the Base Rate.

"Benchmark": initially, with respect to any:

(a) obligations, interest, fees, commissions, or other amounts denominated in, or calculated with respect to, Dollars, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark for such Currency, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.24;

(b) obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Pounds Sterling, the Daily Simple RFR applicable for such Currency; provided that if a Benchmark Transition Event or a Term RFR Transition Event has occurred with respect to such Daily Simple RFR or the then-current Benchmark for such Currency, then "Benchmark" means, with respect to such obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.24;

(c) obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Euros, EURIBOR; provided that if a Benchmark Transition Event has occurred with respect to EURIBOR or the then-current Benchmark for such Currency, then "Benchmark" means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.24; and

(d) obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Canadian Dollars, the CDOR Rate; provided that if a Benchmark Transition Event has occurred with respect to the CDOR Rate or the then-current Benchmark for such Currency, then "Benchmark" means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.24.

Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"Benchmark Replacement":

(a) with respect to any Benchmark Transition Event for the then-current Benchmark (other than the Term SOFR Reference Rate), the sum of: (i) the alternate benchmark rate selected by the Administrative Agent and the Borrower as the replacement for such Benchmark giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for such Benchmark for syndicated credit facilities denominated in the applicable Currency at such time and (ii) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents; or

(b) for any Available Tenor of the Term SOFR Reference Rate, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(i) Daily Simple SOFR; or

(ii) the sum of: (A) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the Term SOFR Reference Rate giving due consideration to (x) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (y) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement rate for the Term SOFR Reference Rate for syndicated credit facilities denominated in Dollars at such time and (B) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents; or

(c) with respect to any Term RFR Transition Event for any Currency (other than Dollars), the Term RFR for such Currency.

"Benchmark Replacement Adjustment": with respect to any replacement of any then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Currency at such time.

"Benchmark Replacement Date": a date and time determined by Administrative Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark for any Currency:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(b) in the case of clause (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date; or

(c) in the case of a Term RFR Transition Event for any Currency (other than Dollars), the Term RFR Transition Date applicable thereto.

For the avoidance of doubt, (A) if the event giving rise to the Benchmark Replacement Date for any Benchmark occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such Benchmark and for such determination and (B) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event": the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the FRBNY, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Start Date": in the case of a Benchmark Transition Event for the then-current Benchmark (other than the Term SOFR Reference Rate), the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"Benchmark Unavailability Period": the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (a) or (b) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes under this Agreement and under any other Loan Document in accordance with Section 2.24 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes under this Agreement and under any other Loan Document in accordance with Section 2.24.

"Benefitted Lender": as defined in Section 10.7(a).

"Borrower": as defined in the preamble hereto.

"Borrowing Date": any Business Day specified by either the Borrower or a Foreign Subsidiary Borrower as a date on which the Borrower or any such Foreign Subsidiary Borrower requests the relevant Lenders to make Loans hereunder.

"Boston Funding Office": the office of the Multicurrency Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Multicurrency Administrative Agent as its funding office by written notice to the Borrower, the Foreign Subsidiary Borrowers, the Administrative Agent and the Lenders.

"Business": as defined in Section 4.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided that if the applicable Business Day relates to Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, (i) Pounds Sterling, any day except for a Saturday, Sunday or a day on which banks are closed for general business in London, (ii) Euros, a Target Day and (iii) Canadian Dollars, any day except for a Saturday, Sunday or a day on which banks are not required or authorized to close in Toronto.

"Calculation Date": with respect to each Foreign Currency, the fifteenth and last day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day) and such other days from time to time as the Administrative Agent shall designate as a "Calculation Date"; provided that the third Business Day preceding each Borrowing Date with respect to, and each date of any continuation of, any Multicurrency Revolving Loan shall also be a "Calculation Date" with respect to the relevant Foreign Currency.

"Canadian Dollars": the lawful currency of Canada.

"Canadian Lending Branch": with respect to any Lender, any office, branch, subsidiary or Affiliate of such Lender that is designated in writing by such Lender to the Administrative Agent and the Multicurrency Administrative Agent as being responsible for funding or maintaining the portion of the Revolving Commitment, Loans or other extensions of credit of such Lender hereunder to a Foreign Subsidiary Borrower domiciled in Canada which Canadian Lending Branch shall deliver a joinder to this Agreement in form and substance acceptable to the Agents and the Borrower; provided, that if any portion of a Revolving Commitment, Loan or other extension of credit hereunder is being provided by a Canadian Lending Branch of any Lender, then, except as specifically set forth in this Agreement, (i) such Lender and its Canadian Lending Branch shall constitute a single "Lender" and "Multicurrency Lender" under this Agreement and the other Loan Documents, (ii) the commitments of such Lender and its Canadian Lending Branch shall constitute a single "Revolving Commitment" and "Multicurrency Revolving Subcommitment" under this Agreement and the other Loan Documents and (iii) any consent

given by such Lender with respect to any amendment, waiver or other modification of any term of this Agreement or any other Loan Document shall be deemed given on behalf of itself and the Canadian Lending Branch.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition, construction or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash Collateral Account": as defined in Section 2.8(a).

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurocurrency time deposits or overnight bank deposits having maturities of eighteen months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof or by any financial institution organized in any foreign country recognized by the United States, in each case, having combined capital and surplus of not less than \$500,000,000 (or the Dollar Equivalent thereof); (c) commercial paper of an issuer rated at least A-1 by Standard & Poor's Ratings Services ("S&P") or P-1 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; or (h) money market funds that (i) are rated A by S&P and A-2 by Moody's and (ii) have portfolio assets of at least \$5,000,000,000.

"CDOR Rate": with respect to each day during each Interest Period pertaining to a Multicurrency Revolving Loan denominated in Canadian Dollars, is a rate per annum equal to the average

of the annual yield rates applicable to Canadian Dollar banker's acceptances at or about 10:00 a.m. (Toronto, Ontario time) two Business Days prior to the beginning of such Interest Period as reported on the "CDOR page" (or any display substituted therefor) of Reuters Monitor Money Rates Service (or such other page or commercially available source displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances as may be designated by the Multicurrency Administrative Agent from time to time) for a term equivalent to such Interest Period (or if such Interest Period is not equal to a number of months, for a term equivalent to the number of months closest to such Interest Period); provided that, in no event shall the CDOR Rate be less than 0%.

"CDOR Rate Loans": any Loan bearing interest at a rate based on the CDOR Rate.

"Change in Law": the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control": (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act) of Capital Stock representing 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Borrower or (b) during any period of 24 consecutive months, a majority of the seats (other than vacant seats) on the board of directors of the Borrower cease to be composed of individuals (i) who were members of that board on the first day of such period, (ii) who were nominated, appointed or approved by the individuals referred to in clause (b)(i) above constituting at the time of such nomination, appointment or approval at least a majority of that board or (iii) who were nominated, appointed or approved by the individuals referred to in clauses (b)(i) or (ii) above constituting at the time of such nomination, appointment or approval at least a majority of that board (in each case, such nomination, appointment or approval by specific vote or by approval of the Borrower's proxy statement).

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commitment Fee Rate": as set forth on the Pricing Grid.

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with such Person. The term **"control"** (including, with correlative meaning, the Borrower within terms "controlled by" and "under common control with") means and shall include, (i) the meaning ownership of Section 4001 of ERISA 10% or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 more of the Code.

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Conforming Changes": with respect to either the use voting securities or administration of any Benchmark, or any Benchmark Replacement, any technical, administrative or operational changes (including, for example and not by way of limitation or prescription, changes to the definition of "Base Rate," the definition of "Business Day," the definition of "Interest Period" or any similar or analogous definition, the definition of "Government Securities Business Day," timing and frequency of determining

rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.17 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate in connection with the use or administration of any Benchmark or to reflect the adoption and implementation of any Benchmark Replacement or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Credit Agreement and the other Loan Documents).

"Consolidated EBITDA": for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (e) non-cash charges and expenses, not described in (f) immediately following, whether or not extraordinary and/or non-recurring (excluding any such charges or expenses that represent an accrual or reserve for a cash expenditure for a future period), (f) non-cash charges on account of any settlements or curtailments in connection with any defined benefit plan, provided that, at any time the Borrower is required to increase its contribution to any defined benefit plan in connection with or on account of such settlements or curtailments, to the extent such payment did not reduce Consolidated Net Income, Consolidated Net Income will be reduced by such payments up to the amount that has previously been added under this clause (f) in the fiscal quarter paid, (g) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity **voting** interests of third parties in any non-Wholly Owned Subsidiary deducted (and not added back in such period to Consolidated Net Income), (h) non-recurring cash restructuring charges in an aggregate amount of up to \$1,000,000 during any fiscal year and (i) restructuring charges resulting from or on account of any Permitted Acquisition and the closure or consolidation of any business lines or facilities up to an amount reasonably acceptable to the Administrative Agent, provided that the Company has demonstrated to the reasonable satisfaction of the Administrative Agent that such Permitted Acquisition and such closure or consolidation will result in a measurable increase to Consolidated Net Income after giving effect thereto minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (a) interest income, (b) any non-cash gains, whether or not extraordinary and/or non-recurring, (excluding, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, any non-cash gain derived from the reversal of an accrual or reserve taken in any prior period), or gains on the sales of assets outside of the ordinary course of business, (c) income tax credits (to the extent not netted from income tax expense) and (d) the amount of any minority interest income consisting of Subsidiary loss attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary added (and not deducted in such period to Consolidated Net Income). For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period") pursuant to any determination of the Consolidated Leverage Ratio, (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Pro Formable Disposition (as defined below), the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Pro Formable Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Pro Formable Acquisition (as defined below), Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Pro Formable Acquisition occurred on the first day of such Reference Period. As used in this

definition, "Pro Formable Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries; and "Pro Formable Disposition" means any Disposition of property or series of related Dispositions of property outside of the ordinary course of business that yields gross proceeds to the Borrower or any of its Subsidiaries. For purposes of clarity, the relocation of any facility or plant by the Borrower or any of its Subsidiaries to a different address (including, without limitation, the relocation of the Kadant Fiberline (China) Co., Ltd. facility) shall not constitute a "Pro Formable Acquisition" or "Pro Formable Disposition" for the purposes of this Agreement.

"Consolidated Interest Coverage Ratio": as of any date of determination, the ratio of (a) Consolidated EBITDA for the relevant Reference Period to (b) Consolidated Interest Expense for such Reference Period.

"Consolidated Interest Expense": for any period, total cash interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Leverage Ratio": as of any date of determination, the ratio of (a) Consolidated Total Debt minus Permitted Unrestricted Cash as of the last day of the relevant Reference Period to (b) Consolidated EBITDA for such Reference Period.

"Consolidated Net Income": for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded the income (or deficit) of any Person, accrued prior to or (ii) the date it becomes a Subsidiary **possession, directly or indirectly**, of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries.

"Consolidated Tangible Assets": the total assets of the Borrower and its consolidated Subsidiaries less their consolidated Intangible Assets. For purposes of this definition, "Intangible Assets" means the amount of (i) all write-ups in the book value of any asset owned by the Borrower or a consolidated Subsidiary and (ii) all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service.

"Consolidated Total Assets": as of any date of determination, the total amount of all assets of the Borrower and its consolidated Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Debt": as of any date of determination, the aggregate principal amount of all Indebtedness (other than any Indebtedness described in clauses (f) (to the extent paid on a current basis only), (h) and (i) of the definition thereof) of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP, provided, (i) to the extent the PAAL Lease is treated, for United States GAAP accounting purposes (as in effect on the Sixth Amendment Effective Date), as a capital lease or a finance lease, the PAAL Lease Obligations will be excluded from Indebtedness in such calculation up to an aggregate amount of 4,000,000 Euros, and (ii) to the extent the Syntron Leases are treated, for United States GAAP accounting purposes (as in effect on the Sixth Amendment Effective Date), as a capital lease or a finance lease, the Syntron Lease Obligations will be excluded from Indebtedness in such calculation up to an aggregate amount of \$17,000,000.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control": the possession of the power directly or indirectly, to direct or cause the direction of the management and policies of a such Person, whether through the ability to exercise ownership of voting power, securities, by contract Contract, as an officer or a director, or otherwise. In the case of a natural person, **"Controlling Affiliate"** shall also include any relative of such person and **"Controlled"** have meanings correlative thereto. any trust or other entity of which any such relative is a party or a current or contingent beneficiary.

"Corresponding Tenor Base Purchase Price": with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor, means One Hundred Fifty-Five Million Eight Hundred Thousand Dollars (\$155,800,000.00).

"Currency Closing Company Indebtedness": Dollars means all Indebtedness of the Company and any Foreign Currency its Subsidiaries as of immediately prior to the Closing.

"Daily Simple RFR Closing ESOT Indebtedness": for means all Indebtedness of the ESOT, if any, day (an "RFR Rate Day"), a rate per annum equal to, with respect to Pounds Sterling, the greater as of (i) Spread Adjusted SONIA for the day (such day "i") that is five Business Days immediately prior to (A) if the Closing. ESOT Indebtedness as such RFR Rate Day debt is a Business Day, such RFR Rate Day or (B) if such RFR Rate Day incurred as part of an internal

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loan between the Company and the ESOT is not considered ESOT Indebtedness for purposes of this Agreement.

"Closing Payment" means the Closing Purchase Price *minus* the Escrow Amount.

"Closing Purchase Price" means the sum of the Base Purchase Price *plus* (i) the amount, if any, by which the Closing Working Capital exceeds \$16,338,000, or minus the amount, if any, by which the Closing Working Capital is less than \$16,338,000, *plus* (ii) the amount of Purchased Cash, *minus* (iii) the amount of Closing Company Indebtedness, *minus* (iv) the amount of Closing ESOT Indebtedness, if any, *minus* (v) the amount of the Transaction Expenses as of Closing, *minus* (vi) the Accrued Bonuses. The Closing Purchase Price shall be finally determined in accordance with **Section 1.5**.

"Closing Working Capital" means, on a Business Day, consolidated basis as of 12:01 a.m. Eastern Time on the Business Day immediately preceding such RFR Rate Day, Closing Date, without duplication (i) the accounts receivable, inventory, prepaid expenses and other current assets of the Company and its Subsidiaries, in each case as such SONIA is published by the SONIA Administrator on the SONIA Administrator's Website, and net of reserves, *minus* (ii) the Floor. If by 5:00 P.M. (local time for the applicable RFR) on the second Business Day immediately following any day "i" accounts payable, accrued expenses, accrued compensation (including without limitation salaries, employee bonuses, and sales or payroll Tax obligations), the RFR in respect of such day "i" has not been published on the applicable RFR Administrator's Website and a Benchmark Replacement Date with respect to the applicable Daily Simple RFR has not occurred, then the RFR for such day "i" will be the RFR as published in respect all other current Liabilities of the first preceding Business Day Company and its Subsidiaries, *provided, however*, that the calculation of Closing Working Capital shall exclude Purchased Cash, Closing Company Indebtedness, Closing ESOT Indebtedness, if any, Transaction Expenses, Accrued Bonuses, deferred Tax assets, assets and liabilities of Key Knife Chile Limitada. and the following items, as noted in **Exhibit 1.1** and consistent with the methodology set forth therein: (v) investment in Subsidiaries; (w) intercompany account receivable with Key Knife

Chile Limitada; (x) ESOP payable for which such RFR was published ESOP equivalent plan for non-U.S. employees; (y) interest receivable on the RFR Administrator's Website; provided that any RFR determined pursuant to this sentence investments; and (z) reserve for non-sellable inventory. The Closing Working Capital shall be utilized for purposes of calculation of Daily Simple RFR for no more than ten consecutive RFR Rate Days. Any change in Daily Simple RFR due to a change in the applicable RFR shall be effective from and including the effective date of such change in the RFR without notice to the Borrower.

"Daily Simple RFR Loan": any Loan bearing interest at a rate based on the Daily Simple RFR.

"Daily Simple SOFR": for any day, a rate per annum equal to the greater of (a) the sum of (i) SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent determined in accordance with the conventions for this rate selected or recommended Accounting Principles. With respect to Lindsay, only forty-five percent (45%) of Lindsay's Closing Working Capital shall be included in the calculation of Closing Working Capital, consistent with the manner in which the Closing Working Capital Target of \$16,338,000 was calculated. Attached as **Exhibit 1.1** is a calculation of Closing Working Capital as of June 30, 2023 (a) as though Haskins Canada was then wholly-owned by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion plus (ii) the Daily Simple SOFR Adjustment, Key Knife Canadian Investments Canada, and (b) the Floor, including only forty-five percent (45%) of Lindsay's Closing Working Capital.

"Daily Simple SOFR Adjustment Company 401(k) Plan": 0.10000%. means the Key Knife, Inc. 401K and Profit Sharing Plan and Trust.

"Daily SOFR Rate": for any day, a rate per annum equal to Term SOFR in effect on such day for a one-month Interest Period (subject to the Floor referred to in the definition of "Term SOFR").

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Defaulting Lender": subject to Section 2.23(e), any Lender that has (a) failed to (i) fund all or any portion of the Revolving Loans, participations in L/C Obligations, participations in Swingline Loans, required to be funded by it hereunder within two (2) Business Days of the date required to be

funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in such writing) has not been satisfied or (ii) pay to Administrative Agent, any Issuing Lender, any Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, (b) notified Borrower, the Administrative Agent, the Multicurrency Administrative Agent, any Issuing Lender, the Swingline Lender, or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable Default, shall specifically be identified in such writing or public statement) cannot be satisfied), (c) failed, within three Business Days after written request by the Administrative Agent or the Multicurrency Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans; provided that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent or the Multicurrency Administrative Agent, (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any debtor relief law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender or (e) become the subject of a Bail –in Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (e) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.23(e)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender, each Swingline Lender and each Lender.

"Designated Jurisdiction": any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"Designated Letters of Credit": each letter of credit and/or bank guarantee designated on the Effective Date by the Borrower, with the consent of the issuer of such letter of credit, as a "Letter of Credit" hereunder in **Schedule 3.1**. The issuer of any such Designated Letter of Credit shall be deemed to be an Issuing Lender for the purposes hereof and shall have all the rights and be subject to all the limitations of an Issuing Lender hereunder.

"Discontinued Operations": as described on Exhibit I.

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms **"Dispose"** and **"Disposed of Contract"** shall have correlative meanings.

"Disregarded Default": mean all **Defaults** contracts, agreements, bonds, notes, indentures, instruments, mortgages, debt instruments, licenses, sublicenses, franchises, leases and subleases, sales orders, purchase orders, arrangements, commitments, obligations, all other understandings or **Events** undertakings of **Default**, any nature and any other than those Events of Default set forth in Sections 8(a), 8(f), 8(i) legally enforceable promise, whether written or oral, and 8(j).

"Division": the division of the assets, liabilities and/ all amendments, restatements, supplements or obligations of other modifications thereto or waivers thereunder to which a Person (the **"Dividing Person"**) among two or more Persons, whether pursuant to a "plan of division" or similar arrangement pursuant to Section 18-217 of the Delaware Limited Liability Company Act or any similar provision under the laws of any other applicable jurisdiction and pursuant to which the Dividing Person may or may not survive.

"Documentation Agents": HSBC Bank USA, National Association, HSBC Bank Canada, Bank of America, N.A. and TD Bank, N.A.

"Dollar Equivalent": at any time as to any amount denominated in a Foreign Currency except as otherwise provided in Section 2.21, the equivalent amount in Dollars as determined by the Multicurrency Administrative Agent at such time on the basis of the Exchange Rate for the purchase of Dollars with such Foreign Currency on the most recent Calculation Date for such Foreign Currency.

"Dollar L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Dollar Letters of Credit and (b) the aggregate amount of drawings under Dollar Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

"Dollar Letter of Credit": any Letter of Credit and/or bank guarantee denominated in Dollars.

"Dollar Revolving Lender": any Lender that holds a Dollar Revolving Loan.

"Dollar Revolving Loans": as defined in Section 2.1(a).

"Dollars" and **"\$"**: dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"EDGAR": the Electronic Data Gathering, Analysis and Retrieval computer system for the receipt, acceptance, review and dissemination of documents submitted to the SEC in electronic format.

"EEA Financial Institution": (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country": any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority": any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date": March 1, 2017 the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied (or waived in accordance with Section 10.1).

"EMU": the Economic and Monetary Union as contemplated in the Treaty.

"EMU Legislation": the legislative measures of the European Council (including the European Council regulations) for the introduction of, changeover to or operation of the Euro in one or more member states. party.

"Environmental Laws Law": shall mean any Legal Requirement or binding agreement and all foreign, Federal, state, local the common law, in each case concerning (A) the presence, release or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements threatened release of any Governmental Authority Hazardous Substances or other Requirements materials containing Hazardous Substances; (B) the management, manufacture, labeling, handling, use, treatment, storage, generation, recycling, reuse,

transportation, or disposal of Law or exposure to Hazardous Substances or materials containing Hazardous Substances; or (C) pollution or protection of the environment (including common law) regulating, relating to ambient air, soil, soil vapor, surface water or imposing liability groundwater, or standards of conduct concerning subsurface strata), protection of human health or the environment, as now safety, or may at protection of natural resources.

“Environmental Permits” means all Permits required to be maintained by any time hereafter be in effect. Company under any Environmental Law.

“Equity Interests Escrow Amount”: means Five Million Dollars (\$5,000,000.00), which will be deposited at the Closing with respect the Escrow Agent pursuant to any Person, all of the shares of Capital Stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination. Escrow Agreement.

“ERISA Escrow Fund”: means the Employee Retirement Income Security Act of 1974, as amended from time to time. Escrow Amount initially deposited with the Escrow Agent hereunder plus the amounts, if any, subsequently deposited with the Escrow Agent, plus the earnings thereon, less amounts disbursed therefrom, in accordance with this Agreement and the Escrow Agreement.

“Erroneous Payment ESOP Expenses” has means to the meaning assigned extent such costs and expenses are not related to such term “settlor functions” and are permitted to be paid from ESOP assets under applicable Legal Requirements: (i) expenses incurred by the Trustee or ESOT to restore forfeitures to the participants and beneficiaries of the ESOP; (ii) expenses incurred by the Trustee or ESOT to correct any previously made errors identified in connection with the distribution allocation; and (iii) expenses incurred by the Trustee or ESOT that are required to remedy issues identified in connection with the implementation of the termination of the ESOT.

“ESOT Distribution Retention Amount” means Twenty-Three Million Two Hundred Fifty Thousand Dollars (\$23,250,000.00).

“ESOT Trust Agreement” means the Key Knife, Inc. Employee Stock Ownership Trust Agreement, dated as of January 1, 2005.

“Estimated Purchase Price” means the Base Purchase Price, with any increase or decrease thereto shown on the Estimated Purchase Price Certificate and approved by the Buyer.

“Fairness Opinion” means an opinion, in form and substance in accordance with Section 3(18) of ERISA, prepared by the Independent Financial Advisor that: (i) that the consideration to be paid to the ESOT for the Purchased Securities constitutes not less than Adequate Consideration and (ii) that the Transactions are fair to the ESOT and the ESOP Participants from a financial point of view.

“Final Accrued Bonuses” shall mean the Accrued Bonuses as finally determined pursuant to [Section 9.11\(a\) 1.5](#).

“Erroneous Payment Deficiency Assignment Final Closing Company Indebtedness” has shall mean the meaning assigned to such term in [Section 9.11\(d\)\(i\)](#).

“Erroneous Payment Impacted Class” has the meaning assigned to such term in [Section 9.11\(d\)\(i\)](#).

“Erroneous Payment Return Deficiency” has the meaning assigned to such term in [Section 9.11\(d\)\(i\)](#).

“Erroneous Payment Subrogation Rights” has the meaning assigned to such term in [Section 9.11\(e\)](#).

“EU Bail-In Legislation Schedule”: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), Closing Company Indebtedness as in effect from time to time.

“EURIBOR”: as defined in the definition of “Eurocurrency Rate”.

“EURIBOR Rate”: as defined in the definition of “Eurocurrency Rate”.

“Euro”: the single currency of Participating Member States of the EMU introduced in accordance with the provisions of Article 123 of the Treaty and, in respect of all payments to be made under this Agreement in Euro, means immediately available, freely transferable funds in such currency.

“Eurocurrency Rate”: with respect to any Loan for any Interest Period denominated in Euros, the greater of (i) the rate per annum equal to the Euro Interbank Offered Rate (“EURIBOR”) as administered by the European Money Markets Institute (or any other Person that takes over the

administration of such rate) for a period equal in length to such Interest Period, as displayed on the applicable Reuters or Bloomberg page (or on any successor or substitute page or service providing such quotations as finally determined by the Administrative Agent from time to time; in each case, the "EURIBOR Rate") at approximately 11:00 a.m. (Brussels time) two Business Days prior to the commencement of such Interest Period; and (ii) the Floor.

"Eurocurrency Rate Loan": a Loan that bears interest at a rate based on the Adjusted Eurocurrency Rate.

"Eurocurrency Reserve Percentage": for any day during any Interest Period, the reserve percentage in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D) or any other reserve ratio or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Revolving Commitments or the funding of the Loans. The Adjusted Eurocurrency Rate for each outstanding Eurocurrency Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Percentage.

"Event of Default": any of the events specified in Section 8; provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange Act": the Securities and Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Rate": on any day, with respect to any Currency, the rate at which such Currency may be exchanged into any other Currency, as set forth at approximately 11:00 A.M., London time, on such date on the Reuters World Currency Page for such Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or, in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Currency are then being conducted, at or about 11:00 A.M., local time, on such date for the purchase of the relevant Currency for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"Existing Credit Agreement": as defined in the recitals.

"Existing Loan Documents": as defined in the recitals.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FCA": as defined in **Section 1.10**.

"Federal Funds Rate": for any day, a rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average of the quotations for such day on such transactions received by Administrative Agent from three federal funds brokers of recognized standing selected by it and (c) if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Federal Reserve Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Fee Payment Date": (a) the third Business Day following the last day of each March, June, September and December; provided that in the event that the Borrower shall not have received an invoice from the Administrative Agent prior to such third Business Day specifying the amount of fees due and payable on any such date, the Borrower shall not be required to make such payment until one Business Day following such receipt and (b) the last day of the Revolving Commitment Period.

"Fifth Amendment": the Fifth Amendment to Amended and Restated Credit Agreement, dated as of December 9, 2021, entered into among the Agents, the Borrower, the Foreign Subsidiary Borrowers and the Subsidiary Guarantors.

"Fifth Amendment Effective Date": the date all of the conditions precedent in the Fifth Amendment are satisfied.

"Floor": zero percent (0.00%).

"Foreign Currency": Pounds Sterling, Euros and Canadian Dollars.

"Foreign Subsidiary": any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Foreign Subsidiary Borrower Obligations": as defined in Section 1.1 of the Guarantee Agreement.

"Foreign Subsidiary Borrowers": each Foreign Subsidiary of the Borrower that becomes a party hereto as of the date of this Agreement or hereafter, provided that, without the prior written consent of the Administrative Agent and each of the Lenders, the only Foreign Subsidiaries of the Borrower permitted to become parties hereto shall be Kadant U.K. Limited, Kadant Johnson Europe B.V, Kadant Canada Corp., Kadant Johnson Deutschland GmbH, Kadant Cayman Ltd. and Kadant Luxembourg S.à.r.l.

"FRBNY": the Federal Reserve Board of New York.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Government Securities Business Day": any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Group Members": the collective reference to the Borrower and its Subsidiaries.

"Guarantee Agreement": the Amended and Restated Guarantee Agreement to be executed and delivered by the Borrower and each Subsidiary Guarantor, substantially in the form of Exhibit A 1.5.

"Guarantee Obligation Final Closing ESOT Indebtedness": shall mean the Closing ESOT Indebtedness as to any Person (the "guaranteeing person"), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit or bank guarantee) that guarantees or in effect guarantees, any Indebtedness, leases, dividends or other payment obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, further, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable finally determined pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith. Section 1.5.

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"IBA Final Closing Working Capital": shall mean the Closing Working Capital as defined in finally determined pursuant to Section 1.10 1.5.

"Incremental Revolving Commitment Increase Final Purchased Cash": shall mean Purchased Cash as defined in finally determined pursuant to Section 2.22(a) 1.5.

"Incremental Revolving Commitment Increase Lender Final Transaction Expenses": shall mean the Transaction Expenses as finally determined pursuant to Section 1.5.

“Fraud” means intentional common law fraud under the laws of the State of Delaware.

“Governmental Entity” means any federal, state, municipal, local or foreign government and any court, tribunal, arbitral body, administrative agency, department, subdivision, entity, commission or other governmental, government appointed, quasi-governmental or regulatory authority, reporting entity or agency, domestic, foreign or supranational.

“Haskins Canada” means Haskins Industrial Inc., a corporation formed pursuant to the Ontario Business Corporations Act.

“Hazardous Substances” means any pollutants, contaminants, hazardous substances, hazardous material or hazardous waste regulated pursuant to Environmental Laws including without limitation: (A) those substances defined in [Section 2.22\(e\)](#), or regulated as hazardous materials under the Hazardous Materials Transportation Act, hazardous wastes under the Resource Conservation and Recovery Act, hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act (“

CERCLA”), pollutants under the Clean Water Act, contaminants under the Safe Drinking Water Act, nuclear material under the Atomic Energy Act, pesticide under the Federal Insecticide, Fungicide, and Rodenticide Act, toxic substance under the Toxic Substances Control Act, and air pollutant under the Clean Air Act, and their state counterparts, as each may be amended from time to time, and all regulations thereunder; (B) petroleum and petroleum products, including crude oil and any fractions thereof; (C) natural gas, synthetic gas, and any mixtures thereof; and (D) polychlorinated biphenyls, asbestos, asbestos-containing materials and radon.

“Indebtedness” means, on a consolidated basis, all principal, interest, fees, premiums, expenses and other obligations and amounts in respect of [any Person at any date, without duplication, \(a\) all indebtedness of such a Person and its Subsidiaries \(whether or not matured or contingent and whether owed to third parties or Affiliates\), including: \(i\) all indebtedness for borrowed money, \(b\) including deposits or advances of any kind; \(ii\) all obligations evidenced by mortgages, notes, bonds, debentures, debt securities, or similar interests; \(iii\) all obligations with respect to letters of credit, bank guarantees, bankers' acceptances, or surety of performance bonds; \(iv\) all lease obligations that have been historically recorded as capital leases by the Person and its Subsidiaries or that are required to be recorded as capital leases determined in accordance with GAAP; \(v\) all obligations of such others secured by a Lien on any asset of the Person for or any of its Subsidiaries or guaranteed by the Person or any of its Subsidiaries; \(vi\) all obligations to pay the deferred or unpaid purchase price of property for assets or services \(other \(including, without limitation, all Tax-related payments, earn-out payments, post-closing true up obligations and other similar payments \(whether contingent or otherwise\) calculated as the](#)

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maximum amount payable under or pursuant to such obligation), other than trade payables incurred in the ordinary course of [such Person's business](#)), [\(c\) business consistent with past practice; \(vii\) all off-balance sheet financings; \(viii\) all obligations for deferred compensation, severance, or similar arrangements \(including the employer portion of such Person evidenced by notes, bonds, debentures or other all applicable withholding, payroll and similar instruments, \(d\) Taxes and Benefit Plan payments\); \(ix\) all indebtedness created or arising under any conditional sale or other title retention agreement obligations with respect to property acquired by such Person \(even though any unpaid contributions to the rights and remedies ESOT required for the Company's fiscal year ended December 31, 2022, or otherwise; \(x\) in the case of the seller Company and its Subsidiaries, all accrued or lender unpaid income Tax Liabilities \(calculated in accordance with \[Article 7\]\(#\)\); \(xi\) all declared and unpaid dividends or distributions; \(xii\) all obligations under any interest rate, currency or commodity derivative, hedging or swap agreement or transaction; and \(xiii\) all payments required to be paid in order to discharge fully all such agreement amounts as of the date of determination. Notwithstanding the preceding, no real property lease obligation in excess of one year following closing will be deemed to be “Indebtedness.” With respect to Lindsay, only forty-five percent \(45%\) of Lindsay's Indebtedness shall be included in the event calculation of default are limited Indebtedness.](#)

“Indemnified Taxes” means (i) all Taxes due with respect to [repossession](#) periods prior to the Closing, as determined pursuant to [Article Z](#), (ii) any liabilities for Taxes under Section 965 of the Code, (iii) all Taxes determined pursuant to [Section 7.5](#), (iv) all Taxes of any member of an affiliated, consolidated, combined or [sale unitary group of such property](#)), (e) all Capital Lease Obligations which the Company or any of [such Person, \(f\) all obligations its Subsidiaries \(or any predecessor of such Person, contingent any of the foregoing\) is or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar arrangements or Chinese bankers acceptance drafts, \(g\) the liquidation value of all \(1\) Capital Stock of such Person that is subject to mandatory redemption was a member on or prior to the date Closing Date, including pursuant to Treasury Regulation §1.1502-6 \(or any similar provision of state, local, or foreign law\), \(v\) any and all Taxes of any Person \(other than the Company and its Subsidiaries\) as a transferee or successor, by contract or otherwise, which Taxes relate to an event or transaction occurring before the Closing, \(vi\) any Taxes that is 90 days prior to are imposed on the Revolving Termination Date Company or \(2\) all Capital Stock of such](#)

Person redeemable at the option its direct or indirect equity holders under Sections 951 or 951A of the holder thereof, in whole Code with respect to income accrued or in part transactions effected by the Company's non-U.S. Subsidiaries on or prior to the date that is 90 days prior to the Revolving Termination Closing Date (h) all Guarantee Obligations of such Person in respect of obligations under a "closing" of the kind referred to in clauses (a) through (g) above, (i) all obligations of books" as if the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Section 8(e) only, the Swap Termination Value of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Indemnified Liabilities": as defined in Section 10.5.

"Indemnitee": as defined in Section 10.5.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Payment Closing Date": (a) as to any Base Rate Loan (other than any Swingline Loan) or Daily Simple RFR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan; (b) as to any SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan having an Interest Period of three months or less, the last day of such Interest Period; (c) as to any SOFR Loan, Eurocurrency Rate Loan or Term RFR Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period, (d) as to any Loan (other than any Revolving Loan that is an Base Rate Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof; (e) as to any Loan, the Revolving Termination Date; and (f) as to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period": as to any SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Loan and ending one, three or (except in the case of CDOR Rate Loans) six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on were the last day of the next preceding Interest Period applicable to such Loan taxable year of the Company's non-U.S. Subsidiaries, and ending one, three or (except in the case of CDOR Rate Loans) six months thereafter, as selected (vii) Losses incurred by the Borrower by irrevocable notice to the Administrative Agent not later than 11:00 A.M., New York City time, in the case of Revolving Loans denominated in Dollars, and 11:00 A.M., New York City time, in the case of Multicurrency Revolving Loans, on the date that is four Business Days prior to the last day of the then current Interest Period with respect thereto; provided, that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Loan Buyer Indemnified Parties may not select an Interest Period that would extend beyond the Revolving Termination Date;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Loan Parties shall select Interest Periods so as not to require a payment or prepayment of any SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan during an Interest Period for such Loan.

"Investments": as defined in Section 7.7.

"Issuing Lender": in the case of letters of credit: (a) Citizens Bank, N.A. or any Affiliate thereof, or any other consenting Lender reasonably acceptable to the Borrower and the Administrative Agent, or any consenting Affiliate thereof, in each case, in its capacity as issuer of any Letter of Credit and (b) any issuer of any Designated Letter of Credit; and in the case of bank guarantees, any Lender or any Affiliate thereof reasonably acceptable to the Borrower and the Administrative Agent which has expressly agreed in writing to issue bank guarantees.

"Joint Lead Arrangers": Citizens Bank, N.A., JPMorgan Chase Bank, N.A. and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunners.

"Judgment Currency": as defined in Section 2.20(b).

"L/C Commitment": \$80,000,000. The L/C Commitment is part of, and not in addition to, the Revolving Commitment.

"L/C Obligations": the collective reference to Dollar L/C Obligations and Multicurrency L/C Obligations.

"L/C Participants": the collective reference to all the Revolving Lenders other than the applicable Issuing Lender.

"LCA Election": as defined in Section 1.9.

"LCA Test Date": as defined in Section 1.9.

"Lenders": as defined in the preamble hereto and the Canadian Lending Branch of any Lender (subject to the definition of Canadian Lending Branch)

"Letters of Credit": as defined in Section 3.1(a).

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Limited Condition Acquisition" any Permitted Acquisition by one or more of the Borrower or any of its Subsidiaries of or in any assets, business or Person permitted by this Agreement whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

"Limited Condition Acquisition Target" the target entity or entities in a Limited Condition Acquisition.

"Limited Condition Financing" any incurrence of Indebtedness related to, and identified at the time of, any Limited Condition Acquisition.

"Limited Funding Conditions" (1) The representations and warranties (x) set forth in Sections 4.3(a), 4.3(e), 4.4, 4.11, 4.14, 4.19 and 4.21 as those representations and warranties relate to the Borrower, and (y) (limited to the best of the knowledge of the Loan Parties) those representations and warranties made by or with respect to the Limited Condition Acquisition Target in the acquisition agreement entered into in connection with the applicable Limited Condition Acquisition as are material foregoing (i) – (vi), including expenses to prepare related Tax Returns.

"IRS" means the interests of the Lenders, but only United States Internal Revenue Service or any successor agency, and, to the extent the applicable Loan Party is entitled to terminate such Limited Condition Acquisition agreement on the basis of such representations and warranties, are, in each case, true, accurate and complete; (2) the Limited Condition Acquisition shall constitute a "Permitted Acquisition", except that the occurrence of a Disregarded Default shall be disregarded for the purposes of determining compliance with clause (c) of the definition of "Permitted Acquisition", and (3) on the date of the Revolving Loan for a Limited Condition Financing in connection with the consummation of the applicable Limited Condition Acquisition, the Borrower shall (I) certify that no Default or Event of Default (based on the Borrower's knowledge with respect to the applicable Limited Condition Acquisition Target) has occurred or is continuing both before and after giving effect to such Loan and the applicable Limited Condition Acquisition or Limited Condition Financing, or (II) certify that no Default or Event of Default other than a Disregarded Default has occurred or is continuing both before and after giving effect to the applicable Loan for the Limited Condition Acquisition and provide a list of all Disregarded Defaults (and with respect to the Limited Condition Acquisition Target based upon the Borrower's or any of its Subsidiaries' knowledge) that have occurred and are continuing as of such date. The Lenders' commitment to fund any Revolving Loan for a Limited Condition Acquisition subject to the Limited Funding Conditions is not intended (and should not be construed) as a waiver of any Disregarded Default existing at the time of such Limited Condition Acquisition or Limited Condition Financing or of any of the Agents' or the Lenders' rights and remedies with respect thereto, all of which are hereby reserved and preserved in their entirety by the Agents and the Lenders. The Limited Funding Conditions apply solely to a Limited Condition Acquisition and Limited Condition Financing and not to any other funding under this Agreement.

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Guarantee Agreement, the Notes, any Sharing Agreement, each Application and other documents relating to a Letter of Credit, and any amendment, waiver, supplement or other modification to any of the foregoing.

"Loan Parties": each Group Member that is a party to a Loan Document from time to time.

"Mandatory Costs": the percentage rate per annum calculated by the Administrative Agent in accordance with Schedule 1.1A.

"March 5 Statements": as defined in Section 1.10.

"Material Acquisition": any Permitted Acquisition for total consideration (including any assumed Indebtedness) in excess of \$60,000,000.

"Material Acquisition Certificate": a certificate executed by a Responsible Officer designating a Permitted Acquisition as a Material Acquisition for purposes of Section 7.1(a).

"Material Adverse Effect": (A) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the Borrower and its Subsidiaries, in each case, taken as a whole, (B) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Documents, or (C) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or its Subsidiaries of any Loan Document to which it is a party.

"Material Contract": with respect to any Person, each contract to which such Person is a party involving aggregate consideration payable to or by such Person of \$20,000,000 or more in any year.

"Material Domestic Subsidiary": each Domestic Subsidiary that is also a Material Subsidiary.

"Material Indebtedness": as to Borrower or any of its Subsidiaries, any Indebtedness of the Borrower or such Subsidiary in excess of the aggregate outstanding principal amount of \$20,000,000.

"Material Indebtedness Agreement": any agreement or document governing, evidencing or executed in connection with any Material Indebtedness, as amended, modified or supplemented from time to time.

"Material Subsidiary": any (a) Foreign Subsidiary Borrower and (b) any other Subsidiary of the Borrower (i) the Consolidated Tangible Assets of which exceed 10% of the Consolidated Tangible Assets of the Borrower and its consolidated Subsidiaries as of the end of the most recently completed fiscal year or (ii) the Net Revenue of which exceeds 10% of the Net Revenue of the Borrower and its consolidated Subsidiaries for the most recently completed fiscal year; provided that (A) any Subsidiary that directly or indirectly owns a Material Subsidiary shall itself be a Material Subsidiary and (B) in the event Subsidiaries that would otherwise not be Material Subsidiaries shall in the aggregate account for a percentage in excess of 30% of the Consolidated Tangible Assets or 30% of the Net Revenue of the Borrower and its consolidated Subsidiaries as of the end of and for the most recently completed fiscal year, then one or more of such Subsidiaries designated by the Borrower (or, if the Borrower shall make no designation, one or more of such Subsidiaries in descending order based on their respective contributions

to Consolidated Tangible Assets), shall be included as Material Subsidiaries to the extent necessary to eliminate such excess.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Multicurrency Administrative Agent": Citizens Bank, N.A., together with its Affiliates and any successors.

"Multicurrency L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Multicurrency Letters of Credit and (b) the aggregate amount of drawings under Multicurrency Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

"Multicurrency Lender": any Lender with a Multicurrency Revolving Subcommitment or that holds Multicurrency Revolving Extensions of Credit and for purposes of Sections 2.15, 2.16 and 2.17.

"Multicurrency Letter of Credit": any Letter of Credit denominated in one or more Foreign Currencies.

"Multicurrency Revolving Extensions of Credit": as to any Multicurrency Lender at any time, an amount equal to the sum of (a) the aggregate principal amount (based on the Dollar Equivalent thereof) of all Multicurrency Revolving Loans held by such Lender then outstanding and (b) such Multicurrency Lender's Multicurrency Revolving Percentage of the Multicurrency L/C Obligations then outstanding (based on the Dollar Equivalent thereof).

"Multicurrency Revolving Loans": as defined in Section 2.1(c).

"Multicurrency Revolving Percentage": as to any Multicurrency Lender at any time, the percentage which such Lender's Multicurrency Revolving Subcommitment then constitutes of the Total Multicurrency Revolving Subcommitments or, at any time after the Multicurrency Revolving Subcommitments shall have expired or terminated, the percentage which the aggregate amount of such Lender's Multicurrency Revolving Extensions of Credit then outstanding constitute of the aggregate amount of the Multicurrency Revolving Extensions of Credit then outstanding.

"Multicurrency Revolving Subcommitment": as to any Lender, the obligation of such Lender to make Multicurrency Revolving Loans and participate in Multicurrency Letters of Credit in an aggregate principal amount (based on the Dollar Equivalent thereof) not to exceed the amount set forth under the heading

"Multicurrency" opposite such Lender's name on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

"Multicurrency Sublimit": \$300,000,000, which shall part of and included in the Revolving Commitment.

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Revenue": with respect to any Person for any period, the net revenue of such Person and its consolidated subsidiaries, determined on a consolidated basis in accordance with GAAP for such period.

"Non-Consenting Lender": as defined in Section 10.1.

"Non-Excluded Taxes": as defined in Section 2.16(a).

"Non-U.S. Lender": as defined in Section 2.16(d).

"Notes": the collective reference to any promissory note evidencing Loans.

"Notice of Borrowing of Multicurrency Loan": as defined in Section 2.2(b).

"Notice of Borrowing of Revolving Loan": as defined in Section 2.2(a).

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest and fees accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower and any Foreign Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest or fees are allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower and the Foreign Subsidiary Borrowers to the Administrative Agent, the Multicurrency Administrative Agent or to any Lender (or in the case of any Specified Swap Agreement, or Bank Products Obligations, any Person that was a Lender or an Affiliate of a Lender at the time such Specified Swap Agreement or the Bank Product Agreement creating such Bank Product Obligations, as applicable, was entered into), including without limitation, Bank Product Obligations, or obligations under any Specified Swap Agreement, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Swap Agreement, Bank Product Agreement or any other document made, delivered or given in connection herewith or therewith, in each case either direct or indirect, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent, the Multicurrency Administrative Agent or to any Lender that are required to be paid by the Borrower or any Foreign Subsidiary Borrower pursuant hereto) or otherwise. For the avoidance of doubt, "Obligations" shall include all Foreign Subsidiary Borrower Obligations.

"OFAC": the Office of Foreign Assets Control of relevant, the United States Department of the Treasury.

"Organization Documents IRS Determination Letter": (a) with respect means the issuance by the IRS following Closing of a favorable determination in regards to any corporation, the certificate or articles termination of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity. ESOT.

"Other Taxes Key Knife Canada Securities Purchase Price": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the

execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Revolving Extensions of Credit": as to any Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans (or the Dollar Equivalent thereof in the case of Multicurrency Revolving Loans) held by such Lender then outstanding, (b) such Lender's Revolving Percentage of the L/C Obligations (or the Dollar Equivalent thereof in the case of Multicurrency L/C Obligations) then outstanding, and (c) such Lender's Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"PAAL Lease": that certain sale and lease contract dated on or about February 17, 2000, as amended, restated and supplemented from time to time, regarding the production and administrative building in Raiffeneisenstrasse 15-17 in 49124 Georgsmarienhutte and certain sales of equipment related to Equilibrium Finance Limited.

"PAAL Lease Obligations": all obligations of the Borrower and its Subsidiaries arising under or in connection with the PAAL Lease.

"Participant": as defined in Section 10.6(c) shall mean Nine Million Two Hundred Thousand Dollars (\$9,200,000.00).

"Participating Member State": a member Knowledge of the European Union Company" or any similar phrase shall mean (i) the knowledge of Pamela Anderson, Leslie Boatsman, Donald Corcoran, Misty DuPont, Curtis Goff, Thomas Hinchliff, Andrew Karamanos and Christopher McDonald (individually and collectively "Persons of Knowledge"), and (ii) the knowledge each such individual would acquire after reasonable inquiry of the relevant employee or contractor of the Company or any Subsidiary that adopts would reasonably be expected to have knowledge of the subject matter being represented, to the extent such Person is a direct report of the applicable Person of Knowledge. Any knowledge by any of

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the foregoing persons regarding a representation or has adopted warranty in this Agreement will constitute and relate only to their positions with the Euro Company or any Subsidiary, and no personal liability arises to such person because of his or her status as its currency in accordance with EMU Legislation, a Person of Knowledge.

"Liabilities" means any liabilities or obligations of any kind or nature, whether absolute, accrued, contingent or otherwise, and whether due or to become due.

"Payment Recipient Material Adverse Effect" has the meaning assigned to such term in Section 9.11(a).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A means any event, change, effect, occurrence, state of Title IV of ERISA (or any successor).

"Permitted Acquisition": any acquisition, by merger facts or otherwise, by the Borrower development that, individually or any of its Subsidiaries of assets or Capital Stock, so long as:

- (a) such acquisition and all transactions related thereto shall be consummated in accordance with all Requirements of Law,
- (b) such acquisition shall result in the issuer aggregate, has, or would reasonably be expected to have, a material adverse effect of any such Capital Stock becoming a Subsidiary and, to \$500,000 or more on the extent required by Section 6.9, a Subsidiary Guarantor Business or such acquisition is the affairs, assets, condition (financial or otherwise) or results of operations of the Capital Stock of an entity that is already a Subsidiary,
- (c) immediately prior to and after giving effect to such acquisition, no Default Company or Event of Default shall have occurred and be continuing,
- (d) the Borrower shall be in compliance, on a pro forma basis after giving effect to such acquisition (including any Indebtedness assumed or permitted to exist or incurred pursuant to Section 7.2), with the covenants set forth in Section 7.1, as such covenants are recomputed as at the last day of the most recently ended Reference Period under such section as if such acquisition had occurred on the first day of such Reference Period,
- (e) if such acquisition is a Material Acquisition, (i) the Borrower's Consolidated Leverage Ratio for the most recent Reference Period ended prior to the date of such acquisition and calculated to the extent applicable (after giving effect to any pro forma adjustment made pursuant to the second sentence of the definition of Consolidated EBITDA) as if such acquisition had occurred on the first day of such Reference Period, shall not exceed 3.75:1.00, and (ii) the Borrower shall have demonstrated to the Administrative Agent compliance with clause (i) above, together with such supporting documentation as the Administrative Agent may reasonably request, no later than five (5) days prior to the consummation of any such acquisition and the assumption and/or incurrence of any Indebtedness in connection therewith,
- (f) such acquisition is not hostile,
- (g) such acquisition is of a Person or the assets of such Person which is in the business in which the Borrower or its Subsidiaries are engaged on the Effective Date which is the industrial processing equipment or services business or businesses reasonably related thereto,
- (h) the Administrative Agent receives at least 5 days prior written notice of such acquisition and satisfactory evidence demonstrating pro forma compliance with the financial covenants contained in Section 7.1(a) and (b) at the time of such acquisition after giving effect thereto, and
- (i) such acquisition, if a Limited Condition Acquisition, complies with Section 1.9 hereof.

"Permitted Sale Leaseback": any Sale Leaseback consummated by the Borrower or any of its Subsidiaries; provided that any such Sale Leaseback not between the Borrower and any Subsidiary or any Subsidiary and another Subsidiary is consummated for fair value as determined at material division of the time of consummation in good faith by the Borrower Company or any such Subsidiary.

"Permitted Unrestricted Cash": 100% of unrestricted cash and Cash Equivalents of Subsidiary, or could adversely affect or detract from the Borrower or any of its Subsidiaries on deposit or invested in a country where Borrower or any of its Subsidiaries has business operations which the Borrower or any of its Subsidiaries may withdraw without restriction, up to an aggregate amount of \$50,000,000.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform": IntraLinks or another similar electronic system on which information and materials can be posted and made available for review.

"Pounds" or "£" or "Pounds Sterling": the lawful money of the United Kingdom.

"Pricing Grid": the table set forth below.

Level	Consolidated Leverage Ratio	Commitment (bps)	Eurocurrency Rate, Term SOFR, CDOR Rate and RFR (bps)	Base Rate (bps)
I	≥ 3.5x	35.0	225.0	125.0
II	≥ 3.0x	30.0	200.0	100.0
III	≥ 2.5x	25.0	175.0	75.0
IV	≥ 2.0x	20.0	150.0	50.0
V	≥ 1.0x	17.5	125.0	25.0
VI	<1.0x	12.5	100.0	0.0

For the purposes of the Pricing Grid, changes in the Applicable Margin or the Commitment Fee Rate resulting from changes in the Consolidated Leverage Ratio shall become effective on the date that is three Business Days after the date on which financial statements are delivered to the Lenders pursuant to Section 6.1 and shall remain in effect until the next change to be effected pursuant to this paragraph. If any financial statements referred to above are not delivered within the time periods specified in Section 6.1, then, until the date that is three Business Days after the date on which such financial statements are delivered, the highest rate set forth in each column of the Pricing Grid shall apply. In addition, at all times while an Event of Default shall have occurred and be continuing, the highest rate set forth in each column of the Pricing Grid shall apply. Level V shall apply until the date that is three (3) Business Days after the date on which financial statements are delivered to the Lenders pursuant to Section 6.1 and shall remain in effect until the next change to be effected pursuant to this paragraph.

"Properties": as defined in Section 4.17(a).

"Reference Period": as defined in the definition of Consolidated EBITDA.

"Reference Time": with respect to any setting of the then-current Benchmark for any Currency (a) if such Benchmark is a Daily Simple RFR, if the RFR for such Benchmark is SONIA, then four Business Days prior to (A) if the date of such setting is a Business Day, such date or (B) if the date of such setting is not a Business Day, the Business Day immediately preceding such date, (b) if such Benchmark is an Adjusted Eurocurrency Rate, if the applicable Adjusted Eurocurrency Rate for such Benchmark is based upon EURIBOR, then 11:00 a.m. (Brussels time) on the day that is two Business Days preceding the date of such setting, (c) if such Benchmark is the CDOR Rate, then 10:00 a.m. (Toronto, Ontario time) on the day that is two Business Days preceding the date of such setting, and (d) otherwise, then the time determined by the Administrative Agent, including in accordance with the Conforming Changes.

"Refunded Swingline Loans": as defined in Section 2.4(b).

"Register": as defined in Section 10.6(b).

"Regulation U": Regulation U of the Federal Reserve Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower or any Foreign Subsidiary Borrower, as the case may be, to reimburse any Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

"Related Parties": with respect to any Person, such Person's Affiliates and the partners, members, directors, officers, employees, agents, trustees, administrators, managers, advisors, attorneys-in-fact and representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body": (a) in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the Federal Reserve Board or the FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board or the FRBNY, or any successor thereto, (b) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Pounds Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, (c) with respect to a Benchmark Replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Euros, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto, and (d) with respect to a benchmark replacement in respect of obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, any other Currency, (1) the central bank for the Currency in which such obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, or any central bank or other supervisor which is responsible for supervising either (A) such benchmark replacement or (B) the administrator of such benchmark replacement or (2) any working group or committee officially endorsed or convened by (A) the central bank for the currency in which such obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, (B) any central bank or other supervisor that is responsible for supervising either (i) such benchmark replacement or (ii) the administrator of such benchmark replacement, (C) a group of those central banks or other supervisors or (D) the Financial Stability Board or any part thereof.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043.

"Required Lenders": at any time, the holders of more than 50% of the Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Outstanding Revolving Extensions of Credit. (The Revolving Commitments or the Outstanding Revolving Extensions of Credit, as applicable, of any Defaulting Lender shall be disregarded in determining "Required Lenders" at any time.)

"Requirement of Law": as to any Person, the Organization Documents, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reset Date": as defined in Section 2.21.

"Resolution Authority": an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer": the chief executive officer, president, chief financial officer, treasurer or executive vice president of the Borrower, but in any event, with respect to financial matters, the chief financial officer or treasurer of the Borrower.

"Restricted Payments": as defined in Section 7.6.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans (which includes Multicurrency Revolving Loans and participate in Swingline

Loans and Letters of Credit (which includes Multicurrency L/C Obligations) in an aggregate principal and/or face amount not to exceed the amount set forth under the heading "Total Revolving Commitment" opposite such Lender's name on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Revolving Commitments on the Sixth Amendment Effective Date is \$400,000,000.

"Revolving Commitment Period": the period from and including the Effective Date to the Revolving Termination Date.

"Revolving Credit Facility": the Total Revolving Commitments and the extensions of credit made thereunder, including the multicurrency subfacility.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": the collective reference to Dollar Revolving Loans and Multicurrency Revolving Loans.

"Revolving Percentage": as to any Revolving Lender at any time, the percentage which such Lender's Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Outstanding Revolving Extensions of Credit then outstanding constitutes of the aggregate Outstanding Revolving Extensions of Credit of all Lenders then outstanding.

"Revolving Termination Date": November 30, 2027 unless sooner terminated in accordance with the terms hereof.

"RFR": for any Loan denominated in Pounds Sterling, SONIA.

"RFR Administrator": the SONIA Administrator.

"RFR Administrator's Website": the SONIA Administrator's Website.

"RFR Loan": a Daily Simple RFR Loan or a Term RFR Loan, as applicable.

"RFR Rate Day": as defined in the definition of "Daily Simple RFR".

"Sale Leaseback": shall mean any transaction or series of related transactions pursuant to which the Borrower or any of its Subsidiaries (a) Disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being Disposed.

"Sanction(s)": any international economic sanction administered or enforced by the United States Government (including without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant Governmental Authority.

"Screen Rate": for any Eurocurrency Rate Loan denominated in Euros, the EURIBOR Rate.

"SEC": the Securities and Exchange Commission, any successor thereto.

"Sharing Agreement": an agreement, in form and substance reasonably acceptable to the Administrative Agent, entered into among the Administrative Agent and the holder of Material Indebtedness (or such holder's representative) which contains agreements, without limitation, regarding the sharing of distributions or realizations in any action or proceeding against the Borrower and/or any of its Subsidiaries.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

"Sixth Amendment": the Sixth Amendment to Amended and Restated Credit Agreement, dated November 30, 2022, entered into by and among the Agents, the Lenders, the Borrower, the Foreign Subsidiary Borrowers and the Subsidiary Guarantors.

"Sixth Amendment Effective Date": The date all of the conditions precedent in the Sixth Amendment are satisfied.

"SOFR": with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website.

"SOFR Administrator": the FRBNY (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website": the website of the FRBNY, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SOFR Borrowing": as to any Loan, the SOFR Loans comprising such Loan.

"SOFR Loan": a Loan that bears interest at a rate based on Term SOFR, other than pursuant to clause (c) of the definition of "Base Rate".

"Solvent": when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the Company, any Subsidiary, their respective assets of or the Business, whether or not such Person will, as of such date, be greater than the amount effect is foreseeable; provided, that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature.

"SONIA": a rate equal to the Sterling Overnight Index Average as administered by the SONIA Administrator.

"SONIA Administrator": the Bank of England (or any successor administrator none of the Sterling Overnight Index Average).

"SONIA Administrator's Website": the Bank of England's website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"Specified Swap Agreement": any Swap Agreement entered into by the Borrower and any Person following that was a Lender or Affiliate thereof at the time such Swap Agreement was entered into.

"Spread Adjusted SONIA": with respect to any Business Day, a rate per annum equal to the sum of (a) SONIA plus (b) 0.1193% (11.93 basis points).

"Subordinated Indebtedness": Indebtedness of the Borrower or any of its Subsidiaries (a) that does not require the issuer thereof or any other obligor thereon or any Subsidiary thereof to maintain any specified financial condition or performance (other than as a condition to the taking of certain actions) that is as

restrictive or more restrictive than the financial conditions or performance covenants contained herein, (b) which is unsecured, (c) which contains no mandatory prepayments other than customary asset sale and change of control prepayments (the terms of which provide that the Obligations shall be paid prior to any such prepayment of such Indebtedness) and (d) which contains subordination provisions reasonably satisfactory to the Administrative Agent. Subordinated Indebtedness may be issued only if no Default or Event of Default has occurred or will result therefrom.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower and, unless otherwise expressly noted, shall not include the Discontinued Operations.

"Subsidiary Guarantor": each existing and future direct and indirect Material Domestic Subsidiary of the Borrower and each other Domestic Subsidiary of the Borrower from time to time party to the Guarantee Agreement as a Subsidiary Guarantor; provided that the Discontinued Operations shall not be a Subsidiary Guarantor.

"Swap Agreement": any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a "Swap Agreement".

"Swap Termination Value": in respect of any one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for any date on or after the date such Swap Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Agreements, as determined based upon one or more mid-market or other readily available quotations for such Swap Agreements provided by any recognized dealer in such Swap Agreements (which may include a Lender or any Affiliate of a Lender).

"Swingline Commitment": the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2.3 in an aggregate principal amount at any one time outstanding not to exceed \$10,000,000.

"Swingline Lender": Citizens Bank, N.A., in its capacity as the lender of Swingline Loans.

"Swingline Loans": as defined in Section 2.3.

"Swingline Participation Amount": as defined in Section 2.4.

"Syndication Agents": collectively, Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A.

"Syntron Lease Obligations": all obligations of the Borrower and its Subsidiaries arising under or in connection with the Syntron Leases.

"Syntron Leases": that certain Lease Agreement dated June 5, 2014 between Store Capital Acquisitions, LLC, a Delaware limited liability company, and Syntron Material Handling, LLC, a Delaware limited liability company, for the lease of property at 2730 Highway 145 South, Saltillo, Mississippi 38866, and any other capital lease agreement to which Syntron Material Handling or its subsidiaries is a party at the time it or the applicable subsidiary becomes a Subsidiary of Kadant.

"Target Day": any day on which TARGET2 (or if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for settlement of payments in Euro.

"TARGET2": the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

"Term RFR": with respect to any Currency for any Interest Period, a rate per annum equal to for amounts denominated in Pounds Sterling, the greater of (i) the forward-looking term rate for a period comparable to such Interest Period based on the RFR for such Currency that is published by an authorized benchmark administrator and is displayed on a screen or other information service, each as identified or selected by the Administrative Agent in its reasonable discretion at approximately a time and as of a date prior to the commencement of such Interest Period determined by the Administrative Agent in its reasonable discretion in a manner substantially consistent with market practice and (ii) the Floor.

"Term RFR Loan": a Loan that bears interest at a rate based on Term RFR.

"Term RFR Notice": a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term RFR Transition Event.

"Term RFR Transition Date": in the case of a Term RFR Transition Event, the date (which shall be at least thirty (30) calendar days occurs after the date of this Agreement shall be considered in determining whether a Material Adverse Effect has occurred: (i) changes that are the Term RFR Notice) that is specified result of economic or political factors affecting the national, regional or world economy or acts of war or terrorism, but only to the extent such change does not have a disproportionately adverse impact on the Company or any Subsidiary as compared to other businesses in the Term RFR Notice provided by same industry; (ii) changes that are the Administrative Agent result of factors generally affecting the industries in which the Company or any Subsidiary operates, but only to the Lenders extent such change does not have a disproportionately adverse impact on the Company or any Subsidiary as compared to other businesses in the same industry; and (iii) any change in any Legal Requirement or GAAP, but only to the Borrower pursuant extent that such change does not have a disproportionately adverse effect on the Company or any Subsidiary as compared to Section 2.24 hereof, other businesses in the same industry.

"Term RFR Transition Event Organizational Documents": means with respect to any Currency (other than Dollars) for any Interest Period, an entity, the determination by the Administrative Agent that (a) the applicable Term RFR for such

Currency is determinable for each Available Tenor, (b) the administration certificate of incorporation, articles of incorporation, certificate of formation, bylaws, partnership agreement, limited liability company agreement, formation agreement, joint venture agreement and other similar organizational documents of such Term RFR is administratively feasible for the Administrative Agent, (c) the RFR Administrator publishes, publicly announces or makes publicly available that such Term RFR is administered entity (in each case, as in accordance with the International Organization of Securities Commission's Principles for Financial Benchmarks, (d) such Term RFR is used as a benchmark rate in at least five currently outstanding syndicated credit facilities denominated in the applicable Currency (and such syndicated credit facilities are identified and are publicly available for review), and (e) such Term RFR is recommended for use by a Relevant Governmental Body.

"Term SOFR": a rate per annum equal to greater of (a) the sum of (i) Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Term SOFR Determination Day") that is two (2) Government Securities Business Days prior to the first day of such Interest Period; provided, however, that if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding Government Securities Business Day is not more than three (3) Government Securities Business Days prior to such Term SOFR Determination Day plus (ii) the Term SOFR Adjustment, and (b) the Floor.

"Term SOFR Adjustment": 0.10000%.

"Term SOFR Administrator": CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"Term SOFR Determination Day" has the meaning specified in the definition of "Term SOFR".

"Term SOFR Reference Rate": the forward-looking term rate based on SOFR published by the Term SOFR Administrator and displayed on CME's Market Data Platform (or other commercially available source providing such quotations as may be selected by the Administrative Agent effect from time to time).

"Total Multicurrency Revolving Subcommitments Permitted Liens": at means (i) prior to the Closing, the Liens designated as such on Schedule 1.1, (ii) statutory Liens for current Taxes or assessments not yet due and payable and (iii) such other imperfections in title and easements of record, if any, time, which do not detract, individually or in the aggregate, amount from the value of or interfere with the present or proposed use by the Company of the Multicurrency Revolving Subcommitments then in effect, real property subject thereto or affected thereby.

"Total Revolving Commitments Person": at means any time, the aggregate amount of the Revolving Commitments then in effect, natural person or corporation, limited liability company, partnership, trust, unincorporated association, Governmental Entity or other entity or body.

"Transferee": any Assignee or Participant.

"Treaty": the Treaty establishing the European Economic Community, being the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1987, the Maastricht Treaty (which was signed at Maastricht on February 7, 1992 and came into force on November 1, 1993), the Amsterdam Treaty (which was signed at Amsterdam on October 2, 1997 and came into force on May 1, 1999) and the Nice Treaty (which was signed on February 26, 2001), each as amended from time to time and as referred to in legislative measures of the European Union for the introduction of, changeover to or operating of the Euro in one or more member states.

"Type": as to any Loan, its nature as a SOFR Loan, a Base Rate Loan, a Eurocurrency Rate Loan, a CDOR Rate Loan or an RFR Loan.

"UK Financial Institution": any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by

the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority": the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement": the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"United States": the United States of America.

"Wholly Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Write-Down and Conversion Powers": (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any reference herein to any Person shall be construed to include such Person's successors and assigns, (ii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iii) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (iv) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and

(v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (vi) references to agreements, Loan Documents or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements, Loan Documents or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time (but subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Documents).

(c) In the computation of periods of time from a specified date to a later specified date, the word "from Purchased Cash" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.3 Accounting Terms. (a) **Generally.** All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) **Changes in GAAP.** If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, operating and capital and finance leases will be classified and accounted for in accordance with GAAP in effect on the Effective Date.

1.4 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.5 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.6 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such

Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

1.7 Currency Conversion. (a) If more than one currency or currency unit are at the same time recognized by the central bank of any country as the lawful currency of that country, then (i) any reference in the Loan Documents to cash and any obligations arising under the Loan Documents in, the currency of that country shall be translated into or paid in the currency or currency unit of that country designated by the Administrative Agent cash equivalents, including commercial paper and (ii) any translation from one currency or currency unit to another of any country shall be at the official rate of exchange recognized by the central bank for conversion of that currency or currency unit into the other, rounded up or down by the Administrative Agent as it deems appropriate.

(b) If a change in any currency of a country occurs, this Agreement shall be amended (and each party hereto agrees to enter into any supplemental agreement necessary to effect any such amendment) to the extent that the Administrative Agent determines such amendment to be necessary to reflect the change in currency and to put the Lenders in the same position, so far as possible, that they would have been in if no change in currency had occurred.

1.8 Currency Equivalents Generally. For purposes of determining compliance under Section 7.2, Section 7.3, Section 7.5, Section 7.6, Section 7.7 and Section 7.9 with respect to any amount denominated in any currency other than Dollars, compliance will be determined at the time short-term government bonds, of the consummation of any transaction contemplated therein using the Dollar Equivalent thereof at the Exchange Rate in effect at the time of such incurrence or advancement. For purposes of determining compliance under Section 7.1 with respect to any amount denominated in any currency other than Dollars, compliance will be determined by converting any amount denominated in any currency other than Dollars into Dollars using the average of the foreign Exchange Rates quoted Company and its Subsidiaries on each day on the so-called Bloomberg screen or similar reporting service reasonably determined by the Administrative Agent during the three month fiscal period most recently ended prior to the calculation date.

1.9 Limited Condition Acquisition Generally.

At the option of the Borrower by giving written notice to the Administrative Agent (the Borrower's election to exercise such option in connection with any Limited Condition Acquisition, an "LCA Election") for purposes of (i) determining compliance with any applicable provision in this Agreement which requires the calculation of the Consolidated Leverage Ratio or the Consolidated Interest Coverage Ratio or (ii) determining compliance with any applicable conditions precedent, representations and/or warranties, and the absence of Defaults and/or Events of Default, in each case, in connection with a Limited Condition Acquisition, the date of determination of whether any such Limited Condition Acquisition is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition is executed (the "LCA Test Date") (but solely to the extent that such Limited Condition Acquisition is consummated within one hundred twenty (120) days after the LCA Test Date and assuming that such Limited Condition Acquisition is consummated substantially in accordance with the terms of such definitive agreement (giving effect to any amendments and/or waivers that, taken as a whole, would not be materially adverse to the Lenders unless consented to by (i) the Administrative Agent and each Incremental Revolving Commitment Increase Lender providing an Incremental Revolving Commitment Increase for such Limited Condition Acquisition and (ii) if no Loans from an Incremental Revolving Commitment Increase are being obtained, the Required Lenders (in each case of (i) and (ii) immediately preceding, such consent not to be unreasonably withheld, delayed or conditioned)), if, after giving pro forma effect to the Limited Condition Acquisition and any Limited Condition Financing in connection therewith as if they had occurred at the beginning of the most recent Reference Period ending prior to the LCA Test Date, the Borrower would have been in compliance with the provisions, conditions, representations or absence of defaults described in clauses (i) and (ii) above consolidated basis as of the relevant LCA Test Date, such provisions, conditions, representations or absence of defaults shall be deemed to have been complied with in connection with the Limited Condition Acquisition. The Borrower shall make the LCA Election as of or prior to the LCA Test Date. If the Borrower has made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent determination of the Consolidated Leverage Ratio or the Consolidated Interest Coverage Ratio following the relevant LCA Test Date and on or prior to the earlier of (1) the date on which such Limited Condition Acquisition is consummated or (2) the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratios shall be calculated on a pro forma basis (both before and after giving effect to such Limited Condition Acquisition and the Limited Condition Financing) assuming such Limited Condition Acquisition and the Limited Condition Financing therefor (but not for purposes of calculating the financial performance covenants set forth in Section 7.1 or the Applicable Margin) and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated. There will be no more than three (3) Limited Condition Acquisitions funded by Loans advanced under any Incremental Revolving Commitment Increase under this Agreement permitted during the term of this Agreement.

1.10 Rates.

The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) administration, construction, calculation, publication, continuation, discontinuation, movement, or regulation of, or any other matter related to, the Base Rate, any Benchmark, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), any component definition thereof or rates referred to in the definition thereof, including whether any Benchmark is similar to, or will produce the same value or economic equivalence **Closing, net** of any other rate or whether financial instruments referencing or underlying any Benchmark will have the same volume or liquidity as those referencing or underlying any other rate, (b) the impact of any regulatory statements about, or actions taken with respect to any Benchmark (or component thereof), (c) changes made by any administrator to the methodology used to calculate any Benchmark (or component thereof) or (d) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Base Rate, any Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, such transactions. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Base Rate, any Benchmark, or any alternative, successor or replacement rate (including any Benchmark Replacement), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.11 Divisions.

For all purposes under the Loan Documents, in connection with a Division: (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence **outstanding checks issued** by the holders of its Equity Interests at such time.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 **Revolving Commitments.** (a) Subject to the terms and conditions hereof, each Lender which has a Revolving Commitment severally agrees to make revolving credit loans denominated in Dollars ("**Dollar Revolving Loans**") to the Borrower or any Foreign Subsidiary Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the sum of the other Outstanding Revolving Extensions of Credit, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period, the Borrower or any Foreign Subsidiary Borrower may use the Revolving Commitments by borrowing, prepaying the Dollar Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Dollar Revolving Loans may from time to time be (i) Base Rate Loans or (ii) SOFR Loans, in each case, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 or 2.9.

(b) The Borrower and each Foreign Subsidiary Borrower shall repay all outstanding Dollar Revolving Loans on the Revolving Termination Date.

(c) Subject to the terms and conditions hereof, each Multicurrency Lender severally agrees, from time to time during the Revolving Commitment Period, to make revolving credit loans denominated in one or more Foreign Currencies (the "**Multicurrency Revolving Loans**") to the Borrower or any of the Foreign Subsidiary Borrowers, in an aggregate principal amount (based on the Dollar Equivalent of such Multicurrency Revolving Loans) at any one time outstanding which (a) when added to such Multicurrency Lender's Multicurrency Revolving Percentage of the other Multicurrency Revolving Extensions of Credit, shall not exceed such Multicurrency Lender's Multicurrency Revolving Subcommitment and (b) when added to such Lender's Revolving Percentage of the other Outstanding Revolving Extensions of Credit, shall not exceed such Lender's Revolving Commitment. Neither Borrower nor any Foreign Subsidiary Borrower shall request and no Multicurrency Lender shall be required to make any Multicurrency Revolving Loan if, after making such Multicurrency Revolving Loan (i) the Outstanding Revolving Extensions of Credit shall exceed the Revolving Commitments then in effect or (ii) the Dollar Equivalent of the aggregate outstanding Multicurrency Revolving Extensions of Credit shall exceed the Multicurrency Sublimit. During the Revolving Commitment Period, the Borrower and each Foreign Subsidiary Borrower may borrow, prepay and reborrow Multicurrency Revolving Loans, respectively, in whole or in part, all in accordance with the terms and conditions hereof. The Multicurrency Revolving Loans shall be (i) if denominated in Euros, Eurocurrency Rate Loans, (ii) if denominated in Pounds Sterling, RFR Loans, and (iii) if denominated in Canadian Dollars, CDOR Rate Loans.

(d) Each of the Borrower and the Foreign Subsidiary Borrowers shall repay all of its outstanding Multicurrency Revolving Loans on the Revolving Termination Date and as provided in Section 2.8.

2.2 **Procedure for Revolving Loan Borrowing.** (a) The Borrower or any Foreign Subsidiary Borrower may borrow Dollar Revolving Loans under the Revolving Commitments during the Revolving Commitment Period on any Business Day; **provided** that the Borrower shall give the Administrative Agent irrevocable notice ("**Notice of Borrowing of Revolving Loan**") in the form as attached as **Exhibit 2.2(a)** or such other similar form reasonably requested by the Administrative Agent, duly completed, (which notice must be received by the Administrative Agent prior to 11:00 A.M., New York City time, (a) three Business Days prior to the requested Borrowing Date, in the case of SOFR Loans, or (b) one Business Day prior to the requested Borrowing Date, in the case of Base Rate Loans; **provided** that any Notice of Borrowing of Revolving Loan of Base Rate Loans to finance payments

required by Section 3.5 may be given not later than 10:00 A.M., New York City time, on the date of the proposed borrowing), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date, (iii) in the case of SOFR Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor, and (iv) the actual borrower of such Dollar Revolving Loans, whether the Borrower **Company** or a specified Foreign Subsidiary Borrower. Each borrowing of Dollar Revolving Loans under the Revolving Commitments shall be in an amount equal to (x) in the case of Base Rate Loans, \$1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Commitments are less than \$1,000,000, such lesser amount) and (y) in the case of SOFR Loans, \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof; **provided, further**, that the Swingline Lender may request, on behalf of the Borrower, borrowings of Dollar Revolving Loans in any amount under the Revolving Commitments that are Base Rate Loans in other amounts pursuant to Section 2.7. Upon receipt of any Notice of Borrowing of Revolving Loan from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its **prorata** share of each borrowing of Dollar Revolving Loans available to the Administrative Agent in Dollars for the account of the Borrower or the Foreign Subsidiary Borrower specified in clause (iv) above, as applicable, at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing of Dollar Revolving Loans will then be made available to the Borrower or the Foreign Subsidiary Borrower specified in clause (iv) above, as applicable, by the Administrative Agent crediting the account of the Borrower or such Foreign Subsidiary Borrower on the books of such office or by wire transfer of such amounts to an account, reasonably acceptable to the Administrative Agent, designated in writing by the Borrower or applicable Foreign Subsidiary Borrower to the Administrative Agent, with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

(b) The Borrower or any Foreign Subsidiary Borrower may borrow Multicurrency Revolving Loans under the Multicurrency Revolving Subcommitments during the Revolving Commitment Period on any Business Day; **provided** that the Borrower or such Foreign Subsidiary Borrower shall give the Multicurrency Administrative Agent irrevocable written notice ("**Notice of Borrowing of Multicurrency Loan**") in the form as attached as **Exhibit 2.2(b)** or such other similar form reasonably requested by the Multicurrency Administrative Agent, duly completed, (which notice must be received by the Multicurrency Administrative Agent prior to 11:00 A.M., New York City time, five Business Days prior to the requested Borrowing Date), specifying (i) the requested Borrowing Date, (ii) the respective amounts of each Multicurrency Revolving Loan in each Foreign Currency and (iii) if applicable the respective lengths of the initial Interest Period therefor. Each borrowing under the Multicurrency Revolving Subcommitments shall be in an amount equal to (x) in the case of Multicurrency Revolving Loans denominated in Pounds Sterling, £1,000,000 or a whole multiple of £1,000,000 in excess thereof (y) in the case of Multicurrency Revolving Loans denominated in Euros, €1,000,000 or a whole multiple of €1,000,000 in excess thereof and (z) in the case of Multicurrency Revolving Loans denominated in Canadian Dollars, C\$1,000,000 or a whole multiple of C\$1,000,000 in excess thereof. Upon receipt of any Notice of Borrowing of Multicurrency Loan from the Borrower or any Foreign Subsidiary Borrower, the Multicurrency Administrative Agent shall promptly notify each Multicurrency Lender and the Administrative Agent thereof. Each Multicurrency Lender will make the amount of its **prorata** share of each borrowing available to the Multicurrency Administrative Agent for the account of the Borrower or the applicable Foreign Subsidiary Borrower at the Boston Funding Office prior to 11:00 A.M., New York City time, in each case, on the Borrowing Date requested by the Borrower or such Foreign Subsidiary Borrower in funds immediately available in the relevant Foreign Currency to the Multicurrency Administrative Agent. Such borrowing will then be made available to the Borrower or the applicable Foreign Subsidiary Borrower by the Multicurrency Administrative Agent crediting the account of the Borrower or such Foreign Subsidiary Borrower on the books of such office with the aggregate of the amounts made available to the Multicurrency Administrative Agent by the Multicurrency

Lenders and in like funds as received by the Multicurrency Administrative Agent or by wire transfer of such amounts to an account designated in writing by the Borrower or applicable Foreign Subsidiary Borrower to the Multicurrency Administrative Agent in connection with the relevant borrowing. The outstanding principal amount of any Multicurrency Revolving Loan made by a Lender shall constitute usage under the Revolving Credit Facility for all purposes including determining the availability of borrowings from such Lender thereunder.

(c) Reserved.

(d) At the request of any Lender, the Loans made by such Lender shall be evidenced by a promissory note of the Borrower or the Foreign Subsidiary Borrower, in the form attached hereto as **Exhibit J** or in such other form as reasonably requested by such Lender payable to such Lender in a principal amount equal to its Revolving Commitment or Swingline Commitment as the case may be, and otherwise duly completed.

2.3 Swingline Commitment. (a) Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans ("Swingline Loans") in Dollars to the Borrower; **provided** that (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans, may exceed the Swingline Commitment then in effect) and (ii) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan and, if applicable, the repayment at such time of any Revolving Loans, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be Base Rate Loans only.

(b) The Borrower shall repay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Termination Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; **provided** that on each date that a Revolving Loan is borrowed, the Borrower shall repay all Swingline Loans then outstanding.

2.4 Procedure for Swingline Borrowing; Refunding of Swingline Loans. (a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swingline Lender not later than 1:00 P.M., New York City time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to \$500,000 or a whole multiple of \$100,000 in excess thereof. Not later than 3:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent at the Funding Office an amount in Dollars and in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in the account of the Borrower with the Administrative Agent on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Days' notice given by the Swingline Lender no later than 12:00 Noon, New York City time, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Dollar Revolving Loan, in an amount equal to such Revolving Lender's Revolving Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Dollar Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such Dollar Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) after the date such Swingline Loan is required to be repaid by the Borrower in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans.

(c) If prior to the time a Dollar Revolving Loan would have otherwise been made pursuant to Section 2.4(b), one of the events described in Section 8(f) shall have occurred and be continuing with respect to the Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, Dollar Revolving Loans may not be made as contemplated by Section 2.4(b), each Revolving Lender shall, on the date such Dollar Revolving Loan was to have been made pursuant to the notice referred to in Section 2.4(b), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Revolving Lender's Revolving Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Dollar Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, further, that in the event that such payment received by the Swingline Lender is required to be returned, such Dollar Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Dollar Revolving Loans referred to in Section 2.4(b) and to purchase participating interests pursuant to Section 2.4(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Dollar Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.5 Commitment Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the Effective Date to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on each Fee Payment Date, commencing on the first such date to occur after the Effective Date.

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein.

2.6 Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' written notice to the Administrative Agent, to terminate the Revolving Commitments (and, for the avoidance of doubt, the Multicurrency Revolving Subcommitments) or, from time to time, to reduce the amount of the Revolving Commitments (and, for the avoidance of doubt, the Multicurrency Revolving Subcommitments); provided that no such termination or reduction of Revolving Commitments (and, for the avoidance of doubt, the Multicurrency Revolving Subcommitments) shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof, (i) the Outstanding Revolving Extensions of Credit would exceed the Total Revolving Commitments and (ii) the sum of the Multicurrency Revolving Extensions of Credit would exceed the Multicurrency Sublimit. Any such reduction shall be in a minimum principal amount of \$5,000,000, or a whole multiple thereof, and shall reduce permanently the

Revolving Commitments (and, for the avoidance of doubt, the Multicurrency Revolving Subcommitments) then in effect. If the Borrower opts to reduce the Revolving Commitments, the Multicurrency Sublimit shall subsequently be reduced on a prorata basis.

2.7 Optional Prepayments. (a) The Borrower or any Foreign Subsidiary Borrower may at any time and from time to time prepay the Loans (other than Multicurrency Revolving Loans), in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent no later than 11:00 A.M., New York City time, three Business Days prior thereto, in the case of SOFR Loans, Eurocurrency Rate Loans, Term RFR Loans or CDOR Rate Loans, and no later than 11:00 A.M., New York City time, one Business Day prior thereto, in the case of other Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of SOFR Loans, Eurocurrency Rate Loans, CDOR Rate Loans, Daily Simple RFR Loans, Term RFR Loans or Base Rate Loans; provided that if a SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower or the applicable Foreign Subsidiary Borrower shall also pay any amounts owing pursuant to Section 2.17. Upon receipt of any such notice, the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are Swingline Loans) accrued interest to such date of prepayment on the amount prepaid. Partial prepayments of Revolving Loans shall be in a minimum principal amount of \$1,000,000 or a whole multiple thereof. Partial prepayments of Swingline Loans shall be in a minimum principal amount of \$100,000 or a whole multiple thereof.

(b) The Borrower or any Foreign Subsidiary Borrower may at any time and from time to time prepay Multicurrency Revolving Loans, respectively, in whole or in part, without premium or penalty, upon irrevocable notice (which notice must be received by the Multicurrency Administrative Agent prior to 11:00 A.M., New York City time, five Business Days before the date of prepayment) specifying the date and amount of prepayment. Upon receipt of any such notice the Multicurrency Administrative Agent shall promptly notify each Multicurrency Lender, and the Administrative Agent thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the

date specified therein, together with any amounts payable pursuant to Section 2.17 and accrued interest to such date of prepayment on the amount prepaid. Partial prepayments of Multicurrency Revolving Loans shall be in a minimum principal amount of (x) £1,000,000 or a whole multiple of £1,000,000 in excess thereof, in the case of Loans denominated in Pounds Sterling, (y) €1,000,000 or a whole multiple of €1,000,000 in excess thereof, in the case of Loans denominated in Euros and (z) C\$1,000,000 or a whole multiple of C\$1,000,000 in excess thereof, in the case of Loans denominated in Canadian Dollars.

2.8 Mandatory Prepayments of Multicurrency Revolving Loans. (a) If, on any Calculation Date, the Outstanding Revolving Extensions of Credit or the Dollar Equivalent of the Multicurrency Revolving Extensions of Credit exceeds 105% of the Revolving Commitments or the Multicurrency Sublimit, respectively, the Borrower and/or any Foreign Subsidiary Borrower shall, without notice or demand, immediately repay such of its outstanding Revolving Loans (or cash collateralize its Letters of Credit in accordance with this Section 2.8(a)) in an aggregate principal amount such that, after giving effect thereto, (x) the Outstanding Revolving Extensions of Credit do not exceed the Revolving Commitments and (y) the Dollar Equivalent of the Multicurrency Revolving Extensions of Credit outstanding on such date is equal to or less than the Multicurrency Sublimit, respectively, and in each of (x) and (y) immediately preceding, together with interest accrued to the date of such payment or prepayment on the principal so prepaid and any amounts payable under Section 2.17 in connection therewith, as provided in subsection 2.8(b). The Borrower and/or any Foreign Subsidiary Borrower may, in lieu of repaying Revolving Loans in order to comply with this paragraph, deposit amounts in a Cash Collateral Account, for the benefit of the Lenders, equal to (A) the aggregate principal amount of Revolving Loans required to be prepaid or (B) the aggregate amount of such excess over the Revolving Commitments or the Multicurrency Sublimit as the case may be. The Administrative Agent shall apply any cash deposited in any Cash Collateral Account (to the extent thereof) to repay Revolving Loans at the end of the Interest Periods therefor, as the case may be; provided that (x) the Administrative Agent shall release to the Borrower and/or any applicable Foreign Subsidiary Borrower from time to time such portion of the amount on deposit in any Cash Collateral Account to the extent such amount is not required to be so deposited in order for the Borrower and/or the applicable Foreign Subsidiary Borrower to be in compliance with this Section 2.8 and (y) the Administrative Agent may so apply such cash at any time after the occurrence and during the continuation of an Event of Default. "Cash Collateral Account" means an account specifically established by the Borrower and/or any Foreign Subsidiary Borrower with the Administrative Agent for purposes of this Section 2.8 and that will be pledged to the Administrative Agent and over which the Administrative Agent shall have exclusive dominion and control, including the right of withdrawal for application in accordance with this Section 2.8.

(b) If any prepayment occurs pursuant to this Section 2.8 on a day that is not the last day of the then current Interest Period with respect thereto, the Borrower and/or any Foreign Subsidiary Borrower shall pay to the Multicurrency Lenders such amounts, if any, as may be required pursuant to Section 2.17.

2.9 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert SOFR Loans denominated in Dollars to Base Rate Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., New York City time, on the Business Day preceding the proposed conversion date; provided that, subject to Section 2.17, any such conversion of SOFR Loans denominated in Dollars, may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Base Rate Loans to SOFR Loans denominated in Dollars, by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., New York City time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor); provided that no Base Rate Loan may be converted into a SOFR Loan denominated in Dollars, when any Event of Default has occurred and is continuing and the Administrative Agent or the Required Lenders have

determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any SOFR Loan, Eurocurrency Rate Loan or CDOR Rate Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans; provided that no SOFR Loan denominated in Dollars may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuations; provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans denominated in Dollars shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period and, if the Borrower shall fail to give such notice of continuation of a Multicurrency Revolving Loan prior to the third Business Day preceding such continuation, such Multicurrency Revolving Loan shall be automatically continued for an Interest Period of one month. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender and, if applicable, the Multicurrency Administrative Agent thereof.

2.10 Limitations on Interest Period. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of SOFR Loans, Eurocurrency Rate Loans and CDOR Rate Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that no more than ten Interest Periods shall be outstanding at any one time.

2.11 Interest Rates and Payment Dates. (a) Each SOFR Loan, Eurocurrency Rate Loan and CDOR Rate Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to Term SOFR, the Adjusted Eurocurrency Rate or the CDOR Rate, as applicable, determined for such day plus the Applicable Margin for such Loans.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans.

(c) Each Daily Simple RFR Loan shall bear interest at a rate per annum equal to the Daily Simple RFR in effect from time to time for such Currency plus the Applicable Margin for Daily Simple RFR Loans.

(d) Each Term RFR Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Term RFR for such Interest Period and for such Currency plus the Applicable Margin for Term RFR Loans.

(e) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Loans and Reimbursement Obligations (whether or not overdue) shall bear interest at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to Base Rate Loans plus 2%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans plus 2% (unless such overdue amount is denominated in a Foreign Currency, in which case such overdue amount shall bear interest of a rate per annum equal to the highest rate then applicable under this

Agreement to Multicurrency Revolving Loans denominated in such Foreign Currency plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(f) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

(g) Notwithstanding the other provisions of this Section 2, the Loans denominated in Euros outstanding on the Fifth Amendment Effective Date in the aggregate principal amount of €90,000,000 which are subject to an Interest Period ending on December 31, 2021 shall remain outstanding and continue to bear interest through such date in accordance with the terms of this Agreement as in effect immediately before giving effect to the Fifth Amendment. The Borrower shall convert such existing Loans to a Type permitted by the terms of this Agreement at the end of such Interest Period, and if no such notice of conversion is delivered in accordance with the terms of this Agreement then such Loan shall be automatically converted to a Eurocurrency Rate Loan denominated in Euros (i.e., EURIBOR) with an Interest Period of one month.

(h) In connection with the use or administration of any Daily Simple RFR or Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of any Daily Simple RFR or Term SOFR.

2.12 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to (i) Base Rate Loans, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed and (ii) Multicurrency Revolving Loans denominated in Pounds Sterling, interest shall be calculated on the basis of a 365-day year for actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower, the relevant Foreign Subsidiary Borrower, if applicable, and the Lenders of each determination of Term SOFR, an Adjusted Eurocurrency Rate or the CDOR Rate. Any change in the interest rate on a Loan resulting from reserve or other requirements as determined by the Administrative Agent, shall become effective as of the opening of business on the day on which such change

becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower, the relevant Foreign Subsidiary Borrower, if applicable, and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the relevant Foreign Subsidiary Borrower, if applicable, and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower or the relevant Foreign Subsidiary Borrower deliver to the Borrower or the relevant Foreign Subsidiary Borrower, as applicable, a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.11.

(c) For purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or fee to be paid by a Foreign Subsidiary Borrower domiciled in Canada hereunder or under any other Loan Document is to be calculated on the basis of a 360-day year or any other period of time less than a calendar year, the yearly rate of interest or fees to which the rate used in such calculation is equivalent, is the rate so used (x) multiplied by the actual number of days in the applicable calendar year and (y) divided by 360 or such other period of time.

2.13 Inability to Determine Interest Rate. (a) With respect to Loans that are not SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that "Daily Simple RFR" with respect to any Currency cannot be determined pursuant to the definition thereof, the Administrative Agent will promptly so notify the Borrower and each Lender. Upon notice thereof by the Administrative Agent to the Borrower, (A) any obligation **Lindsay, only forty-five percent (45%)** of the Lenders to make or continue RFR Loans in each such Currency shall be suspended (to the extent of the affected RFR Loans) until the Administrative Agent revokes such notice and (B) if such determination affects the calculation of Base Rate, the Administrative Agent shall during the period of such suspension compute Base Rate without reference to any provision of the definition of "Base Rate" determining the Base Rate by reference to such Daily Simple RFR until the Administrative Agent revokes such notice. Upon receipt of such notice, (x) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of RFR Loans in each such Currency (to the extent of the affected RFR Loans) or, failing that, such request shall be ineffective and (y)(A) any outstanding affected RFR Loans denominated in any such Currency, at the Borrower's election, shall either (1) be converted into Base Rate Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Currency) immediately or (2) be prepaid in full immediately; provided that if no election is made by the Borrower by the date that is three (3) Business Days after receipt by the Borrower of such notice, the Borrower shall be deemed to have elected clause (1) above. Upon any such prepayment or conversion, the Borrower shall also pay any additional amounts required pursuant to Section 2.17.

(b) With respect to SOFR Loans, Eurocurrency Rate Loans and CDOR Rate Loans, if, on or prior to the first day of any Interest Period:

(i) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that (1) by reason of circumstances affecting the applicable offshore interbank market for the applicable Currency, Term SOFR or the applicable Adjusted Eurocurrency Rate or CDOR Rate, as applicable, cannot be determined pursuant to the definition thereof, including because the Screen Rate for the applicable Currency is not available or published on a current basis or (2) a fundamental change has occurred in the foreign exchange or interbank markets with respect to such Currency (including changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls), or

(ii) the Administrative Agent (upon notice from the Required Lenders, if applicable) or the Required Lenders determine that for any reason in connection with any request for a SOFR Loan, Eurocurrency Rate Loan or CDOR Rate Loan or a conversion thereto or a continuation thereof that (1) deposits in the applicable Currency are not being offered to banks in the applicable offshore interbank market for the applicable Currency, amount and Interest Period of such SOFR Loan, Eurocurrency Rate Loan or CDOR Rate Loan, or (2) Term SOFR or the Adjusted Eurocurrency Rate or CDOR Rate for any requested Currency or Interest Period with respect to a proposed SOFR Loan, Eurocurrency Rate Loan or CDOR Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan,

the Administrative Agent (upon notice from the Required Lenders, if applicable) will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain SOFR Loans, Eurocurrency Rate Loans or CDOR Rate loans in each such Currency shall be suspended (to the extent of the affected SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans or Interest Periods) until the Administrative Agent (with respect to clause (b)(ii) upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans in each such Currency (to the extent of the affected SOFR Loans, Eurocurrency Rate Loans or

CDOR Rate Loans or Interest Periods) or, failing that, (x) then such request shall be ineffective and (y) any outstanding affected SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans, as applicable, at the Borrower's election, shall either (1) be converted into Base Rate Loans denominated in U.S. Dollars (in an amount equal to the Dollar Equivalent of such Currency) at the end of the applicable Interest Period or (2) be prepaid in full at the end of the applicable Interest Period; provided that if no election is made by the Borrower by the earlier of (x) the date that is three (3) Business Days after receipt by the Borrower of such notice and (y) the last day of the current Interest Period for the applicable SOFR Loans, Eurocurrency Rate Loan or CDOR Rate Loan, the Borrower shall be deemed to have elected clause (1) above. If the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" cannot be determined pursuant to the definition thereof on any given day, the interest rate on Base Rate Loans shall be determined by the Administrative Agent without reference to clause (c) of the definition of "Base Rate" until the Administrative Agent revokes such determination.

(c) Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to clause (a) above.

2.14 Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower or the Foreign Subsidiary Borrowers from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Revolving Commitments of the Lenders shall be made prorata according to the respective Revolving Percentages of the relevant Lenders; provided that each borrowing by the Borrower or the Foreign Subsidiary Borrowers of Multicurrency Revolving Loans from the Multicurrency Lenders hereunder and any reduction of the Multicurrency Revolving Subcommitments of the Multicurrency Lenders shall be made prorata according to the respective Revolving Percentages of the Lenders; provided, further, that the Multicurrency Sublimit shall be reduced prorata with any reduction in the Revolving Commitments.

(b) Each payment (including each prepayment) by the Borrower or any Foreign Subsidiary Borrower on account of principal of and interest on the Dollar Revolving Loans shall be made prorata according to the respective outstanding principal amounts of the Dollar Revolving Loans then held by the Dollar Revolving Lenders and each payment (including each prepayment) by the Borrower or any Foreign Subsidiary Borrower on account of principal of and interest on the Multicurrency Revolving Loans shall be made prorata according to the respective outstanding principal amounts of the Multicurrency Revolving Loans then held by the Multicurrency Lenders.

(c) All payments (including prepayments) to be made by the Borrower or any Foreign Subsidiary Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds (or, in the case of principal or interest relating to Multicurrency Revolving Loans, prior to 11:00 A.M., New York City time, on the due date thereof to the Multicurrency Administrative Agent, for the account of the Multicurrency Lenders, at its Boston Funding Office, in the relevant Foreign Currency and in immediately available funds). The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on SOFR Loans, Eurocurrency Rate Loans and CDOR Rate Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a SOFR Loan, Eurocurrency Rate Loan or CDOR Rate Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately

preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(d) Unless the Administrative Agent or the Multicurrency Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, the Administrative Agent or the Multicurrency Administrative Agent, as applicable, may assume that such Lender is making such amount available to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, and the Administrative Agent or the Multicurrency Administrative Agent, as applicable, may, in reliance upon such assumption, make available to the Borrower or the relevant Foreign Subsidiary Borrower, as applicable, a corresponding amount. If such amount is not made available to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, by the required time on the Borrowing Date therefor, the Defaulting Lender shall pay to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, on demand, (i) in the case of amounts denominated in Dollars, such amount with interest thereon, at a rate equal to the greater of (X) the Federal Funds Rate and (Y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent or (ii) in the case of amounts denominated in Foreign Currencies, such amount with interest thereon at a rate determined by the Multicurrency Administrative Agent to be the cost to it of funding such amount until such Lender makes such amount immediately available to the Multicurrency Administrative Agent. A certificate of the Administrative Agent or the Multicurrency Administrative Agent, as applicable, submitted to any Defaulting Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If a Defaulting Lender's share of such borrowing is not made available to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, by such Defaulting Lender within three Business Days after such Borrowing Date, the Administrative Agent or the Multicurrency Administrative Agent, as applicable, shall also be entitled to recover (i) in the case of amounts denominated in Dollars, such amount with interest thereon at the rate per annum applicable to Base Rate Loans, on demand, from the Borrower or (ii) in the case of amounts denominated in Foreign Currencies, such amount with interest thereon at a rate determined by the Multicurrency Administrative Agent to be the cost to it of funding such amount, on demand, from the relevant Foreign Subsidiary Borrower. Nothing herein shall be deemed to limit the rights of any Borrower or any Foreign Subsidiary Borrower against any Defaulting Lender.

(e) Unless the Administrative Agent or the Multicurrency Administrative Agent, as applicable, shall have been notified in writing by the Borrower or the relevant Foreign Subsidiary Borrower prior to the date of any payment due to be made by the Borrower or the relevant Foreign Subsidiary Borrower hereunder that the Borrower or the relevant Foreign Subsidiary Borrower will not make such payment to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, the Administrative Agent or the Multicurrency Administrative Agent, as applicable, may assume that the Borrower or the relevant Foreign Subsidiary Borrower is making such payment, and the Administrative Agent or the Multicurrency Administrative Agent, as applicable, may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective prorata shares of a corresponding amount. If such payment is not made to the Administrative Agent or the Multicurrency Administrative Agent, as applicable, by the Borrower or the relevant Foreign Subsidiary Borrower within three Business Days after such due date, the Administrative Agent or the Multicurrency Administrative Agent, as applicable, shall be entitled to recover, on demand, from each applicable Lender to which any amount which was made available pursuant to the preceding sentence, (i) in the case of amounts denominated in Dollars, such

amount with interest thereon at the rate per annum equal to the daily average Federal Funds Rate and (ii) in the case of amounts denominated in Foreign Currencies, such

amount with interest thereon at a rate per annum determined by the Multicurrency Administrative Agent to be the cost to it of funding such amount. Nothing herein shall be deemed to limit the rights of the Administrative Agent, the Multicurrency Administrative Agent or any Lender against the Borrower or any Foreign Subsidiary Borrower.

2.15 Requirements of Law. (a) If any Change in Law subsequent to the Effective Date:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.16 and changes in the rate of tax on the overall net income or franchise taxes or branch profit taxes of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of Term SOFR or the Adjusted Eurocurrency Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled; provided that the Borrower shall not be required to compensate any Lender pursuant to this paragraph for any amounts incurred more than 90 days prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided, further, that if the circumstances giving rise to such claim have a retroactive effect, then such 90-day period shall be extended to include the period of such retroactive effect.

(b) If any Lender shall have determined that any Change in Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the Effective Date shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such Change in Law (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction; provided that the Borrower shall not be required to compensate any Lender pursuant to this paragraph for any amounts incurred more than 180 days prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided, further, that if the circumstances giving rise to such claim have a retroactive effect, then such 180-day period shall be extended to include the period of such retroactive effect.

(c) If any Governmental Authority of the jurisdiction of any Foreign Currency (or any other jurisdiction in which the funding operations of any Multicurrency Lender shall be conducted with respect to such Foreign Currency) shall have in effect any reserve, liquid asset or similar requirement with respect to any category of deposits or liabilities customarily used to fund loans in such Foreign Currency, or by reference to which interest rates applicable to loans in such Foreign Currency are determined, and the result of such requirement shall be to increase the cost to such Multicurrency Lender of making or maintaining any Multicurrency Revolving Loan in such Foreign Currency, and such Multicurrency Lender shall deliver to the Borrower and the relevant Foreign Subsidiary Borrower a notice requesting compensation under this paragraph, then the Borrower or relevant Foreign Subsidiary Borrower will pay to such Multicurrency Lender on each Interest Payment Date with respect to each affected Multicurrency Revolving Loan, an amount that will compensate such Multicurrency Lender, for such additional cost; provided that the Borrower and the relevant Foreign Subsidiary Borrower shall not be required to compensate a Multicurrency Lender pursuant to this paragraph for any amounts incurred more than 180 days prior to the date that such Multicurrency Lender notifies the Borrower and the relevant Foreign Subsidiary Borrower of such Multicurrency Lender's intention to claim compensation therefor; provided, further, that if the circumstances giving rise to such claim have a retroactive effect, then such 180 day period shall be extended to include the period of such retroactive effect.

(d) Notwithstanding any other provision of this Agreement, if, (i) (A) the adoption of any law, rule or regulation after the date of this Agreement, (B) any Change in Law or (C) compliance by any Lender with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement, shall make it unlawful for any such Lender to make or maintain any Revolving Loan of any Type, or to give effect to its obligations as contemplated hereby with respect to any Revolving Loan of any Type, or (ii) there shall have occurred any change in national or international financial, political or economic conditions (including the imposition of or any change in exchange controls, but excluding conditions otherwise covered by this Section 2.15) which would make it impracticable for the Lenders to make or maintain Revolving Loans of any Type, denominated in the relevant currency

after the Effective Date to, or for the account of, the Borrower or the relevant Foreign Subsidiary Borrower, then, by written notice to the Borrower or relevant Foreign Subsidiary Borrower and to the Administrative Agent or Multicurrency Administrative Agent, as the case may be:

(i) such Lender or Lenders may declare that Revolving Loans of that Type (in the affected currency or currencies to the applicable Borrower or relevant Foreign Subsidiary Borrower), will not thereafter (for the duration of such unlawfulness) be made by such Lender or Lenders hereunder (or be continued for additional Interest Periods to the applicable Borrower or relevant Foreign Subsidiary Borrower), whereupon any request for a Revolving Loan of that Type (in the affected currency or currencies to the applicable Borrower or relevant Foreign Subsidiary Borrower) or to continue a Revolving Loan of that Type (in the affected currency or currencies to the applicable Borrower or relevant Foreign Subsidiary Borrower), as the case may be, for an additional Interest Period) shall, as to such Lender or Lenders only, be of no force and effect, unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding Revolving Loans of that Type (in the affected currency or currencies to the applicable Borrower or relevant Foreign Subsidiary Borrower), made by it be converted to Base Rate Loans (unless repaid by the Borrower or relevant Foreign Subsidiary Borrower), in which event all such Revolving Loans of that Type, respectively (in the affected currency or currencies to the applicable Borrower or relevant Foreign Subsidiary Borrower), shall be converted to Base Rate Loans as of the effective date of such notice as provided in paragraph (e) below and at the Exchange Rate on the date of such conversion or, at the option of the Borrower or the relevant Foreign Subsidiary Borrower, repaid

on the last day of the then current Interest Period with respect thereto or, if earlier, the date on which the applicable notice becomes effective.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the converted Revolving Loans of such Lender shall instead be applied to repay the Base Rate Loans made by such Lender resulting from such conversion.

(e) For purposes of Section 2.15(d), a notice to Borrower or the relevant Foreign Subsidiary Borrower by any Lender shall be effective as to each Revolving Loan of such Type made by such Lender, if lawful, on the last day of the Interest Period currently applicable to such Revolving Loan; in all other cases such notice shall be effective on the date of receipt thereof by the Borrower or relevant Foreign Subsidiary Borrower.

(f) The Borrower shall pay, without duplication of any amounts covered by Section 2.15(a)(ii), to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including funds or deposits, additional interest on the unpaid principal amount of each Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which in each case shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

2.16 Taxes. (a) All payments made by the Borrower or any Foreign Subsidiary Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes, branch profit taxes and franchise taxes imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("**Non-Excluded Taxes**") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; **provided** that neither the Borrower nor any Foreign Subsidiary Borrower shall be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d), (e) or (g) of this Section, (ii) that are United States, French, Netherlands, United Kingdom, or Canadian federal or provincial withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the

extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower or any Foreign Subsidiary Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph or (iii) United States federal withholding taxes imposed under FATCA.

(b) In addition, the Borrower and each Foreign Subsidiary Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower or any Foreign Subsidiary Borrower, as promptly as possible thereafter the Borrower or the relevant Foreign Subsidiary Borrower, as the case may be, shall send to the Administrative Agent for its own account or for the

account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower or the relevant Foreign Subsidiary Borrower, as the case may be, showing payment thereof or other evidence of payment reasonably acceptable to the Administrative Agent. If the Borrower or any Foreign Subsidiary Borrower, as the case may be, fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower or such Foreign Subsidiary Borrower, as the case may be, shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) (i) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Borrower and to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", an exemption certificate in the form of Exhibit F and a Form W-8BEN or W-8BEN-E, as applicable, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower and any Foreign Subsidiary Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver. Each Lender (or Transferee) that is a "U.S. Person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender (or Transferee) becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent) copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding taxes.

(ii) If a payment made to a Lender under any Loan Document would be subject to United States federal withholding tax imposed under FATCA if such Lender were to fail to comply with the applicable reporting and other requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such

documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (d)(ii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. For purposes of determining withholding Taxes imposed under FATCA, from and after the effective date of this Agreement, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent and the Borrower to treat) the Agreement as no longer qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower or any Foreign Subsidiary Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or any Foreign Subsidiary Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(f) If the Administrative Agent or any Lender determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or any Foreign Subsidiary Borrower, as the case may be, or with respect to which the Borrower or any Foreign Subsidiary Borrower, as the case may be, has paid additional amounts pursuant to this Section 2.16, it shall pay over such refund to the Borrower or the relevant Foreign Subsidiary Borrower, as the case may be (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or such Foreign Subsidiary Borrower, as the case may be, under this Section 2.16 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower or such Foreign Subsidiary Borrower, as the case may be, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or such Foreign Subsidiary Borrower, as the case may be (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or such Foreign Subsidiary Borrower or any other Person.

(g) Each Lender that is not incorporated or organized under the laws of the jurisdiction under which a Foreign Subsidiary Borrower is incorporated or organized or is not a resident for taxation purposes of such Foreign Subsidiary Borrower's country of tax residence, shall upon written request by such Foreign Subsidiary Borrower, deliver to such Foreign Subsidiary Borrower or the applicable Governmental Authority or taxing authority, as the case may be,

any form or certificate required in order that any payment by such Foreign Subsidiary Borrower under this Agreement to such Lender may be made free and clear of, and without deduction or withholding for or on account of any tax (or to allow any such deduction or withholding to be at a reduced rate) imposed on such payment under the laws of the jurisdiction under which such Foreign Subsidiary Borrower is incorporated or organized or is otherwise a resident for taxation purposes; provided that such Lender is legally entitled to complete.

execute and deliver such form or certificate and such completion, execution or submission would not materially prejudice the legal position of such Lender.

(h) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.17 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower or any Foreign Subsidiary Borrower in making a borrowing of, conversion into or continuation of SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower or any Foreign Subsidiary Borrower in making any prepayment of or conversion from SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of SOFR Loans, Eurocurrency Rate Loans or CDOR Rate Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the applicable market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.18 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.15 or 2.16(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage; provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.15 or 2.16(a).

2.19 Replacement of Lenders. The Borrower shall be permitted to replace with a replacement financial institution (a) any Lender that requests reimbursement or for whom the Borrower is required to make payments, for amounts owing pursuant to Section 2.15 or 2.16(a), (b) any Defaulting Lender, (c) any L/C Participant to the extent that the issuance of any Letter of Credit would conflict with, or cause such L/C Participant to exceed any limits imposed by, any applicable Requirement of Law or (d) a Non-Consenting Lender; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender or L/C Participant shall have taken no action under Section 2.21 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.15 or 2.16(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender or L/C Participant on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender or L/C Participant under Section 2.17 if any SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial

institution, if not already a Lender or L/C Participant, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender or L/C Participant shall be replaced in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.15 or 2.16(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender or L/C Participant.

2.20 Judgment Currency. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures in the relevant jurisdiction, the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of the relevant Foreign Subsidiary Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, the Borrower as a separate obligation and notwithstanding any such judgment, agrees to indemnify the Applicable Creditor against such loss. The obligations of the relevant Foreign Subsidiary Borrower contained in this Section 2.20 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

2.21 Foreign Currency Exchange Rate. (a) No later than 1:00 P.M., New York City time, on each Calculation Date with respect to a Foreign Currency, the Administrative Agent shall determine the Exchange Rate as of such Calculation Date with respect to such Foreign Currency; provided that upon receipt of a borrowing request pursuant to Section 2.3(b) or the issuance of any Multicurrency Letter of Credit, the Administrative Agent shall determine the Exchange Rate with respect to the relevant Foreign Currency on the related Calculation Date. The Exchange Rates so determined shall become effective on the relevant Calculation Date (a "Reset Date"), shall remain effective until the next succeeding Reset Date and shall for all purposes of this Agreement (other than Section 2.15(d) and any other provision requiring the use of a current Exchange Rate) be the Exchange Rates employed in converting any amounts between Dollars and Foreign Currencies.

(b) No later than 5:00 P.M., New York City time, on each Reset Date, the Administrative Agent shall determine the aggregate amount of the Dollar Equivalents of the principal amounts of the relevant Multicurrency Revolving Extensions of Credit then outstanding (after giving effect to any Multicurrency Revolving Extensions of Credit to be made or repaid on such date).

(c) The Administrative Agent shall promptly notify the Borrower and the Foreign Subsidiary Borrower of each determination of an Exchange Rate hereunder.

2.22 Incremental Revolving Facility. (a) The Borrower may, at any time or from time to time after the Effective Date, by written notice to the Administrative Agent (whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders), request one or more (but, in any event, no more than three) increases in the amount of the Revolving Commitments (each such increase, an "Incremental Revolving Commitment Increase"); provided that, subject to Section 2.22(d)

and (e), (A) both at the time of any such request and after giving effect to the effectiveness of any Incremental Revolving Commitment Increase, no Default or Event of Default shall exist and the conditions in Section 5.2 shall be satisfied and (B) the Borrower shall be in compliance, on a pro forma basis after giving effect to any such Incremental Revolving Commitment Increase, with the covenants set forth in Section 7.1, as such covenants are recomputed as at the last day of the most recent fiscal quarter as if such Incremental Revolving Commitment Increase (taking into account only the amount of the Dollar Equivalent of Outstanding Revolving Extensions of Credit outstanding at the time of and after giving effect to any extensions of credit in connection with such Incremental Revolving Commitment Increase and the consummation of any transactions contemplated thereby) had been outstanding on the first day of such period.

(b) Each Incremental Revolving Commitment Increase shall be in an aggregate principal amount that is not less than \$10,000,000 (provided that such amount may be less than \$10,000,000 if such amount represents all remaining availability under the limit set forth in the next sentence). Notwithstanding anything to the contrary herein, the aggregate amount of all Incremental Revolving Commitment Increases shall not exceed \$200,000,000.

(c) Each notice from the Borrower pursuant to this Section 2.22 shall set forth the requested amount of the Incremental Revolving Commitment Increase. Incremental Revolving Commitment Increases may be provided, by any existing Lender (it being understood that no existing Lender will have any obligation to provide a portion of any Incremental Revolving Commitment Increase or any right to consent to any Incremental Revolving Commitment Increase) or by any other bank or other financial institution (any such other bank or other financial institution being called an "Additional Lender"); provided that the Administrative Agent shall have consented to such Lender's or Additional Lender's providing such Incremental Revolving Commitment Increases if such consent would be required under Section 10.6(b) for an assignment of Loans or Revolving Commitments, as applicable, to such Lender or Additional Lender.

(d) (i) Subject to the provisions of 2.22(d)(ii), the effectiveness of any Incremental Revolving Commitment Increase shall be subject to the satisfaction on the date thereof of the conditions in Section 5.2 and such other conditions as the parties thereto shall agree which may include, without limitation, increasing the Applicable Margin for Revolving Loans advanced under the Incremental Revolving Commitment Increase. The Borrower and the Foreign Subsidiary Borrowers may use the proceeds of the Incremental Revolving Commitment Increases for any purpose not prohibited by this Agreement;

(ii) Notwithstanding anything to the contrary in this Agreement, if the Incremental Revolving Commitment Increase is to be used solely for purposes of financing a Limited Condition Acquisition, including the repayment of any indebtedness and payment of fees, costs and expenses in connection therewith, and the Borrower has made an LCA Election therefor, only the Limited Funding Conditions (after giving effect to Section 1.09) must be satisfied as a condition to the Loan under the Incremental Revolving Commitment Increase for the Limited Condition Acquisition to which such Incremental Revolving Commitment Increase applies.

(e) Upon each increase in the Revolving Commitments pursuant to this Section 2.22, each Lender with a Revolving Commitment immediately prior to such increase will automatically and without further act be deemed to have assigned to each Lender providing a portion of the Incremental Revolving Commitment Increase (each an "Incremental Revolving Commitment Increase Lender") in respect of such increase, and each such Incremental Revolving Commitment Increase Lender will automatically and without further act be deemed to have assumed, a portion of such Lender's participations hereunder in outstanding Revolving Letters of Credit and Swingline Loans such that, after

giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding (i) participations hereunder in Revolving Letters of Credit and (ii) participations hereunder in Swingline Loans held by each Lender with a Revolving Commitment (including each such Incremental Revolving Commitment Increase Lender) will equal the percentage of the aggregate Revolving Commitments of all Lenders represented by such Lender's Revolving Commitment after giving effect to the Incremental Revolving Commitment Increase. If, on the date of such increase, there are any Revolving Loans

outstanding, such Revolving Loans shall on or prior to the effectiveness of such Incremental Revolving Commitment Increase be prepaid from the proceeds of additional Revolving Loans made hereunder (reflecting such increase in Revolving Commitments), which prepayment shall be accompanied by accrued interest on the Revolving Loans being prepaid and any costs incurred by any Lender in accordance with Section 2.17. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, *pro rata* borrowing and *pro rata* payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

2.23 Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(a) That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(b) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 8 or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 10.7), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent in its capacity as Administrative Agent hereunder; *second*, to the payment on a *pro rata* basis of any amounts owing by that Defaulting Lender to the Issuing Lender or Swingline Lender hereunder; *third*, if so determined by the Administrative Agent or requested by the Issuing Lender or Swingline Lender, to be held as **Lindsay's Purchased** Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swingline Loan or Letter of Credit; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lender or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lender or Swingline Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or Letter of Credit in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or Letters of Credit were made at a time when the conditions set forth in Section 5.1 or 5.2, as applicable, were satisfied or waived, such payment shall be applied solely to pay the Loans of, and Letter of Credit owed to, all non-Defaulting Lenders on a *pro rata* basis prior to be applied to the payment of any Loans of, or Letters of Credit owed to, that Defaulting Lender. Any payments,

prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owned by a Defaulting Lender or to post Cash Collateral pursuant to this Agreement shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(c) That Defaulting Lender (x) shall be entitled to receive any Commitment Fee pursuant to Section 2.5 for any period during which that Lender is a Defaulting Lender only to extent allocable to the sum of (1) the outstanding amount of the Loans funded by it and (2) its Aggregate Exposure Percentage of the stated amount of Letters of Credit and Swingline Loans for which it has provided Cash Collateral pursuant to this Agreement (and the Borrower shall (A) be required to pay to each of the Issuing Lender and the Swingline Lender, as applicable, the amount of such fee allocable to its Fronting Exposure arising from that Defaulting Lender and (B) not be required to pay the remaining amount of such fee that otherwise would have been required to have been paid to that Defaulting Lender) and (y) shall be limited in its right to receive Letter of Credit Fees as provided in Section 3.3.

(d) During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund Loans, participations in Letters of Credit or Swingline Loans, the "Aggregate Exposure Percentage", "Revolving Percentage" and "Multicurrency Revolving Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; provided that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists or on such later date if and when such Default or Event of Default is cured or waived; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund Loans, participations in Letters of Credit and Swingline Loans shall not exceed the positive difference, if any, of (1) the Revolving Commitment of that non-Defaulting Lender minus (2) the aggregate outstanding amount of the Loans of that Lender.

(e) If the Borrower, the Administrative Agent, Swingline Lender and the Issuing Lender agree in writing, in their sole discretion, that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held on a *pro rata* basis by the Lenders in accordance with their Aggregate Exposure Percentages (without giving effect to Section 2.23(d)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.24 Benchmark Replacement Setting.

(a) **Benchmark Replacement.** Notwithstanding anything to the contrary herein or in any other Loan Document,

(i) upon the occurrence of a Benchmark Transition Event with respect to the then-current Benchmark other than the Term SOFR Reference Rate, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the

Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.24(a)(i) will occur prior to the applicable Benchmark Transition Start Date; and

(ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (b)(i) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b)(ii) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a monthly basis.

(b) **Conforming Changes.** In connection with the use, administration, adoption or implementation of a Benchmark Replacement (including in connection with any Term RFR Transition Event), the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) **Notices; Standards for Decisions and Determinations.** The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, a Term RFR Transition Event, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement (including in connection with any Term RFR Transition Event), (iii) the effectiveness of any Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.24(d) and (v) the commencement or conclusion of any Benchmark Unavailability Period, provided that the failure to give such notice under this clause (v) shall not affect the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.24, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.24.

(d) **Unavailability of Tenor of Benchmark.** Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement or Term RFR Transition Event), (i) if the then-current Benchmark is a term rate (including the CDOR Rate or Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the

administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will no longer be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) **Benchmark Unavailability Period.** Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to any Benchmark, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of any Loans to be made, converted or continued with respect to the then-current affected Benchmark during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, (i) the obligation of the Lenders to make or maintain Loans with respect to such Benchmark shall be suspended, (ii) any request for a borrowing of, conversion to or continuation of Loans with respect to such Benchmark shall be ineffective and will be deemed to have been a request for a borrowing of or conversion to Base Rate Loans and, in the case of Loans in a Currency other than Dollars, the conversion of such Loans to Base Rate Loans denominated in Dollars, and (iii) the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(f) **Term RFR Transition Event.** Notwithstanding anything to the contrary in this Agreement or in any other Loan Document and subject to the proviso below in this paragraph, if a Term RFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of any then-current Benchmark, then the applicable Benchmark Replacement will replace such then-current Benchmark for all purposes under this Agreement or under any other Loan Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that this Section 2.24(f) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term RFR Notice. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term RFR Notice after a Term RFR Transition Event and may do so in its sole discretion.

SECTION 3. LETTERS OF CREDIT

3.1 **L/C Commitment.** (a) Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.4(a), agrees to issue letters of credit and/or bank guarantees, but, with regard to bank guarantees, only to the extent a Lender has agreed in writing to issue bank guarantees (together with any Designated Letters of Credit, "**Letters of Credit**") for the account of the Borrower, any Foreign Subsidiary Borrower, or any other Subsidiary of the Borrower (provided that the Borrower shall be a co-applicant, and be jointly and severally liable, with respect to each Letter of Credit issued for the account of any Subsidiary of the Borrower, and the Borrower shall be deemed to be a co-applicant, and shall be jointly and severally liable, with respect to each Designated Letter of Credit issued for the account of any Subsidiary of the Borrower) on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by such Issuing Lender; provided that such Issuing Lender shall not issue or extend any

Letter of Credit if, after giving effect to such issuance or extension, in the case of the Borrower and the Foreign Subsidiaries, (i) the L/C Obligations would exceed the L/C Commitment, (ii) the sum of Outstanding Revolving Extensions of Credit would exceed the Total Revolving Commitments or (iii) the sum of the Multicurrency Revolving Extensions of Credit would exceed the Multicurrency Sublimit. Each Letter of Credit shall (i) be denominated in Dollars or any one of the Foreign Currencies, as specified by the Borrower, and (ii) expire no later than the earlier of (x) the second anniversary of its date of issuance and (y) the date that is five Business Days prior to the Revolving Termination Date; provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) No Issuing Lender shall at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause such Issuing Lender or any L/C Participant, to exceed any limits imposed by, any applicable Requirement of Law. No Lender shall at any time be obligated to issue any bank guaranty unless it has expressly agreed in writing to issue bank guarantees.

(c) (i) Schedule 3.1, lists the Designated Letters of Credit, (ii) such Designated Letters of Credit shall be deemed to be Letters of Credit issued pursuant to and in compliance with this Section 3.1, (iii) the face amount of such Designated Letters of Credit shall be included in the calculation of **Purchased Cash**.

"R&W Insurer" means the available L/C Commitment named insurers pursuant to the R&W Policy.

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"R&W Policy" means the Representations & Warranties Insurance Policy to be issued to US Buyer in connection with the Transactions.

"Release" has the meaning set forth in Section 101(22) of CERCLA.

"Subsidiary" means, with respect to any Person, any other Person of which a majority of the outstanding share capital, voting power, voting securities or other voting equity interest are owned or controlled, or that is otherwise controlled, in each case, directly or indirectly, by such Person. Unless the context clearly requires otherwise, any reference herein to a Subsidiary shall mean a direct or indirect Subsidiary of the Company. For the avoidance of doubt and notwithstanding anything to the contrary contained herein, Lindsay Forest Products Inc., a Washington corporation, Lindsay Forest Products LTD, a corporation formed under the laws of Credit, (iv) British Columbia, and Haskins Canada shall be deemed to be Subsidiaries of the provisions Company for purposes of this Agreement shall apply thereto, and the Borrower, if applicable, other Transaction Documents.

"Third Party" means any Person or "group" (as defined under Section 13(d) of the Foreign Subsidiary Borrowers Securities Exchange Act of 1934, as amended) of Persons, other than Buyer or any of its Affiliates.

“Transaction Expenses” means the unpaid portion of (i) aggregate fees, commissions, costs, expenses and obligations incurred or owed by the ESOT, the Company or any of its Subsidiaries in connection with or arising from the Transactions and the sale process leading up to the Transactions including, without limitation, all amounts in respect of legal, accounting, investment banking, brokerage and other **Subsidiary** similar fees, costs, expenses and obligations, but excluding any ESOP Expenses; (ii) the aggregate amount payable by the Company or any of its Subsidiaries (including the employer’s portion of all withholding, payroll and similar Taxes and all applicable Benefit Plan payments) in respect of all transaction, sale and change of control bonuses, retention bonuses and similar payments incurred and/or payable in connection with or arising from the Transaction; (iii) the costs and expenses associated with obtaining the D&O Tail Policy pursuant to **Section 5.11**; and (iv) post-Closing expenses of the **Borrower** ESOT.

(b) Pre-Closing Deliveries. On the date hereof, the Company will furnish to the Buyer (i) a certificate executed by an executive officer of the Company setting forth in reasonable detail (A) the Company’s good faith estimate of Closing Working Capital (the **“Estimated Closing Working Capital”**), including an itemization of the components thereof; (B) the Company’s good faith estimate of Purchased Cash (the **“Estimated Purchased Cash”**), Closing Company Indebtedness (the **“Estimated Closing Company Indebtedness”**), Closing ESOT Indebtedness, if any (the **“Estimated Closing ESOT Indebtedness”**), Transaction Expenses (the **“Estimated Transaction Expenses”**), and Accrued Bonuses (the **“Estimated Accrued Bonuses”**); and (C) the Company’s calculation of the Closing Purchase Price based thereon (the **“Estimated Purchase Price Certificate”**); (ii) a payoff letter, in form and substance satisfactory to the Buyer, from each holder of Closing Company Indebtedness or Closing ESOT Indebtedness, if any, indicating the amount required to discharge in full such Closing Company Indebtedness or Closing ESOT Indebtedness, if any, at Closing and, if such Closing Company Indebtedness or Closing ESOT Indebtedness, if any, is secured, an undertaking by such holder to discharge at Closing any Liens securing such Closing Company Indebtedness or Closing ESOT

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Indebtedness, if any; and (iii) a final bill and wire transfer instructions from each payee of any portion of the Transaction Expenses.

1.4 Payments at Closing.

(a) Key Knife Canada Closing. As agreed in **Section 1.1**, the Key Knife Canada Closing shall be consummated prior to the Key Knife US Closing. At the Key Knife Canada Closing, or, if the Closing occurs on January 1, 2024, on the next Business Day following the Closing, the Canadian Buyer shall, at the direction of the Company, contribute the Key Knife Canada Securities Purchase Price to the ESOT.

(b) Key Knife US Closing. As agreed in **Section 1.1**, the Key Knife US Closing shall be consummated subsequent to the Key Knife Canada Closing. At the Key Knife US Closing, or, if the Closing occurs on January 1, 2024, on the next Business Day following the Closing, the Buyer will make or cause to be made the following payments by wire transfer as follows:

(i) *first*, to the respective holders of the Closing Company Indebtedness and Closing ESOT Indebtedness, if any, the amounts specified in the pay-off letters delivered pursuant to **Section 1.3(b)**;

(ii) *second*, to the respective payees of the Transaction Expenses, the amounts set forth in the final bills delivered pursuant to **Section 1.3(b)**;

(iii) *third*, to the Escrow Agent, an amount equal to the Escrow Amount; and

(iv) *fourth*, to the ESOT, the Estimated Purchase Price less the Escrow Amount less the Key Knife Canada Securities Purchase Price (which is obligated to have been paid to the Company and then contributed to the ESOT, and not remain an asset of the Company as of the Closing).

1.5 Determination of Closing Purchase Price.

(a) Initial Determination. Within 90 days after the Closing Date, the Company will deliver to the Trustee a certificate (the **“Closing Purchase Price Certificate”**), executed by the Company, setting forth an itemized statement of the Closing Working Capital, Purchased Cash, Closing Company Indebtedness, Closing ESOT Indebtedness, if any, Transaction Expenses, and Accrued Bonuses, and a calculation of the Closing Purchase Price based thereon.

(b) Disputed Items. Trustee will have the opportunity to review the Closing Purchase Price Certificate for thirty (30) days after the Closing Purchase Price Certificate is delivered to the Trustee (the **“Review Period”**). During the Review Period, Buyer and the **Lenders hereunder**

hereby expressly assume Company will provide to Trustee and its representatives reasonable access to all obligations with respect reasonably obtainable Company information, including accountants' working papers, to such Letters of Credit that they would have if such Letters of Credit had been issued pursuant enable Trustee to this Agreement review the Closing Purchase Price Certificate. If the Trustee delivers written notice to the Company and (v) all liabilities the Buyer prior to the end of the Borrower Review Period stating that the Trustee objects to

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any items on the Closing Purchase Price Certificate, specifying the basis for such objection in reasonable detail and if applicable, any Foreign Subsidiary Borrower or other Subsidiary setting forth the Trustee's proposed modifications to the Closing Purchase Price Certificate (the "Disputed Items Notice"), then the Trustee and the Company will attempt to resolve and finally determine and agree upon the Closing Purchase Price as promptly as practicable. If the Trustee does not deliver the Disputed Items Notice to the Company and the Buyer within thirty (30) days after the date of delivery of the Borrower, with respect to such Designated Letters of Credit shall constitute obligations Closing Purchase Price Certificate, then the calculation of the Borrower or Closing Purchase Price specified in the applicable Foreign Subsidiary Borrower hereunder. Closing Purchase Price Certificate will be conclusively presumed to be true and correct in all respects and will be final and binding upon the parties.

3.2(c) Procedure for Issuance Arbitration of Letter of Credit Disputes. The Borrower or any Foreign Subsidiary Borrower may from time to time request that an Issuing Lender issue a Letter of Credit by delivering to If the relevant Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender may request. Upon receipt of any Application, such Issuing Lender will process such Application Trustee and the certificates, documents Company fail to agree upon the Closing Purchase Price within thirty (30) days after delivery of the Disputed Items Notice, the Trustee and other papers and information delivered the Company will engage a mutually acceptable accounting firm (the "Independent Accounting Firm") to it in connection therewith resolve, in accordance with its customary procedures this Agreement, the disputed items specified in the Disputed Items Notice that remain in dispute. If the Company and the Trustee are unable to agree upon the selection of the Independent Accounting Firm, either party may petition the American Arbitration Association to appoint the Independent Accounting Firm, with the costs of the American Arbitration Association to be split equally by the Company and the Trustee. The Independent Accounting Firm shall address only the disputed items set forth in the Disputed Items Notice that remain in dispute, and shall promptly issue select either the Letter Trustee's initial position (as set forth in the Disputed Items Notice) or the Company's initial position (as set forth in the Closing Purchase Price Certificate) as to such disputed items in the aggregate (i.e., a so-called "baseball arbitration"). The Independent Accounting Firm will (i) resolve the disputed items specified in the Disputed Items Notice and (ii) determine the Final Closing Working Capital, the Final Purchased Cash, the Final Closing Company Indebtedness, the Final Closing ESOT Indebtedness, if any, the Final Transaction Expenses and the Final Accrued Bonuses as modified only by the resolution of Credit requested thereby (but in no event shall any Issuing Lender such items. The Independent Accounting Firm will be required instructed by the parties to issue any Letter of Credit earlier than three Business Days make its determination within 60 days after its receipt being engaged and such determination will be final and binding upon the parties. The fees, costs and expenses of the Application therefor and all Independent Accounting Firm will be borne by the party whose positions did not prevail in such other certificates, documents and other papers and information relating thereto) determination generally, as determined by issuing the original of Independent Accounting Firm.

(d) Payment. At such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by such Issuing Lender and the Borrower or the relevant Foreign Subsidiary Borrower, time as the case may be. The relevant Issuing Lender shall furnish a copy of such Letter of Credit to Closing Purchase Price is finally determined, either (i) if the Borrower Closing Purchase Price is greater than or the relevant Foreign Subsidiary Borrower, as the case may be, promptly following the issuance thereof. The relevant Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof) in accordance with Section 3.9.

3.3 Fees and Other Charges. (a) The Borrower will pay a fee to the Revolving Lenders on all outstanding Letters of Credit issued for the account of the Borrower and any Foreign Subsidiary Borrower at a per annum rate equal to the Applicable Margin then in effect with respect to SOFR Loans, shared ratably among Estimated Purchase Price, the Revolving Lenders and payable quarterly in arrears on each Fee Payment Date after the issuance date. In addition, the Borrower shall pay to each Issuing Lender for its

own account a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears on each Fee Payment Date after the issuance date.

(b) In addition Buyer will remit to the foregoing fees, the Borrower shall pay or reimburse each respective Issuing Lender for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender Escrow Agent an amount in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4 L/C Participations. (a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce each Issuing Lender to issue Letters of Credit for the account of the Borrower or any Foreign Subsidiary Borrower, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from each such Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest immediately available funds equal to such L/C Participant's Revolving Percentage in each Issuing Lender's obligations excess, to be held as part of the Escrow Fund pursuant to the Escrow Agreement, or (ii) if the Estimated Purchase Price is greater than the Closing Purchase Price, the Buyer and rights under and in respect of each Letter of Credit. Each L/C Participant hereby agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which any Issuing Lender is not reimbursed in full by the Borrower or Trustee shall deliver joint written instructions to the relevant Foreign Subsidiary Borrower, as Escrow Agent directing the case may be, in accordance with Escrow Agent to release to the terms of this Agreement, such L/C Participant, shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein Buyer an amount from the Escrow Fund an amount equal to such L/C Participant's Revolving Percentage excess.

(e) No Impairment of Other Rights. The final determination of the amount Closing Purchase Price under this Section 1.5 shall not impair any other rights of a party under this Agreement including, without limitation, any rights to indemnification.

(f) Illustrative Calculation. For illustrative purposes only, Exhibit 1.5(f) sets forth the calculation of the Closing Working Capital Company's Indebtedness, ESOT

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Indebtedness, if any, Transaction Expenses and the Closing Purchase Price based thereon as if the Closing had occurred on June 30, 2023.

1.6 ESOP Amendment, Distribution, and IRS Determination Letter.

(a) All parties hereby agree that prior to Closing the Company shall take or cause to be taken all such draft, or actions as may be necessary to legally terminate the ESOP effective as of the Closing. Prior to Closing, the Company shall amend the ESOP (which amendment shall be in a form reasonably acceptable to Buyer and the Trustee) (the "Amendment"), which Amendment shall provide that, upon the sale of the Company, the ESOP (i) shall no longer be considered an "employee stock ownership plan" (as defined in Section 4975 of the Code), (ii) shall be terminated effective as of the Closing, (iii) shall no longer permit distributions to participants in the form of "qualifying employer securities" (as defined in Section 407 of ERISA) and (iv) shall permit a cash payment from the account of each participant equal to the participant's estimated account balance as of the first day after the Closing Date minus the participant's share of the ESOT Distribution Retention Amount; and (v) shall permit the entire balance of each participant's account to be distributable in cash (as adjusted for any part thereof, that is not so reimbursed. Each L/C Participant's obligation prior payments) but only after receiving both (I) IRS Determination Letter and (II) all funds to which the ESOP may be entitled under this Agreement, as reasonably determined by the Trustee. The ESOT shall retain the ESOT Distribution Retention Amount to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant may have against any Issuing Lender, the Borrower or any Foreign Subsidiary Borrower ESOP Expenses or any other Person for any reason whatsoever, (ii) amount determined by the occurrence or continuance of a Default or Trustee to be an Event of Default or the failure to satisfy any obligation of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any Foreign Subsidiary Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower or any Foreign Subsidiary Borrower, any other Loan Party or any other L/C Participant, or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. ESOT.

(b) If any amount required Promptly following the Closing, the Company will take all commercially reasonable actions to be paid by any L/C Participant seek the IRS Determination Letter. Buyer will cause its legal counsel to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by any Issuing Lender under any Letter of Credit is paid to such Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to such Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period reasonably cooperate with Trustee and the denominator Company in connection with seeking the IRS Determination Letter. In the event any actions in furtherance of which is 360. If any obtaining the IRS Determination Letter are required, the Buyer and the Company shall reasonably cooperate on resolving such amount required matters. Expenses reasonably incurred by the Company and the Buyer in furtherance of obtaining the

IRS Determination Letter shall be satisfied from the Escrow Fund. A copy of the IRS Determination Letter will be provided to be paid by any L/C Participant pursuant to all parties to Section 3.4(a) is not made available to such Issuing Lender by such L/C Participant within three Business Days after this Agreement upon receipt.

1.7 Withholding. The Buyer and the date such payment is due, such Issuing Lender Company shall be entitled to recover/withhold from any consideration payable or otherwise deliverable pursuant to this Agreement such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable amounts as are required to Base Rate Loans. A certificate of such Issuing Lender submitted to be withheld under any L/C Participant Legal Requirement with respect to any such payment. The withheld amounts owing under will be treated for all purposes of this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after an Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its prorata share of such payment in accordance with Section 3.4(a), such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower, any Foreign Subsidiary Borrower or otherwise, including proceeds of collateral applied thereto by such Issuing Lender), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its prorata share thereof; provided that in the event

that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

3.5 Reimbursement Obligation of the Borrower and the Foreign Subsidiary Borrowers. If any draft is Agreement as having been paid under any Letter of Credit, the Borrower or the applicable Foreign Subsidiary Borrower, as the case may be, shall reimburse the relevant Issuing Lender for the amount of (a) the draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment, not later than 12:00 Noon, New York City time, on (i) the Business Day that the Borrower or the applicable Foreign Subsidiary Borrower, as the case may be, receives notice of such draft, if such notice is received on such day prior to 10:00 A.M., New York City time in the case of Letters of Credit denominated in Dollars, and 11:00 A.M., New York City time, in the case of Letters of Credit denominated in a Foreign Currency, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Borrower or the applicable Foreign Subsidiary Borrower, as the case may be, receives such notice. Each Issuing Lender agrees to forward any such notice to the Administrative Agent or the Multicurrency Administrative Agent, as applicable. Each such payment shall be made to such Issuing Lender at its address for notices referred to herein Person in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date respect of the relevant notice, Section 2.11(b) and (y) thereafter, Section 2.11(c).

3.6 Obligations Absolute. The Borrower's and each applicable Foreign Subsidiary Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower or any relevant Foreign Subsidiary Borrower may have or have had against any Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower and each relevant Foreign Subsidiary Borrower also agree with each Issuing Lender that no Issuing Lender shall be responsible for, and the Borrower's and each applicable Foreign Subsidiary Borrower's Reimbursement Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower or any relevant Foreign Subsidiary Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower any relevant Foreign Subsidiary Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Issuing Lender. The Borrower and each relevant Foreign Subsidiary Borrower agree that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower or each relevant Foreign Subsidiary Borrower and shall not result in any liability of any Issuing Lender to the Borrower and each relevant Foreign Subsidiary Borrower. Nothing herein shall be deemed to limit the rights of the Borrower or any Foreign Subsidiary Borrower against the Issuing Lender for any actions or inactions taken by the Issuing Lender that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Issuing Lender.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Lender shall promptly notify the Borrower or the relevant Foreign Subsidiary Borrower, as the case may be, of the date and amount thereof. The responsibility of an Issuing Lender to the Borrower or the relevant Foreign Subsidiary Borrower, as the case may be, in connection

with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.8 Applications and Designated Letters of Credit. To the extent that any provision of any Application related to any Letter of Credit or any Designated Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

3.9 **Certain Reporting Requirements.** Each Issuing Lender will report in writing to the Administrative Agent (i) on the fifth Business Day prior to the end of each fiscal quarter of the Borrower, the aggregate stated amount of Letters of Credit issued by it and outstanding as of the last Business Day of the preceding week and (ii) on or prior to each Business Day on which an Issuing Lender expects to issue or amend any Letter of Credit, the date of such issuance or amendment and the aggregate stated amount of Letters of Credit to be issued by it and outstanding after giving effect to such issuance or amendment (and such Issuing Lender shall advise the Administrative Agent on such Business Day whether such issuance or amendment occurred and whether the amount thereof changed). **withholdings were made.**

SECTION 4. ARTICLE 2.

REPRESENTATIONS AND WARRANTIES **CONCERNING THE COMPANY AND ITS SUBSIDIARIES**

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower **The Company** hereby represents and warrants to the Administrative Agent and Buyer that each Lender that:

4.1 **Financial Condition.** (a) The audited consolidated balance sheets of the Borrower **statements contained in this Article 2 is true** and its consolidated Subsidiaries **correct** as at January 2, 2016 and January 3, 2015, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from KPMG LLP, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

(b) The unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the fiscal quarter ended October 1, 2016, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly in all material respects the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year end audit adjustments and the absence of footnotes). All such financial statements, including the related schedules, have been prepared in accordance with GAAP applied consistently throughout the periods involved.

(c) As of the date hereof and will be true and correct as of the Closing Date. For purposes of this Agreement, no Group Member has any material Guarantee Obligations, contingent liabilities **Article 2** other than **Sections 2.1, 2.2, 2.3, 2.4, 2.6** and liabilities for taxes, or any long **2.7**, each reference to "the Company" shall be deemed to refer to the Company and each of its Subsidiaries (as applicable) and each of their respective predecessors, **unless the context in which such term leases or unusual forward or long term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives that are made outside the ordinary course of business that are not reflected in the financial statements referred to in clauses (a) is used requires otherwise.**

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2.1 **Organization, Power** and (b) above. During the period from January 2, 2016 to and including the Effective Date, there has been no Disposition by any Group Member of any material part of the business or property of the Group Members, taken as a whole.

4.2 **No Change Standing.** Since January 1, 2022, there has been no development or event that has had or would reasonably be expected to have **The Company** is a **Material Adverse Effect**.

4.3 **Existence; Compliance with Law.** (a) Each of the Borrower, each other Loan Party and each other Material Subsidiary is corporation duly organized, validly existing and in good standing (or the equivalent of such standing, if any, under the laws of any jurisdiction outside the State of Oregon, and has full power and authority to own, lease and operate its properties and to carry on its business (either directly or through its Subsidiaries) as currently conducted and as currently proposed by the Company to be conducted after the Closing (the "Business"), including performing its obligations under all Contracts to which it is a party. Copies of the **United States**) under Organizational Documents of the **jurisdiction** Company and the Organizational Documents of each Subsidiary that have been delivered to the Buyer are complete and correct and neither the Company nor any Subsidiary is in material violation of the terms thereof. **Schedule 2.1** sets forth a complete and accurate list of the officers, directors and managers (as applicable) of the Company.

2.2 Subsidiaries. Except as set forth on **Schedule 2.2(a)**, (i) the Company has no direct or indirect Subsidiaries and (ii) neither the Company nor any of its organization, (b) each Group Member (other than Subsidiaries, directly or indirectly, owns or has the Borrower and each Material Subsidiary) right (contingent or otherwise) to acquire any equity interest in any other corporation, partnership, limited liability company, joint venture, trust or other business organization. Each Subsidiary is duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (c) each Group Member has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (d) each Group Member is duly qualified organized, as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (e) each Group Member is in compliance with all Requirements of Law, except in the case of clause (b), (c), (d) or (e) above, to the extent that the failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 set forth on **Power; Authorization; Enforceable Obligations Schedule 2.2(a)**. Each Loan Party of the Subsidiaries has the full power and authority to own, lease and operate its properties and to carry on its respective portion of the legal right, to make, deliver and perform the Loan Documents Business (including performing its obligations under all Contracts to which it is a party party). **Schedule 2.2(b)** sets forth a complete and accurate list of the officers, directors and managers (as applicable) of the Company's Subsidiaries.

2.3 Foreign Qualifications. The Company and each of its Subsidiaries are duly qualified and authorized to do business and are in good standing in the case jurisdictions listed on **Schedule 2.3**. Neither the Company nor any of its Subsidiaries is required to qualify to do business as a foreign entity in any other jurisdiction except where the Borrower, on failure to so qualify is not, individually or in the aggregate, material.

2.4 Due Authorization. The Company has full power and after the Effective Date, authority and each Foreign Subsidiary Borrower, on or after the date such Foreign Subsidiary Borrower joined this Agreement, to obtain extensions of credit hereunder. Each Loan Party has taken all required action on its part necessary organizational action to authorize permit it to execute and deliver and to carry out the execution, delivery terms of this Agreement and performance the other agreements, instruments and documents of the Loan Company contemplated hereby or by the Transactions (such other agreements, instruments and documents, together with the Agreement, are sometimes referred to hereinafter as the "Transaction Documents to which it is a party").

2.5 No-Conflict; Required Consents and in Approvals. Except as specified on **Schedule 2.5** and except for any applicable filings and approvals under the case Hart-Scott-Rodino Antitrust Improvements Act of the Borrower and the Foreign Subsidiary Borrowers, to authorize the extensions of credit on the terms and conditions of this Agreement. No 1976, as amended (the "HSR Act"), no consent, order, authorization, approval, notice, declaration or filing, including, without limitation, any consent, approval or authorization of or notice or filing with notice to or other act by or in respect of, any Governmental Authority Entity or any other Person, is required on the part of the Company for or in connection with (A) the extensions of credit hereunder or (B) the its execution, delivery performance, validity or enforceability performance of this Agreement or any of the Loan Transaction Documents, except consents, authorizations, filings and notices described in or the conduct of the Business by the Company after the Closing (the "Required Consents"). To the Knowledge of the Company, the Required Consents will be obtained. Subject to obtaining the Required Consents specified on **Schedule 4.4 2.5**, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect. Each Loan Document has been duly executed and delivered on behalf of each Loan Party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Bar. The execution, delivery and performance of this Agreement and the other Loan Transaction Documents the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not, violate with or without notice, the happening of any material Requirement event and/or the

passage of Law or any material Contractual Obligation of the Borrower or any Material Subsidiary and will not time, result in any breach or violation of, be in conflict with, require any action (including any authorization, consent, approval, exemption, filing or waiver under) constitute a default under, result in the creation or imposition of any Lien upon any asset of the Company under, or cause the acceleration of any obligation or loss of any rights under or cause acceleration of the rights of any third party under any Legal Requirement, Contract, instrument, Permit, or Organizational Document, in each case, to which the Company is a party or by which the Company is bound.

2.6 Validity and Enforceability. This Agreement has been duly executed and delivered by the Company. This Agreement is, and each of the Transaction Documents shall be, when executed and delivered by the Company, the valid and binding obligations of the Company enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and by laws related to the availability of specific performance, injunctive relief or other equitable remedies (the "Remedies Exception").

2.7 Capitalization.

(a) The Company's authorized and outstanding securities, including the class, series and number of such securities, are as set forth on **Schedule 2.7(a)** hereto. All of the outstanding securities of the Company are held beneficially and as of record by the ESOT. The offer, issuance and sale of the Purchased Securities were made in compliance with all applicable federal and state securities laws and all applicable preemptive and similar rights. There are no outstanding options, warrants, convertible or exchangeable securities or other securities or rights that could, directly or indirectly, obligate the Company to issue any securities.

(b) Each Subsidiary's authorized and outstanding securities, including the class, series and number of such securities, are as set forth on **Schedule 2.7(b)** hereto. Each Subsidiary's outstanding securities are owned beneficially and as of record by the Persons and in the amounts set forth on **Schedule 2.7(b)** and are duly authorized, validly issued, fully paid and nonassessable. The offer, issuance and sale of such securities were made in compliance with all applicable Legal Requirements and all applicable preemptive and similar rights. There are no outstanding options, warrants, convertible or exchangeable securities or other securities or rights that could, directly or indirectly, obligate any Subsidiary to issue any securities.

(c) There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company or any Subsidiary.

(d) Except as set forth in **Schedule 2.7(d)**, there are no agreements, written or oral, relating to any securities of the Company or any Subsidiary including, without limitation, the acquisition, disposition, repurchase, voting or registration thereof.

(e) Except as set forth in **Schedule 2.7(e)**, neither the Company nor any Subsidiary is subject to any obligation to redeem, purchase or otherwise acquire or retire any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation. No Requirement of Law or Contractual Obligation applicable to its securities. Except as set forth in **Schedule 2.7(e)**, neither the Borrower or Company, nor any of its Subsidiaries, would reasonably be expected has agreed to have a Material Adverse Effect.

4.6 Litigation. No litigation make, or proceeding of is obligated to make, any future investment in or before any arbitrator or Governmental Authority is pending nor, to the knowledge of the Borrower, is any litigation, investigation or proceeding of or before any arbitrator or Governmental Authority threatened by or against any Group Member or against any of their respective properties or revenues (a) with respect capital contribution to any other Person. Except as set forth in **Schedule 2.7(e)**, no Person has any right of first offer, right of first refusal, preemptive right or other similar right in connection with the Loan Documents issuance or any sale of the transactions contemplated hereby or thereby or (b) that would reasonably be expected to have a Material Adverse Effect.

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4.7 No Default. No Group Member is in default under the outstanding securities of any Subsidiary, the Purchased Securities, or with respect to any future offer, sale or issuance of its Contractual Obligations in any respect that would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each Group Member has title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, a valid leasehold interest in or a valid license to use, all its other property except for such defects in title that would not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted securities by Section 7.3.

4.9 Intellectual Property. Each Group Member owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted, except to the extent that the failure to own or have a license to use would not reasonably be expected to have a Material Adverse Effect. No claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property that would reasonably be expected to have a Material Adverse Effect, nor does the Borrower know of any valid basis for any such claim. The

use of Intellectual Property by each Group Member does not infringe on the rights of any Person except to the extent that any such infringement would not reasonably be expected to have a Material Adverse Effect.

4.10 Taxes. Each Group Member has filed or caused to be filed all Federal, state and other tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it **Company** or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than (a) any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Group Member or (b) the failure to so file or so pay would not reasonably be expected to have a Material Adverse Effect).

4.11 Margin Stock. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect for any purpose that violates the provisions of the Regulations of the Federal Reserve Board, including, without limitation, Regulations U, T and X, or (b) for any purpose that violates the provisions of the Regulations of the Federal Reserve Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect and except as disclosed on **Schedule 4.12**: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

4.13 ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of

ERISA and the Code. No termination of a Single Employer Plan has occurred (other than the termination of each of a noncontributory defined benefit retirement plan for eligible employees at one of the Borrower's U.S. divisions and its corporate office and a supplemental benefit plan for certain executive officers as disclosed in the Borrower's Quarterly Report on Form 10-Q for the fiscal quarter year ended September 29, 2018 and updated in subsequent filings with the U.S. Securities and Exchange Commission), and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14 Investment Company Act. No Loan Party is an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.15 Subsidiaries. On the Sixth Amendment Effective Date, the Borrower does not have any Subsidiaries other than the Subsidiaries (including the Discontinued Operations) listed on **Schedule 4.15**. Except as disclosed to the Administrative Agent, (a) **Schedule 4.15** sets forth, as of the Sixth Amendment Effective Date, the name and jurisdiction of incorporation of each Subsidiary of the Borrower (including the Discontinued Operations) and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and whether such Subsidiary is a Material Subsidiary and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options or restricted stock or restricted stock units granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as created by or permitted under the Loan Documents.

4.16 Use of Proceeds. The proceeds of the Loans shall be used (i) to refinance certain existing indebtedness of the Borrower and its Subsidiaries, (ii) to pay fees and expenses incurred in connection with the Revolving Credit Facility; (iii) for Permitted Acquisitions and Restricted Payments permitted hereunder; (iv) for Capital Expenditures; and (v) to provide ongoing working capital and for other general corporate purposes of the Borrower and its Subsidiaries.

4.17 Environmental Matters. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by any Group Member (the "**Properties**") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could give rise to liability under, any Environmental Law;

(b) no Group Member has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by any Group Member (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which any Group Member is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Group Member in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws; **Subsidiary**.

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation **Upon consummation** of any Environmental Law with respect to the Properties or the Business; and

(g) no Group Member has assumed any liability of any other Person under Environmental Laws.

4.18 Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement, or the Canadian Buyer shall own all of the Key Knife Canada Securities, free and clear of all Liens, other Loan Documents, contained than pursuant to applicable securities laws. The Key Knife Canada Securities constitute all of the fully diluted capitalization of Key Knife Canada. Upon consummation of the transactions contemplated by this Agreement, the Buyer shall own all of the Purchased Securities, free and clear of all Liens, other than pursuant to applicable securities laws. The Company Securities constitute all of the fully diluted capitalization of the Company.

2.8 Financial Information.

(a) The Company has delivered to the Buyer the reviewed, consolidated balance sheets of the Company as of December 31, 2022 and December 31, 2021 (the December 31, 2022 balance sheet is sometimes referred to herein as the "**Balance Sheet**" and the date such statement, information, document or certificate was so furnished, any untrue thereof is sometimes referred to as the "**Balance Sheet Date**"), and the reviewed, consolidated statements of income, cash flows and stockholders' equity for the fiscal years then ended. The Company has delivered to the Buyer the unaudited trial balance of Lindsay Forest Products, Inc. and Lindsay Forest Products LTD (collectively, "**Lindsay**") as of December 31, 2022 and for the fiscal year then ended. The Company has delivered to the Buyer the unaudited income statement of a material fact or omitted to state a material fact necessary to make Lindsay for the statements contained herein or therein not materially misleading in light of the circumstances under which such statements were made. fiscal year ended December 31, 2021. The projections and **proforma** financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount and may not be achieved. As of the Sixth Amendment Effective Date, there is no fact known to any Loan Party that would reasonably be expected to have a Material Adverse Effect since January 1, 2022, that Company has not been expressly disclosed herein, in the other Loan Documents, or in any other documents, certificates and statements also furnished to the Administrative Agent Buyer the unaudited trial balance of the Company as of September 30, 2023 (the "**Latest Balance Sheet**") and for the Lenders for use nine (9) month period then ended September 30, 2023. The financial statements of Lindsay were not reviewed by Company's outside accounting firm, as the ownership stake was acquired in connection with the transactions contemplated hereby and by the other Loan Documents. current fiscal year.

4.19 (b) Solvency As used in this Agreement, "**Financial Statements**" means the financial statements referenced in clause (a) above together with (as of the Closing) the financial statements delivered pursuant to **Section 5.6**. The Loan Parties, taken as a whole, Financial Statements and the notes thereto, if any, (i) are complete and after giving effect to accurate in all material respects and fairly present the incurrence financial condition of all Indebtedness the Company at the respective dates thereof and obligations being incurred the results of operations for the periods then ended, and (ii) were prepared in connection herewith will be and will continue to be, Solvent.

4.20 Insurance. The Borrower and each of its Subsidiaries maintains with financially sound and reputable insurers (not related to or affiliated accordance with the Borrower or any books and records of its Subsidiaries) insurance the Company in conformity with respect to its properties and business and against at least such liabilities, casualties and

contingencies and in at least such types and amounts as is customary the Accounting Principles consistently applied during the periods covered thereby, except, (x) in the case of corporations engaged unaudited Financial Statements, for the omission of footnotes and normal and recurring year-end adjustments which are not and will not be, individually and in the same aggregate, material; and (y) in the case of the Financial Statements with respect to Lindsay, such were not prepared in accordance with GAAP.

(c) The Company maintains accurate books and records reflecting its assets, Liabilities, business, financial condition and results of operations. The Company maintains a system of internal accounting controls sufficient to ensure that (i) transactions of the Company are executed in accordance with management's general or a similar business specific authorizations; (ii) transactions of the Company are recorded as necessary to permit preparation of financial statements in conformity with the Accounting Principles and to maintain asset accountability; (iii) access to assets of the Company is permitted only in accordance with management's general or having similar properties similarly situated, specific authorization;

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4.21 Anti-Terrorism Law Compliance; OFAC; Anti-Corruption Laws. Neither and (iv) all material information concerning the Borrower nor any of its Subsidiaries (a) Company is in violation of any applicable law or regulation, or is identified in any list of any government agency (including, without limitation, made known on a timely basis to the OFAC list, Executive Order No. 13224 or the USA Patriot Act), in each case, that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or individuals responsible for the benefit of certain Persons specified therein or that prohibits or limits any Lender or Issuing Lender from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower and (b) is, nor to the knowledge preparation of the Borrower, financial statements of the Company. Except as set forth in Schedule 2.8(c), the Company is any director, officer or employee of Borrower or any Subsidiary thereof, an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority, or (iii) except to the extent permitted by applicable law located, organized or resident in a Designated Jurisdiction. The Borrower and its Subsidiaries have conducted their businesses in material compliance with applicable anti-corruption laws and have instituted and maintained policies and procedures designed its system of internal accounting controls. The Company is not aware of any Fraud relating to promote and achieve compliance with such laws, its Financial Statements or operations, or any allegations thereof.

4.22 (d) Affected Financial Institution. No Group Member is an Affected Financial Institution.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. The agreement of each Lender to make their initial Revolving Loans on the effective date of this Agreement requested to be made by it and of Company does not have any Issuing Lender to issue or extend Letters of Credit hereunder is subject to the satisfaction, prior to or concurrently with the making of such extension of credit, of the following conditions precedent:

(a) Credit Agreement; Guarantee Agreement. The Administrative Agent shall have received (i) this Agreement executed and delivered by the Administrative Agent, the Borrower, the Multicurrency Administrative Agent and each Person listed liability for Indebtedness other than as set forth on Schedule 1.1 2.8(d)(i) (which schedule includes, for each item of Indebtedness, the amount outstanding and the name of the applicable lender or creditor), and accurate and complete copies of all instruments and documents, if any, evidencing, creating, securing or otherwise relating to such Indebtedness have been made available to Buyer. Schedule 2.8(d)(ii) contains a complete and accurate list of all Contracts pursuant to which the Guarantee Agreement, executed Company has guaranteed any Indebtedness, lease or other liability of any other Person ("Company Guarantees"), and delivered by accurate and complete copies of all Company Guarantees have been made available to Buyer. Schedule 2.8(d)(iii) contains a complete and accurate list of all Contracts pursuant to which any present or former owners, stockholders, directors, managers, members, officers or employees of the Borrower Company have guaranteed any Indebtedness, leases or other Liabilities of the Company ("Other Guarantees"), and each Subsidiary Guarantor accurate and (iii) if requested promissory notes in favor complete copies of each Lender requesting a promissory note, all Other Guarantees have been made available to Buyer.

(b)(e) Refinancing. The Lenders Except for (i) accounts payable and accrued expenses reflected on the Administrative Agent shall have received satisfactory evidence that all existing Indebtedness Balance Sheet and all other similar amounts outstanding incurred in the ordinary course of business since the Balance Sheet Date (none of which is a Liability resulting from breach of contract, breach of warranty, tort, infringement or misappropriation or violation of any Legal Requirement), and (ii) obligations of future performance under the Existing Credit Agreement being refinanced hereby and the related loan documents thereby shall be contemporaneously repaid in full and all commitments to provide additional extensions of credit thereunder shall have terminated.

(c) **Fees.** The Lenders and the Administrative Agent shall have received all fees **Contracts set forth or otherwise** required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), set forth on a Schedule hereto or before the Effective Date. All such amounts will be paid with the proceeds of the Revolving Loans **not required to be made disclosed on a Schedule hereto**, the Effective Company does not have any material Liabilities.

2.9 No Material Changes. Since the Balance Sheet Date, and will be reflected except for the Transactions contemplated by this Agreement or as shown on **Schedule 2.9**: (a) the Company has operated only in the funding instructions given by the Borrower to the Administrative Agent on or before the Effective Date.

(d) **Closing Certificate; Certified Certificate usual and ordinary course of Incorporation; Good Standing Certificates.** The Administrative Agent shall have received (i) such certificates or resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible

Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party; (ii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrower and its Subsidiaries are validly existing, in good standing and qualified to engage in business, in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and including certified copies of the Organization Documents of each Loan Party; (iii) a certificate signed by a Responsible Officer of the Borrower certifying (A) that the conditions specified in Sections 5.2(a) and (b) (and Section 5.3, if applicable) have been satisfied, (B) that there has been no event or circumstance since January 2, 2016 that has had or would be reasonably expected to have, either condition which individually, or in the aggregate, a Material Adverse Effect, (C) there is no pending litigation or proceeding of or before any arbitrator or Governmental Authority and, to the knowledge of the Borrower, there is no investigation or litigation, proceeding of or before any Governmental Authority threatened by or against any Group Member or against any of their respective properties or revenues (i) together with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby or (ii) that would reasonably be expected to have a Material Adverse Effect, and (D) any approvals required to enter into the transaction contemplated herein by any Governmental Authority or material third party have been obtained; (iv) certificates attesting to the Solvency of the Loan Parties as a whole before and after giving effect to the Loans, from its chief financial officer; and (v) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect.

(e) **Legal Opinions.** The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Wilmer Cutler Pickering Hale and Dorr LLP, special New York counsel of the Borrower and its Subsidiaries reasonably acceptable to the Administrative Agent; and

(ii) if requested by the Administrative Agent, legal opinions from firms reasonably acceptable to the Administrative Agent for each Foreign Subsidiary Borrower.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

5.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit and any borrowing by a Foreign Subsidiary Borrower but excluding any conversion to, or continuation of, a SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan) is subject to the satisfaction of the following conditions precedent:

(a) **Representations and Warranties.** Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct on and as of such date as if made on and as of such date, except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct as of such date.

(b) **No Default.** No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) **Commitment Amount.** After giving effect to any such extension of credit under the Revolving Commitment, the amount of all outstanding Loans and Reimbursement Obligations for all undrawn Letters of Credit and bank guarantees, to the extent any have been issued thereunder, will not exceed the Revolving Commitment.

Each such borrowing by and issuance or extension of a Letter of Credit on behalf of the Borrower, any Subsidiary of the Borrower and any Foreign Subsidiary Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

5.3 Additional Conditions Applicable to the Foreign Subsidiary Borrowers. The agreement of each Lender to make any Loan and of any Issuing Lender to issue or extend any Letter of Credit (other than Designated Letters of Credit as to which the Borrower is a co-applicant and any conversion to, or

continuation of, a SOFR Loan, Eurocurrency Rate Loan, CDOR Rate Loan or Term RFR Loan) requested to be made by it to any Foreign Subsidiary Borrower on any date is subject to the satisfaction or waiver of, in addition to the conditions precedent set forth in Sections 5.1 and 5.2 to be fulfilled by such Foreign Subsidiary Borrower, the truthfulness and correctness in all material respects on and as of such date of the following additional representations and warranties:

- (i) **Pari Passu.** The obligations of such Foreign Subsidiary Borrower under this Agreement, when executed and delivered by such Foreign Subsidiary Borrower, will rank at least paripassu with all unsecured Indebtedness of such Foreign Subsidiary Borrower.
- (ii) **No Immunities, etc.** The assets of such Foreign Subsidiary Borrower shall be available without material limitation to satisfy the Foreign Subsidiary Borrower Obligations of such Foreign Subsidiary Borrower under laws of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing provided that such assets of a Foreign Subsidiary Borrower may be subject to liens permitted under Section 7.3.
- (iii) **Recordation.** This Agreement is in proper legal form under the law of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing for the enforcement hereof or thereof against such Foreign Subsidiary Borrower under the law of such jurisdiction. No recordation, filing or registration, and no payment of any charge or tax is necessary under the law of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing or for the enforcement hereof or thereof against such Foreign Subsidiary Borrower under the law of such jurisdiction or such recordation, filing or registration has been made and is in full force and effect or such charge or tax paid.
- (iv) **Exchange Controls.** The execution, delivery and performance by such Foreign Subsidiary Borrower of this Agreement or the other Loan Documents is, under applicable foreign exchange control regulations of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date; provided that any notification or authorization described in immediately preceding clause (ii) shall be made or obtained as soon as is reasonably practicable.

Each such borrowing or such issuance by any Foreign Subsidiary Borrower hereunder shall constitute a representation and warranty by each of the Borrower and such Foreign Subsidiary Borrower as of the date of such borrowing or such issuance that the conditions contained in this Section 5.4 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Revolving Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries to:

6.1 Financial Statements. Furnish to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, on EDGAR (or upon the request of any Lender, the Borrower shall provide a copy of such statement or report described above to any Lender that does not have access to EDGAR) the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, on EDGAR (or upon the request of any Lender, the Borrower shall provide a copy of such statement or report described above to any Lender that does not have access to EDGAR) the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein and subject to the absence of footnotes with respect to quarterly statements) consistently throughout the periods reflected therein and with prior periods.

6.2 Certificates; Other Information. Furnish to the Administrative Agent and each Lender (or, in the case of clause (d), to the relevant Lender):

(a) concurrently with the delivery of any financial statements pursuant to Section 6.1, (i) a certificate of a Responsible Officer stating that, to the best of each such Responsible Officer's knowledge, each Loan Party during such period has observed or performed all of its covenants and other agreements contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default, in each case, except as specified in such certificate and (ii) (x) a Compliance Certificate containing all information and calculations necessary for determining compliance with the provisions of this Agreement referred to therein as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and (y) to the extent not previously disclosed to the Administrative Agent, a description of any change in the jurisdiction of organization of any Loan Party since the date of the most recent report delivered pursuant to this clause (y) (or, in the case of the first such report so delivered, since the Effective Date);

(b) as soon as available, and in any event no later than 90 days after the end of each fiscal year of the Borrower, a summary consolidated forecast of the Borrower and its Subsidiaries for the following fiscal year;

(c) within five days after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities or public equity securities and, within five days after the same are filed, on EDGAR (or upon the request of any Lender, the Borrower shall provide a copy of such statement or report described above to any Lender that does not have access to EDGAR) copies of all financial statements and reports that the Borrower may make to, or file with, the SEC; and

(d) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

6.3 **Payment of Obligations.** Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except (a) where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member or (b) where the failure to so pay, discharge or otherwise satisfy would not reasonably be expected to result in a Material Adverse Effect.

6.4 **Maintenance of Existence; Compliance.** (a) (i) With respect to the Loan Parties, preserve, renew and keep in full force and effect its organizational existence, except as otherwise permitted by Section 7.4 and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 **Maintenance of Property; Insurance.** (a) Except to the extent that any non-compliance would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 **Inspection of Property; Books and Records; Discussions.** (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time, on reasonable prior notice, but in no event more often than once per fiscal year, and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the Group Members and with the consent of the Borrower (such consent not to be unreasonably withheld) with their independent certified public accountants. Notwithstanding the foregoing, if a Default or any Event of Default has occurred and is continuing, representatives of the Lenders shall be permitted to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any time, and without notice, and as often as may be desired and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the

Group Members and, without the need for any consent, with their independent certified public accountants.

6.7 **Notices.** Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding of which, in each case, the Borrower has knowledge, and that may exist at any time between any Group Member and any Governmental Authority, that in either case, would reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting any Group Member (i) which has had, or would reasonably be expected to have, a Material Adverse Effect, (ii) in which injunctive or similar relief is sought by any governmental authority, (iii) in which injunctive or similar relief is sought by any Person (other than a governmental authority) unless such relief has not had or would not reasonably be expected to have a Material Adverse Effect or (iv) which relates to any Loan Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC events or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan; and

(e) promptly after the Borrower or any of its Subsidiaries obtains knowledge thereof, any material-addition or material change to a Sharing Agreement the Borrower or any of its Subsidiaries have entered into.

(f) any development or event that conditions, has had or could reasonably be expected to have a Material Adverse Effect, Effect and (c) the Company has not;

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details(i) changed its operations in any material respect;

- (ii) had any Lien placed upon any of the occurrence referred Company's assets;
- (iii) disposed, acquired or licensed any assets or properties, other than in the ordinary course of business;
- (iv) adopted a plan or agreement of liquidation, dissolution, restructuring, merger, consolidation or other reorganization;
- (v) made any change in the compensation paid or payable to therein and stating what action any officer, director, manager, employee, agent, representative or consultant other than in the relevant Group Member proposes ordinary course of business, or paid any special or extraordinary bonus to take any officer, manager or employee;

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- (vi) made or effected any dividend, distribution, redemption, repurchase or similar transaction involving its securities;
- (vii) made any change in its accounting policies, practices or procedures;
- (viii) amended any Tax Returns, made or changed any election in respect of Taxes, entered into any closing agreement, settled any claim or assessment in respect of Taxes, or consented to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;
- (ix) collected any receivables, paid any payables, or committed to any capital expenditures, other than in the ordinary course of business, or delayed any capital expenditures or other payments;
- (x) changed its customer pricing, rebates or discounts, other than in the ordinary course of business;
- (xi) canceled or waived any material rights, or settled any material claim;
- (xii) suffered any damage, destruction or casualty, condemnation or other loss (whether or not covered by insurance) with respect thereto.

6.8 Environmental Laws. (a) Comply with, and ensure compliance to any of the assets or properties owned or used by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and ensure the Company that, all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, except, in each such case, to the extent that the failure to so comply, or to ensure compliance or to obtain and maintain would not reasonably, individually or in the aggregate, exceeds \$50,000;

(xiii) assigned, transferred, licensed, abandoned, cancelled or otherwise waived or terminated any rights with or in any Company Intellectual Property, except non-exclusive licenses granted to customers in the ordinary course of business;

(xiv) made or authorized any commitment with respect to capital expenditures that are, in the aggregate, in excess of \$150,000;

(xv) conducted any reduction-in-force of employees or other service providers or otherwise implemented any layoffs that could implicate the WARN Act;

(xvi) amended any Tax Return, made or changed any material election in respect of Taxes, entered into any closing agreement, settled any claim or assessment in respect of Taxes, consented to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, changed its method of Tax accounting, prepared any Tax Returns in a manner which is materially inconsistent with the past practices of the Company, incurred any material liability for Taxes other than in the ordinary course of business consistent with past practice or filed any Tax Return in a jurisdiction where the Company did not file a Tax Return of the same type in the immediately preceding tax period;

(xvii) managed its working capital other than in the ordinary course of business consistent with past practices (including (A) not deferring, delaying or postponing the payment of accounts payable or other obligations or Liabilities other than in the ordinary course of business with past practices, and (B) not accelerating the collection of accounts receivable other than in the ordinary course of business consistent with past practices);

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(xviii) cancelled any insurance policies or reduced the amount or scope of any insurance coverage provided by such insurance policies with respect to the assets, operations and activities of the Company;

(xix) commenced any lawsuit, arbitration or other legal or quasi-legal proceeding; or

(xx) agreed or committed to do any of the foregoing.

2.10 Material Contracts. Schedule 2.10 sets forth a complete and accurate list (organized by subsection), in each case whether written or unwritten, of all of the following Contracts with respect to the Company:

(a) Contracts with respect to which the Company has any Liability involving more than \$150,000 ("Material Contract Amount"), contingent or otherwise;

(b) Contracts with any Material Customers or Material Vendors;

(c) Contracts that may extend for a term of more than one year after the Closing and that have Liability involving more than the Material Contract Amount;

(d) Contracts under which the amount payable by the Company is dependent on the revenue, income or other similar measure of the Company or any other Person;

(e) Contracts and other arrangements with respect to any material property of the Company, including without limitation, distribution, sales and supply Contracts and any Contract containing an assignment or agreement to assign Intellectual Property by the Company to any other Person;

(f) Contracts relating to any Indebtedness (including Contracts that are a mortgage, indenture, guaranty, loan or credit agreement, security agreement or which otherwise create or grant any Lien on any assets of the Company (other than Permitted Liens));

(g) Contracts of the Company with any officer, director, manager, stockholder, member or Affiliate of the Company or any of their respective relatives or Affiliates, which contracts remain in effect;

(h) Contracts which place any limitation on the Business including, without limitation, any agreement that contains any exclusivity, price restriction, non-competition, most-favored nation, non-solicitation, no-hire or similar provisions;

(i) employment, severance, consulting, deferred compensation or collective bargaining Contracts, and benefits or similar plans, Contracts or other arrangements involving the Company (other than those terminable at will without Liability to the Company);

(j) Contracts relating to or involving any franchise, partnership, joint venture or other similar arrangement (including any Contract relating to a profit-sharing arrangement);

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- (k) Contracts with respect to mergers or acquisitions, dispositions, purchases or sales of securities or material assets, or investments by the Company;
- (l) Contracts with Governmental Entities;
- (m) reseller, strategic alliance, co-marketing, co-promotion, co-packaging, joint development or similar Contracts;
- (n) Contracts for sales, marketing or other promotional services;
- (o) powers of attorney;
- (p) Contracts that provide for revenue paid to the Company in advance for goods to be delivered or services to be performed by the Company at a later date;
- (q) settlement or similar Contracts pursuant to which the Company has agreed to settle any actual or threatened dispute and under which the Company has any continuing obligations after the date hereof;
- (r) Contracts under which the Company has an obligation with respect to an "earn out," contingent purchase price, or similar deferred or contingent payment obligation payable by or to the Company;
- (s) Contracts that require the Company to purchase its total requirements of any product or service from a third party or that contain "take-or-pay" provisions;
- (t) Contracts which contain any fixed or indexed pricing or provisions regarding minimum volumes or minimum or fixed purchase requirements, volume discounts or rebates;
- (u) Contracts that provide for the indemnification by the Company of any Person or the assumption of any Tax, environmental or other Liability of any Person;
- (v) any broker, dealer, manufacturer's representative, franchise, agency, market research or advertising Contracts; and
- (w) other Contracts or other arrangements of the Company outside of the ordinary course of business.

All the foregoing (whether written or unwritten) which are required to be listed on **Schedule 2.10** (whether or not actually listed), including all amendments or modifications thereto, all Real Estate Leases, all IP Licenses and all Insurance Policies are sometimes collectively referred to as "**Material Contracts**." The Company has furnished to the Buyer true and correct copies of all Material Contracts (or descriptions thereof, in the case of oral Contracts). Each Material Contract (or description) sets forth the entire agreement and understanding between the Company and the other parties thereto. Each Material Contract is valid, binding and in full force and effect and, subject to the Remedies Exception, enforceable in accordance with its terms. There is no event or condition that occurred or exists that constitutes or that, with or without notice, the happening of

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any event and/or the passage of time, could constitute a default or breach under any such Material Contract by the Company or, to the Knowledge of the Company, any other party thereto, or could cause the acceleration of any obligation or loss of any rights of any party thereto or give rise to any right of termination or cancellation thereof, and, to the Knowledge of the Company, no allegation of any such event or condition has been made to the Company. To the Knowledge of the Company, the parties to any Material Contract will fulfill their obligations thereunder in all material respects. Since January 1, 2021, the Company has not received any written, or to the Knowledge of the Company, oral notice or request on behalf of any other party to a Material Contract (i) to terminate, cancel, not renew or reduce purchases pursuant to such Material Contract, or to renegotiate any material term thereof, or (ii) alleging or disputing any breach or default under such Material Contract or exercising any material right thereunder. Since January 1, 2021, no party to a Material Contract has adversely modified, and to the Knowledge of the Company no such party intends to adversely modify, their relationship with the Company (including by reducing the amount of products ordered from or sold to the Company under Material Contracts, including by way of purchase order, work order or similar order).

2.11 Real Property.

(a) **Schedule 2.11(a)** sets forth each interest in real property (including all land, buildings, easements, rights of way and other real property rights) owned by the Company (the “**Owned Property**”). The Company has good and marketable title to the Owned Property, free and clear of all Liens, except for Permitted Liens, and enjoys peaceful and quiet possession of the Owned Property. The Owned Property is legally subdivided and consists of separate tax lots so that each is assessed separately and apart from any other real property. There are no Actions pending or, to the Knowledge of the Company, threatened against or affecting any of the Owned Property before any Governmental Entity. Each parcel of the Owned Property is an independent unit which does not now rely on any facilities (other than the facilities of public utility and water companies) located on any other property (i) to fulfill any Legal Requirement or (ii) for structural support or the furnishing to the buildings or other improvements on the Owned Property of any building systems. There are no material Taxes, levies, fees or similar costs or charges which must be paid with respect to existing water or sewer hook-ups or other similar services relating to the Owned Property. None of the Owned Property is located in a flood plain, flood hazard area, wetland or lakeshore erosion area within the meaning of any applicable Legal Requirement.

(b) **Schedule 2.11(b)** sets forth each interest in real property (including all land, buildings, easements, rights of way and other real property rights) leased by the Company, the lessee of such leased property, the lessor of such leased property, the annual rent payable by the Company in respect of such leased property, the expiration date of such lease and each lease or any other arrangement under which such property is leased (the “**Leased Property**” and together with the Owned Property, the “**Real Property**”). The Company enjoys peaceful and quiet possession of its leased premises. The Company has not been informed that any lessor under any of the leases set forth on **Schedule 2.11(b)** (the “**Real Estate Leases**”) has asserted any default or taken action in respect of any Real Estate Lease or threatened to terminate any Real Estate Lease before the expiration date specified in such lease. Except as set forth in **Schedule 2.11(b)**, the Company has not entered into any sublease or other agreement permitting the occupancy by a third-party of any portion of any Leased Property demised under the Real Estate Leases. The

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Company is entitled to the benefit of non-disturbance agreements that will permit it to continue to occupy any Leased Property under its existing leases in the event of a change in ownership or foreclosure upon the fee interest in such Leased Property.

(c) The Real Property includes all real property necessary for the conduct of the Business and is adequate to conduct the Business. The Real Property is in compliance in all material respects with all applicable Legal Requirements. The current use of the Real Property by the Company does not breach (either with or without giving effect to any applicable notice and cure periods) or violate any instrument of record, any Lien or other recorded or unrecorded agreement affecting the Real Property, nor shall the consummation of the Transactions result in any such breach or violation.

(d) None of the buildings, plants or structures on any Real Property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are, individually and in the aggregate, immaterial. All utility systems serving the Real Property are adequate for the Business. Each Real Property has adequate access for ingress from and egress to a public way. There is no pending or, to the Knowledge of the Company, threatened condemnation, eminent domain or similar Action with respect to any Real Property.

(e) The Company has made available to the Buyer true and complete copies of the following: (i) the most recent title insurance policies and surveys (if any) for the Real Property and (ii) all reports (if any) of any engineers or environmental consultants relating to any of the Real Property.

2.12 Property and Assets. The Company has good title to or a valid leasehold or license interest in each item of personal property used by it in the Business, free and clear of all Liens. All material tangible assets of the Company are in good operating condition and repair, normal wear and tear excepted, and are adequate to conduct the Business. The assets and properties of the Company include all assets and properties necessary for or currently used in the conduct of the Business, and are adequate to conduct the Business.

2.13 Intellectual Property.

(a) As used in this Agreement, the following terms have the meanings indicated:

(i) “**Intellectual Property**” means all intellectual property rights of every kind anywhere in the world, including all: (A) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other similar indicia of invention ownership (including certificates of invention, petty patents, and patent utility models); (B) trademarks, service marks, trade dress, trade names and logos (in each case, whether registered or unregistered and including the goodwill associated therewith) and registrations and applications for registration thereof; (C) copyrights

(whether registered or unregistered) and registrations and applications for registration thereof; (D) rights in data, databases or other compilations of fact; (E) industrial designs and any registrations and applications therefor, and all other rights corresponding thereto; (F) trade secrets and other

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confidential or proprietary information (including without limitation, ideas, formulae, compositions, inventions and invention disclosures (whether patentable or unpatentable and whether or not reduced to practice), software (whether in source code or object code), files, firmware, know-how, manufacturing and production processes and techniques, marketing and other business systems, research and development information, drawings, specifications, designs, plans, proposals, financial and marketing plans and customer and supplier lists and information); (G) Internet domain names and social media accounts and identifiers (i.e., “handles”) and registrations therefor; (H) mask works (whether registered or unregistered) and registrations and applications for registration thereof; (I) right to claim authorship to or to object to any distortion, mutilation, or other modification or other derogatory action in relation to a work, whether or not such would be prejudicial to the author's reputation, moral rights recognized by applicable law, and any similar right; and (J) goodwill associated with any of the foregoing.

(ii) “**Company Intellectual Property**” means all Intellectual Property owned, purported to be owned or licensed by the Company.

(iii) “**Company Products**” means all of the products marketed, licensed, sold or offered for sale by the Company and all components, prior versions and releases thereof, and any services performed by or on behalf of the Company, in each case whether or not currently offered, distributed or performed.

(b) **Schedule 2.13(b)(i)** hereto contains a complete and accurate list of all Company Intellectual Property that is owned by the Company and is included in clauses (A), (B), (C), (E), (G) and (H) of the definition of Intellectual Property (to the extent registered or registration has been applied for) (the “**Registered Company Intellectual Property**”), in each case enumerating the applicable filing or registration number, title, jurisdiction in which such filing was made or from which registration issued, date of filing and issuance and names of all current applicant(s) and registered owner(s), as applicable. Each item of Registered Company Intellectual Property complies in all material respects with all Legal Requirements, is valid and subsisting and all necessary registration, maintenance and renewal fees in connection with such Registered Company Intellectual Property have been paid to the extent applicable, and all necessary documents and certificates in connection with such Registered Company Intellectual Property have been filed with the relevant authorities for the purposes of registering and maintaining such Registered Company Intellectual Property on behalf of the Company. All assignments of Registered Company Intellectual Property to the Company have been properly executed and recorded in compliance with all Legal Requirements to perfect ownership of such Registered Company Intellectual Property in the Company. There is no known, threatened or reasonably foreseeable loss or expiration of any Registered Company Intellectual Property and the Transactions do not and will not result in the loss, termination or expiration of any license or of any Intellectual Property rights of the Company. There are no actions that must be taken by the Company within 180 days of the date of this Agreement, including the payment of any registration, maintenance or renewal fees or the filing of any responses to office actions, documents, applications or certificates for the purposes of obtaining, maintaining, perfecting or preserving or renewing any Registered Company Intellectual Property. The Company has not claimed “small business status,” or other special status in the application for or registration of any Registered Company Intellectual Property.

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(c) **Schedule 2.13(c)** contains a complete and accurate list of (i) all licenses and other rights (including, without limitation, co-existence rights and covenants not to sue) granted by the Company to any Person with respect to any Company Intellectual Property and (ii) all licenses and other rights (including, without limitation, co-existence rights and covenants not to sue) granted by any Person to the Company with respect to any Intellectual Property (excluding, for scheduling purposes only, commercial off-the-shelf software licensed to the Company in the ordinary course of business and easily obtainable without material expense) (collectively for clauses (i) and (ii), the “**IP Licenses**”). The Company complies in all material respects with all of its obligations pursuant to the IP Licenses. The Company is not and will not be required to pay any currently due, future or ongoing royalties or other compensation to any third parties in respect of its ownership or use of any Intellectual Property.

(d) The Company owns exclusively, free and clear of any Liens, or is a party to valid and binding, express, perpetual, royalty free, fully paid up, irrevocable, non-terminable licenses to, all Intellectual Property necessary for or currently used in the conduct of its Business and for the manufacture, production, distribution, marketing, performance, sale or support of all Company Products. The Company has not violated, misappropriated or infringed, and is not violating, misappropriating or infringing, and, by conducting its Business, will not violate, misappropriate or infringe any Intellectual Property of any other Person and, to the Knowledge of the Company, there are no violations, misappropriations or infringements by any Person of any Company Intellectual Property. The Company has not received any notice or communication (including any "invitation to license") from any Person claiming any violation, misappropriation or infringement by the Company of another Person's Intellectual Property rights or alerting the Company about another Person's Intellectual Property as it may relate to the Company's business (and to the Knowledge of the Company there is no basis for any such notice, communication or claim).

(e) The Company has taken steps that are reasonably required to protect its rights in, and the confidentiality of, the Intellectual Property developed by or on behalf of the Company, and all other confidential or proprietary information belonging to, the Company or provided by any other Person to the Company. Without limiting the foregoing, the Company has, and enforces, a policy requiring each of its employees, consultants and contractors who have access to confidential or proprietary information of the Company or Persons with whom the Company conducts business to execute enforceable proprietary information disclosure, assignment of inventions and confidentiality agreements assigning all rights in any Company Intellectual Property to the Company and all current and former employees and all consultants and contractors of the Company, have executed such agreement in the form provided to the Buyer. To the Knowledge of the Company, no employee of the Company is obligated under any agreement or commitment, or subject to any judgment, decree or order of any court or administrative agency, that could interfere with such employee's duties to the Company, or that could conflict with the conduct of the Business. Except as set forth in **Schedule 2.13(e)**, no third party has claimed or, to the Knowledge of the Company, has reason to claim that any person employed by or affiliated with the Company has (i) violated or may be violating any of the terms or conditions of such person's employment, non-competition, non-disclosure, non-use, confidentiality or similar agreement with such third party; or (ii) disclosed or may be disclosing or utilized or may be utilizing any trade secret or confidential or proprietary information or documentation that is or was

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confidential or proprietary of such third party. No person employed by or affiliated with the Company has used or proposes to use any trade secret or any information or documentation proprietary to any other Person in connection with the Business or any Company Products or incur any Liability on the Business.

2.14 Accounts Receivable. All of the notes receivable, accounts receivable (net of reserves noted in the Financial Statements) and other receivables of the Company (the "**Accounts Receivable**") (a) are valid and enforceable claims, (b) are determined in accordance with the Accounting Principles and arose out of bona fide transactions in the ordinary course of business with Persons who are not Affiliates of the Company, (c) are not subject to any setoffs or counterclaims, and (d) are not subject to any reserves other than general reserves recorded in the ordinary course of business. Except for installations in the ordinary course of business, the Accounts Receivable outstanding at Closing do not reflect any changes in discounts, rebates or other benefits offered and no further services are required to be rendered in order to complete the transactions reflected by the Accounts Receivable. No such Accounts Receivable have been assigned or pledged to any Person.

2.15 Inventories. Except as set forth in **Schedule 2.15**, all inventory of the Company reflected on the Latest Balance Sheet, (a) consists of a quality and quantity usable and salable in the ordinary course of business, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value on the Latest Balance Sheet or for which adequate reserves have been established on the Latest Balance Sheet, and (b) conforms to the specifications established therefor, and has been manufactured in accordance with all applicable Legal Requirements. All such inventory is owned by the Company free and clear of all Liens (other than Permitted Liens), and no inventory is held on a consignment basis.

2.16 Warranty Claims.

(a) Except as set forth in **Schedule 2.16(a)**, no service or product provided, manufactured, sold, leased, licensed or delivered by the Company since January 1, 2018 is subject to any guaranty, warranty, right of return, right of credit, service level agreement obligation or other indemnity other than (i) the Company Standard Terms, and (ii) manufacturers' warranties for which the Company has no liability. **Schedule 2.16(a)** sets forth the aggregate expenses incurred and expected to be incurred by the Company in fulfilling its obligations under its guaranty, warranty, right of return, service level agreement credit and indemnity provisions during each of the fiscal years and the interim period covered by the Financial Statements; and to the Knowledge of the Company, there is no reason why such expenses should significantly increase as a percentage of sales.

(b) The reserve for warranty claims in the Latest Balance Sheet and any reserves for warranty claims created by the Company in the ordinary course of business subsequent to the date of the Latest Balance Sheet are adequate and were calculated in accordance with GAAP applied on a basis consistent with the application thereof in the Financial Statements.

(c) Other than as specified in the Company Standard Terms (defined hereafter), the Company has no liability to any customer in connection with any service provided or product manufactured, sold, leased or delivered by the Company to provide the customer with any other

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services or products of the Company on pre-negotiated terms, including for upgrades to other services or products at prices below the Company's published price for such services or products. The Company has no liability to any customer in connection with any service provided or product manufactured, sold, leased or delivered by the Company, other than those arising in the ordinary course of business and as stipulated in the Company Standard Terms.

(d) No product liability claims are pending or have been received since January 1, 2018 by the Company and, to the Knowledge of the Company, no such claims have been made against any other Person with respect to any products or services of the Company or threatened against the Company relating to any products or services of the Company. There is no judgment, order or decree outstanding against the Company relating to product liability claims and there has been no recall or investigation of the Company by any other Person of any products of the Company.

(e) Each product or service of the Company meets, and at all times since January 1, 2018 has met, in all material respects, all standards for quality and workmanship prescribed by Legal Requirements, industry standards (including UL, CE, RoHS or comparable standards), contractual agreements and the product literature provided by the Company.

2.17 Business Relationships.

(a) Schedule 2.17(a) sets forth a (a) true, complete and accurate list of all customers that accounted for at least \$1,000,000 of consolidated net revenue by the Company during the twelve calendar months ended as of December 31, 2022 (collectively, "Material Customers") and the amount of revenue generated in such period by each such customer and (b) true, complete and accurate list of the Company's top 10 suppliers, vendors and services providers, measured by expense incurred in the twelve calendar months ended as of December 31, 2022 (collectively, "Material Vendors"), replacements for which Material Vendors are reasonably expected to be available to the Company on commercially reasonable terms.

(b) The Company has no Knowledge that (as a result of the Transactions or otherwise) (x) any Material Customer will not continue purchasing, contracting for, arranging or requesting, without significant reductions, products and services from the Company, (y) any Material Vendor will not continue selling the products and provide the services to the Company currently sold and provided by them and (z) any Material Customer or Material Vendor will otherwise alter in any material respect the business relationship between the Company and the Material Customer or Material Vendor as the relationship has historically existed prior to the Closing. Since December 31, 2021, no Material Customer or Material Vendor (i) has terminated or elected not to renew or, to the Knowledge of the Company threatened or intends to terminate or not renew, its relationship with the Company, (ii) has decreased or limited materially or, to the Knowledge of the Company threatened or intends to decrease or limit materially, the services, products, supplies or materials supplied to or purchased from the Company, or (iii) has materially changed or, to the Knowledge of the Company threatened to change materially, its business relationship or contractual terms (including but not limited to pricing or rates) with the Company.

(c) Other than as set forth on Schedule 2.17(c)(i) each Contract entered into by the Company on or subsequent to January 1, 2018 with respect to the sale or provision of products

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or services by the Company is in material conformity with the Company terms and conditions, a copy of which is attached as **Schedule 2.17(c)(ii)** (the “**Company Standard Terms**”).

2.18 Regulatory and Legal Compliance. The Company is and has been at all times in compliance in all material respects with all applicable Legal Requirements, and the Company has not received any notice from any Governmental Entity or any other Person of any alleged violation or noncompliance with respect to any Legal Requirements. “**Legal Requirements**” means, with respect to any Person, all foreign, federal, state and local statutes, laws, ordinances, judgments, decrees, orders, rules, regulations, policies and guidelines applicable to such Person.

2.19 Permits. **Schedule 2.19** sets forth all Permits held by the Company or, to the extent relevant to the Business, each employee, subcontractor and service provider of the Company. The Company is and has been at all times in compliance in all material respects with such Permits, all of which are in full force and effect and will be in full force and effect immediately after giving effect to the Transactions. There are no other Permits which are material to the Company or the Business which the Company is required to obtain or which, in good industry practice, the Company should hold for the conduct of the Business. To the Knowledge of the Company, there is no event or condition that occurred or exists that constitutes or that, with or without notice, the happening of any event and/or the passage of time, could result in the suspension, revocation or invalidation of any of the Permits set forth or required to be set forth on **Schedule 2.19** or any basis therefor, and, to the Knowledge of the Company, no allegation of any such event or condition has been made to the Company. As used in this Agreement, “**Permits**” means all licenses, permits, accreditations, authorizations, franchises, certifications, clearances, approvals and consents of Governmental Entities, industry organizations or other Persons.

2.20 Export Controls and Sanctions. The Company is and has been in compliance with all applicable Export Control Rules. Since January 1, 2018, the Company has not received any notice alleging that it is not in compliance with, or has liability under, such Export Control Rules. The Company has not conducted or initiated any internal investigation, made any mandatory or voluntary disclosure or declined to make a voluntary disclosure with respect to any known violation of Export Control Rules, or failed to make any mandatory report or disclosure to any Governmental Entity pursuant to Export Control Rules. “**Export Control Rules**” means all Laws of any Governmental Entity relating to the import or export of goods, technology, or services or trading embargoes or other trading restrictions, including the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act, the Export Administration Regulations, the International Economic Emergency Powers Act, and executive orders and regulations administered by the Office of Foreign Assets Control of the U.S. Department of Treasury, and comparable foreign Laws.

2.21 Tax Matters.

(a) **Definitions.** For purposes of this Agreement, the following definitions shall apply:

(i) “**Tax**” or “**Taxes**” means all taxes, charges, fees, levies, penalties, additions or other assessments imposed by any foreign, federal, state or local taxing authority, including, but

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not limited to, income, excise, property, sales, use, transfer, franchise, payroll, withholding, value added, social security, customs, abandoned property or other taxes, charges or assessments, including any interest, penalties or additions attributable thereto.

(ii) “**Tax Returns**” means all reports, estimates, declarations of estimated Tax, information statements and returns relating to, or required to be filed in connection with, any Taxes and any schedules attached to or amendments of (including refund claims with respect to) any of the foregoing. Form 5500 as filed by the Company in relation to any of its Benefit Plans shall not be considered a Tax Return for this Section as such form does not include the payment of any Taxes.

(b) Except as set forth on **Schedule 2.21(b)** hereto: (i) all Tax Returns required to be filed by or on behalf of the Company have been duly filed on a timely basis; (ii) such Tax Returns are true, complete and correct in all material respects; (iii) all Taxes owed by the Company for or with respect to any taxable period or partial taxable period ending on or before the Closing Date, whether or not stated as due on such Tax Returns, have been paid or will be timely paid prior to the Closing or are taken into account in the final determination of the Closing Purchase Price; (iv) the Buyer has been supplied with true and complete copies (and such copies have been posted in the data room) of each Tax Return of the Company, including each franchise or excise Tax Return based on income filed for the last three taxable years, and the Tax Return workpapers of the Company and other Tax related information accurately set forth the tax basis of the Company's consolidated assets and the amount of its consolidated liabilities, net operating loss and other carry forwards, and other tax attributes; (v) the Company (A) has never been audited or received notice of initiation of any audit by any taxing authority for any Tax period for which the statute of limitations for assessment of Taxes remains open, (B) has never extended any

applicable statute of limitations regarding Taxes for any Tax period for which the statute of limitations for assessment of Taxes remains open, (C) is not currently the beneficiary of any extension of time within which to file any Tax Return, (D) has not applied for and has not obtained a private letter ruling from the Internal Revenue Service (or comparable rulings from any other Governmental Entity), (E) has not executed any power of attorney with respect to any matter relating to Taxes that is currently in force, (F) has not entered into a gain recognition agreement within the meaning of Section 367 of the Internal Revenue Code of 1986, as amended (the "Code") or a closing agreement within the meaning of Section 7121 of the Code or any similar provision of state, local, or foreign law, (G) has not agreed to and is required to make any adjustment under Section 481(a) or 263A of the Code (as a result of the Transactions or otherwise), (H) has never made any payments, is not obligated to make any payments, and is not a party to any agreement or arrangement that under certain circumstances could obligate it to make any payments that may not be deductible under Section 280G or 404 of the Code or that may be subject to any penalty tax under Section 4999 of the Code, (I) does not have outstanding any capital stock that is subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code, (J) is not a party to any allocation, indemnity, sharing or similar agreement with respect to Taxes, (K) has never participated in the filing of any consolidated, combined or unitary Tax Return other than with respect to a consolidated, combined or unitary group of which the Company is the common parent, or has any Liability for the Taxes of any Person (other than Taxes of the Company) under Treasury Regulation §1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by Contract or otherwise, (L) has not received notice of any claim by any authority in

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any jurisdiction where it does not file Tax Returns that it is or may be subject to any Taxes or future taxation in such jurisdiction, (M) has not become subject to tax in a jurisdiction other than the country and state/province of its formation or as a result of having an office or fixed place of business or transacting sufficient business in such jurisdiction to constitute transacting business in such jurisdiction under applicable statutes, codes or rules, and (N) is not a party to any joint venture, partnership or other arrangement or Contract that could be treated as a partnership for federal income tax purposes; (vi) all Taxes which the Company is required to withhold or to collect for payment have been duly withheld and collected and timely paid to the proper governmental entity or third party; (vii) all persons characterized and treated as independent contractors or consultants are properly treated as independent contractors under all applicable Legal Requirements; (viii) each of the ESOT and the Company is a "United States person" as such term is used in Section 1445 of the Code, except for Subsidiaries which are foreign entities, and the Company has not been, at any time, a "United States real property holding corporation" within the meaning of Section 897(c)(1) of the Code; and (ix) there has never been an ownership change (within the meaning of Section 382 of the Code) with respect to the Company.

(c) Since January 1, 2011, the Company has not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period or portion thereof after the Closing Date as a result of any (i) installment sale or open transaction disposition occurring on or prior to the Closing Date, (ii) cash basis method of accounting or percentage of completion method of accounting, (iii) election under Section 108(i) of the Code, (iv) prepaid amount received on or prior to the Closing Date, or (v) election under Section 965(h) of the Code.

(d) Each "nonqualified deferred compensation plan" (as defined under Section 409A of the Code) has at all relevant times complied with applicable document requirements of, and been operated in compliance with, Section 409A of the Code. No stock or other equity option or appreciation right has an exercise price or base price that was less than the fair market value of the underlying stock or equity (as the case may be) as of the date of grant of such option or right, or has any feature for the deferral of compensation other than the deferral of recognition of income until the earlier of exercise or settlement of such option or right.

(e) Since January 1, 2011, the Company has not engaged in a transaction that is the same as or substantially similar to one of the types of transactions that the Internal Revenue Service has identified by notice, regulation, or other form of published guidance as a listed transaction, as set forth in Treasury Regulation Section 1.6011-4(b)(1), or otherwise identified as a tax avoidance transaction. No Tax Return filed by the Company contained or was required to contain a disclosure statement under Sections 6011 or 6662 of the Code (or any predecessor statute) or any similar provision of state, local, or foreign law.

(f) The Company has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Transactions.

(g) Except as set forth on **Schedule 2.21(g)**, since January 1, 2011, (i) the Company (but not its Subsidiaries) has had in effect continuously a valid election to be classified as an S corporation for U.S. federal and applicable state Tax purposes, (ii) each of the Company's Subsidiaries incorporated or organized in a state within the United States has either had in effect continuously a valid election to be taxable as a "qualified subchapter S subsidiary" or been classified as a disregarded entity for such purposes, and (iii) each of the Company's Subsidiaries not incorporated in a state within the United States has been treated as a C corporation for U.S. federal and applicable state Tax purposes. The Company does not have any "net unrealized built-in gains" within the meaning of Section 1374(d) of the Code, or owns any assets acquired from a C corporation that are subject to Section 1374(d)(8) of the Code.

2.22 Litigation. Except as set forth on **Schedule 2.22**, no Action is pending or, to the Knowledge of the Company, threatened against the Company or, to the Knowledge of the Company, against any current or former stockholder, member, officer, director, manager or employee of the Company or the ESOT in relation to the affairs of the Company and, to the Knowledge of the Company, no basis exists for the foregoing. The matters disclosed on such Schedule will be covered by the Company's insurance policies. The Company is not currently planning to initiate any Action before any arbitrator, mediator or Governmental Entity.

2.23 Employees and Compensation.

(a) Except as set forth on **Schedule 2.23(a)**, the Company is and has been at all times in compliance in all material respects with all applicable Legal Requirements relating to employment and employment practices in the jurisdictions within which they operate, including, without limitation, all Legal Requirements relating to equal employment opportunities, fair employment practices, discrimination, affirmative action, harassment, retaliation, terminations and reductions in force, wage and hour laws, overtime pay, taxes and withholdings, disability laws, immigration, classification, child labor, working conditions and health and safety laws, privacy, leave laws, workers' compensation, unemployment compensation and all other employee benefits. All individuals characterized and treated as independent contractors or consultants are properly treated as independent contractors under all applicable Legal Requirements. All current and former employees of the Company that have been classified by the Company as "exempt" under the applicable wage and hour laws have been properly classified at all times. The Company is and has been at all times in compliance with all immigration laws, including Form I-9 requirements and any applicable mandatory e-Verify obligations.

(b) The Company is not and has not been a party to or bound by any collective bargaining agreement or other contact with a union, works council or labor organization (collectively, a "Union"). No Union or any group of employees has sought or, to the Knowledge of the Company, engaged in any efforts to organize the employees of the Company, and no employees are members of any Union. There has not been, nor to the Knowledge of the Company has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work or other similar labor disruption or dispute affecting the Company or any of its employees.

(c) Other than as set forth on **Schedule 2.23(c)**, there are no claims against the Company pending or, to the Knowledge of the Company, threatened to be brought or filed, with

any Governmental Entity, arbitrator or mediator by any Company employee, consultant or independent contractor, or by any Governmental Entity, arbitrator or mediator relating to the employment or engagement of any such employee, consultant or independent contractor.

(d) There are no employment or consulting Contracts or other arrangements (other than those terminable at will without Liability to the Company) with any employees of or consultants to the Company other than as set forth on **Schedule 2.10(i)**. **Schedule 2.23(d)(i)** sets forth a complete and accurate list of all employees of and consultants to the Company, showing date of hire, job title, work location, part-time or full-time status, hourly rate or salary rate, commission, bonus and other incentive-based compensation, location of residence, classification as exempt or non-exempt under applicable wage and hour laws (and basis for exemption if exempt), and job title. **Schedule 2.23(d)(ii)** sets forth the notice and severance obligations of the Company, whether pursuant to applicable Legal Requirement or Contract, with respect to any termination of employment

of any employee outside of the United States. Other than as set forth on **Schedule 2.23(d)(iii)**, the Company has no notice or severance obligations, whether pursuant to applicable Legal Requirement or Contract, with respect to any employee in the United States. To the Knowledge of the Company, no officer or key employee of the Company intends to terminate (or has suggested or expressed that he or she might terminate) his or her employment with the Company.

(e) The Company has paid in full, consistent with the Company's payroll practices and compensation and benefit programs and policies, all amounts due to its employees and consultants, including but not limited to any wages, bonuses, commissions, benefits, encashment of leaves, and severance or notice pay, and there are no outstanding Liabilities whatsoever with respect thereto, or any claims in respect thereof. The Company has complied fully at all times with the WARN Act and any and all state and local counterparts thereto. The Company has not taken any action in the past three months that, either alone or in the aggregate, could, together with any future plant closings or reductions in force, implicate or affect such obligations in the next six months.

(f) Since January 1, 2019, the Company has not received notice of the intent of any Governmental Entity responsible for the enforcement of any Legal Requirement relating to employment and employment practices to conduct an investigation with respect to or relating to the Company or notice that such investigation is in process.

(g) The Company is not a party to any settlement agreement with a current or former service provider in the past three (3) years that specifically involves allegations of harassment. To the knowledge of the Company, in the past three (3) years no claims of sexual harassment have been made against any officer, employee or other service provider of the Company with respect to the conduct or alleged conduct of any such service provider during such service provider's employment or engagement with the Company.

2.24 ERISA; Compensation and Benefit Plans.

(a) **Schedule 2.24(a)** sets forth a true and complete and accurate list of each pension, benefit, retirement, supplemental retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity,

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stock, stock-based, change in control, retention, severance, salary continuation, accrued leave, sick leave, vacation, paid time off, health, medical, welfare, disability, life insurance, accidental death and dismemberment, fringe benefit, and other similar Contract, plan, policy, program, practice, or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and each "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code ("**VEBA**"), whether or not tax-qualified and whether or not subject to ERISA, which is or has been established, sponsored, offered, maintained, contributed to or required to be contributed to by the Company for the benefit of any current or former employee, officer, independent contractor, consultant or director of the Company (or any spouse, beneficiary or dependent thereof), or with respect to which the Company has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, whether direct or indirect, actual or contingent (including, but not limited to, Liabilities arising from affiliation under Section 414 of the Code or Section 4001 of ERISA) (collectively, the "**Benefit Plans**"), and includes a **Material Adverse Effect**, written description of all Benefit Plans that have not been reduced to writing. The Company has separately identified on **Schedule 2.24(a)**, each Benefit Plan that is maintained, sponsored, contributed to, or required to be contributed to by the Company primarily for the benefit of employees outside of the United States (each, a "**Non-U.S. Benefit Plan**").

(b) **Conduct** With respect to each Benefit Plan, the Company has delivered to the Buyer accurate, current and complete **all investigations, studies, sampling and testing**, copies of each of the following, as applicable: (i) any and all **remedial, removal** plan texts and agreements (including, but not limited to, trust agreements, funding arrangements, custodial agreements, insurance policies and contracts, administration and service provider agreements, side letters and investment management and advisory agreements); (ii) any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, employee handbooks, and any other material written communications (or a description of any material oral communications); (iii) a copy of the three most recently filed Forms 5500 (with schedules and financial statements attached), and a copy of the three most recently distributed summary annual reports; (iv) the three most recent annual and periodic accounting of plan assets; (v) the most recent determination, opinion or advisory letter received from the Internal Revenue Service and a copy of any determination letter application pending before the Internal Revenue Service and any related correspondence; (vi) in the case of any unfunded or self-insured plan or arrangement, a current estimate of accrued and anticipated Liabilities thereunder; (vii) actuarial valuations and reports for the three most recent plan years; (viii) the results of nondiscrimination and top-heavy testing for the three most recent plan years; (ix) copies of material notices, letters, or other correspondence

from any Governmental Entity including, without limitation, the Internal Revenue Service, Department of Labor (“DOL”), Department of Health and Human Services or Pension Benefit Guaranty Corporation; (x) fidelity bond and fiduciary liability insurance policies; and (xi) any filings under any amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Entity, including, without limitation, the Employee Plans Compliance Resolution System, Voluntary Fiduciary Correction Program, or Delinquent Filer Voluntary Correction Program.

(c) With respect to each Benefit Plan: (i) if intended to qualify under Section 401(a) of the Code, such plan so qualifies, its trust is exempt from taxation under Section 501(a)

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of the Code and nothing has occurred that could adversely affect the qualified status of such plan; (ii) each VEBA has been determined by the Internal Revenue Service to be exempt from federal tax under Section 501(c)(9) of the Code and nothing has occurred that could adversely affect the exempt status of any VEBA; (iii) such plan has been established, administered, maintained and enforced in accordance with its terms and all applicable Legal Requirements (including, without limitation, ERISA, the Code, and the Affordable Care Act) and any applicable collective bargaining agreements; (iv) no breach of fiduciary duty has occurred with respect to which the Company or any Benefit Plan (or fiduciary thereof) have any Liability; (v) no actions or disputes (other than routine benefit claims), nor any audits or investigations by any Governmental Entity, are pending or, to the Knowledge of the Company, threatened; (vi) no “prohibited transaction” (within the meaning of either Section 4975(c) of the Code or Section 406 of ERISA) has occurred with respect to which the Company or any Benefit Plan (or fiduciary thereof) have any Liability; (vii) all contributions, premiums, and other actions required under Environmental Laws except payment obligations have been accrued on the consolidated financial statements of the Company in accordance with GAAP, and, to the extent due, have been made on a timely basis in accordance with the terms of such Benefit Plan and all applicable Legal Requirements and accounting principles; (viii) all contributions or benefit payments made or required to be made under such plan meet the requirements for deductibility under the Code; (ix) the Company has expressly reserved in itself the right to amend, modify or terminate such plan, or any portion of it, at any time without Liability to itself other than ordinary administrative expenses typically incurred in a termination event; (x) the Company has not attempted to maintain the grandfathered health plan status of such Benefit Plan under the Affordable Care Act; (xi) no complete or partial termination of any Benefit Plan has occurred or is expected to occur; (xii) all Non-U.S. Benefit Plans that are intended to be funded or book-reserved are funded or book-reserved, as appropriate, based upon reasonable actuarial assumptions; (xiii) no such plan requires the failure Company to so conduct, complete, remediate, remove continue to employ or take engage any employee, officer, independent contractor, or director; (xiv) the Company has caused to be filed timely all required Form 5500s and any other action filings required by applicable Legal Requirements; and (xv) to the extent applicable, each Non-U.S. Benefit Plan has been approved by the relevant taxation and other Governmental Entities so as to enable: (A) the Company and the participants and beneficiaries under the relevant Non-U.S. Benefit Plan and (B) in the case of any Non-U.S. Benefit Plan under which funds are set aside in advance of the benefits being paid, the assets held for the purposes of such plan, to enjoy the most favorable taxation status possible and the Company is not aware of any ground on which such approval may cease to apply.

(d) Neither the Company nor any ERISA Affiliate (as defined below) has ever contributed to, been required to contribute to, sponsored or maintained any (i) “multiemployer plan” within the meaning of Section 3(37) of ERISA (each a “Multiemployer Plan”), (ii) “single-employer plan” within the meaning of Section 4001(a)(15) of ERISA, (iii) “multiple employer plan” within the meaning of Section 413(c) of the Code or (iv) “multiple employer welfare arrangement” within the meaning of Section 3(40) of ERISA. None of the Benefit Plans are subject to the minimum funding standards of Section 302 of ERISA or Sections 412 or 418(B) of the Code, and none of the assets of the Company or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any lien arising under Section 303 of ERISA or Sections 430 or 436 of the Code. “ERISA Affiliate” means all employers, trades, or businesses (whether or not incorporated) that would (as of any relevant time) be treated together with the Company or any of its Affiliates as a “single employer” within the meaning of Section 414 of the Code.

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(e) Except as specified in **Schedule 2.24(e)**, with respect to each Benefit Plan which provides welfare benefits of the type described in Section 3(1) of ERISA: (i) no such plan provides or promises any post-employment or post-retirement medical, dental, disability, hospitalization, life, medical, death or similar benefits (whether insured or self-insured) with respect to any current or former employee, officer, independent contractor, or director of the Company or its Subsidiaries (or spouses, beneficiaries or dependents thereof), other than coverage mandated by Sections 601-608 of ERISA and 4980B(f) of the Code, (ii) each such plan has been at all times administered in compliance with Sections 601-734 of ERISA, 4980B(f) of the Code, and any similar state Legal Requirements; and (iii) no such plan has reserves, assets, surpluses or prepaid premiums.

(f) Neither the Company nor any of its Subsidiaries has any obligation to gross-up, indemnify or otherwise reimburse any current or former employee or other individual service provider for any Tax incurred by such individual, including under Section 409A, 457A or 4999 of the Code.

(g) Neither the execution and delivery of this Agreement, shareholder approval of this Agreement nor the consummation of the Transactions contemplated by this Agreement (whether alone or together with any other event) will (i) entitle any individual to payment or benefit, including any bonus, retention, severance, retirement or job security payment or any increase in any of the foregoing (ii) accelerate the time of payment or vesting under any Benefit Plan, (iii) increase the amount of compensation (including stock or stock-based compensation) or benefits due to any individual, (iv) trigger any funding (through a grantor trust or otherwise) of any compensation, severance or other benefit under any Benefit Plan or other agreement to which the Company is a party or (v) limit or restrict the right of the Company to merge, amend, or terminate any Benefit Plan. No Benefit Plan, individually or collectively, would reasonably be expected to result in the payment of any amount that would not **reasonably, individually**, be deductible under Section 280G of the Code.

(h) There has been no amendment to, announcement by the Company relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the **aggregate**, annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, employee, independent contractor, or consultant, as applicable. The Company does not have any commitment or obligation, nor has made any representations to any director, officer, employee, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(i) The Company has correctly classified all individuals who have directly or indirectly performed services for it for purposes of each Benefit Plan, the Code, unemployment compensation, workers' compensation laws, and other applicable Legal Requirements.

(j) Each Benefit Plan that is subject to the Patient Protection and Affordable Care Act of 2010, as amended (the "**Affordable Care Act**") has been maintained and administered

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in compliance with the Affordable Care Act, including all notice and coverage requirements, and no Tax or Liability has been or is expected to be incurred as a result of the application of the Affordable Care Act to such Benefit Plan.

2.25 Status of Qualified Retirement Plans.

(a) The Company 401(k) Plan (and related trust) and the ESOP (and related trust) have been formed pursuant to and in material compliance with Code Section 401(a).

(b) The ESOT is now, and has been at all times since its inception, a qualified "employee stock ownership plan" meeting the applicable qualification requirements of Code Section 409. The ESOT has at all times satisfied the applicable provisions of Section 4975(e)(7) of the Code, Section 54.4975-11 of the Treasury Regulations, and Section 407(d)(6) of ERISA that is designed to invest primarily in employer securities within the meaning of Section 4975(e)(8) of the Code.

(c) The Trustee has the authority under the ESOT and the ESOT Trust Agreement to execute this Agreement and enter into the Transaction without a vote of the ESOP Participants.

(d) The Company has no liability or contingent liability under Sections 1042(e), 4971, 4979A or 4980 of the Code.

(e) The Company has duly appointed the Trustee to act as the trustee of the ESOT and to represent the interests of the participants and beneficiaries of the ESOT with respect to this Agreement and the Transaction. The Trustee has engaged Willamette Management

Associates to act as an independent financial advisor to the ESOT (the “**Independent Financial Advisor**”) with respect to this Agreement and the Transaction and has engaged independent legal counsel.

(f) The Company has made available to Buyer true and correct copies of all charters, by-laws and other organizational documents and records of the ESOT. The trust created pursuant to the ESOT Trust Agreement is a valid existing trust under the Laws of the State of Oregon where not preempted under Code Section 401(a). There is no Closing ESOT Indebtedness. All allocations of the Purchased Securities and distributions to participants of amounts in exchange for the Purchased Securities, if any, have been made in accordance with the terms of the ESOT, including the requirement that any allocation or sale or exchange of the Purchased Securities be made at a fair market value determined by an independent appraiser. No sale (or purchase) of the Purchased Securities by the ESOT to the Company or to any other disqualified person (within the meaning of Section 4975 of the Code) or party-in-interest (within the meaning of ERISA) has constituted a non-exempt prohibited transaction under Section 4975 of the Code or under ERISA; and each sale (or purchase) of the Purchased Securities by or to the ESOT has been made, with respect to any sale, for no less than (or, with respect to any purchase, no more than) Adequate Consideration. No sale (or purchase) of the Purchased Securities has, or will, result in an imposition of penalties upon the Company or the ESOT under Section 4978 of the Code or Section 4979A of the Code. There is not currently in effect any “verified written statement” signed by the Company or any predecessor in connection with any sale of the Purchased Securities to the ESOT

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under a Section 1042 transaction (within the meaning of Section 1042 of the Code). With respect to the ESOT, (i) allocations to participants were made in accordance with Section 409(b) of the Code, to the extent applicable under Section 409(a) of the Code; (ii) all the Company contributions to the ESOT were deductible under Section 404 of the Code for the year made; (iii) the voting requirements of the ESOT and Section 409(e) of the Code and the valuation requirements of Section 408(e) of ERISA have always been complied with; and (iv) no allocations were ever made in violation of Sections 409(n) or 409(p) of the Code. Neither the Trustee nor any participant or beneficiary had or has any right to vote on the transactions contemplated by this Agreement, or any portion thereof, under the terms of the ESOT or applicable Law. There are no current legal Actions or, to the Knowledge of the Company, any threatened legal Actions against the ESOT, any fiduciaries (within the meaning of ERISA) of the ESOT (with respect to their fiduciary duties to the ESOT), or the Company in connection with its administration of the ESOT by current or former participants or beneficiaries, the U.S. Department of Labor or the IRS, and neither the U.S. Department of Labor nor the IRS is auditing or investigating the ESOT or has made inquiries about the form, establishment or administration of the ESOT or any transaction in which the ESOT engaged during the last five (5) full calendar years. No fiduciary (within the meaning of ERISA) of the ESOT is indemnified by, or has any rights to indemnity from, the Company or the ESOT for any fiduciary liability he, she or it may incur or may have incurred as a fiduciary of the ESOT. The Company has fully complied with all of its obligations under the ESOT and under ERISA and the Code with respect to the ESOT.

2.26 Environmental Matters.

(a) The Company is and has been in material compliance with all applicable Environmental Laws. Neither the Company nor any of its officers has received any communication or complaint from a Governmental Entity or other Person alleging that any Company has any material liability under any applicable Environmental Law or is not in material compliance with any applicable Environmental Law.

(b) Except as set forth on **Schedule 2.26(b)**, there is and has been no presence or Release or threatened Release of Hazardous Substances for which such Company would have liability or responsibility pursuant to applicable Environmental Law in connection with the conduct of the Business or on or from any properties currently or formerly owned, leased or operated by or for such Company or any predecessor company, at any location to which such Company or any predecessor company has disposed of or arranged for the disposal of any Hazardous Substances or at any other location the amount of which would reasonably be expected to have a Material Adverse Effect and, promptly comply as to any properties currently or formerly leased or operated, but not owned, by such Company, arose out of such Company’s activities during the applicable period of such lease or operations. Except as set forth on **Schedule 2.26(b)**, no underground storage tank or water, gas, or oil well, is located on any Owned Property. Except as set forth on **Schedule 2.26(b)**, there are no past or present actions, activities, circumstances, conditions, events or incidents, including without limitation the presence or Release of Hazardous Substances, that could form the basis for assertion of liability under Environmental Laws against the Buyer, the Company, the Business or any property used therein. There is no pending or, to the Knowledge of the Company, threatened investigation by any Governmental Entity, nor any pending or, to the Knowledge of the Company, threatened Action with respect to the Company, the Business or any

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property used therein or against any predecessor, relating to Hazardous Substances or otherwise under any Environmental Law.

(c) **Schedule 2.26(c)** sets forth a complete list of all Environmental Permits that are required with respect to the occupation of the properties and the operation of the Business. The Company holds all Environmental Permits that are required with respect to the occupation of the properties and the operation of the Business, and is and has for the past five (5) years been in material compliance therewith. All such Environmental Permits are in full force and effect, and to the Knowledge of the Company, no Action, revocation Action, amendment procedure, writ, injunction or claim is pending or threatened concerning any such Environmental Permits.

(d) Except as set forth in **Schedule 2.26(d)**, the Company has not agreed to assume, undertake or provide indemnification for any liability of any other Person under Environmental Laws, including without limitation any obligation for any response action.

(e) Neither the execution, delivery or performance of this Agreement nor the consummation of the Transactions contemplated hereby will (i) require any notice to or consent of any Governmental Entity or other Person pursuant to any applicable "transaction-triggered" Environmental Law or any Environmental Permit or (ii) subject any Environmental Permit to suspension, cancellation, modification, revocation or nonrenewal.

(f) No restrictions have been imposed on the operation or use of the Owned Property in connection with any liability or potential liability arising from or related to Environmental Laws, and to the Knowledge of the Company, there is no Action pending or threatened which would reasonably be expected to result in the imposition of any such restriction.

(g) The Company has provided to the Buyer all "Phase I," "Phase II" or other environmental assessment or compliance audit reports in their possession or to which they have reasonable access addressing locations ever owned, operated or leased by the Company or any predecessor company at which the Company or any predecessor actually, potentially or allegedly may have liability under any Environmental Law.

2.27 Information Technology Infrastructure; Privacy and Data Security.

(a) The Company has sufficient rights to use all computer software, firmware, networks, middleware and systems, information technology equipment used or held for use in connection with the operation of the Business (the "**IT Assets**") and associated documentation, all of which rights shall survive unchanged upon the consummation of the Transactions. The IT Assets have not materially malfunctioned or failed. The IT Assets provide commercially reasonable redundancy and speed to meet the performance requirements of the Business as currently conducted. The IT Assets do not contain any viruses, malware, Trojan horses, worms, other undocumented contaminants, material bugs, vulnerabilities identified in the U.S. National Vulnerability Database maintained by the Department of Homeland Security and the National Institute of Standards and Technology, faults, disabling codes, or other devices or effects that reasonably could (i) enable or assist any Person to access without authorization the IT Assets or any information in the IT Assets, or (ii) otherwise adversely affect the functionality of the IT Assets. The Company deploys such patches, updates and hotfixes that it believes are commercially

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prudent. To the Knowledge of the Company, no Person has gained unauthorized access to any IT Assets.

(b) The Company has written privacy and security policies that govern its collection, storage, use, disclosure and transfer of Personal Information that satisfy applicable Legal Requirements and Contracts and the Company complies in all material respects with such privacy and security policies and applicable Legal Requirements and Contracts. The Company has not collected any Personal Information from any third parties, except for Personal Information collected from employees and vendors in the ordinary course of business and as a service provider for its respective customers pursuant to customer Contracts. The Company has not received any claim or complaint regarding its collection, storage, use, disclosure or transfer of Personal Information. The Company has taken reasonable actions and measures to protect the confidentiality, integrity and security of Personal Information and all **lawful orders** of its IT Assets against any unauthorized use, access, interruption, modification or corruption. As used in this Agreement, "**Personal Information**" means information in the possession or under the control of the Company regarding any Person,

including personally identifiable information, financial information and directives protected health information, the use or disclosure of all Governmental Authorities regarding Environmental Laws, which is protected by applicable Legal Requirements.

(c) The Company has not received from any Governmental Entity or any other Person any complaint, notice or other notification of a complaint regarding the Company's compliance with any Legal Requirement or Contract applicable to Personal Information. The Company has not received notice of, and is not otherwise aware of, any complaints, breaches, non-permitted uses or disclosures, or other incidents of alleged compromises to the privacy or security of any Personal Information.

6.9(d) Additional Subsidiary Guarantors. There has been no material breach of security or other unauthorized access by third parties to the Personal Information or confidential information in the Company's possession, custody or control and there have been no successful unauthorized intrusions or breaches of the security of information technology systems of the Company. The Company has written policy guidelines for all parties with access to its computer systems regarding use of its computer systems, including use of the Internet and e-mail, and, to the Knowledge of the Company, such policy guidelines have been and are being complied with. With respect to all Personal Information gathered or accessed in the course of the operations of the Company, the Company has taken commercially reasonable steps, consistent with industry standards and Legal Requirements, to protect such Personal Information against loss and against unauthorized access, use, modification, disclosure or other misuse.

(e) The Company has in place disaster recovery plans, procedures and facilities that are appropriate to minimize the disruption of its Business in the event of any new Material Domestic Subsidiary created material failure of any of the IT Assets and in accordance with applicable Legal Requirements and Contracts. The disaster recovery and security plans, procedures and facilities specified meet all representations made to, and obligations with, all customers and vendors, and the Company is in compliance in all material respects therewith.

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(f) The Company's receipt, collection, monitoring, maintenance, creation, transmission, use, analysis, disclosure, storage, disposal and security of all Personal Information has complied, and complies, in all material respects, with (i) all applicable Company privacy policies, (ii) all Contracts to which the Company is party or acquired after bound and (iii) all Legal Requirements.

2.28 Insurance. Schedule 2.28 sets forth all insurance policies under which the Effective Date Company is insured (the "Insurance Policies"), the name of the insurer of each policy, the type of policy provided by such insurer, the amount, scope and period covered thereby and a description of any material claims made thereunder. True and correct copies of all such policies have been provided to the Buyer. Such insurance policies are valid and in full force and effect and are adequate to insure against all Liabilities, claims and risks against which it is customary for companies similarly situated as the Company to insure, including but not limited to claims made against the Company or its officers and directors post-transaction involving pre-transaction conduct. All premiums due to date under such policies have been paid, all required notices under such policies have been provided, no default exists thereunder and, with respect to any material claims made under such policies, no insurer has made any "reservation of rights" or refused to cover, or disputed, all or any portion of such claims. Such insurance policies do not provide for any retrospective premium adjustment or other experience-based Liability on the part of the Company. The Company has not received any notice of cancellation of or proposed material increase in the premiums payable for, or proposed reduction in the scope (or discontinuation) of, coverage under any of such insurance policies. Such insurance policies will not be affected in any way as a result of the Transactions.

2.29 Affiliate Transactions. Except as set forth on Schedule 2.29, (a) the Company is not a party to any Contract or other arrangement with, or indebted to, either directly or indirectly, any of its officers, directors, managers, direct or indirect equity holders or Affiliates, or any of their respective relatives or Affiliates, (b) none of such Persons is indebted to the Company or has any direct or indirect ownership interest in, or any contractual or business relationship with, any Person (i) who is or was an Affiliate of the Company, (ii) with which the Company has a business relationship, or (iii) who is a competitor of the Company, and (c) none of such Persons has any interest in any property, real or personal, tangible or intangible, including inventions, copyrights, trademarks, trade names or other intellectual property, used in or pertaining to the conduct of the Business or any supplier, distributor or customer of the Company.

2.30 Brokers. Except as set forth on Schedule 2.30, no finder, broker, agent, financial advisor or other intermediary has acted on behalf of the ESOT or the Company in connection with the negotiation or consummation of this Agreement or the Transactions and no such Person is entitled to any brokerage, finder's or other fee, payment, commission or other consideration in connection therewith as a result of any arrangement made by any Group Member of them. The obligations of the Company to each Person listed on or required to be listed on Schedule 2.30 shall constitute Transaction Expenses.

2.31 Absence of Certain Payments. Neither the Company nor to the Knowledge of the Company, any Person associated with or acting for or on behalf of the Company has, directly or indirectly, on behalf of or with respect to the Company: (a) made an unreported political contribution, (b) made or received any existing Domestic Subsidiary payment that becomes a Material Domestic Subsidiary after the Effective Date by virtue of meeting the qualifications set forth in the definition of Material Subsidiary, promptly, but was not legal to make or receive, (c) engaged

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in any event within fifteen (15) days after such creation, acquisition material transaction or qualification, (i) cause such new Domestic Subsidiary (A) to become a party to made or received any material payment that was not properly recorded on the Guarantee Agreement and (B) to deliver to books of the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments, including, without limitation, copies of all such Subsidiaries' Organization Documents, and (ii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

6.10 Material Contracts. Perform and observe all the terms and provisions of each Material Contract required to be performed Company, (d) created or observed by it, and cause each of its Subsidiaries to do so, except, used any "off-book" bank or cash account or "slush fund," or (e) engaged in any case, where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have conduct constituting a Material Adverse Effect.

6.11 [Reserved].

6.12 Reorganization. Subject to the limitations set forth in Section 7.7(g), the Borrower and its Subsidiaries shall be permitted to reorganize the property, assets and Subsidiaries acquired pursuant to any such Permitted Acquisition in any manner that it deems necessary, including by Disposing of, or contributing, such assets, property or Subsidiaries to newly-created or already existing Subsidiaries violation of the Borrower.

6.13 Anti-Corruption Laws. The Borrower and its Subsidiaries will conduct their businesses in material compliance with the United States Foreign Corrupt Practices Act of 1977, and as amended, or any other anti-bribery, anti-fraud, anti-corruption or similar Legal Requirements (collectively, "Anti-Bribery Laws"). Neither the Company nor any Person acting on its behalf is or has been the subject of any proceeding or, to the extent applicable, Knowledge of the UK Bribery Act 2010, Company, investigation regarding an alleged violation of any Anti-Bribery Laws.

2.32 Bank Accounts. Schedule 2.32 sets forth the account numbers and names of each bank, broker or other similar anti-corruption legislation depository institution at which the Company maintains a depository account.

2.33 No Other Agreements. Except for this Agreement and the Transaction Documents, the Company does not have any other agreements, arrangements or understandings with any security holder, director, officer, manager, member, employee, consultant or affiliate of the Company in other jurisdictions, respect of the Transactions and maintain policies and procedures designed to promote and achieve compliance with such Laws, the Transaction Documents.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES CONCERNING THE ESOT

SECTION 7. The Company warrants to the Buyer that the information contained in this Article 3 NEGATIVE COVENANTS is true and correct as of the date hereof and will be true and correct as of the Closing Date:

3.1 Title. The ESOT is the record and beneficial owner of the Company Securities, free and clear of all Liens, other than pursuant to applicable securities laws. On the Closing Date, the Company and Trustee on behalf of the ESOT shall transfer to the Buyer good title to such Company Securities, free and clear of all Liens, other than pursuant to applicable securities laws. The ESOT has not granted any option or right, and is not a party to or bound by any agreement that requires or, upon the passage of time, the payment of money or occurrence of any other event, would require the ESOT to transfer any of the Company Securities to anyone other than the Buyer.

3.2 Organization and Authority. The ESOP, including the ESOT, each have been duly authorized, adopted and established by all necessary corporate action on the part of the Company; the ESOP is a valid employee stock ownership plan within the meaning of Code Section 4975(e)(7), qualified under Section 401(a) and the ESOT is a trust exempt from taxation under Code Section 501(a).

3.3 No Conflict. Other than as set forth on **Schedule 3.3** and for any applicable filings and approvals under the HSR Act, no consent, approval or authorization of or notice, declaration or filing with any Governmental Entity or other Person is required on the part of the ESOT for or in connection with the execution, delivery or performance by ESOT of this Agreement and the other agreements, documents and instruments of the ESOT contemplated hereby to which the ESOT is a party. The execution, delivery and performance of this Agreement and the other agreements, documents and instruments contemplated hereby by the ESOT will not result in any breach or violation of, be in conflict with, constitute a default or an event that, with or without notice or a lapse of time or both, would constitute a default under, or cause the acceleration of any obligation or loss of any rights under any Legal Requirement, Contract, instrument, charter, by-

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laws, operating agreement, partnership agreement, organizational document, license, permit, authorization, franchise, resolutions or certification to which the ESOT is a party or by which the ESOT is bound.

3.4 Validity and Enforceability. This Agreement is, and each of the other agreements, documents and instruments contemplated hereby to which the ESOT is a party shall be when executed and delivered by the ESOT, the valid and binding obligations of the ESOT enforceable in accordance with its terms except as limited by the Remedies Exception.

3.5 Litigation. No Action against the ESOT is pending or, to the knowledge of the ESOT, threatened against the ESOT, in relation to the affairs of the Company or that would materially interfere with the Buyer's ability to consummate the Transactions.

3.6 Ownership of Company Assets. The ESOT has no direct or indirect rights, title and/or interest in any property, real or personal, tangible or intangible, used in, necessary for or currently contemplated for future use in the Business (including any Company Intellectual Property).

ARTICLE 4.

REPRESENTATIONS AND WARRANTIES CONCERNING THE BUYER

The Buyer represents and warrants to the ESOT and the Company that each of the statements contained in this **Article 4** is true and correct as of the date hereof and will be true and correct as of the Closing Date:

4.1 Organization, Power and Standing. The Buyer is a corporation validly existing and in good standing under the laws of the State of Delaware, with all requisite power and authority to own its properties and to carry on its business as such business is now conducted.

4.2 Authority; No-Conflict. The Buyer has full power and authority and has taken all required corporate action on its part necessary to permit it to execute and deliver and to carry out the terms of this Agreement and the other agreements, documents and instruments contemplated hereby to which it is a party (the "**Buyer Transaction Documents**"). No consent, approval or authorization of or notice, declaration or filing with any Governmental Entity or other Person is required by the Buyer for or in connection with its execution, delivery or performance of this Agreement and any Buyer Transaction Documents. The execution, delivery and performance of this Agreement and the Buyer Transaction Documents will not result in any breach or violation of, be in conflict with, or constitute a default or an event that, with or without notice or a lapse of time or both, would constitute a default under any Legal Requirement, agreement, contract, instrument, charter, by-laws, operating agreement, partnership agreement, organizational document, license, permit, authorization, franchise or certification to which the Buyer is a party or by which the Buyer is bound.

4.3 Validity and Enforceability. This Agreement is, and each of the Buyer Transaction Documents shall be, when executed and delivered by the Buyer, the valid and binding obligations of the Buyer enforceable in accordance with its terms, except as limited by the Remedies Exception.

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4.4 Investment Representations. The Borrower hereby agrees Purchased Securities are being acquired by the Buyer for the Buyer's own account, for investment purposes only and with no present intention of distributing, selling or otherwise disposing of them in violation of the Securities Act of 1933, as amended. The Buyer has such knowledge and experience in financial and business matters that so long the Buyer is capable of evaluating the merits and risks of the proposed investment in the Purchased Securities. The Buyer understands that the Company Securities may not be sold, transferred or otherwise disposed of by it without registration under the Securities Act of 1933, as amended, and any applicable state securities laws, or an exemption therefrom, and that in the Revolving Commitments remain absence of an effective registration statement covering such Company Securities or an available exemption from registration, such Company Securities may be required to be held indefinitely. The foregoing shall not affect in effect, any Letter way any Buyer Indemnified Parties' rights under this Agreement, other than as such may limit the ability of Credit remains outstanding the Buyer to sell, transfer or any Loan convey the Purchased Securities subsequent to the Closing.

4.5 Brokers. Except as set forth on Schedule 4.5, no finder, broker, agent, financial advisor or other amount intermediary has acted on behalf of the Buyer in connection with the negotiation or consummation of this Agreement or the Transactions and no such Person is owing entitled to any Lender fee, payment, commission or the Administrative Agent hereunder, the Borrower shall not, and shall not permit other consideration in connection therewith as a result of any arrangement made by any of them.

4.6 Financial Ability. The Buyer has and will have at the Closing the financial capability to consummate the Transactions.

ARTICLE 5.

COVENANTS OF THE COMPANY AND THE ESOT

5.1 Access. Prior to the Closing, the Company and its Subsidiaries will permit the Buyer, its financing sources and their respective representatives, during normal business hours, reasonable access to directly or indirectly:

7.1 Financial Condition Covenants. (a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as at the last day Real Property, assets, premises, properties, records, books of any period of four consecutive fiscal quarters account, contracts and other documents of the Borrower Company and its Subsidiaries and (b) with reasonable notice to exceed 3.75 to 1.00. Notwithstanding the foregoing, following the delivery Company's management, any employees, advisors, consultants, other personnel, customers, service providers, vendors or suppliers of, a Material Acquisition Certificate, the maximum Consolidated Leverage Ratio shall be increased to 4.25 to 1.00 for the fiscal quarter during which a Material Acquisition occurs and for the first full three fiscal quarters thereafter (a "Leverage Ratio Holiday"); provided that following the end of any Leverage Ratio Holiday, the Borrower must demonstrate compliance or others having material business relations with, the covenant level set forth in the first sentence of this Section 7.1(a) for at least one full fiscal quarter before it can commence another Leverage Ratio Holiday.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower to be less than 3.00 to 1.00.

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

- (a) Indebtedness of any Loan Party pursuant to any Loan Document;
- (b) Subject to Section 7.7(g), Indebtedness of the Borrower to any Subsidiary and of any Subsidiary of the Borrower to the Borrower or any other Subsidiary;
- (c) Investments permitted by Section 7.7;
- (d) Subject to Section 7.7(g), Guarantee Obligations by (i) the Borrower Company or any of its Subsidiaries of obligations of any Subsidiary of Subsidiaries. Until the Borrower and (ii) any Subsidiary of Closing Date, the obligations of the Borrower;
- (e) Indebtedness outstanding on the Effective Date and listed on Schedule 7.2(e), and any refinancings, refundings, renewals or extensions thereof;
- (f) Indebtedness arising under any Swap Agreements permitted by Section 7.10;
- (g) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 7.3(h) in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof, would not exceed 5% of Consolidated Total Assets of the Borrower Company and its Subsidiaries will furnish promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties or prospects as the Buyer, its financing sources or their representatives may from time to time reasonably request. Without limiting the foregoing, the Company shall permit the Buyer and its representatives to conduct environmental due diligence of the end Company, its Subsidiaries and the Real Property and other investigations of the fiscal quarter immediately Real Property, including the collecting and analysis of samples of indoor or outdoor air, surface water, groundwater or surface or subsurface

land on, at, in, under or from the Company, its Subsidiaries and the Real Property and investigations of the condition of the Real Property. No investigation by the Buyer or other information received by the Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the ESOT or the Company and its Subsidiaries in this Agreement.

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5.2 Conduct of the Business. Prior to the Closing, the Company and each Subsidiary will, comply with the following covenants prior to the date of such incurrence for which financial statements have been delivered pursuant to Section 6.1 Closing, unless otherwise approved in writing by the Buyer or on the Effective Date and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof); as explicitly required by this Agreement:

(h) Indebtedness of a Person that becomes a Subsidiary after the Effective Date as the result of a Permitted Acquisition; provided (a) that such Indebtedness existed at the time such Person became a The Company and each Subsidiary and was not created will, except as set forth in anticipation of, in contemplation of or in connection with such Person becoming a Subsidiary; **Schedule 5.2(a)**:

(i) Indebtedness of the Borrower or any Subsidiary as an account party in respect of documentary trade letters of credit and/or bank guarantees; maintain its legal existence and good standing;

(j) Indebtedness of the Borrower or any Subsidiary secured by mortgages of and/or security interests in any real property or related tangible personal property or incurred in connection with Permitted Sale Leasebacks; provided (ii) that use commercially reasonable efforts to:

(A) preserve the aggregate principal amount of Indebtedness permitted by this clause (j) shall not exceed \$50,000,000 at any one time outstanding;

(k) (i) Indebtedness in respect of additional standby letter of credit and bank guarantee facilities in an aggregate amount not to exceed \$50,000,000; and (ii) Indebtedness in respect of China banker acceptance drafts in an aggregate amount not to exceed \$20,000,000;

(l) Unsecured Indebtedness up to an aggregate principal amount of \$125,000,000 minus the principal amounts outstanding under Section 7.2(m), at any time outstanding pursuant to which the holder of such Indebtedness (or a representative thereof) enters into a Sharing Agreement provided if

such unsecured Indebtedness is entered into solely as a Limited Condition Financing a Sharing Agreement is not required;

(m) unsecured Indebtedness in an aggregate principal amount that, at the time of, and after giving effect to, the incurrence thereof, would not exceed the sum of \$15,000,000 plus 10% of the Consolidated Total Assets of the Borrower Business and its Subsidiaries as of the end of the fiscal quarter immediately prior to the date of such incurrence for which financial statements have been delivered pursuant to Section 6.1 or on the Effective Date, immediately prior to the date of such incurrence;

(n) additional Indebtedness of the Borrower or any business organization intact, retain its Permits, and preserve its rights, relationships, Contracts and goodwill of its Subsidiaries in an aggregate principal amount (for the Borrower customers, lenders, suppliers, regulators, vendors, service providers, personnel and all Subsidiaries) not to exceed \$20,000,000 at any one time outstanding; others having business relations with it;

(o) Subordinated Indebtedness of the Borrower or any of (B) conduct its Subsidiaries;

(p) Indebtedness owed in respect of any services covered by cash management agreements and any other Indebtedness in respect of netting services, business credit card programs, overdraft protection and other treasury, depository and cash management services or incurred in connection with any automated clearing-house transfers of funds or any cash pooling arrangement, and to the extent constituting Indebtedness, obligations arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; and

(q) a bilateral guidance line or other financial accommodation regarding the issuance of letters of credit with Citizens Bank, N.A. and/or an Affiliate thereof, in an original principal amount of up to \$5,000,000.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising only in the ordinary course of business consistent with past practice (including without limitation the collection of receivables and the payment of payables and capital expenditures);

(C) maintain its assets, Intellectual Property, rights and business relationships;

(D) make capital expenditures and expenditures for sales and marketing costs in the ordinary course of business reflected on the Company's budget for the current calendar year (which was made available to the Buyer) and consistent with past practices; and

(E) keep in full force and effect the insurance policies (comparable in amount and scope) covering the assets and Intellectual Property of the Company and its Subsidiaries.

(b) Except as set forth on **Schedule 5.2(b)**, or as otherwise agreed in writing by the Buyer referencing this **Section 5.2(b)**, such consent not to be unreasonably withheld, conditioned or delayed, the Company and each Subsidiary will not:

(i) change its method of management or operations in any material respect;

(ii) dispose, acquire or license any assets or properties or make any commitment to do so, other than in the ordinary course of business to the extent less than \$50,000 in the aggregate;

(iii) incur any Indebtedness, or make any loans or advances, assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, or subject any of its properties or assets to any Lien, other than Permitted Liens;

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(iv) modify, amend, cancel or terminate any Material Contract or any other existing Contract or instrument material to the Company, any Subsidiary or the Business, or any Benefit Plan (including any plan or arrangement that would constitute a Benefit Plan if it were in existence on the date hereof);

(v) make any change in the compensation paid or payable to any officer, director, manager, employee, agent, representative or consultant, or pay or agree to pay any bonus or similar payment (other than bonus payments or other amounts to which the Company or any Subsidiary is committed and which are not overdue for a period expressly disclosed in this Agreement);

(vi) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any management employee or officer of the Company or any Subsidiary;

(vii) enter into any Contract (A) with respect to which the Company or any Subsidiary has any Liability involving more than 30 days \$150,000, (B) which may place any limitation on the method of conducting or that are being contested in good faith by appropriate proceedings; scope of the Business, or (C) which would otherwise be a Material Contract and involve a Liability more than \$150,000;

(c)(viii)pledges, deposits, preferences enter into any lease for any Real Property as a lessor, sublessor or priority in connection with workers' compensation, unemployment insurance and other social security lessee or employment legislation; sublessee;

(d)(ix)deposits enter into or modify any Contract with an Affiliate;

(x) make or cause to secure be made any dividend, distribution, redemption, repurchase, recapitalization, reclassification, issuance, split, combination or other transaction involving the performance capital stock or other equity securities of bids, trade contracts (other the Company or any Subsidiary, or any option, warrant or right to acquire any such capital stock or equity securities, other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and cash distributions;

(xi) make any change in its accounting practices or procedures, other obligations of a like nature incurred than any change required by GAAP or Legal Requirements;

(xii) file, amend or make any change to any Tax election or any Tax Return, except as required by Legal Requirements;

(xiii) change its customer pricing or offer any rebates, discounts or promotions, other than in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under clause (h) of Article VIII;

(g) Liens in existence on the Effective Date listed on Schedule 7.3(g), securing Indebtedness permitted by Section 7.2(e); provided (xiv) that no such Lien is spread to cover acquire any additional property after the Effective Date and that the amount business or entity, whether by merger or consolidation, purchase of Indebtedness secured thereby is not increased;

(h) Liens securing Indebtedness of the Borrower assets or equity securities or any other Subsidiary incurred pursuant manner;

(xv) cancel or waive any rights of substantial value, or pay, discharge or settle any claim of substantial value;

(xvi) implement any layoffs that could implicate the WARN Act;

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(xvii) initiate, settle or respond to Section 7.2(g) any legal disputes that result in a Liability to finance the acquisition, construction Company or improvement its Subsidiaries in excess of fixed or capital assets, and \$50,000;

(xviii) allow any refinancing material insurance policies to lapse without renewal or replacement of such Indebtedness; provided that (i) such Liens initially shall be created substantially simultaneously with the acquisition, construction or improvement of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the amount of Indebtedness secured thereby is not increased from the amount outstanding at the time of any refinancing or replacement of such Indebtedness; on commercially reasonable terms;

(i) (xix)(x) accelerate any interest rights, payments or title of vesting under a lessor under any lease entered into by Benefit Plan;

(xx) accelerate the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased, and (y) the filing of any uniform commercial code financing statement or similar filing to evidence or perfect the sale or assignment collection of accounts receivables pursuant to a Disposition permitted pursuant to Section 7.5 hereof;

(j) Liens securing Indebtedness receivable, delay the purchase of the Borrower supplies, delay normal repairs or maintenance, or delay payment of accounts payable or accrued expenses, in each case in any of its Subsidiaries incurred pursuant to Section 7.2(j); provided that no such Lien at any time encumber any property other than the assets so financed by such Indebtedness material respect and the amount of such Indebtedness secured thereunder is not increased;

(k) any Lien existing on any property or asset prior to the acquisition thereof pursuant to a Permitted Acquisition by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary pursuant to a Permitted Acquisition after the Effective Date prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(l) Liens securing Indebtedness of the Borrower or any of its Subsidiaries incurred pursuant to Section 7.2(n);

(m) Liens (i) of a collection bank arising under Section 4-208 of the UCC (or other applicable Law) on the items in the course of collection, (ii) in connection with any cash pooling arrangement or in connection with any arrangements described in Section 7.2(p), and (iii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(n) rights of pledge and set-off arising pursuant to the general banking conditions declared applicable to Dutch bank accounts, (ii) statutory and customary rights of pledge, charge and set-off upon deposits of cash in favor of banks or other depository institutions in the UK, (iii) Liens in favor of a

banking institution or other depository institution arising as a matter of Law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the applicable banking industry, and (iv) Liens (including the right of set-off) in favor of a banking institution or other depository institution encumbering deposits, securities and similar property that (x) are within the general

parameters customary in the banking industry and (y) arise under deposit, custodial and similar agreements entered into in the ordinary course of business, provided that such Liens do not at any time secure Indebtedness;

(o) Liens up to an aggregate amount of \$5,000,000, from time to time outstanding, to cash collateralize Indebtedness for reimbursement obligations permitted under Section 7.2 (k) for letters of credit or bank guarantees; and

(p) Liens not otherwise specifically described herein as to which the aggregate amount of the obligations secured thereby does not exceed \$5,000,000.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower; provided that the Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary Guarantor; provided, further, that a Subsidiary Guarantor shall be the continuing or surviving corporation;

(b) any Subsidiary of the Borrower that is not a Subsidiary Guarantor may be merged or consolidated with or into the Borrower, any Subsidiary Guarantor or any other Subsidiary of the Borrower;

(c) subject to Section 7.7(g), any Subsidiary of the Borrower may Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower, any Subsidiary Guarantor or any other Subsidiary of the Borrower;

(d) any Investment expressly permitted by Section 7.7 may be structured as a merger, consolidation or amalgamation;

(e) subject to Section 7.5, the Borrower or any Subsidiary may make any Disposition of assets; and

(f) any Subsidiary of the Borrower that is organized under the laws of Canada may amalgamate with another Subsidiary of the Borrower that is organized under the laws of Canada; provided, that if one of the Subsidiaries participating in the applicable amalgamation is a Foreign Subsidiary Borrower, the entity formed as a result of such amalgamation ("Amalco") shall continue to be a Foreign Subsidiary Borrower and shall provide the Agents with such documentation, including legal opinions, as the Agents shall reasonably require to confirm that this Agreement and the other Loan Documents are enforceable against Amalco.

7.5 Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by Section 7.4(c) or Section 7.9;

(d) Subject to Section 7.7(g), the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Subsidiary of the Borrower;

(e) Dispositions of cash and Cash Equivalents; and

(f) the Disposition of other property for fair value; provided (xxi) that the aggregate consideration for all Dispositions made in reliance on this clause (f) shall not exceed 10% of the Consolidated Total Assets of the Borrower and its Subsidiaries (determined at the time of each such Disposition on a pro forma basis as of the most recently completed Reference Period for which financial statements have been delivered or were required to be delivered) for all transactions consummated after the Effective Date.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make take any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "Restricted Payments"), except that:

(a) Subject to Section 7.7(g), any Subsidiary may make Restricted Payments to the Borrower or any Subsidiary of the Borrower and any non-wholly owned Subsidiary may make Restricted Payments, pro rata, to any other Person owning such Subsidiary;

(b) any Subsidiary that is not a Subsidiary Guarantor may make Restricted Payments to the Borrower, any Subsidiary Guarantor or any other Subsidiary of the Borrower;

(c) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may pay dividends and repurchase its Capital Stock or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of its Capital Stock; provided that at the time of the payment of such dividends or the making of such repurchase, and after giving effect thereto, the Borrower's Consolidated Leverage Ratio for the most recent Reference Period ended prior to the date of such payment of dividends or the making of such repurchase and calculated as if such payment of dividends or making of such repurchase had occurred on the first day of such Reference Period, shall be equal to or less than the Consolidated Leverage Ratio then in effect under Section 7.1(a); and

(d) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries.

7.7 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "**Investments**"), except:

(a) extensions of trade credit in the ordinary course of business;

(b) Investments in Cash Equivalents;

(c) Indebtedness and Guarantee Obligations permitted by Section 7.2;

(d) Subject to Section 7.7(g), Investments by the Borrower and its Subsidiaries in any Subsidiary of the Borrower;

(e) Investments by the Borrower and/or any Subsidiary in existence on the Effective Date listed on Schedule 7.7(e); provided that the aggregate amount of all such Investments is not increased at any time above the amount of such Investment existing on the Effective Date;

(f) loans and advances to employees of any Group Member in the ordinary course of business (including for travel, entertainment and relocation expenses);

(g) Investments by the Borrower or any Subsidiary to, on behalf of, or in any way related to claims or litigation involving, or arising out of, the Discontinued Operations (including all settlement and judgment payments and legal costs and expenses, but excluding the legal costs and expenses of the Borrower and its Subsidiaries (other than the Discontinued Operations) expended in defending such persons from liability related to, or arising out of, the Discontinued Operations) whether made directly or indirectly by the Borrower or any of its other Subsidiaries, in an amount not to exceed \$5,500,000 during the term of this Agreement;

(h) Investments constituting Permitted Acquisitions;

(i) Subject to Section 7.7(g), intercompany Investments by any Group Member in the Borrower or any Person that, prior to such investment, is a Subsidiary of the Borrower; and

(j) Investments by the Borrower or any of its Subsidiaries made on or after the Sixth Amendment Effective Date in an aggregate amount (valued at cost) not to exceed the greater of (i) \$60,000,000 and (ii) 5% of the Consolidated Total Assets of the Borrower and its Subsidiaries as of the end of fiscal quarter immediately prior to the date of such Investment for **action** which financial statements have been delivered pursuant to Section 6.1 hereof.

7.8 Transactions with Affiliates. Except as permitted by Section 7.7(g) and Section 7.14, enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate of any Group Member (other than the Borrower or any Subsidiary Guarantor or pursuant to any transaction that is otherwise permitted pursuant to this Agreement or is otherwise listed on Schedule 7.8) unless such transaction is (a) in the ordinary course of business of the relevant Group Member, and (b) upon fair and reasonable terms no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate.

7.9 Sales and Leasebacks. Enter into any Sale Leasebacks, other than Permitted Sale Leasebacks.

7.10 Swap Agreements. Enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Capital Stock) and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

7.11 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than the Saturday nearest December 31 or change the Borrower's method of determining fiscal quarters.

7.12 Clauses Restricting Subsidiary Distributions; Negative Pledges. Enter into or suffer to exist or become effective with any Person other than (a) a Lender or an Affiliate of a Lender and (b) the holder of any Indebtedness permitted under Sections 7.2(d)(ii), (e), (g), (h), (j), (k), (l), (m), (n) or (o) any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to: (1) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (2) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (3) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, in each case, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents, (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary and (iii) any restrictions with respect to a Subsidiary acquired by the Borrower or any of its Subsidiaries imposed by any agreement existing prior to the acquisition thereof; provided that such agreement is not entered into in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary.

7.13 Lines of Business. Enter into any material business, either directly or through any Subsidiary, except for those businesses of the same general type in which the Borrower and its Subsidiaries, taken as a whole, are engaged on the Effective Date or that are reasonably incidental or related thereto.

7.14 Discontinued Operations. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, the Discontinued Operations shall not conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to (a) the prosecution or defense in litigation or otherwise of claims asserted against the Discontinued Operations arising out of retained liabilities, the conduct of activities required in compliance with applicable law or in adjudication or administration of claims (whether by court order or negotiated settlement or otherwise), the maintenance of its corporate existence and financial record-keeping, or the engagement of personnel, counsel or third parties to conduct such activities on its behalf, and (b) the winding-up, dissolution, liquidation or other similar actions relating to the Discontinued Operations.

7.15 Amendments of Organization Documents. Amend any of its Organization Documents which amendment would be materially adverse to the Lenders.

7.16 Anti-Terrorism Laws. Violate, in any material respect, any law or regulation, or be identified in any list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act), in each case, that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits any Lender or Issuing Lender from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower.

7.17 Sanctions; Anti-Corruption Laws. (a) Directly or indirectly, use the proceeds of any Loan or Letter of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject

of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Joint Lead Arranger, Administrative Agent, Issuing Lender, Swingline Lender, or otherwise) of Sanctions.

(b) Directly or indirectly use the proceeds of any Loan for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, or any applicable provisions of the UK Bribery Act 2010, or other similar anti-corruption legislation in other jurisdictions.

(c) Request (in the case of the Borrower and the Foreign Subsidiary Borrowers) any Loan or Letter of Credit, nor use, and the Borrower and each Foreign Subsidiary Borrower shall adopt policies designed to promote and achieve that its Subsidiaries and its or their respective directors, officers or employees shall not use, the proceeds of any Loan or Letter of Credit: (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in the violation of any applicable anti-corruption laws or (ii) in any manner that would result in the violation of any applicable anti-terrorism laws (including applicable Sanctions).

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) the Borrower or any Foreign Subsidiary Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower or any Foreign Subsidiary Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, or any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) (i) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 6.4(a) (with respect to the Borrower only), Section 6.7(a) or Section 7 of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after written notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) any Group Member shall (i) default in making any payment of any principal of any Material Indebtedness (including any Guarantee Obligation, but excluding the Loans) on the scheduled due date with respect thereto (beyond any applicable grace period, if any provided in the instrument or agreement under which such Material Indebtedness was created); or (ii) default in making any payment of any interest on any such Material Indebtedness beyond the period of grace, if any provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition (if not

cured or waived) is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Material Indebtedness constituting a Guarantee Obligation) to become payable; or

(f) (i) the Borrower or any Material Subsidiary shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Material Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any Material Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against any the Borrower or any Material Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any Material Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any Material Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Group Member or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) any Group Member or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(h) (xxii) one commit to do any of the foregoing referred to in clauses (i) - (xxi).

5.3 Efforts. Pending the Closing, the Company will use commercially reasonable efforts to cause the conditions specified in **Section 8.1** to be satisfied as soon as practicable.

5.4 ESOT Matters.

5(i) At the Closing, the Trustee will provide a copy of the Fairness Opinion to the Buyer.

(a) Prior to the Closing, the Company will make or more judgments or decrees shall be entered against any Group Member involving, at any one time, in have made a contribution to the aggregate liability (not paid or fully covered by insurance as ESOT (the "Company's 2023 Contribution")) for the ESOP plan year ending December 31, 2023 representing the anticipated full contribution for such plan year.

5.5 Third Party Approvals.

(a) **General.** Prior to which the relevant insurance company has acknowledged coverage) of \$20,000,000 or more, and all such judgments or decrees shall not have been vacated, satisfied, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or Closing:

(i) the guarantee contained Company shall, and shall cause its Subsidiaries to, use commercially reasonable effortsto obtain all the Required Consents, and give all the third party notices required in Section 2 connection with the Transactions;

(ii) the Buyer shall, and shall cause its Affiliates to, use commercially reasonable effortsto obtain all the authorizations, consents and approvals of, and give all notices to, the Governmental Authorities and third parties set forth on Schedule 5.5(a)(ii); and

(iii) each party shall use commercially reasonable efforts to cooperate with the other party and its Affiliates in seeking to obtain all authorizations, consents and approvals hereunder.

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(b) Governmental Approvals.

(i) **Cooperation.** The Company shall cooperate in all respects with the Buyer in connection with any filing, submission or other communication with any Governmental Entity in connection with the Transactions.

(ii) **Scope of Efforts.** Notwithstanding the foregoing, neither the Buyer, nor any of its Affiliates shall be required to sell, divest, dispose of, or license any assets, properties, products, product lines, services, businesses, or rights of the Guarantee Agreement shall cease, for any reason, to be in full forceBuyer, its Affiliates (including, following the Closing, the Company and effectits Subsidiaries) or any Loan Party interests therein, or otherwise take or commit to take any Affiliate action that limits its freedom of any Loan Party shall so assert; or

(j) a Change of Control shall occur;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above action with respect to, or its ability to retain, any of the Borrower, automatically assets, properties, products, product lines services, or businesses of the Revolving Commitments Buyer, its Affiliates (including, following the Closing, the Company and its Subsidiaries) or any interests therein, or litigate any claim asserted before any Governmental Entity.

(c) **Allocation of Expenses.** Notwithstanding anything to the contrary contained herein:

(i) The Buyer shall be responsible for the filing fees under the HSR Act.

(ii) Any fee or other cost required to be incurred to obtain any other Required Consent shall constitute a Transaction Expense, subject to the availability of funds in the Escrow Fund to pay for such fee or other cost. If there are not funds available in the Escrow Fund to pay the fee or other cost required to be incurred to obtain any other Required Consent, then the Buyer will pay such fee or other cost.

5.6 Stub Period Financial Statements. For the period commencing as of the date hereof and ending as of the Closing Date, the Company shall deliver to the Buyer the consolidated unaudited balance sheet and consolidated statements of income of the Company for each month after the month of the most recent financial statements listed in Section 2.8. Such financial statements shall be delivered within twenty (20) days after the end of such month or, if earlier, contemporaneously with the delivery of such financial statements to the directors, stockholders, managers, members or lenders of the Company or any Subsidiary.

5.7 Nonsolicitation. Prior to the Closing, none of the Company or its Subsidiaries will directly or indirectly, or take action causing the ESOT to directly or indirectly, (a) solicit any competing offers for the recapitalization or purchase of the Company or any Subsidiary or the purchase of all or any material portion of the securities or assets (including by merger or in any other form of transaction) of the Company or any Subsidiary, (b) negotiate or otherwise respond, other than to decline to enter into such negotiations, with respect to any unsolicited offer or indication of interest with respect to any such transaction, or (c) furnish any information to any Person in connection with any such transaction; provided, that nothing in the preceding clause (b) shall restrict or impair actions by the Trustee reasonably determined by the Trustee to be required to be taken by the Trustee to fulfill its fiduciary duties in its capacity as trustee of the ESOT. The Company will promptly disclose to the Buyer and the Loans (with accrued Trustee

all such unsolicited offers or indications of interest thereon) and, all other amounts owing as determined by the Buyer to be reasonably necessary, engage in

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discussions with the Buyer with respect to such offer or indication of interest. The parties agree and acknowledge that by the terms of the constating documents of the ESOT, the Trustee is obligated to report and deliver any such solicitation or offer to the Company.

5.8 Remedies. The Company and the ESOT acknowledge that any breach or threatened breach of the provisions of **Section 5.7** of this Agreement would be a breach of a material covenant under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether permit Buyer to terminate this Agreement under **Section 9.1(b)**). The Company further acknowledges that any breach or not the beneficiaries threatened breach of the then outstanding Letters provisions of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event **Section 5.7** of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice this Agreement would cause irreparable injury to the Borrower declare Buyer for which an adequate monetary remedy does not exist. Accordingly, in the Revolving Commitments to be terminated forthwith, whereupon event of any such breach or threatened breach, the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account Buyer shall be applied by the Administrative Agent entitled, in addition to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower and the Foreign Subsidiary Borrowers.

After the exercise of other remedies, to seek and (subject to court approval) obtain injunctive and other equitable relief, without necessity of posting a bond, restraining the Company and/or its Subsidiaries from committing such breach or threatened breach. The rights provided for above, any amounts received on account of the Obligations of the Borrower or any Domestic Subsidiary or on behalf of the Borrower or any Domestic Subsidiary under this **Section 5.8** shall be applied by the Administrative Agent in the following order:

First, addition to, and not in lieu of, any other rights and remedies available to the payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and the Multicurrency Administrative Agent and fees), in each case payable to the Administrative Agent or the Multicurrency Administrative Agent in its capacity as such;

Second, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations constituting fees, indemnities and other amounts, payable to the Administrative Agent, the Multicurrency Administrative Agent, the Issuing Lenders and the Lenders (including fees, charges and disbursements of counsel to such parties (other than the fees in **Section 3.3(a)**), ratably among them in proportion to the respective amounts described in this clause Second payable to them; Buyer.

Third, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations constituting accrued **5.9 Reasonable Restrictions.** The Company (a) has carefully read and unpaid fees described in **Section 3.3(a)** and interest on the Loans, L/C Obligations and other Obligations, ratably in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Obligations, ratably in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the extent of any excess of such proceeds, to the Administrative Agent for the account of the Issuing Lenders, to cash collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit;

Sixth, to the extent of any excess of such proceeds, to the payment of all other Obligations of the Loan Parties owing under or in respect of the Loan Documents that are due and payable on such date, ratably or to any one of them based on the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the Lenders on such date; and

Last, to the extent of any excess of such proceeds, the balance, if any, after understands all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

After the exercise of remedies provided for above, any amounts received on account of the Obligations of a Foreign Subsidiary Borrower shall be applied by the Multicurrency Administrative Agent in the following order:

First, to the payment of that portion of the Obligations of such Foreign Subsidiary Borrower constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and the Multicurrency Administrative Agent and fees, in each case payable to the Administrative Agent or the Multicurrency Administrative Agent in its capacity as such;

Second, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations of such Foreign Subsidiary Borrower constituting fees, indemnities and other amounts, payable to the Administrative Agent, the Multicurrency Administrative Agent, the Issuing Lenders and the Lenders (including fees, charges and disbursements of counsel to such parties), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations of such Foreign Subsidiary Borrower constituting interest on the Loans, L/C Obligations, the and other Obligations of such Foreign Subsidiary Borrower, ratably in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to the extent of any excess of such proceeds, to the payment of that portion of the Obligations of such Foreign Subsidiary Borrower constituting unpaid principal of the Loans, L/C Obligations and other Obligations of such Foreign Subsidiary Borrower, ratably in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the extent of any excess of such proceeds, to the Administrative Agent for the account of the Issuing Lenders, to cash collateralize that portion of L/C Obligations of such Foreign Subsidiary Borrower comprised of the aggregate undrawn amount of Letters of Credit;

Sixth, to the extent of any excess of such proceeds, to the payment of all other Obligations of such Foreign Subsidiary Borrower owing under or in respect of the Loan Documents that are due and payable on such date, ratably or to any one of them based on the respective aggregate amounts of all such Obligations of such Foreign Subsidiary Borrower owing to the Multicurrency Administrative Agent and the Lenders on such date; and

Last, to the extent of any excess of such proceeds, the balance, if any, after all of the Obligations of such Foreign Subsidiary Borrower have been indefeasibly paid in full, to such Foreign Subsidiary Borrower or as otherwise required by law.

SECTION 9. THE AGENTS

9.1 **Appointment.** Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and has had the other Loan Documents opportunity for this Agreement to be reviewed by counsel, (b) except for representations, warranties and to exercise such powers and perform such duties as are expressly delegated covenants of Buyer specified in this Agreement, has not relied upon any representation or statement made by the Buyer or any of its Affiliates, directors, officers, employees, consultants, stockholders, managers, members, partners, agents, investors, advisors or representatives with regard to the Administrative Agent by the terms subject matter of this Agreement, and (c) acknowledges the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender (a) irrevocably designates and appoints goodwill of the Agents as the agents of such Lender business transferred pursuant to enter into and execute, on its behalf, a Sharing Agreement, (b) hereby authorizes and consents to the Administrative Agent acting under and with respect to any such Sharing Agreement, and (c) agrees to be bound by the terms of such Sharing Agreement. Each Multicurrency Lender hereby irrevocably designates and appoints the Multicurrency Administrative Agent as the agent of such Multicurrency Lender under this Agreement and that the Buyer would not have closed the Transactions without the benefits contained in this Agreement, and (d) understands that this Agreement is assignable by the Buyer and, following the Closing, the Company and its Subsidiaries and shall inure to the benefit of their respective successors and permitted assigns, as long as such successors and assigns are responsible for the representations, warranties and covenants of Buyer under this Agreement. The provisions of Sections 5.7 are in addition to, and not a replacement for, any similar restrictions contained in any other Loan Documents, and each such Multicurrency Lender irrevocably authorizes agreement with the Multicurrency Administrative Agent, in such

capacity, Buyer, Company or its Subsidiaries to take such action on which the Company, its behalf under Subsidiaries or the ESOT is a party. In the event of any conflict between the provisions of this Agreement and such other restrictions, the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated provisions most favorable to the Multicurrency Administrative Agent Buyer and, subsequent to the Closing, the Company and its Subsidiaries shall control, except that this provision does not relieve the Buyer, or its successors or assigns, from its obligations under any representation, warranty or covenant under this agreement.

5.10 Benefit Plans.

(a) Effective as of the date immediately prior to the Closing Date, the Company and the Subsidiaries will terminate each of the Benefit Plans identified on Schedule 5.10(a) (the “Specified Benefit Plans”) and no employee shall have any right thereafter to contribute any amounts to any such plan. The Company will provide the Buyer with evidence that each such Specified Benefit Plan has been terminated effective immediately prior to the Closing Date pursuant to resolutions duly adopted by the terms Company's board of directors or the board of directors of a Subsidiary, as applicable.

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(b) The Company and Buyer hereby agree that the ESOT Trust Agreement provides that the plan administrator shall affirmatively direct and authorize the Trustee to make all distributions. The Company and Buyer agree that in the event of any conflict between this Agreement and the ESOT Trust Agreement the terms and conditions of the ESOT Trust Agreement shall control.

5.11 Tail Policy. At the Closing, the Company shall obtain, maintain and fully pay for an irrevocable “tail” insurance policy for the Company's and each Subsidiary's directors' and officers' liability, fiduciary and employment practices liability (the “D&O Tail Policy”) insurance coverage that provides coverage for at least six (6) years from Closing. The costs and expenses of such policies shall be Transaction Expenses hereunder. The Company understands, agrees and acknowledges that the “tail policy” described in this Section shall be the sole recourse for any rights to indemnification and expense advances covered by such policy for a Person as a stockholder, member, manager, director, officer or employee of the Company or any Subsidiary for pre-Closing matters (“pre-Closing Indemnitee”). This limitation does not limit a pre-Closing Indemnitee or the Trustee from receiving benefits, including reimbursement of expenses, legal defense, and or indemnity, from other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision insurance coverages of Company or ESOT, including, but not limited to, Directors and Officers coverage, liability coverage and employment practices coverage which was in effect prior to Closing, to the contrary elsewhere extent then available.

5.12 Litigation Cooperation. The Company and its Subsidiaries, shall use commercially reasonable efforts to cooperate with the Buyer, the Company, its Subsidiaries and their respective Affiliates in connection with any pending or threatened internal, governmental or third party Action that relates to events that transpired prior to the Closing related to the Business. Such cooperation shall include, without implication of limitation, being available to meet with counsel to prepare for discovery or trial and to testify truthfully as a witness when requested by the Buyer. This Section shall not apply to litigation between any Buyer Indemnified Party, on the one hand, and the ESOT and, prior to the Closing, the Company or its Subsidiaries, on the other hand.

5.13 Subsidiary Dispositions. Prior to the Closing, the Company and its Subsidiaries shall use commercially reasonable efforts to dissolve, liquidate or otherwise dispose of all interests, direct or indirect, in, and cause to be discharged all obligations and liabilities of the Company and its Subsidiaries related to, each of Key Knife Chile Limitada, a Chile limited liability company and Peerless Instrument Company, Inc., a Florida corporation (each a “Subsidiary Disposition” and collectively the “Subsidiary Dispositions”). The Company shall promptly notify the Buyer of the completion of each Subsidiary Divestment and make available all final documentation related thereto.

5.14 Updates to Schedules. Prior to the Closing, the Company shall, as soon as possible, supplement the schedules to this Agreement by delivery to the Buyer of one or more supplements (each, a “Disclosure Supplement”) to reflect (i) an occurrence, or non-occurrence, of any event that has caused any representation or warranty made by the Company or the ESOT to be untrue or inaccurate in any material respect at any time after the date of this Agreement; (ii) any material failure of the Company, any of its Subsidiaries or the ESOT to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; (iii) any

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circumstance, event or action the existence of which could reasonably be expected, individually or in the aggregate, to result in the failure of any of the conditions set forth in **Section 8.1** to be satisfied; and (iv) any other material development affecting the ability of the ESOT to consummate the Transactions. To the extent that a Disclosure Supplement materially modifies the transaction specified in this Agreement **neither** as specified in this **Section 5.14(i)** through **(iv)**, then Buyer may terminate this Agreement. Other than as contemplated by **Section 1.5**, no Disclosure Supplement shall modify the **Administrative Agent** nor Closing Purchase Price.

ARTICLE 6.

COVENANTS OF THE BUYER

6.1 Representations and Warranties. Until the **Multicurrency Administrative Agent** Closing Date, the Buyer will not take any action that would cause any of the representations and warranties made by the Buyer in this Agreement not to be true and correct on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date.

6.2 Efforts. Pending the Closing, the Buyer will use commercially reasonable efforts to cause the conditions specified in **Section 8.2** to be satisfied as soon as practicable.

6.3 Operation of Business. The Buyer shall have any duties or responsibilities, except those expressly operate the Business as set forth herein, or any fiduciary relationship with any Lender, Multicurrency Lender and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against on **Schedule 6.3** for the **Administrative Agent** or the **Multicurrency Administrative Agent**. period of time set forth therein.

9.26.4 Delegation of Duties Confidentiality/Non-Disparagement. The **Administrative Agent** and Pending the **Multicurrency Administrative Agent** may execute Closing, all proprietary information obtained by the Buyer from or on behalf of the Company or any of its **duties** under this Agreement **Subsidiaries** will be kept confidential, will not be disclosed, and will not be used by the Buyer other **Loan Documents** than in connection with the Transactions and other than disclosure to its Affiliates, partners, directors, officers, employees, advisors and financing sources, who will maintain its confidential nature; provided that the foregoing restriction shall not apply to information which (a) is lawfully and independently obtained by the Buyer from a third party without restriction as to disclosure by the Buyer, (b) was known by the Buyer prior to its disclosure by or on behalf of the Company or its Subsidiaries, (c) is in the public domain or enters into the public domain through **agents** no fault of the Buyer, (d) is independently developed by the Buyer without reference to information provided by the Company or **attorneys-in-fact** its Subsidiaries or (e) the Buyer is required by applicable Legal Requirements or stock exchange rules to disclose. Following Closing, Buyer and shall be entitled to **advise** Company will keep confidential and will not disclose any confidential information of **counsel** concerning all matters pertaining to ESOT and/or ESOP Participants in their capacity as such, **duties**. Neither except as required by applicable Legal Requirements. Before and after Closing, Buyer will not make any disparaging statements regarding the **Administrative Agent** nor the **Multicurrency Administrative Agent** shall be responsible for the **negligence** Company, its Subsidiaries, or **misconduct** of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither the **Administrative Agent**, the **Multicurrency Administrative Agent** nor any of their respective **investors**, directors, managers, officers, **directors**, employees, **agents**, **attorneys-in-fact** consultants, representatives, business or **affiliates** affairs; provided, that the foregoing shall not preclude the Buyer from providing truthful testimony in any legal proceeding, communicating with any governmental agency or representative, or making any truthful disclosure required by applicable Legal Requirements.

6.5 Benefit Plans. The Buyer shall reasonably cooperate with the Company regarding the termination of the Specified Benefit Plans and any required governmental or regulatory filing relating to pre-closing activities of the Specified Benefit Plans. This shall include but not be limited to the filing of the Form 5500 and completion of any required independent audit relating to such Specified Benefit Plan filings.

ARTICLE 7.
TAX COVENANTS

7.1 Tax Periods Ending on or Before the Closing Date. The Company shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company and all Subsidiaries for taxable periods ending on or before the Closing Date (“**Pre-Closing Taxable Periods**”) that have not been filed prior to the Closing Date. The Company shall permit the Buyer to review and comment on each such Tax Return described in the prior sentence at least ten (10) days prior to filing and shall make such revisions to such Tax Returns as are reasonably requested by the Buyer. All Tax Returns to be prepared by or for the Company pursuant to this **Section 7.1** shall be (i) **liable for** prepared in a manner consistent with the past practice of the Company except as otherwise required by Legal Requirements. Any deferred revenue shall be treated as a liability assumed by Buyer, which does not result in any **action lawfully taken or omitted** deemed payment to Buyer.

7.2 Tax Periods That Include But Do Not End on the Closing Date. The Company shall cause to be **taken** prepared and filed any Tax Returns of the Company and all Subsidiaries for taxable periods that include but do not end on the Closing Date. For purposes of this Agreement, in the case of any Taxes that are imposed on a periodic basis and are payable for a taxable period that includes (but does not end on) the Closing Date, the portion of such Tax that relates to the pre-Closing period shall (a) in the case of any property Taxes and Taxes other than those based upon or related to income, payroll, sales or receipts, be deemed to be the amount of such Tax for the entire taxable period multiplied by **it** a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period, and (b) in the case of any Tax based upon or related to income, payroll, sales or receipts, be deemed equal to the amount which would be payable if the relevant Taxable period ended on the Closing Date.

7.3 Cooperation on Tax Matters.

(a) The Buyer and the Company shall cooperate fully, to the extent reasonably requested by the others, in connection with the filing of Tax Returns pursuant to **Sections 7.1** and **7.2** or otherwise, and any audit, examination, litigation, or other Action with respect to Taxes (each, a “**Contest**”) and will provide prompt written notice thereof. Such cooperation shall include the retention and (upon the other party’s request) the provision of records and information which are reasonably relevant to any such Tax Return filing or Contest and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(b) After the Closing, the ESOT shall make available to the Company such books and records to the extent reasonably necessary for a reasonable purpose related to the ESOT’s ownership of the Purchased Securities prior to the Closing.

(c) If requested by the Buyer, the Company and the ESOT will reasonably cooperate with the Buyer to obtain any certificate or other document from any Governmental Entity or any other Person **under** as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed upon the Company or any Subsidiary (including, but not limited to, with respect to the Transactions contemplated hereby).

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(d) To the extent received prior to the three year anniversary of the Closing Date, all Tax refunds and overpayments relating to Taxable periods or any portion thereof ending on or prior to the Closing Date, whether received in cash or applied to a subsequent Taxable period, shall be solely for the benefit of the ESOT, and the Buyer shall cause the same to be deposited with the Escrow Agent to constitute part of the Escrow Fund.

(e) The Buyer, the Company and the ESOT further agree, upon request, to provide the other parties with all information that any party may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

7.4 Control of Audits. After the Closing Date, the Company shall control the conduct, through counsel of its own choosing, of any Contest involving any asserted Tax Liability or refund with respect to the Company or any of its Subsidiaries.

7.5 Certain Taxes. All transfer, documentary, sales, use, real property gains, stamp, registration, and other such Taxes and fees incurred in connection with this Agreement **or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person’s own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received shall**

be paid by the Administrative Agent or Company when due and, if required by applicable law, the Multicurrency Administrative Agent under or Buyer and the ESOT will join in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure execution of any Loan Party a party thereto to perform its obligations hereunder or thereunder. Neither the Administrative Agent nor the Multicurrency Administrative Agent shall be under any obligation to any Lender to ascertain or to inquire as to the

observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4 Reliance by Administrative Agent and the Multicurrency Administrative Agent. The Administrative Agent and the Multicurrency Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants such Tax Returns and other experts selected by the Administrative Agent or the Multicurrency Administrative Agent. The Administrative Agent and the Multicurrency Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent or the Multicurrency Administrative Agent. The Administrative Agent and the Multicurrency Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent and the Multicurrency Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans. documentation.

9.5.7.6 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent, the Multicurrency Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Administrative Agent or the Multicurrency Administrative Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by the Administrative Agent or the Multicurrency Administrative Agent to any Lender. Each Lender represents to the Administrative Agent and the Multicurrency Administrative Agent that it has, independently and without reliance upon the Administrative Agent or the Multicurrency Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of an investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or the Multicurrency Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action Election under this Agreement and the other Loan

Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent or the Multicurrency Administrative Agent hereunder, neither the Administrative Agent nor the Multicurrency Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent, the Multicurrency Administrative Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify each of the Administrative Agent, the Multicurrency Administrative Agent, the Joint Lead Arrangers, the Documentation Agents and the Syndication Agents, each in their capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Code Section (or, if indemnification is sought after the date upon which the Revolving Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages, from and against any and all liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent, the Multicurrency Administrative Agent, the Joint Lead Arrangers, the Documentation Agents and the Syndication Agent in any way relating to or arising out of, the Revolving Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent, the Multicurrency Administrative Agent, the Joint Lead Arrangers, the Documentation Agents and the Syndication Agents under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Administrative Agent's, the Multicurrency Administrative Agent's, the Joint Lead Arrangers', the Documentation Agents' or the Syndication Agents' gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. Each of the Administrative Agent and the Multicurrency Administrative Agent and their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each of the Administrative Agent and the Multicurrency Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the

rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days' following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents. The provisions of this Section 9.9 also apply to the Multicurrency Administrative Agent.

9.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any bankruptcy, insolvency or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Lender and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Lender and the Administrative Agent under Sections 2.13, 2.15, 2.17 and 10.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Lender, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the Issuing Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender or the Issuing Lender or in any such proceeding.

9.11 Erroneous Payments 338(h)(10).

(a) If Administrative Agent (x) notifies a Lender, Issuing Lender or any Person who has received funds on behalf of a Lender or Issuing Lender (any such Lender, Issuing Lender or other recipient (and each of their respective successors **Buyer** and assigns), a "Payment Recipient") that

Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under Section 9.11(b)) that any funds (as set forth in such notice from the Administrative Agent) received by such Payment Recipient from Administrative Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Issuing Lender or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and (y) demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment **ESOT** shall at all times remain the property of Administrative Agent pending its return or repayment as contemplated below in this Section 9.11 and held in trust for the benefit of Administrative Agent, and such Lender or Issuing Lender shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter (or such later date as the Administrative Agent may, in its sole discretion, specify in writing), return to Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by the Administrative Agent) in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of Administrative Agent to any Payment Recipient under this Section 9.11(a) shall be conclusive, absent manifest error.

(b) Without limiting the provisions of Section 9.11(a), each Payment Recipient (and each of their respective successors and assigns) hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by Administrative Agent (or any of its Affiliates), or (z) that such Payment Recipient otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), in each case:

(i) it acknowledges and agrees that (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from Administrative Agent to the contrary) or (B) in the case of immediately preceding clause (z), an error and mistake has been made, in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender or Issuing Lender shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of the occurrence of any of the circumstances described in immediately preceding clauses (x), (y) and (z)) notify Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying Administrative Agent pursuant to this Section 9.11(b). For the avoidance of doubt, the failure to deliver a notice to the Administrative Agent pursuant to this Section 9.11(b) shall not have any effect on a Payment Recipient's obligations pursuant to Section 9.11(a) or on whether or not an Erroneous Payment has been made.

(c) Each Lender or Issuing Lender hereby authorizes Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender or Issuing Lender under any Loan

Document, or otherwise payable or distributable by Administrative Agent to such Lender or Issuing Lender under any Loan Document with respect to any payment of principal, interest, fees, or other amounts, against any amount that Administrative Agent has demanded to be returned under Section 9.11(a).

(d) (i) In the event that an Erroneous Payment (or portion thereof) is not recovered by Administrative Agent for any reason, after demand therefor in accordance with Section 9.11(a), from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "Erroneous Payment Return Deficiency"), upon Administrative Agent's notice to such Lender at any time, then effective immediately (with the consideration therefor being acknowledged by the parties hereto), (A) such Lender shall be deemed to have assigned its Loans (but not its Revolving Commitments) of the relevant class with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") **join** in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as Administrative Agent may specify) (such assignment of the Loans (but not Revolving Commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") (on a cashless basis and such amount calculated at par plus **election under Code Section 338(h)(10)** (and any accrued and unpaid interest (with the assignment fee to be waived by Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment, and such Lender shall deliver any Notes evidencing such Loans to the Borrower **corresponding elections under foreign, state or** Administrative Agent (but the failure of such Person to deliver any such Notes shall not affect the effectiveness of the foregoing assignment), (B) Administrative Agent as the assignee Lender shall be deemed to have acquired the Erroneous Payment

Deficiency Assignment, (C) upon such deemed acquisition, Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Revolving Commitments which shall survive as to such assigning Lender, (D) Administrative Agent and the Borrower shall be deemed to have waived any consents required under this Agreement to any such Erroneous Payment Deficiency Assignment, and (E) Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Revolving Commitments of any Lender and such Revolving Commitments shall remain available in accordance with the terms of this Agreement.

(ii) Administrative Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and Administrative Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). In addition, an Erroneous Payment Return Deficiency owing by the applicable Lender (x) shall be reduced by the proceeds of prepayments or repayments of principal and interest or other distribution in respect of principal and interest, received by Administrative Agent on or with respect to any such Loans acquired from such Lender pursuant to an Erroneous Payment Deficiency Assignment (to the extent that any such Loans are then owned by Administrative Agent) and (y) may in the sole discretion of Administrative Agent be reduced by any amount specified by Administrative Agent in writing to the applicable Lender from time to time.

(e) The parties hereto agree (x) irrespective of whether Administrative Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from

any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, Administrative Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender or Issuing Lender to the rights and interest of such Lender or Issuing Lender, as the case may be) under the Loan Documents with respect to such amount (the "Erroneous Payment Subrogation Rights") (provided that the Loan Parties' Obligations under the Loan Documents in respect of the Erroneous Payment Subrogation Rights shall not be duplicative of such Obligations in respect of Loans that have been assigned to Administrative Agent under an Erroneous Payment Deficiency Assignment) and (y) that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party; provided that this Section 9.11 shall not be interpreted to increase (or accelerate the due date for) the Obligations of the Borrower relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by Administrative Agent; provided, further, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely local Tax law with respect to the amount sale and purchase of such Erroneous Payment that is, comprised of funds received by Administrative Agent from the Borrower for the purpose of making such Erroneous Payment.

(f) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Administrative Agent for the return of any Erroneous Payment received, including without limitation any defense based on "discharge for value" or any similar doctrine.

(g) Each party's obligations, agreements and waivers under this Purchased Securities hereunder ("Section 9.11 338(h)(10) Election"). The ESOT shall survive cooperate fully with Buyer in making the resignation or replacement of Administrative Agent, any transfer of rights or obligations by, or Section 338(h)(10) Election, including causing IRS Form 8023 and all other forms, returns, elections, schedules, and documents required to effect the replacement of, a Lender or Issuing Lender, Section 338(h)(10) Election (the "338(h)(10)Forms") to be executed and delivered to Buyer at the termination of the Revolving Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof).

SECTION 10. Closing as provided in MISCELLANEOUS

10.1 Amendments and Waivers Section 8.1(r). (a) Except as set forth in Sections 2.11(h) and 2.24, neither this Agreement, any other Loan Document, nor any terms hereof or thereof may The Buyer shall be amended, supplemented, waived or modified except authorized to complete the 338(h)(10) Forms in accordance with the provisions of this Agreement and file the 338(h)(10) Forms with the applicable governmental authorities.

(b) Buyer and ESOT shall prepare the 338(h)(10) Forms based on the Agreed Asset Valuation described in Section 10.1, 7.6(d), and shall allocate the aggregate deemed sales price (within the meaning of Treasury Regulations Section 1.338-4) of the Company assets deemed sold, and the adjusted grossed-up basis (within the meaning of Treasury Regulations Section 1.338-4) of the assets of the Company and its Subsidiaries deemed purchased, in accordance with Treasury Regulations Section 1.338-4 and the other requirements of the Code, including any adjustments thereto required under Treasury Regulations Section 1.338-4, based in each case upon the Agreed Asset Valuation. Buyer shall prepare and cause to be timely filed respective income Tax Returns and the 338(h)(10) Forms for the taxable year in which the Closing occurs giving effect to the valuation and allocation procedures set forth in this Section 7.6.

(c) Consistent with **Section 7.6(a)**, the ESOT shall join in timely making (or causing to be timely made) the Section 338(h)(10) Election, including timely executing any IRS Form 8023. The ESOT shall at all times cooperate with Buyer in the making of the Section 338(h)(10) Election and executing such 338(h)(10) Forms. Prior to the Closing, the ESOT shall not revoke the Company's election to be taxed as, or take or allow any action (other than the

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transactions contemplated by this Agreement) that would result in the termination of the Company's status as, a validly existing S corporation with the meanings of Code Section 1361, the Treasury Regulations promulgated thereunder or any analogous or similar provision of state or local Law.

(d) The Buyer and the ESOT agree that for purposes of reporting the effects of the Section 338(h)(10) Election, the value of the assets of the Company and its Subsidiaries deemed sold by any "old T" under applicable Treasury Regulations and the value of the assets deemed purchased by "new T" under applicable Treasury Regulations, shall be set forth on an allocation schedule (the "**Allocation Schedule**") to be prepared by Buyer and delivered to the ESOT within one hundred and twenty (120) calendar days following the Closing Date. The parties hereto agree that such amounts will be adjusted in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder as a result of any adjustments to the Closing Purchase Price pursuant to **Article 1** hereof or any other provision of this Agreement (such valuation, the "**Agreed Asset Valuation**").

(e) As a result of making the Section 338(h)(10) Election, the taxable year of the Company will close for federal income Tax purposes at the end of the day on the Closing Date in accordance with Treasury Regulations Section 1.338(h)(10)-1(d)(2), resulting in a closing of the books of the Company.

(f) The ESOT, the Company and the Buyer shall (i) treat and report the Transaction in all respects consistently with the provisions of this Agreement for purposes of any federal, state, local or foreign Tax and (ii) not take any actions or positions inconsistent with the obligations of the parties set forth herein.

ARTICLE 8.

CONDITIONS TO CLOSING

8.1 Conditions to Obligations of the Buyer. Unless waived in writing by the Buyer, the obligation of the Buyer hereunder to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions:

(a) **Representations and Warranties True.** Each of the representations and warranties contained in (i) **Sections 2.1, 2.2, 2.4, and 2.7** and **Article 3** shall be true and correct in all respects and (ii) any other section of **Article 2** of this Agreement shall be true and correct in all material respects (without giving effect to any materiality, Material Adverse Effect or similar qualifier), in each case, as of the date of this Agreement and on and as of the Closing Date with the same force and effect as though made on and as of such date.

(b) **Covenants Performed.** Each of the ESOT, the Company and its Subsidiaries shall have performed and complied in all material respects with each of the covenants, agreements and conditions required to be performed or complied with by them hereunder on or prior to the Closing Date.

(c) **Compliance Certificate.** The Buyer shall have received a certificate of the Company certifying as to the matters set forth in **Sections 8.1(a) and (b)**.

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(d) **Required Lenders Consents Received.** The Company shall have obtained and delivered to the Buyer copies of all Required Consents listed on or required to be listed on **Schedule 2.5** and marked with an asterisk, in a form reasonably satisfactory to the Buyer, and no such Required Consents shall have been withdrawn, suspended or conditioned.

(e) **No Injunction.** The consummation of the Transactions shall not violate any order, decree or judgment of any court, arbitrator or Governmental Entity having competent jurisdiction, and no Action that seeks to enjoin, restrain, or prohibit the consummation of the Transactions shall have been commenced.

(f) **Certificates; Documents.** The Buyer shall have received copies of each of the following for the Company certified to its satisfaction by an officer of the Company: (i) the Company's certificate of incorporation, as amended, certified by the Secretary of State of Oregon as of a recent date; (ii) a certificate of the Secretary of State of Oregon as of a recent date as to the legal existence and good standing of the Company; (iii) the Company's by-laws, as amended; (iv) the requisite corporate votes and resolutions authorizing the execution, delivery and performance of this Agreement and the Transaction Documents and the consummation of the Transactions by the Company; and (v) evidence as of a recent date of the qualification of the Company as a foreign entity in the jurisdictions listed on **Schedule 2.3**. The Buyer shall have also received (a) copies of each of the following for each Subsidiary certified to its satisfaction by an officer of such Subsidiary: (x) each Subsidiary's organizational documents, certified by the appropriate governmental authority as of a recent date, (y) a certificate as to each Subsidiary's legal existence and good standing, certified by the appropriate governmental authority as of a recent date and (z) each Subsidiary's by-laws, operating agreement or equivalent governing document, as amended and (b) copies of the following with respect to the ESOT: (x) the organizational documents of the ESOT and (y) a copy of the ESOP. The Buyer shall also have received such other certificates, documents and materials as it shall reasonably request.

(g) **Escrow Agreement.** The Buyer, the ESOT and U.S. Bank, National Association, as escrow agent (the "**Escrow Agent**"), have entered into the Escrow Agreement in substantially the form attached hereto as **Exhibit 8.1(g)** (the "**Escrow Agreement**").

(h) **Pre-Closing Deliveries.**

(i) The Company shall have delivered the items, certificates and documents required by **Section 1.3(b)**.

(ii) The amount of Purchased Cash shall not be less than \$2,000,000, nor more than \$4,000,000.

(i) **Delivery of Certificates.** The Company, individually and on behalf of the ESOT, shall have delivered to the Buyer all stock certificates evidencing the Purchased Securities, duly endorsed in blank or accompanied by stock powers duly endorsed in blank, in proper form for transfer, and with any required stock transfer tax stamps affixed, if any.

(j) **Fairness Opinion.** The ESOT shall have delivered to the Buyer a copy of the Fairness Opinion.

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(k) **Trustee Certificate.** The Trustee shall have delivered a trustee certificate reasonably acceptable to the Buyer dated as of the Closing Date that the Trustee has (i) approved the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, subject to the terms and conditions set forth herein, and (ii) determined that the sale of the Company Securities is in the best interest of the ESOP Participants.

(l) **Benefit Plans.**

(i) **ESOP Termination.** The Company shall have delivered to the Buyer evidence of action by the Company's board of directors of a written resolution in a form to terminate the ESOP effective as of the date immediately prior to the date of Closing.

(ii) **Specified Benefit Plans.** The Company shall have delivered to the Buyer evidence of action by the Company's board of directors of a written resolution in a form to terminate each of the Specified Benefit Plans.

(m) **Director and Officer Resignations.** Except as set forth in **Schedule 8.1(m)**, the Company shall have delivered to the Buyer executed resignations and releases effective as at Closing of each director and officer of the Company and its Subsidiaries specified by Buyer in writing. The directors and officers of Lindsay Forest Products, Inc. and Lindsay Forest Products, LTD will be as specified in **Schedule 8.1(m)**.

(n) **R&W Policy.** The applicable insurer shall have bound coverage under the R&W Policy and such policy shall be in full force and effect as of the execution and delivery of this Agreement.

(o) **No Material Adverse Effect.** No Material Adverse Effect shall have occurred.

(p) **Actions and Proceedings.** Prior to the Closing, all actions, proceedings, instruments and documents required to carry out the Transactions and all other legal matters required for such Transactions shall have been reasonably satisfactory to counsel for the Buyer.

(q) **Withholding Certificate.** The Company shall have delivered to the Buyer a properly executed IRS Form W-9 in a form reasonably acceptable to the Buyer.

(r) **338(h)(10) Forms.** The Company and the Trustee, on behalf of the ESOT, shall have delivered to the Buyer properly executed 338(h)(10) Forms executed by the Company and the ESOT, in a form reasonably acceptable to the Buyer.

(s) **D&O Tail Policy.** The Company shall have obtained the D&O Tail Policy.

(t) **Affiliate Agreements.** The Company shall have terminated each of those agreements listed on **Schedule 2.29** (other than those marked with an asterisk) and each **Loan Party** such agreement shall be of no further force and effect.

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(u) **HSR Act.** The waiting period under the HSR Act applicable to the **relevant Loan Document** Transactions contemplated by this Agreement shall have expired or been terminated.

(v) **Data Room.** The Company shall have delivered to the Buyer a true, complete and accurate electronic copy of the virtual data room established by the Company in connection with the Transactions as of immediately prior to the signing of this Agreement and as of the Closing.

8.2 Conditions to Obligations of the Company and the ESOT. Unless waived in writing by the Trustee, the obligation of the ESOT and, to the extent required, the Company, hereunder to consummate the Transactions is subject to the satisfaction at or prior to the Closing of the following conditions:

(a) **Representations and Warranties True.** The representations and warranties of the Buyer contained in **Article 4** shall be true and accurate in all material respects (disregarding any materiality or similar qualifiers) as of the date of this Agreement and on and as of the Closing Date with the same force and effect as though made on and as of such date.

(b) **Covenants Performed.** The Buyer shall have performed and complied in all material respects with the covenants, agreements and conditions required to be performed or complied with by it under this Agreement, including under **Article 6**, on or prior to the Closing Date, including payment of the Estimated Purchase Price (which may be thereafter adjusted pursuant to this Agreement).

(c) **Compliance Certificate.** The Company shall have received a certificate of the Buyer certifying as to the matters set forth in **Sections 8.2(a)** and **(b)** above.

(d) **No Injunction.** The consummation of the Transactions contemplated hereby shall not violate any order, decree or **with** judgment of any court, arbitrator or Governmental Entity having competent jurisdiction.

(e) **HSR Act.** The waiting period under the HSR Act applicable to the Transactions contemplated by this Agreement shall have expired or been terminated.

(f) **Fairness Opinion.** The ESOT shall have obtained the Fairness Opinion.

(g) **Satisfaction as to Prudence.** The Trustee, as the independent fiduciary under the terms of the ESOT, shall have determined, in the sole exercise of its fiduciary discretion under ERISA, that the consummation by the ESOT of the transactions contemplated by this Agreement is prudent, is for the exclusive purpose of providing benefits to the ESOP Participants and beneficiaries of the ESOP, and does not constitute a prohibited transaction or otherwise violate ERISA, and the Trustee shall have therefore decided to consummate the transactions contemplated by this Agreement.

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ARTICLE 9.
TERMINATION

9.1 Termination. This Agreement and the Transactions contemplated hereby may be terminated at any time prior to the Closing:

(a) by mutual written consent of the **Required Lenders**, Buyer and the **Administrative Agent and each Loan Party Company**;

(b) by the Buyer, if the ESOT and/or the Company or a Subsidiary thereof shall have breached or failed to **the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements** perform in any material respect any of their respective obligations, covenants or **modifications hereto and to the other Loan Documents for the purpose of adding any provisions to** agreements under this Agreement, or if any of the **other Loan Documents** representations and warranties set forth in this Agreement shall not be true and correct to the extent set forth in **Section 8.1(a)**, and such breach, failure or **changing** misrepresentation is not cured to the Buyer's reasonable satisfaction within ten (10) days after the Buyer gives the ESOT or the Company, as applicable, written notice identifying such breach, failure or misrepresentation;

(c) by the ESOT or Company, if the Buyer shall have breached or failed to perform in any **manner the rights** material respect any of its obligations, covenants or agreements under this Agreement, or if any of the **Lenders or** representations and warranties of the **Loan Parties** Buyer set forth in this Agreement shall not be true and correct to the extent set forth in **Section 8.2(a)**, and such breach, failure or misrepresentation is not cured to the reasonable satisfaction of the Company and the ESOT within ten (10) days after the Company or the ESOT gives the Buyer written notice identifying such breach, failure or misrepresentation;

(d) by the Buyer, if the conditions set forth in **Section 8.1** become incapable of satisfaction;

(e) by the ESOT or Company, if the conditions set forth in **Section 8.2** become incapable of satisfaction; or

(f) by the Buyer, Company or the ESOT, if the Closing shall not have occurred on or before March 1, 2024 or such other date, if any, as the Buyer, the Company and the ESOT may agree in writing (the "**Termination Date**").

9.2 Effect of Termination. If this Agreement is terminated as provided in **Section 9.1**, the parties shall have no further Liabilities or obligations hereunder except that (a) this **Section 9.2, Section 9.3** and **Article 11** shall survive and continue in full force and effect in accordance with their terms, and (b) each party shall remain liable for any material breach or **thereunder** violation of any representation, warranty, covenant, agreement or obligation contained in this Agreement.

9.3 Termination Fee.

(a) In the event that this Agreement is terminated pursuant to **Section 9.1(b), Section 9.1(d), or Section 9.1(f)** and the ESOT or the Company or its Subsidiaries consummates any Acquisition Proposal within twelve (12) months after such termination or the ESOT, Company or its Affiliates enters into a definitive agreement within twelve (12) months after such termination to effect any Acquisition Proposal that is subsequently consummated, then (i) the Company shall

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notify the Buyer thereof concurrent with the occurrence of such event, (ii) the Buyer shall then promptly notify the Company of the aggregate amount of expenses reasonably incurred by Buyer in connection with the proposed Transactions, not to exceed \$1,500,000 (the "**Termination Fee**"), and (iii) the Company shall remit the Termination Fee to Buyer by wire transfer of same-day funds substantially concurrent with the consummation of the transactions contemplated by such Acquisition Proposal. For the avoidance of doubt, any payment made by the Company under this **Section 9.3(a)** shall be payable only once with respect to this **Section 9.3(a)** and not in duplication even though such payment may be payable under one or more provisions hereof.

(b) **waive.** The parties acknowledge and agree that the agreements contained in this **Section 9.3** are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Buyer would not enter into this Agreement. In the event that the Company fails to pay the Termination Fee when due, the term "Termination Fee" shall be deemed to include the reasonable costs and expenses actually incurred or accrued by the Buyer (including reasonable fees and expenses of counsel) in connection with the collection under and

enforcement of this **Section 9.3**, together with interest on such unpaid Termination Fee, commencing on the date that the Termination Fee became due, at a rate equal to the “prime rate” as published in The Wall Street Journal, Eastern Edition, in effect on the date such payment was required to be made through the date of payment (calculated daily on the basis of a year of 365 days and the actual number of days elapsed, without compounding).

ARTICLE 10.

SURVIVAL; INDEMNIFICATION

10.1 Survival. The representations, warranties, covenants and agreements contained herein shall survive the Closing and any investigation or finding made by or on behalf of any party hereto. No claim for a breach or inaccuracy of any representation or warranty contained herein shall be brought more than eighteen (18) months following the Closing Date, except for:

(a) claims arising out of any of the representations and warranties contained in **Article 3**, **Article 4** or **Sections 2.1** (Organization, Power and Standing), **2.2** (Subsidiaries), **2.4** (Due Authorization), **2.5** (No Conflict; Required Consents and Approvals), **2.6** (Validity and Enforceability), **2.7** (Capitalization), **2.29** (Affiliate Transactions) or **2.30** (Brokers), which shall survive for thirty-six (36) months after the Closing Date; and

(b) claims arising out of the representations and warranties contained in **Section 2.21** (Tax Matters), **2.24** (ERISA; Compensation and Benefit Plans), **2.25** (Status of Qualified Retirement Plans), or **2.26** (Environmental Matters), which shall survive until ninety (90) days after the expiration of all statutes of limitations (including all extensions thereof) applicable to the underlying subject matter being represented, but in no case longer than seven (7) years following the Closing Date.

In addition, no claims relating to the covenants set forth in **Section 6.3** may be brought subsequent to three (3) years following the Closing Date.

The representations and warranties specified in **Sections 10.1(a)** and **10.1(b)** are sometimes collectively referred to herein as the “**Fundamental Representations**”.

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Notwithstanding the foregoing, any claim or claims asserted in writing by notice from the applicable non-breaching party to the breaching party prior to the expiration date of the applicable survival period (and any subsequent claim or claims based on substantially the same facts) shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

10.2 Indemnification of Buyer Indemnified Parties. Subject to the applicable limitations of this **Article 10**, the ESOT shall indemnify and hold the Buyer and its Affiliates (subsequent to the Closing, including the Company and its Subsidiaries) and each of their respective directors, officers, managers, employees, agents and other representatives (the “**Buyer Indemnified Parties**”) harmless from and against, and compensate and reimburse the Buyer Indemnified Parties for, all claims, Liabilities, obligations, costs, damages, losses and expenses (including reasonable attorneys’ fees and costs of investigation) of any nature (and whether direct or in connection with a third party claim) (collectively, “**Losses**”), in any way arising out of, relating to or based on (i) any breach or inaccuracy of any of the representations or warranties set forth in **Article 2**, **Article 3**, or the certificate referenced in **Section 8.1(c)**, or any third party claim arising out of or relating to any such breach or inaccuracy or any third party claim alleging facts that, if true, would constitute such a breach or inaccuracy of a representation or warranty set forth in **Article 2**, **Article 3**, or the certificate referenced in **Section 8.1(c)**; (ii) any breach or violation of the covenants or agreements of the Company or its Subsidiaries set forth in this Agreement required to be performed prior to or at the Closing; (iii) any breach or violation of the covenants or agreements of the ESOT set forth in this Agreement; (iv) the failure of any portion of the Closing Company Indebtedness, Closing ESOT Indebtedness, the Transaction Expenses to be paid at or prior to the Closing and/or deducted from the Closing Purchase Price; (v) any claim by any Person, seeking to assert, or based upon (A) ownership or rights to ownership of any equity of the Company or any Subsidiary or (B) any rights under the governance instruments of the Company or any of its Subsidiaries related to pre-Closing claims; (vi) Fraud by or on behalf of the Company or a Subsidiary of the Company or the ESOT; (vii) any Indemnified Taxes; or (viii) any of the matters set forth on **Schedule 10.2(a)**.

10.3 Indemnification of ESOT. Subject to the applicable limitations of this **Article 10**, the Buyer shall indemnify and hold the ESOT harmless from and against, and compensate and reimburse such Person for, all Losses arising out of or relating to any breach or inaccuracy of the representations, warranties, covenants or agreements of the Buyer set forth in this Agreement.

10.4 Indemnification Limits.

(a) The indemnification obligations of ESOT pursuant to **Section 10.2** (or otherwise related to the transactions specified in this Agreement) shall not exceed the amount of the Escrow Fund. Subject to the terms and conditions of the Escrow Agreement, promptly following January 1, 2027, the parties shall cause the Escrow Agent to disburse to the ESOT the full amount of the Escrow Fund as of such date less any then-pending claimed amounts.

(b) For purposes of clarity, no Buyer Indemnified Party shall have any claims for indemnification against the **Required Lenders** ESOT Distribution Retention Amount in connection with the ESOT's indemnification obligations under **Section 10.2**.

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(c) For all purposes of this **Article 10**, when determining whether a representation or warranty of the Company or its Subsidiaries or the **Administrative Agent**, as ESOT is inaccurate or has been breached, and the **case may be, may specify in such instrument, any amount of the requirements** Losses, any Material Adverse Effect or other materiality qualifier contained in any such representation or warranty will be disregarded.

(d) The Buyer Indemnified Parties may not (individually or collectively) collect on a claim against the Escrow Fund pursuant to this **Article 10** (it being agreed this **Section 10.4(d)** shall not apply to disbursements pursuant to **Section 1.5** hereof) until the aggregate amount of this **Agreement** Losses exceeds \$100,000, at which time the Buyer Indemnified Parties may recover the entirety of such Losses.

10.5 Procedures for Indemnification of Third Party Claims.

(a) A party or parties entitled to indemnification hereunder with respect to a third party claim (the "**Indemnified Party**") will give the **other Loan Documents** party or parties required to provide such indemnification (the "**Indemnifier**") reasonably prompt written notice of any **Default or Event** Action instituted by any third party (in each case, a "**Third Party Claim**") in respect of **Default and its consequences**; which the Indemnified Party is entitled to indemnification hereunder; **provided** that the **Administrative Agent** failure to provide reasonably prompt notice shall not relieve the Indemnifier of its indemnification obligations hereunder, except to the extent (and only to the extent) that the Indemnifier is actually and materially prejudiced by the **Borrower may, without the consent** failure of the **other Lenders**, amend, modify or supplement this Agreement Indemnified Party to provide such prompt notice.

(b) If the Indemnifier provides written notice to the Indemnified Party stating that the Indemnifier (i) is responsible for the entire Third Party Claim and **any other Loan Document in order to comply with local Law or advice** (ii) waives the provisions of **local counsel (including Section 10.4** with respect to **Section 5.3)**. Notwithstanding such Third Party Claim, within ten (10) days after the foregoing, no Indemnifier's receipt of written notice from the Indemnified Party of such **amendment, supplement, modification waiver** Third Party Claim, the Indemnifier shall have the right, at the Indemnifier's expense, to defend against, negotiate, settle or **consent shall (i) increase** otherwise deal with such Third Party Claim and to have the **amount or extend** Indemnified Party represented by counsel, reasonably satisfactory to the **expiration date** Indemnified Party, selected by the Indemnifier; **provided**, that the Indemnifier may not assume the defense of any **Lender's Revolving Commitment** Third Party Claim (A) that the Buyer believes in good faith is having or **forgive** could reasonably be expected to have a material and adverse effect on the **principal amount** Buyer, the Company or **extend the final scheduled date** any of **maturity of any Loan, reduce the stated rate of any interest** their Subsidiaries, (B) that relates to or **fee payable hereunder (except (x))** arises in connection with any criminal matter, (C) unless the **waiver** Indemnifier demonstrates to the Indemnified Party's reasonable satisfaction that the Indemnifier is able to pay the entire Third Party Claim, (D) that involves any current or prospective business relationship with the Company or its Affiliates, including any customer or supplier, (E) if an actual or potential conflict of **applicability** interest exists between the Indemnifier and the Indemnified Party that precludes effective joint representation, (F) that is brought, commenced or joined by a Governmental Entity, or (G) if legal defenses are available to any Indemnified Party that are different from or additional to those available to the Indemnifier; and **provided further**, that the Indemnifier may not enter into a settlement of any **post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders)** and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected

thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee Agreement (other than pursuant to a transaction permitted by this Agreement) or release the Borrower from its guarantee obligations under the Guarantee Agreement, in each case without the written consent of all Lenders; (iv) add additional currencies as Foreign Currencies in which Multicurrency Revolving Loans may be made under this

Agreement Third Party Claim without the written consent of the Administrative Agent Indemnified Party unless such settlement provides the Indemnified Party with a full release from such Third Party Claim and all requires no more than a monetary payment for which the Multicurrency Lenders; (v) amend, modify or waive any provision of Section 2.14 without Indemnified Party is fully indemnified. In the written consent of the Required Lenders adversely affected thereby (provided, event that the absolute percentages may vary with any increase of the Revolving Commitments); (vi) reduce the percentage specified in the definition of Required Lenders without the written consent of all Lenders; (vii) amend, modify or waive any provision of Section 9 other than those listed in such definition, in each case, without the written consent of the Administrative Agent or the Multicurrency Administrative Agent; (viii) amend, modify or waive any provision of Section 2.3 or 2.4 without the written consent of the Swingline Lender; (ix) amend, modify or waive any provision of Section 3 without the written consent of each Issuing Lender or (x) amend the definition of Foreign Subsidiary Borrower without the consent of each Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit to share ratably in the benefits of this Agreement and the other Loan Documents with the Revolving Extensions of Credit and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Required Lenders; provided that no such amendment or restatement shall require any Lender that Indemnifier does not consent thereto assume the defense of a Third Party Claim or is prohibited from doing so, or if at any time the Indemnifier has failed or is failing to participate vigorously prosecute or defend a Third Party Claim, the Buyer Indemnified Parties may initiate, assume or defend the defense of or

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otherwise deal with such Third Party Claim in any such facilities, other than each good faith with counsel of the facilities contemplated by this Agreement.

its choice and be fully indemnified therefor. Notwithstanding anything to the contrary in this Section, 10.1, the Borrower Indemnified Party may participate in any Action with counsel of its choice and at its expense.

(c) The parties will cooperate reasonably with each other in connection with the defense of any Third Party Claim. The parties shall not take any action with respect to any claim (including but not limited to any Third Party Claim) that could reasonably be expected to conflict with any rights of the R&W Insurer under the R&W Policy, or conflict with, or cause any Buyer Indemnified Party to breach any of its obligations under, any terms of the R&W Policy. In the event of any conflict between this Section 10.5 and the Administrative Agent may, without the input or written consent terms of the R&W Policy, the terms of the R&W Policy shall control, except that R&W Insurer will not have any rights (including rights of subrogation) against ESOT, Trustee, Company or any Affiliate of Company, or any officer, director, manager, shareholder, agent, employee or attorney of Company or any Affiliate of Company, other Lenders, enter into written amendments, supplements than in the case of Fraud.

10.6 No Contribution. Notwithstanding anything contained in any statute, organizational documents or modifications agreement to the contrary, neither the ESOT, the Trustee, nor any of their respective Affiliates (including any director, officer, manager, employee, agent or other representative of any of the foregoing) shall have any right of contribution, subrogation, indemnification, advancement of expenses or other claim against the Company or its Subsidiaries with respect to any claims by Buyer or any other Buyer Indemnified Party in respect of this Agreement, any other Transaction Document or the Transactions. For purposes of clarity, this Section 10.6 does not limit employees of the Company or its Subsidiaries from making claims against the Company or its Subsidiaries with respect to matters other than as related to this Agreement, the Transaction Documents or the Transactions, including with respect to Benefit Plans (other than the ESOT).

10.7 Representations and Warranties Policy. Nothing contained in this Agreement shall in any way restrict the ability of the Buyer Indemnified Parties to make any claim or recover any losses under the R&W Policy.

10.8 Right of Set-Off. If the ESOT has not satisfied in cash any indemnification obligation owed by it hereunder, the Buyer or any of its Affiliates may, at their discretion, to the extent permitted by applicable Legal Requirements, and to the extent allowed under this Agreement, may set-off any amounts due and owing from any Buyer Indemnified Party to the ESOT and/or the Trustee against such unpaid indemnification obligation.

10.9 Reduction for Insurance. The amount of any Losses that are subject to indemnification under this Article 10 shall be reduced by the amount by which (a) any insurance proceeds received by the indemnified party relating to such Loss exceeds (b) the amount of expenses incurred

by such indemnified party in procuring such insurance recovery, including Taxes and reasonable legal fees and expenses and any prospective or increased premiums or costs (including, without limitation any applicable deductibles, co-payments, premium increases, "retro premium" adjustments and similar costs or payments) as a result of such claim for which insurance proceeds are received. This **Section 10.9** shall only apply to recoveries under the R&W Policy in respect of such Loss in excess of \$1,491,900 and then only to the amount of such excess.

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10.10 Exclusive Remedy. From and after the Closing, subject to any other provisions of this Agreement, the indemnification provisions of this **Article 10** shall be the exclusive remedy of the parties with respect to any breach or violation of this Agreement, except (a) that the Buyer Indemnified Parties, the Company and the ESOT may seek declaratory, injunctive or equitable relief in connection with any actual or threatened breach of this Agreement and (b) to the **other Loan Documents to effect the provisions** extent that a Buyer Indemnified Party suffers Losses as a result of **Section 2.11(h), 2.22 or 2.24.**

If, in connection with any proposed amendment, supplement, modification, waiver or consent requiring the consent of "each Lender" or "each Lender affected thereby" the consent **Fraud** of the **Required Lenders** is obtained, but **Trustee.**

10.11 No Effect. The rights to indemnification of any party set forth in this **Article 10** shall not be affected by any knowledge acquired or capable of being acquired by such party, or any waiver by such party of any closing condition relating to the **consent accuracy** of **other necessary** Lenders is not obtained (any such Lender whose consent is necessary but not obtained is referred to as a "Non-Consenting Lender"), **representations and warranties** or the **Borrower** may seek to replace such **Non-Consenting Lender** in accordance **performance of or compliance** with **Section 2.19.** agreements and covenants hereunder.

ARTICLE 11.

MISCELLANEOUS

10.2 11.1 Notices. (a) All notices, requests and demands Any notice, demand or communication to or upon the respective parties hereto to be effective a party hereunder shall be in writing (including by telecopy), and unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or and received (a) if sent via certified mail, return receipt requested, three **Business Days** business days after being deposited in the mailed, (b) if sent via a recognized overnight or next day delivery service, one business day after being given to such delivery service, (c) if sent via electronic mail **postage prepaid,** or in the case of telecopy notice, when received, addressed similar electronic transmission, as follows in the case of the **Borrower,** date sent or (d) if delivered personally or by any other means, as of the **Foreign Subsidiary Borrowers, the Administrative Agent** date received, and

the Multicurrency Administrative Agent, and as in each case shall be addressed to such party at its address set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to below (or such other address as it may be hereafter notified by the respective parties hereto:

Borrower or any other

Loan Party, c/o:

Kadant Inc.

One Technology Park Drive

Westford, MA 01886

Attention: Treasurer; and

Attention: General Counsel

Telecopy: (978) 635-1593

Telephone: (978) 776-2000

Administrative Agent:

Citizens Bank, N.A.

28 State Street

Boston, MA 02109

Mailcode: MS1500

Attention: Harriette Batson

Fax: 617 994 7062

Telephone: 617 994 7063

Multicurrency Administrative Agent:

Citizens Business Services

FX Middle Office – FX Operation

ROP480

1 Citizens Drive

Riverside, RI 02915

Attention: Deborah Fales,

Assistant Vice President

Telecopy: 401-477-5801

Telephone: 401-477-5801

from time to time designate in

a notice given in accordance with this **Section 11.1**):

provided (a) if to the Company, prior to the Closing, to:

Key Knife, Inc.

19100 SW 125th that any notice, request or demand to or upon the Administrative Agent, the Multicurrency Administrative Agent or the Lenders Court

Tualatin, OR 97062

Attention: Christopher W. McDonald

with a copy (which shall not be effective until received. constitute notice) to:

Sussman Shank, LLP

Attn: Darin D. Honn

1000 SW Broadway, Suite 1400

Portland, OR 97205

(b) Notices and other communications if to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; ESOT, to: provided that the foregoing

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Key Knife, Inc. Employee Stock Ownership Trust

Argent Trust Company

Attn: Marc Hansberger, Senior VP

1100 Abernathy Road

500 Northpark Suite 550

Atlanta, GA 30328

Phone: 855.504.1376

Email: mhansberger@argenttrust.com with a copy (which shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent, the Multicurrency Administrative Agent, the Borrower or any Foreign Subsidiary Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, further, that approval of such procedures may be limited to particular notices or communications constitute notice) to:

Warner Norcross + Judd LLP

Attn: Matthew D. Johnson

150 Ottawa Avenue NW, Suite 1500

Grand Rapids, MI 49503

Direct: (616) 752-2529

Email: mjohnson@wnj.com

(c) The Platform. The Borrower hereby acknowledges that (a) the Administrative Agent or the Multicurrency Administrative Agent will make available if to the Lenders Buyer or, after the Closing, the Company, to:

Kadant Inc.

One Technology Park Drive

Westford, MA 01886

Attention: Stacy D. Krause, Vice President, General Counsel and the Issuing Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on SyndTrak or another similar electronic system (the "Platform"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR SECRETARY

E-mail: stacy.krause@kadant.com with a copy (which shall not constitute notice) to:

Choate, Hall & Stewart LLP

Two International Place

Boston, Massachusetts 02110

Attention: John R. Pitfield

E-mail: jpitfield@choate.com

STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or Multicurrency Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender, the Issuing Lenders or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender, the Issuing Lenders or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by applicable law, the Loan Parties shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof.

10.3.11.2 No Waiver; Cumulative Waiver; Nonexclusive Remedies. No failure to exercise and no or delay of any party in exercising on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege remedy hereunder or under the other Loan Documents relating hereto shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege remedy hereunder or relating hereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege remedy hereunder. The rights and remedies powers and privileges herein provided under this Agreement are cumulative in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

11.3 Amendments and Waivers. The provisions of this Agreement shall not be modified, amended or waived at any time except by a writing signed by the Buyer and the ESOT, and any such modification, amendment or waiver shall be binding on each of the parties hereto.

11.4 Choice of Law; Forum. This Agreement, and any dispute arising under or relating to this Agreement or the Transactions, shall in all respects, be governed by and construed in accordance with the internal substantive and procedural laws of the State of Delaware, without regard to any conflicts of laws principles. The parties irrevocably and unconditionally (a) submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and to the jurisdiction of the United States District Court for the District of Delaware (the “Courts”) for the purpose of any rights, remedies, powers Action arising under or relating to this Agreement, (b) agree not to commence any Action arising under or relating to this Agreement except in the Courts or to enforce a judgment or order of a Court, and privileges (c) waive, and agree not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such Action, any claim that such party is not subject personally to the jurisdiction of the Courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper or that this Agreement or the subject matter hereof may not be enforced in or by the Courts. Each of the parties irrevocably and unconditionally consents to the service of process in the manner provided for notices in **Section 11.1**. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law. applicable Legal Requirements.

10.411.5 Survival WAIVER OF JURY TRIAL. EACH PARTY AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER OR OTHERWISE RELATES TO THIS AGREEMENT OR IN CONNECTION WITH IT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT.

11.6 Successors and Assigns. This Agreement, and all provisions hereof, shall be binding upon and shall inure to the benefit of Representations the parties and Warranties their respective heirs, successors and assigns, but the rights, interests and obligations hereunder of a party hereunder may not be assigned without the prior written consent of the other parties hereunder; provided that the Buyer and, subsequent to the Closing, the Company may each assign its rights and obligations hereunder to any of its Affiliates or to any future owner of the Company or its assets or may collaterally assign its rights under this Agreement to any lender to the Buyer, the Company or any of their respective Affiliates as security to such lender.

11.7 Entire Agreement. This Agreement, together with the other Transaction Documents and the exhibits, schedules and annexes attached hereto, embodies the entire agreement and understanding among the parties and their respective Affiliates with respect to the subject matter hereof and the matters covered hereby and supersedes all prior discussions, understandings and agreement concerning such matters.

11.8 Schedules and Exhibits. All representations schedules and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery exhibits to this Agreement are an integral part of this Agreement and are incorporated herein by reference in this Agreement for all purposes of this Agreement. All Schedules delivered with this Agreement shall be arranged to correspond with the making numbered and lettered Sections and Subsections contained in this Agreement,

and the disclosures in such Schedules shall qualify only the corresponding Sections and Subsections contained in this Agreement, unless otherwise expressly provided herein.

11.9 Counterparts. This Agreement may be executed in two or more counterparts, and with counterpart signature pages, each of which shall be an original, but all of which together shall constitute one and the same Agreement, binding on all of the Loans parties hereto notwithstanding that all such parties have not signed the same counterpart. Counterpart signature pages to this Agreement transmitted by electronic mail in “portable document format” (“pdf”) form, or by any other electronic means intended to preserve the original graphic and other extensions pictorial appearance of credit hereunder, a document, will have the same effect as physical delivery of the paper document bearing an original signature.

10.511.10 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent **All legal and the** Multicurrency Administrative Agent for all of their respective reasonable out-of-pocket **other** costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and **Transactions shall be paid by** the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent and the Multicurrency Administrative Agent and filing and recording fees and expenses, (b) to pay or reimburse each Lender, Issuing Lender, the Administrative Agent and the Multicurrency Administrative Agent for all of their respective **party incurring such** costs and expenses, **incurred except as otherwise expressly provided herein.** In the event of any Action under or in connection with the enforcement or preservation of any rights under this Agreement, the **other Loan Documents and any non-prevailing party or parties in such other documents, including** Action shall reimburse the prevailing party or parties on demand for all reasonable out-of-pocket expenses (including reasonable legal fees and disbursements of counsel to each Lender and of counsel to other costs) incurred by the Administrative Agent and the Multicurrency Administrative Agent, (c) to pay, indemnify, and hold each Lender, each Issuing Lender, the Administrative Agent and the Multicurrency Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, **prevailing party** or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable **parties** in connection with and preparation for such Action.

the execution and delivery of, 11.11 No Third Party Beneficiaries. Except as otherwise expressly set forth in this Agreement, nothing in this Agreement shall be construed as giving any third party any right, remedy or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent **claim** under or in respect of this Agreement **the or any provision hereof.**

11.12 Publicity. No party shall issue a press release or make any other Loan Documents and public announcement, or provide any such other documents, and (d) **information** to pay, indemnify, and hold each Lender, the Administrative Agent and the Multicurrency Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans **industry press, analysts or the violation like for purposes of noncompliance with or liability under, any Environmental Law applicable to publicity, concerning the operations of any Group Member or any of the Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"); provided that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from a material breach of this Agreement, the gross negligence or willful misconduct of such Indemnitee.** Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to the Chief Financial Officer, Treasurer and Chief Legal Officer (Telephone No.: (978) 776-2000) (Telecopy No.: (978) 635-1593), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of the Issuing Lender that issues any Letter of Credit), except that (i) neither the Borrower nor any Foreign Subsidiary Borrower may assign or otherwise transfer any of its rights or obligations hereunder **Transactions** without the prior written consent of each Lender (and any attempted assignment **the Buyer and the ESOT, except to the extent required by applicable Legal Requirement or transfer by the Borrower stock exchange rule, or any Foreign Subsidiary Borrower without such consent shall be null and void**) and (ii) no Lender may assign as otherwise consistent with previously approved or otherwise transfer its rights or obligations hereunder except in accordance with this Section. **required statements.**

(b) 11.13 (i) Further Assurances Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees, which shall exclude any Loan Party any Affiliate thereof, any Defaulting Lender, and any natural person, able to fund a Loan under this Agreement in any Currency (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitments, Multicurrency Revolving Subcommitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Borrower (such consent not to be unreasonably withheld); **provided that no consent.** Each of the Borrower **parties hereto** shall, be required for an assignment **and shall cause their respective Affiliates to, a Lender or an affiliate of a Lender or, if an Event of Default has occurred and is continuing, any other Person; and**

(B) the Administrative Agent (such consent not to be unreasonably withheld).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Revolving Commitments or Loans, the amount of the Revolving Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent; provided that (1) no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment such additional documents, instruments, conveyances, and Assumption, together with a processing assurances and recordation fee of \$3,500;

(C) the Assignee, if it shall not take such further actions as may be a Lender, shall deliver to the Administrative Agent an administrative questionnaire;

(D) in the case of an assignment by a Lender of all or a portion of its Revolving Commitment, such assignment must include a ratable assignment of such Lender's Multicurrency Revolving Subcommitment;

(E) the Assignee must be able to lend in all Currencies to all Borrowers in the same manner as the Lender making such an assignment.

For the purposes of this Section 10.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 10.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of (A) the names and addresses of the Lenders and the Revolving Commitments of, and principal amount of the Revolving Loans and L/C Obligations owing to, each Lender (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of

this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided, further, that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 10.1 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16, and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7(b) as though it were a Lender; provided that such Participant shall be subject to Section 10.7(a) as though it were a Lender.

(i) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. Any Participant shall not be entitled to the benefits of Section 2.16 unless such Participant complies with Section 2.16(d).

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders, if any Lender (a

"Benefitted Lender") shall receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received reasonably requested by any other Lender, if any, party to carry out the provisions hereof and to give effect to the Transactions, in respect each case at the expense of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. requesting party.

(b) 11.14 Specific Performance.

(a) In addition to any rights and all other remedies of the Lenders provided by law, each Lender and its Affiliates shall have the right, without prior notice to the Borrower or any Foreign Subsidiary Borrower, any such notice being expressly waived by the Borrower and each Foreign Subsidiary Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower or any Foreign Subsidiary Borrower, as the case that may be available hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower or any Foreign Subsidiary Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such setoff and application.

(c) Notwithstanding anything to the contrary contained in this Agreement or in the other Loan Documents, (a) no Foreign Subsidiary Borrower shall be liable for any Obligations of the Borrower or any Domestic Subsidiary; (b) each Foreign Subsidiary Borrower shall be severally liable only for the Obligations arising from Loans made to, or Letters of Credit issued at the request of, such Foreign Subsidiary Borrower, and shall not be a co-obligor or guarantor with respect to any of the Obligations of the Borrower or any other Foreign Subsidiary Borrower; (c) neither the Administrative Agent, nor any Lender, nor any Affiliate thereof may set-off or apply any deposits of, or any other obligations at the time owing to or for the credit of the account event of any Foreign Subsidiary Borrower against any or all of the obligations of the Borrower or any other Foreign Subsidiary Borrower; (d) the Borrower shall be liable for all Obligations of all Foreign Subsidiary Borrowers as a guarantor as provided in the Guarantee Agreement.

10.8 Counterparts; Electronic Execution. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page breach of this Agreement, by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with entitled to specific performance of the Borrower agreements and obligations of the Administrative Agent. The words "execution, parties hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction, without bond or other security being required.

(b) Each party agrees that it shall not oppose the granting of an injunction, specific performance or other equitable relief on the basis that (i) another party has an adequate remedy at law or (ii) an award of specific performance is not an appropriate remedy for any reason

at law or in equity. Each of the parties hereby waives any requirement under applicable Legal Requirements to post a bond or other security as a prerequisite to obtaining equitable relief.

11.15 Construction of Agreement.

(a) **Business Days and Calculation of Days.** Any reference to a “business day” “signed,” “signature,” “delivery,” shall mean any day except Saturday, Sunday, and words nationally recognized holidays or any other day on which the principal chartered banks in New York City and/or Portland, Oregon are closed for business. When calculating the period of like import in time within which or relating to following which any document act is to be signed done or step taken pursuant to this Agreement, the date which is the reference date in connection with calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

(b) **Dataroom.** As used in this Agreement, when any information or document is referred to as “posted in the data room” or by any similar language, it is agreed and understood that irrespective of the manner, method or mode of initial delivery, no information and no document shall be considered to have been “delivered,” “provided” or “made available” unless such information or document was uploaded to the virtual data room created by the Company and was available to view, download and print in unredacted form by the Buyer no later than two (2) business days prior to the date hereof, unless otherwise agreed in writing by Buyer referencing this Section 11.15(b).

(c) **No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, other Transaction Documents. In the electronic association event an ambiguity or question of signatures and records on electronic platforms, deliveries intent or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in interpretation arises under any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures

and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require Administrative Agent to accept electronic signature counterparts in any form or format and (y) Administrative Agent reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to any Loan Document and the parties hereto agree to promptly deliver such manually executed counterpart signature pages. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to Administrative Agent, any Joint Lead Arranger or any Lender, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

10.9 **Severability.** Any provision of this Agreement that or any other Transaction Documents, this Agreement and such other Transaction Documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other Transaction Documents.

(d) **Headings.** The headings of Articles and Sections herein are inserted for convenience of reference only and shall be ignored in the construction or interpretation hereof.

(e) **Currency.** Unless otherwise specified herein, any references to “dollars”, “\$” or other dollar amounts in this Agreement shall mean the lawful currency of the United States.

(f) **Pronouns.** All word and personal pronouns shall be read and construed as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and pronoun.

(g) **Legal Requirements and Documents.** Unless otherwise specified, (i) any references herein to any Legal Requirement shall be construed as a reference thereto as amended, restated and supplemented from time to time, and (ii) any reference to this Agreement or any other document is a reference to this Agreement or such document as amended, restated and supplemented from time to time and includes all schedules and exhibits thereto.

(h) **References to this Agreement.** The words “hereof,” “herein,” “hereto,” “hereunder,” “hereby,” and other similar expressions refer to this Agreement as a whole and not to any particular section or portion of it.

(i) **Including.** Where the word “including” or the word “includes” is used in this Agreement, it means “including (or includes) without limitation.”

(j) **Severability.** Except for (a) the obligation to deliver the Purchased Securities to Buyer as specified in **Section 1.1** of this Agreement and (b) Buyer’s obligation to pay the Closing Payment to the Trustee pursuant to **Section 1.4** of this Agreement, which obligations are dependent, this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision hereof shall be prohibited or unenforceable in invalid under any jurisdiction such law, such provision shall as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability invalidity, without invalidating or nullifying the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable remainder of such provision in or any other jurisdiction. provisions of this Agreement. If any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, such provisions shall be construed by limiting and reducing it so as to be enforceable to the maximum extent permitted by applicable law.

10.10 11.16 Integration Actions as Trustee. This Trustee has executed and delivered this Agreement and not in its corporate capacity, but solely in its capacity as the other Loan Documents represent the entire agreement trustee of the Borrower, ESOT; provided however, notwithstanding any other provision of this Agreement, the Foreign Subsidiary Borrowers, the Administrative Agent, the Multicurrency Administrative Agent Trustee has executed and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Multicurrency Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. Each of the Borrower and the Foreign Subsidiary Borrowers hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to delivered this Agreement and the other Loan Documents to which it is a party, or for recognition agreements, instruments and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction documents of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower or the applicable Foreign Subsidiary Borrower at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. The Borrower and the Foreign Subsidiary Borrowers hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent, the Multicurrency Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or the Foreign Subsidiary Borrowers arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent, the Multicurrency Administrative Agent and Lenders, on one hand, and the Borrower and the Foreign Subsidiary Borrowers, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created Trustee contemplated hereby or by the other Loan Transactions (“Trustee Transaction Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, the Foreign Subsidiary Borrowers and the Lenders.

10.14 Releases of Guarantees. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans, the Reimbursement Obligations and the other obligations under the Loan Documents (other than obligations under or in respect of Swap Agreements) shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, and the Guarantee Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Guarantee Agreement shall terminate, all without delivery of any instrument or performance of any act by any Person.

10.15 Confidentiality. Each of the Administrative Agent, the Multicurrency Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by any Loan Party, the Administrative Agent, the Multicurrency Administrative Agent or any Lender pursuant to or in connection with this Agreement that is designated by the provider thereof as confidential; provided that nothing herein shall prevent the Administrative Agent, the Multicurrency Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, the Multicurrency Administrative Agent any other Lender or any affiliate thereof solely for the purposes of, or otherwise in connection with, the transactions contemplated by the Loan Documents (it being understood that the Person to whom the disclosure is made will be instructed to keep such information confidential), (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Swap Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates solely for the purposes of, or otherwise in connection with, the transactions contemplated by the Loan Documents (it being understood that the

Person to whom the disclosure is made will be instructed to keep such information confidential), (d) upon the request or demand of any Governmental Authority (it being understood that, to the extent practicable, the Borrower shall be provided with prompt written notice of such request or demand), (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law (it being understood that, to the extent practicable, the Borrower shall be provided with prompt written notice of such order), (f) if requested or required to do so in connection with any litigation or similar proceeding (it being understood that, to the extent practicable, the Borrower shall be provided with prompt written notice of such litigation or proceeding), (g) that has been publicly disclosed other than in violation of this Agreement, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE FOREIGN SUBSIDIARY BORROWERS, THE ADMINISTRATIVE AGENT, THE MULTICURRENCY ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.17 Reserved

10.18 Appointment of Process Agent. By the execution terms and delivery of this Agreement, each conditions specifically set forth herein. The performance of the Foreign Subsidiary Borrowers designates, appoints Trustee Transaction Documents by Trustee, and empowers CSC, 1180 Avenue of the Americas, Suite 210, New York, NY 10036-8401 as its authorized agent to receive for and on its behalf service of any summons, complaint or other legal process in any such action, suit or proceeding in the State of New York in connection with the transactions contemplated by the Loan Documents for so long as any obligation of such Person shall remain outstanding hereunder or under any of the other Loan Documents. The Borrower will deliver to the Administrative Agent within seven (7) Business days of a written request therefor a copy of the letter of such designation or appointment and reasonable evidence of payment thereunder.

10.19 Liability of Foreign Subsidiary Borrowers. Notwithstanding anything to the contrary contained in this Agreement, the Foreign Subsidiary Borrowers shall only be liable for their own Foreign Subsidiary Borrower Obligations and not for the obligations of the Borrower or the other Foreign Subsidiary Borrowers contained herein or in any other Loan Document.

10.20 Anti-Money Laundering Legislation. (a) Each Borrower acknowledges that, pursuant to the Proceeds of Crime Act and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws in each relevant jurisdiction (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders may be required to obtain, verify and record information regarding the Borrowers and their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrowers, and the transactions contemplated hereby. Each Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or any prospective assignee or participant of a Lender, any Issuing Lender or any Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

10.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any

Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any applicable Resolution Authority.

10.22 Acknowledgment and Restatement

- (a) The Borrower, each Foreign Subsidiary Borrower and each Subsidiary Guarantor hereby acknowledges, confirms and agrees that, as of the close of business on February 28, 2017, the Borrower and each Foreign Subsidiary Borrower is indebted to the Administrative Agent and the Lenders in respect of Loans under the Existing Credit Agreement in the aggregate principal amount described on Schedule 10.22 hereof.
- (b) The terms, conditions, agreements, covenants, representations and warranties set forth in the Existing Credit Agreement are hereby amended and restated in their entirety by the terms, conditions, agreements, covenants, representations and warranties set forth in this Agreement and are ratified and confirmed. The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of, or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Obligations and other duties, obligations, and liabilities of the Borrower, the Foreign Subsidiary Borrowers or the Subsidiary Guarantors evidenced by or arising Trustee under the Existing Loan Documents.

10.23 Acknowledgement Regarding Any Supported QFCs. To agreements contemplated hereby, will be undertaken by Trustee only in its capacity as the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power trustee of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): ESOT.

- (h) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such

ARTICLE 12. DEFINITIONS

Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent The following terms, as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

- (i) As used in this Section 10.23, the following terms Agreement, have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned meanings given to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Annex B
Form of Compliance Certificate

See attached.

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, _____

To: Citizens Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of March 1, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among Kadant Inc., a Delaware corporation (the "Borrower"), the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Citizens Bank, N.A., as administrative agent (the "Agent") and Citizens Bank, N.A., as multicurrency administrative agent.

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the _____ of the Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to the Agent on the behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. The Borrower has delivered (i) the year-end audited financial statements required by Section 6.1(a) of the Agreement for the fiscal year of the Borrower ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section and (ii) the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year. Such consolidated statements present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. The Borrower has delivered the unaudited financial statements required by Section 6.1(b) of the Agreement for the fiscal quarter of the Borrower ended as of the above date. Such consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes, and except as otherwise provided in Section 6.1 of the Credit Agreement.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by such financial statements.

3. A review of the activities of the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

to the knowledge of the undersigned, during such fiscal period the Borrower performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.

--or--

to the knowledge of the undersigned, the following covenants or conditions have not been performed or observed and the following is a list of each such Default that has occurred and is continuing and its nature and status:

4. The financial covenant analyses and information set forth on Schedules 1 and 2 attached hereto are true and accurate in all material respects on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of , .

KADANT INC.

By:
Name:
Title:

For the fiscal quarter/year ended

SCHEDULES 1 and 2 to the Compliance Certificate (\$ in 000's)them where indicated below:

Term		Section or Place Where Defined
338(h)(10) Forms	Section 7.1(a) – Consolidated Leverage Ratio	7.6(a)
A. Accounting Principles	Consolidated Total Debt of the Borrower and its Subsidiaries as of the last day of the period of four consecutive fiscal quarters ending on above date ("Reference Period"), determined on a consolidated basis in accordance with GAAP:	Section 1.3(a)
Accounts Receivable	1.	All indebtedness \$ for borrowed money:
Accrued Bonuses	2.	plus, all obligations for

		obligations for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course business):	\$ Section 1.3(a)
Acquisition Proposal	3.	plus, all obligations evidenced by notes, bonds, debentures or other similar instruments:	\$ Section 1.3(a)
Action	4.	plus, all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property):	\$ Section 1.3(a)
Adequate Consideration	5.	plus, all Capital Lease Obligations:	\$ Section 1.3(a)
Affiliate	6.	plus, to the extent not paid on a current basis, all obligations, contingent or	

		otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, bank guarantees, surety bonds or similar arrangements or Chinese bankers acceptance drafts:	\$ Section 1.3(a)
--	--	--	-------------------------

Affordable Care Act	7. Section 2.24(j)	
Agreed Asset Valuation	plus, the liquidation value of all (1) Capital Stock that is subject to mandatory redemption on or prior to the date that is 90 days prior to the Revolving Termination Date or (2) all Capital Stock redeemable at the option of the holder thereof, in whole or in part on or prior to the date that is 90 days prior to the Revolving Termination Date:	
	Section 7.6(d)	
Agreement	\$ Preamble	

Term			Section or Place Where Defined
Allocation Schedule	8.	equals, Consolidated Total Debt,;1,2	\$ Section 7.6(d) Section 1.6(a)
Amendment			
B. Anti-Bribery Laws	Permitted Unrestricted Cash of the Borrower and its Subsidiaries as of the last day of the Reference Period:	Section 2.31	
Balance Sheet	1.	100% of unrestricted cash and Cash Equivalents of the Borrower or any of its Subsidiaries on	

an aggregate	\$
amount of	Section
\$50,000,000):	2.8(a)
	Section
	2.8(a)

C. Base Purchase Price

Benefit Plans

1. Consolidated
Net Income for
the Reference
Period: \$
Section
2.24(a)

2. plus, without duplication and to the extent reflected as a charge in the statement of such

Section 2.1

i. income tax expense during the Reference Period: \$ Section 11.15(a)

- ii. interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated

		with Indebtedness (including the Loans) during the Reference Period: \$ Preamble
Buyer Indemnified Parties		iii. depreciation and amortization expense during the \$ Reference Section Period: 10.2
Buyer Transaction Documents		iv. amortization of intangibles (including, but not limited to, goodwill) and organization costs during the \$ Reference Section Period: 4.2
Canadian Buyer	Preamble	
CERCLA	v. non-cash charges and expenses not described in (vi) immediately following, whether or not extraordinary and/or non-recurring (excluding any such charges or expenses that represent an accrual or reserve for a cash expenditure for a future period) during the Reference Period: Section 1.3(a)	
Closing	\$	
Closing Date	Section 1.1	
Closing ESOT Indebtedness	Section 1.2	
Closing Company Indebtedness	Section 1.3(a)	
Closing Payment	Section 1.3(a)	
Closing Purchase Price	Section 1.3(a)	
Closing Purchase Price Certificate	Section 1.5(a)	
Closing Working Capital	Section 1.3(a)	
Code	Section 2.21(b)	
Company	Preamble	
Company 401(k) Plan	Section 1.3(a)	
Company Guarantees	Section 2.8(d)	
Company Intellectual Property	Section 2.13(a)(ii)	
Company Products	Section 2.13(a)(iii)	
Company Securities	Introduction	
Company Standard Terms	Section 2.17(c)	
Company's 2023 Contribution	Section 5.4(b)	

Contest	Section 7.3(a)
Contract	Section 1.3(a)
control	Section 1.3(a)
Courts	Section 11.4
Disclosure Supplement	Section 5.14
Disputed Items Notice	Section 1.5(b)
DOL	Section 2.24(b)
D&O Tail Policy	Section 5.11
Environmental Law	Section 1.3(a)
Environmental Permits	Section 1.3(a)
ERISA	Section 2.24(a)
ERISA Affiliate	Section 2.24(d)
Escrow Agent	Section 8.1(g)

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1 To the extent the PAAL Lease is treated, for United States GAAP accounting purposes (as in effect on the Sixth Amendment Effective Date), as a capital lease or a finance lease, the PAAL Lease obligations will be excluded from such calculation up to an aggregate amount of 4,000,000 euros. To the extent the Syntron Leases are treated, for United States GAAP accounting purposes (as in effect on the Sixth Amendment Effective Date), as a capital lease or a finance lease, the Syntron Lease Obligations will be excluded from indebtedness in such calculation up to an aggregate amount of \$17,000,000.

2Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, operating and real estate leases will be classified and accounted for in accordance with GAAP in effect on the Sixth Amendment Effective Date.

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Term	Section or Place Where Defined
Escrow Agreement	vi. non-cash charges on account of any settlements or curtailments in connection with any defined benefit plan, provided that, at any time the Borrower is required to increase its contribution to any defined

Escrow Amount

Escrow Fund

benefit plan in connection with or on account of such settlements or curtailments, to the extent such payment did not reduce Consolidated Net Income, Consolidated Net Income will be reduced by such payments up to the amount that has previously been added under this clause (vi) in the fiscal quarter paid during the Reference Period: \$ Section 8.1(g)

vii. the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary deducted (and not added back in such period to Consolidated Net Income), during the Reference Period: \$ Section 1.3(a)

viii. non-recurring cash restructuring charges in an

ESOP

ESOP Expenses

3.

aggregate amount of up to \$1,000,000 during any fiscal year, during the Reference Period: \$ Section 1.3(a)

ix. restructuring charges resulting from or on account of any Permitted Acquisition and the closure or consolidation of any business lines or facilities up to an amount reasonably acceptable to the Administrative Agent, during the Reference Period, provided that the Company has demonstrated to the reasonable satisfaction of the Administrative Agent that such Permitted Acquisition and such closure or consolidation will result in a measurable increase to Consolidated Net Income after giving effect thereto: \$ Introduction

minus, to the extent included in

ESOP Participants

ESOT

ESOT Distribution Retention Amount

the statement
of such
Consolidated Section
Net Income 1.3(a)
for the
Reference
Period, each
of the
following:
i. interest
income during
the Reference (\$__)
Period: Introduction
ii. non-cash
gains, whether
or not
extraordinary
and/or non-
recurring,
(excluding,
whether or not
otherwise
includable as
a separate
item in the
statement of
such
Consolidated
Net Income
for such
period, any
non-cash gain
derived from
the reversal of
an accrual or
reserve taken
in any prior
period), or
gains on the
sales of
assets outside
of the ordinary
course of
business
during the
Reference (\$__)
Period: Preamble
iii. income tax
credits (to the
extent not
netted from
income tax
expense)
during the (\$__)
Reference Section
Period: 1.3(a)

ESOT Trust Agreement	Section 1.3(a)
Estimated Accrued Bonuses	iv. the amount of any minority interest income consisting of Subsidiary loss attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary added (and not deducted in such period to Consolidated Net Income) during the Reference Period: Section 1.3(b)
Estimated Closing ESOT Indebtedness	(\$ _)
Estimated Closing Working Capital	Section 1.3(b)
Estimated Closing Company Indebtedness	Section 1.3(b)
Estimated Purchase Price	Section 1.3(a)
Estimated Purchase Price Certificate	Section 1.3(b)
Estimated Purchased Cash	Section 1.3(b)
Estimated Transaction Expenses	Section 1.3(b)
Export Control Rules	Section 2.20
Fairness Opinion	Section 1.3(a)
Final Accrued Bonuses	Section 1.3(a)
Final Closing Company Indebtedness	Section 1.3(a)
Final Closing ESOT Indebtedness	Section 1.3(a)
Final Closing Working Capital	Section 1.3(a)
Final Purchased Cash	Section 1.3(a)
Final Transaction Expenses	Section 1.3(a)
Financial Statements	Section 2.8(b)
Fraud	Section 1.3(a)
Fundamental Representations	Section 10.1
GAAP	Section 1.3(a)
Governmental Entity	Section 1.3(a)
handles	Section 2.13(a)(i)
Haskins Canada	Section 1.3(a)
Hazardous Substances	Section 1.3(a)
HSR Act	Section 2.5
Indebtedness	Section 1.3(a)
Indemnified Party	Section 10.5(a)
Indemnified Taxes	Section 1.3(a)
Indemnifier	Section 10.5(a)
Independent Accounting Firm	Section 1.5(c)
Independent Financial Advisor	Section 2.25(e)
Insurance Policies	Section 2.28
Intellectual Property	Section 2.13(a)(i)
IP Licenses	Section 2.13(c)
IRS	Section 1.3(a)

Term			Section or Place Where Defined
IRS Determination Letter	4.	equals, Consolidated EBITDA: ³	\$ Section 1.3(a)
IT Assets	Consolidated Leverage Ratio ((Consolidated Debt <i>minus</i> Permitted Unrestricted Cash): Consolidated EBITDA): ⁴	:1.00 2.27(a)	Section
Key Knife Canada		Maximum permitted: 3.75:1.00	

³ For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period") pursuant to any determination of the Consolidated Leverage Ratio, (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Pro Formable Disposition (as defined below), the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Pro Formable Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Pro Formable Acquisition (as defined below), Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Pro Formable Acquisition occurred on the first day of such Reference Period. As used in this definition, "Pro Formable Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries; and "Pro Formable Disposition" means any Disposition of property or series of related Dispositions of property outside of the ordinary course of business that yields gross proceeds to the Borrower or any of its Subsidiaries. For purposes of clarity, the relocation of any facility or plant by the Borrower or any of its Subsidiaries to a different address (including, without limitation, the relocation of the Kadant Fiberline (China) Co., Ltd. facility) shall not constitute a "Pro Formable Acquisition" or "Pro Formable Disposition" for the purposes of this Agreement.

⁴ Per the Sixth Amendment, dated November [], 2022, the maximum Consolidated Leverage Ratio shall be increased to 4.25 to 1.00 for the fiscal quarter during which a Material Acquisition occurs and for the first full three fiscal quarters thereafter, otherwise, the maximum permitted Consolidated Leverage Ratio is 3.75 to 1.00.

For the fiscal quarter/year ended _____

SCHEDULE 2 to the Compliance Certificate (\$ in 000's)

Key Knife
Canada
Closing

Section 7.1(b) – Consolidated Interest Coverage Ratio

1.1

A. Consolidated EBITDA for the Reference Period (as calculated on Schedule 1 above):

Key Knife
Canada
Securities

\$
Introduction

B. Consolidated Interest Expense for the Reference Period:

Key Knife
Canada
Securities
Purchase
Price

\$
Section 1.3(a)

Key Knife
US Consolidated Interest Coverage Ratio (Consolidated EBITDA : Consolidated Interest Expense):

Closing :1.00 Section 1.1

Knowledge Minimum permitted: 3.00:1.00
of the
Company

Annex C

Notice of Borrowing Revolving Loans

See attached.

AMENDED EXHIBIT 2.2(a)

NOTICE OF BORROWING OF REVOLVING LOAN

Date: _____, 20____

To: Citizens Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of March 1, 2017, (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among KADANT INC., a Delaware corporation (the "Borrower"), the Foreign Subsidiary Borrowers from time to time parties thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), CITIZENS BANK, N.A., as administrative agent (the "Administrative Agent"), and CITIZENS BANK, N.A., as multicurrency administrative agent.

The undersigned hereby requests:

☐ A Borrowing of Dollar Revolving Loans

1. On (a Business Day).
2. In the amount of \$.
3. Interest Rate (i.e., Base Rate or Term SOFR) _____.
4. For SOFR Loans: with an Interest Period of _____ months.
5. Borrower: _____.

The Revolving Loans requested herein comply with the provisos of Section 2.1(a) of the Agreement: that after giving effect to any Revolving Loans, (i) the total Outstanding Revolving Extensions of Credit shall not exceed the Revolving Credit Facility, and (ii) the aggregate total Outstanding Revolving Extensions of Credit of any Lender, plus such Revolving Lender's applicable Revolving Percentage of the Outstanding Amount of all L/C Obligations, plus such Revolving Lender's applicable Revolving Credit Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Revolving Lender's Revolving Commitment.

Each of the representations and warranties made in or pursuant to the Loan Documents is true and correct on and as of the date hereof, as if made on and as of the date hereof, except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct as of such date.

KADANT INC.

By:
Name:
Title:

[Signature Page-Notice of Borrowing-Dollar Revolving]

Annex D

Commitments

Section
1.3(a)

Total Revolving
Commitment

Lender

Latest Balance Sheet

Section 2.8(a)

Citizens Bank, N.A.	Leased Property	\$66,666,666.68	Section 2.11(b)
Wells Fargo Bank, National Association	Legal Requirements	\$66,666,666.66	Section 2.18
HSBC Bank USA, N.A.	Liabilities	\$30,000,000	Section 1.3(a)
HSBC Bank Canada	Liens	\$20,000,000	Section 1.1
U.S. Bank National Association	Lindsey	\$25,000,000	Section 2.8(a)
JPMorgan Chase Bank, National Association	Losses	\$66,666,666.66	Section 10.2
Bank of America, N.A.	Material Adverse Effect	\$50,000,000	Section 1.3(a)
BNP Paribas	Material Contract(s)	\$25,000,000	Section 2.10
TD Bank, N.A.	Material Contract Amount	\$50,000,000	Section 2.10(a)
Total Allocation	Material Customers	\$400,000,000	

Schedule 4.15

At November 30, 2022, the Borrower owns the following subsidiaries:

Section
2.17(a)

Name	Material	State or Jurisdiction of Incorporation	Percent of Ownership	Section
Vendors				2.17(a)
Kadant Black Clawson LLC	Multiemployer Plan	Delaware	100	Section 2.24(d)
Non-U.S. Benefit Plan		Kadant Japan K.K.	Japan	100
Organizational Documents		Sundance Partners LLC	Delaware	100
Other Guarantees		Verus Lebanon, LLC	Delaware	100
Arcline Products		New York	100	Section 2.11(a)
				Section 2.8(d)

LLC Owned Property					
Kadant FiberGen Inc. .pdf	Delaware	100	Section 11.9		
Permits	Kadant GranTek Inc.	Delaware	100	Section 2.19	
Permitted Liens		Kadant Composites LLC	Delaware	100	Section 1.3(a)
Cogent Industrial Technologies Ltd. Person	Canada	100	Section 1.3(a)		
Fiberprep Inc. (31.05% owned by Kadant Lamort SAS and 68.95% owned by Kadant Inc.) Personal Information	Delaware	100	Section 2.27(b)		
Kadant Cayman Ltd. Persons of Knowledge	Cayman Islands	100	Section 1.3(a)		
Kadant PAAL LLC pre-Closing Indemnatee	Delaware	100	Section 5.11		
Kadant Northern U.S. LLC Pre-Closing Taxable Periods	Delaware	100	Section 7.1		
Purchased Cash	Nicholson Manufacturing Company LLC	Delaware	100	Section 1.3(a)	
Purchased Securities	VK North America LLC	Delaware	100	Introduction	
Kadant Syntron Holdings, LLC R&W Insurer	Delaware	100	Section 1.3(a)		
R&W Policy	Syntron Material Handling Group, LLC	Delaware	100	Section 1.3(a)	
Real Property		Syntron Material Handling Holdings, LLC	Delaware	100	Section 2.11(b)
Real Estate Leases		Syntron Material Handling Intermediate Holdings, LLC	Delaware	100	Section 2.11(b)
Registered Company Intellectual Property		Syntron Material Handling, LLC	Delaware	100	Section 2.13(b)
Release		Syntron Material Handling Holdings Limited	Hong Kong	100	Section 1.3(a)
Remedies Exception		Syntron Material Handling (Changshu) Co., Ltd.	China	100	Section 2.6
Required Consents		Syntron Material Handling (Changshu) Trading Co. Ltd.	China	100	Section 2.5
Kadant Johnson LLC Review Period	Delaware	100			

Kadant Australia Pty Ltd	Australia	100
Kadant Johnson Australia Pty Limited	Australia	100
Kadant Johnson Corporation Asia Pacific Pty Ltd	Australia	100
Kadant Johnson Argentina S.A. (99% owned by Kadant Johnson LLC and 1% owned by Kadant Johnson Latin America Holding Inc.)	Argentina	100
Kadant Johnson China-TZ Holding Inc.	Michigan	100
Tengzhou Feixuan Rotary Joints Manufacturing Co., Ltd.	China	100
Kadant Johnson Latin America Holding Inc.	Michigan	100
Kadant South America Ltda. (99.9% owned by Kadant Johnson Latin America Holding Inc. and .1% owned by Kadant Johnson LLC)	Brazil	100 Section 1.5(b)

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Term	Section or Place Where Defined
Section 338(h)(10) Election	Section 7.6(a)
Specified Benefit Plans	Section 5.10(a)
Subsidiary	Section 1.3(a)
Subsidiary Disposition(s)	Section 5.13
Tax or Taxes	Section 2.21(a)(i)
Tax Returns	Section 2.21(a)(ii)
TerminationDate	Section 9.1(f)
Termination Fee	Section 9.3(a)
Third Party	Section 1.3(a)
Third Party Claim	Section 10.5(a)
Transaction Documents	Section 2.4
Transaction Expenses	Section 1.3(a)
Transactions	Introduction
Trustee	Introduction
Trustee Transaction Documents	Section 11.16
Union	Section 2.23(b)
US Buyer	Preamble
VEBA	Section 2.24(a)

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as a sealed instrument as of the date first above written.

Name	State or Jurisdiction of Incorporation	Percent of Ownership	KEY
Kadant Johnson Holdings Inc.	Michigan	100	
	By: /s/ Christopher W. McDonald		
	Kadant Unaflex LLC	Delaware	100
	Name: Christopher W. McDonald		
East Chicago Machine Tool Corporation	The Johnson Corporation de Mexico S.A. de C.V.	Mexico	100
	Title: President		
Kadant International Holdings LLC		Indiana	100
Kadant Asia Holdings Inc.		Delaware	100
		Mauritius	100
	Kadant Fiberline (China) Co., Ltd.	China	100
	Kadant Luxembourg Holdings S.à r.l. (62.3% owned by Kadant International Holdings LLC and 37.7% owned by Kadant Inc.)	Luxembourg	100
Kadant Northern UK Co. Ltd.		United Kingdom	100
Finland 100 KEY KNIFE CANADIAN INVESTMENTS CORPORATION			
Valon Kone Oy			
By: /s/ Christopher W. McDonald			
Name: Christopher W. McDonald			
Title: President			

KEY KNIFE, INC., EMPLOYEE STOCK OWNERSHIP TRUST

Russia 100
By: Argent Trust Company, not in its corporate capacity, but solely in its capacity as the Transactional Trustee of the Key Knife, Inc. Employee Stock Ownership Trust

Valon Kone OOO

By: /s/ Marc Hansberger
Marc Hansberger, Senior Vice President, not in his individual capacity but solely as a duly authorized officer of Argent Trust Company as Transactional Trustee

	Valon Sweden	Sweden	100
	Kone		
	AB		
	Kadant Luxembourg S.à r.l.	Luxembourg	100
	Kadant Johnson Europe B.V.	Netherlands	100
	Kadant Canada Corp.	Canada	100
	Conveyors Plus Ltd.	Canada	100
	Nicholson Manufacturing Ltd.	Canada	100
	Kadant Cyprus (Canada) Limited	Cyprus	100
	Kadant UK Holdings Limited	United Kingdom	100
	Fibertek U.K. Limited	United Kingdom	100
	Kadant U.K. Limited	United Kingdom	100
	D.S.T. Pattern and Engineering Company Limited	United Kingdom	100
	Vickerys Limited	United Kingdom	100
	Winterburn Limited	United Kingdom	100
	Radiance SAS	France	100
	Kadant Mexico, S.A. de C.V. (0.002% owned by Kadant Johnson Europe B.V. and 99.998% owned by Kadant UK Holdings Limited)	Mexico	100
	Johnson-Fluiten Srl	Italy	50
	Johnson Corporation (JoCo) Limited	United Kingdom	100
	Kadant Johnson (Wuxi) Technology Ltd.	China	100
	Kadant Johnson Systems International Limited	United Kingdom	100
	Kadant Lamort SAS	France	100
	Kadant BC- Lamort UK Limited	United Kingdom	100
	Kadant Lamort SL	Spain	100
	Kadant Lamort S.r.l.	Italy	100

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KADANT INC.

By: /s/ Jeffrey L. Powell

Name: Jeffrey L. Powell

Title: President & CEO

Name	State or Jurisdiction of Incorporation	Percent of Ownership KADANT CANADA CORP.
VN Services NV (99.95% owned by Kadant Johnson Europe B.V. and 0.05% owned by Nicholson Manufacturing Company LLC)	Belgium	100
Kadant Noss AB	Sweden	100
Joh. Clouth GmbH	Germany	100
Alcaidesa AG	Switzerland	100
Joh. Clouth Composite Technology Spolka z. o. o. (40% owned by Joh. Clouth GmbH and 60% owned by Alcaidesa AG)	Poland	100
Clouth & Kochenrath GmbH & Co. KG	Germany	100
Clouth & Kochenrath Beteiligungs GmbH	Germany	100
Joh. Clouth GmbH & Co. KG	Germany	100
Clouth Sprenger GmbH	Germany	100
Clouth Sprenger, LLC	Ohio	100
Joh. Clouth Maschinenbau Eltmann GmbH & Co. KG	Germany	100
Clouth MBE Verwaltungs GmbH	Germany	100
Joh. Clouth Technical Service GmbH	Germany	100
Joh. Clouth PaperTec GmbH	Germany	100
Joh. Clouth Beteiligungs GmbH	Germany	100
Joh. Clouth Services Ltd.	Canada	100
Kadant Johnson Deutschland GmbH	Germany	100
Kadant PAAL Holding GmbH	Germany	100
Kadant PAAL Limited	United Kingdom	100

	J&H Rentals Limited	United Kingdom	100
	Kadant PAAL SAS	France	100
	Kadant PAAL GmbH	Germany	100
	Kadant PAAL S.A.	Spain	100
	Kadant India Private Limited (99.9% owned by Kadant Johnson Europe B.V. and .1% owned by Kadant Lamort SAS)	India	100
	Kadant Nordic AB	Sweden	100
	Kadant Johnson Systems International - S.r.l.	Italy	100 Title: President

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Exhibit 21

Kadant Inc.
Subsidiaries of the Registrant

At February 17, 2023February 16, 2024, the Registrant owned the following subsidiaries:

Name	State or Jurisdiction of Incorporation	Percent of Ownership
Kadant Black Clawson LLC	Delaware	100
Kadant Japan K.K.	Japan	100
Sundance Partners LLC	Delaware	100
Verus Lebanon, LLC	Delaware	100
Arcline Products LLC	New York	100
Kadant Fibergen Inc.	Delaware	100
Kadant GranTek Inc.	Delaware	100
Kadant Composites LLC	Delaware	100
Cogent Industrial Technologies Ltd.	Canada	100
Fiberprep Inc. (31.05% owned by Kadant Lamort SAS and 68.95% owned by Kadant Inc.)	Delaware	100
Kadant Cayman Ltd.	Cayman Islands	100
Kadant PAAL LLC	Delaware	100
Kadant Northern U.S. LLC	Delaware	100
Nicholson Manufacturing Company LLC	Delaware	100
VK North America LLC	Delaware	100
Kadant Syntron Holdings, LLC	Delaware	100
Syntron Material Handling Group, LLC	Delaware	100
Syntron Material Handling Holdings, LLC	Delaware	100
Syntron Material Handling Intermediate Holdings, LLC	Delaware	100
Syntron Material Handling, LLC	Delaware	100
Syntron Material Handling Holdings Limited	Hong Kong	100
Syntron Material Handling (Changshu) Co., Ltd.	China	100
Syntron Material Handling (Changshu) Trading Co., Ltd.	China	100
Kadant Johnson LLC	Delaware	100
Kadant Australia Pty Ltd	Australia	100
Kadant Johnson Australia Pty Limited	Australia	100
Kadant Johnson Corporation Asia Pacific Pty Ltd	Australia	100
Kadant Johnson Argentina S.A. (99% owned by Kadant Johnson LLC and 1% owned by Kadant Johnson Latin America Holding Inc.)	Argentina	100
Kadant Johnson China-TZ Holding Inc.	Michigan	100
Tengzhou Feixuan Rotary Joints Manufacturing Co., Ltd.	China	100
Kadant Johnson Latin America Holding Inc.	Michigan	100
Kadant South America Ltda. (99.9% owned by Kadant Johnson Latin America Holding Inc. and .1% owned by Kadant Johnson LLC)	Brazil	100
Kadant Johnson Holdings Inc.	Michigan	100
Kadant Unaflex LLC	Delaware	100
The Johnson Corporation de Mexico S.A. de C.V.	Mexico	100
East Chicago Machine Tool Corporation	Indiana	100

Name	State or Jurisdiction of Incorporation	Percent of Ownership
Key Knife, Inc.	Oregon	100
Key Knife Chile Limitada	Chile	100
Key Knife US Investments LLC	Oregon	100
Lindsay Forest Products Inc. (45% owned by Key Knife US Investments LLC)	Washington	45
Kadant International Holdings LLC	Delaware	100
Kadant Asia Holdings Inc.	Mauritius	100
Kadant Fiberline (China) Co., Ltd.	China	100
Kadant Luxembourg Holdings S.à r.l. (62.3% owned by Kadant International Holdings LLC and 37.7% owned by Kadant Inc.)	Luxembourg	100

International Holdings LLC and 37.7% owned by Kadant Inc.)		Luxembourg	100
Kadant Northern UK Co. Ltd.		United Kingdom	100
Valon Kone Oy	Finland		100
Valon Kone Oy OOO	Finland		100
Valon Kone OOO	Russia		100
Valon Kone AB		Sweden	100
Kadant Luxembourg S.à r.l.		Luxembourg	100
Kadant Johnson Europe B.V.		Netherlands	100
Kadant Canada Corp.		Canada	100
Key Knife Canadian Investments Inc.	Canada		100
Nicholson Manufacturing Ltd. Haskins Industrial Inc.	Canada		100
Lindsay Forest Products Ltd. (45% owned by Key Knife Canadian Investments Inc.)	Canada		45
Nicholson Manufacturing Ltd.	Canada		100
Kadant Cyprus (Canada) Limited	Cyprus		100
Kadant UK Holdings Limited		United Kingdom	100
Fibertek U.K. Limited	United Kingdom		100
Fibertek Kadant U.K. Limited	United Kingdom		100
Kadant U.K. D.S.T. Pattern and Engineering Company Limited	United Kingdom		100
D.S.T. Pattern and Engineering Company Vickerys Limited	United Kingdom		100
Winterburn Limited	United Kingdom		100
Kadant Mexico, S.A. de C.V. (0.002% owned by Kadant Johnson Europe B.V. and 99.998% owned by Kadant UK Holdings Limited)	Mexico		100
Winterburn Johnson-Fluiten Srl	Italy		50
Johnson Corporation (JoCo) Limited	United Kingdom		100
Kadant Johnson (Wuxi) Technology Co. Ltd.		Radiance SAS France China	100
Kadant Mexico, S.A. de C.V. (99.998% owned by Kadant UK Holdings Limited and 0.002% owned by Kadant Johnson Europe B.V.) Systems International Limited		Mexico	100
Johnson-Fluiten Srl	Italy		50
Johnson Corporation (JoCo) Limited	United Kingdom		100
Kadant Johnson (Wuxi) Technology Ltd.		China	100
Kadant Johnson Systems International Limited	United Kingdom		100
Kadant Lamort SAS	France		100
Kadant BC- Lamort UK Limited	United Kingdom		100
Kadant Lamort SL	Spain		100
Kadant Lamort S.r.l.	Italy		100
VN Services NV (99.95% owned by Kadant Johnson Europe B.V. and 0.05% owned by Nicholson Manufacturing Company LLC)		Belgium	100
Kadant Noss AB		Sweden	100
Joh. Clouth GmbH		Germany	100
Alcaidesa AG		Switzerland	100
Joh. Clouth Composite Technology Spolka z. o. o. (40% owned by Joh. Clouth GmbH and 60% owned by Alcaidesa AG)	Poland		100
Clouth & Kochenrath Beteiligungs GmbH	Germany		100
Clouth Sprenger GmbH	Germany		100

Clouth Sprenger, LLC	Ohio	100
Clouth MBE Verwaltungs GmbH	Germany	100
Joh. Clouth Technical Service GmbH	Germany	100
Joh. Clouth PaperTec GmbH	Germany Poland	100

Name	State or Jurisdiction of Incorporation	Percent of Ownership
Joh. Clouth Beteiligungs GmbH	Germany	100
Clouth Sprenger GmbH	Ohio	100
Clouth Sprenger, LLC	Ohio	100
Joh. Clouth Technical Service GmbH	Germany	100
Joh. Clouth PaperTec GmbH	Germany	100
Joh. Clouth Services Ltd.	Canada	100
Kadant Johnson Deutschland GmbH	Germany	100
Kadant Johnson Deutschland PAAL Holding GmbH	Germany	100
Kadant PAAL Holding GmbH Limited	Germany	100
Kadant PAAL Limited	United Kingdom	100
J&H Rentals Limited	United Kingdom	100
Kadant PAAL SAS	France	100
Kadant PAAL GmbH	Germany	100
Kadant PAAL S.A.	Spain	100
Kadant India Private Limited (99.9% (84.93% owned by Kadant Johnson Europe B.V. and 0.1% 15.07% owned by Kadant Lamort SAS)	India	100
Kadant Nordic AB	Sweden	100
Kadant Johnson Systems International - S.r.l.	Italy	100
Kadant Finland International Holdings Oy	Finland	100
Kadant Finland Holdings Oy	Finland	100
Kadant Sweden International Holdings AB	Sweden	100
Kadant Sweden Holdings AB	Sweden	100
FrontWay AB	Sweden	100
KWS Manufacturing Company, Ltd.	Texas	100

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-202855, 33-67190, 333-48498, 333-142247, 333-176371, 333-238305) on Form S-8 and the registration statement (No. 333-263181) on Form S-3ASR of our reports dated February 28, 2023 February 27, 2024, with respect to the consolidated financial statements of Kadant Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts

February 28, 2023 27, 2024

CERTIFICATION

I, Jeffrey L. Powell, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended **December 31, 2022** **December 30, 2023** 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: **February 28, 2023** **February 27, 2024**

/s/ Jeffrey L. Powell

Jeffrey L. Powell

President and Chief Executive Officer

CERTIFICATION

I, Michael J. McKenney, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended **December 31, 2022** **December 30, 2023** 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: February 28, 2023 February 27, 2024

/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 Annual Report on Form 10-K for the period ended December 31, 2022 December 30, 2023 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2023 February 27, 2024

/s/ Jeffrey L. Powell

Jeffrey L. Powell

President and Chief Executive Officer

/s/ Michael J. McKenney

Michael J. McKenney

Executive Vice President and Chief Financial Officer

This certification accompanies this Annual Report on Form 10-K 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.

Exhibit 97

KADANT INC.

Dodd-Frank Compensation Recovery Policy

This Compensation Recovery Policy (this "Policy") is adopted by Kadant Inc. (the "Company") in accordance with Section 303A.14 of the NYSE Listed Company Manual ("Section 303A.14"), which implements Rule 10D-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (as promulgated pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010). This Policy is effective on the effective date of Section 303A.14" (the "Effective Date").

1. Definitions

(a) **"Accounting Restatement"** means a requirement that the Company prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Changes to the Company's financial statements that do not represent error corrections are not an Accounting Restatement, including: (A) retrospective application of a change in accounting principle; (B) retrospective revision to reportable segment information due to a change in the structure of the Company's internal organization; (C) retrospective reclassification due to a discontinued operation; (D) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and (E) retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(b) **"Committee"** means the Compensation Committee of the Company's Board of Directors (the "Board").

(c) **"Covered Person"** means a person who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation. This Policy (or designated portions hereof as the case may be) will also apply to such other employees (or classes of employees), as the Committee may designate from time to time as Covered Persons.

(d) **"Erroneously Awarded Compensation"** means the amount of Incentive-Based Compensation that was Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had the amount of Incentive-Based Compensation been determined based on the restated amounts, computed without regard to any taxes paid by the Covered Person or by the Company on the Covered Person's behalf. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of Erroneously Awarded Compensation will be based on a reasonable estimate by the Committee of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received. The Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE upon request or as required.

(e) **"Executive Officer"** means the Company's officers as defined in Rule 16a-1(f) under the Exchange Act.

(f) **"Financial Reporting Measures"** means (A) measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial

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statements, and any measures that are derived wholly or in part from such measures (whether or not such measures are presented within the Company's financial statements or included in a filing made with the SEC), (B) stock price and (C) total shareholder return.

(g) **"Incentive-Based Compensation"** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(h) Incentive-Based Compensation is deemed to be **"Received"** in the Company's fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period or is subject to additional time-based vesting requirements.

(i) **"Recovery Period"** means the three completed fiscal years immediately preceding the earlier of: (A) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. In addition, if there is a change in the Company's fiscal year end, the Recovery Period will also include any transition period to the extent required by Section 303A.14.

2. Recovery of Erroneously Awarded Compensation

(a) **Application of Prior Policy.** If the Company is required to prepare an Accounting Restatement and the provisions of Section 2(b) of this Policy are inapplicable, the Clawback Policy previously adopted by the Board on March 9, 2016 (the "Prior Policy") will apply in accordance with its terms. The Prior Policy will not apply when Section 2(b) of this Policy is applicable.

(b) Application of this Policy. Subject to the terms of this Policy and the requirements of Section 303A.14, if, on or after the Effective Date, the Company is required to prepare an Accounting Restatement, the Company will attempt to recover, reasonably promptly from each Covered Person, any Erroneously Awarded Compensation that was Received by such Covered Person during the Recovery Period pursuant to Incentive-Based Compensation that is subject to this Policy.

3. Interpretation and Administration

(a) Role of the Committee. This Policy will be interpreted by the Committee in a manner that is consistent with Section 303A.14 and any other applicable law and will otherwise be interpreted in the business judgment of the Committee. All decisions and interpretations of the Committee that are consistent with Section 303A.14 will be final and binding.

(b) Compensation Not Subject to this Policy. This Policy does not apply to Incentive-Based Compensation that was Received before the Effective Date. With respect to any Covered Person, this Policy does not apply to Incentive-Based Compensation that was Received by such Covered Person before beginning service as an Executive Officer or, if earlier, first being designated by the Committee as a Covered Person.

(c) Determination of Means of Recovery. Subject to the requirement that recovery be made reasonably promptly, the Committee will determine the appropriate means of recovery, which may vary between Covered Persons or based on the nature of the applicable Incentive-Based Compensation, and which may involve, without limitation, establishing a deferred repayment plan or setting off against current or future compensation otherwise payable to the Covered Person. Recovery of Erroneously

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Awarded Compensation will be made without regard to income taxes paid by the Covered Person or by the Company on the Covered Person's behalf in connection with such Erroneously Awarded Compensation.

(d) Determination That Recovery is Impracticable. The Company is not required to recover Erroneously Awarded Compensation if a determination is made by the Committee that either (A) after the Company has made and documented a reasonable attempt to recover such Erroneously Awarded Compensation, the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered or (B) recovery of such Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or 411(a) of the Internal Revenue Code and regulations thereunder.

(e) No Indemnification or Company-Paid Insurance. The Company will not indemnify any Covered Person against the loss of Erroneously Awarded Compensation and will not pay or reimburse any Covered Person for the purchase of a third-party insurance policy to fund potential recovery obligations.

(f) Interaction with Other Clawback Provisions. The Company will be deemed to have recovered Erroneously Awarded Compensation in accordance with this Policy to the extent the Company actually receives such amounts pursuant to any other Company policy, program or agreement (including the Prior Policy), pursuant to Section 304 of the Sarbanes-Oxley Act or otherwise.

(g) No Limitation on Other Remedies. Nothing in this Policy will be deemed to limit the Company's right to terminate employment of any Covered Person, to seek recovery of other compensation paid to a Covered Person, or to pursue other rights or remedies available to the Company under applicable law.

Adopted by the Board on May 18, 2023.

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