Kadant Inc. - UK Tax Strategy

Business overview

Kadant Inc. (together with its subsidiaries, "Kadant", "we", or "our") is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing®. Kadant has 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. Kadant's diverse customer base includes global and regional industrial manufacturers and distributors who participate in the broader resource transformation sector. Kadant brand products and services are sold to industries worldwide through Kadant's subsidiaries located in North America, South America, Europe, and Asia.

Kadant Inc. is based in Westford, Massachusetts, with approximately 3,900 employees in 22 countries worldwide. Kadant Inc. trades on the New York Stock Exchange under the symbol "KAI."

Tax risk management and governance

We recognize that managing tax risks is a key element of maintaining our reputation and achieving our business objectives. We are committed to comply with all relevant tax laws and regulations in the UK and other jurisdictions where we operate. The Chief Financial Officer, Chief Accounting Officer and VP of Tax are responsible for decision-making related to transactions that have a material tax impact and consider tax risk as part of the broader decision-making process, where applicable.

Day-to-day management of tax risks is handled by our Corporate Tax Department. The team is responsible for monitoring tax risks, ensuring full compliance with tax laws and regulations, and adhering to the OECD's Transfer Pricing Guidelines and relevant UK legislations to ensure that all cross-border transactions are conducted at arm's length. Our transfer pricing documentation is prepared and reviewed annually. The team also regularly engages with external tax advisors to stay informed of changes in tax laws and to ensure that complex issues are managed effectively.

Day-to-day management of UK tax is the responsibility of our UK finance teams, with oversight and technical support provided by our Corporate Tax Department. External tax advisors prepare the UK Corporation tax returns, with provision of data and review by the UK finance teams and final sign off by our Corporate Tax Department. Other taxes are administered in house by our UK finance teams.

Tax planning

We comply with tax rules and regulations worldwide and pursue tax planning aligned with our business operations. We recognize our responsibility to pay an appropriate amount of tax in each jurisdiction where Kadant operates, while balancing our responsibility to shareholders to structure operations efficiently. All tax planning undertaken by us will have commercial and economic substance, with consideration for its impact on our reputation and business goals.

We believe we interpret UK tax law reasonably and do not engage in UK tax planning that is not aligned with our business strategy and operations. We interpret UK tax law with regard to the commercial context, considering both the purpose and intent of the law. Where available and appropriate to the business, we seek to apply UK tax incentives and allowances as intended, consulting external professional advice when necessary. Transactions between Kadant's group companies, including our UK companies, are conducted on an arm's length basis.

Tax risk

We have a low tolerance for tax risk. Where there is uncertainty or ambiguity in the interpretation of tax laws, we seek advice from external tax advisors. Any planning involving potential tax risks is subject to rigorous review by our Corporate Tax Department and external advisors. In cases of material uncertainty, we have historically sought HMRC clearances to establish clarity.

HMRC relationship

We have limited interactions with HMRC which we consider reflective of our approach as a responsible and compliant UK taxpayer. We are transparent and seek to respond to any information requests quickly and accurately.

Approval of the company tax strategy

This UK tax strategy applies to the companies set out below and is approved by the Boards of the relevant UK companies and heads of relevant UK sub-groups as appropriate.

- Kadant UK Holdings Limited
- Fibertek UK Limited
- Kadant U.K. Limited
- D.S.T. Pattern and Engineering Company Limited
- Vickerys Limited
- Winterburn Limited
- Kadant PAAL Limited
- J&H Rentals Limited
- Kadant Northen UK Co. Limited
- Kadant Johnson Systems International Limited
- Kadant BC-Lamort UK Limited
- Johnson Corporation (JOCO) Limited

Publication of this UK tax strategy statement is regarded as satisfying the statutory obligation under Paragraphs 19(2) and 22(2), Schedule 19, Finance Act 2016 for the period ended 31 December 2025.