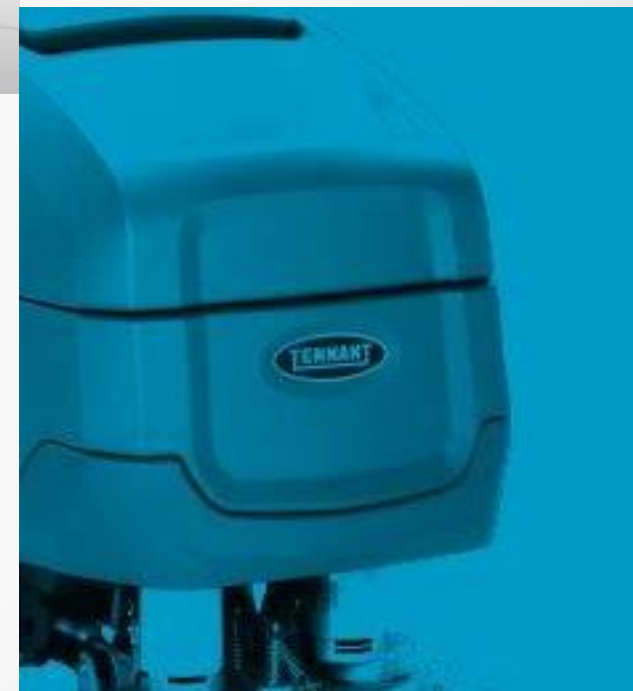


TENNANTCO.COM

Tennant Company

Investor Presentation

Reinventing how the world cleans



SAFE HARBOR STATEMENT

Certain statements contained in this document are considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. These statements do not relate to strictly historical or current facts and provide current expectations or forecasts of future events. Any such expectations or forecasts of future events are subject to a variety of factors. These include factors that affect all businesses operating in a global market as well as matters specific to us and the markets we serve. Particular risks and uncertainties presently facing us include: geopolitical and economic uncertainty throughout the world; uncertainty surrounding the impacts and duration of the COVID-19 pandemic; our ability to comply with global laws and regulations; our ability to adapt to customer pricing sensitivities; the competition in our business; fluctuations in the cost, quality or availability of raw materials and purchased components; our ability to adjust pricing to respond to cost pressures; unforeseen product liability claims or product quality issues; our ability to attract, retain and develop key personnel and create effective succession planning strategies; our ability to effectively develop and manage strategic planning and growth processes and the related operational plans; our ability to successfully upgrade and evolve our information technology systems; our ability to successfully protect our information technology systems from cybersecurity risks; the occurrence of a significant business interruption; our ability to maintain the health and safety of our workers; our ability to integrate acquisitions; and our ability to develop and commercialize new innovative products and services. We caution that forward-looking statements must be considered carefully and that actual results may differ in material ways due to risks and uncertainties both known and unknown. Information about factors that could materially affect our results can be found in our 2022 Form 10-K. Shareholders, potential investors and other readers are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. Investors are advised to consult any further disclosures by us in our filings with the Securities and Exchange Commission and in other written statements on related subjects. It is not possible to anticipate or foresee all risk factors, and investors should not consider any list of such factors to be an exhaustive or complete list of all risks or uncertainties.



Our Investment Thesis

3

OUR VISION

We will lead our global industry in sustainable cleaning innovation that empowers our customers to create a cleaner, safer and healthier world



Industry Leader

Global product coverage, brand portfolio, channel reach



Product Life Cycle & Service

Value capture through entire product life cycle



Innovation

Delivering value for Tennant and solving our customers' biggest challenges



Growth

Demonstrated ability to profitably grow organically and through acquisitions



Scale & Stability

Scale and financial resources to compete over the long term

2022 Results



\$1,092.2M
Revenue



\$133.7M / 12.2%
Adjusted EBITDA⁽¹⁾



\$4.10
Adjusted EPS⁽¹⁾



\$326.4M
Backlog

(1) Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.



Market
Leader

4

Global Coverage Through Tiered Brand and Product Range

GLOBAL NET SALES BY REGION (2022)

AMERICAS

US/Canada/LatAm

~65%



PREMIUM | MID-TIER

EMEA

~27%



PREMIUM | MID-TIER

APAC

~8%



PREMIUM | MID-TIER



PREMIUM & MID-TIER PRODUCTS for each region to meet diverse customer needs and uses



Market
Leader

5

Access Target Markets with Multi-Channel Approach

CHANNELS



Strategic
Accounts



Direct
Sales



Distributor



Service



e-Commerce

65% Direct (500+ reps) | 35% Distribution (100+ countries)

CORE VERTICAL MARKETS



Retail



Healthcare



Education



Contract Cleaners



Logistics & Warehousing



Manufacturing



MULTI-CHANNEL APPROACH creates a comprehensive customer experience and broadens reach



Serving Customers Through the Entire Product Lifecycle

Our ecosystem meets customers' evolving needs and positions Tennant to capture highly profitable business



NEW AND PRE-OWNED EQUIPMENT

Commercial and
Industrial

61% of Revenue

GLOBAL DIRECT SERVICE

900+ Employees

15% of Revenue

PARTS AND CONSUMABLES

Batteries, Brushes,
Squeegees, etc.

24% of Revenue



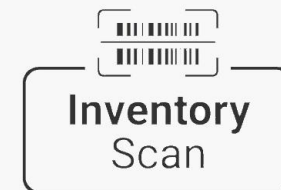
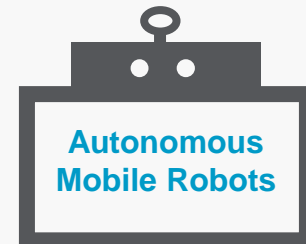
Equipment

Commercial | Industrial | Vacuums | Pressure Washers | Tools | Aftermarket | Small Spaces



Supported by the industry's largest, factory-direct service organization

Technologies





Trusted. Responsive. Local.

Get the best return on investment with high-quality Tennant floor cleaning equipment — backed by the best service available



500+ service techs
serving North America
licensed • bonded • insured



60 hours annual
training average



9 years
average tenure of
service reps



Factory certified
robotic service techs



**Tennant
Employees**
Not a third-party



Planned maintenance
service plans designed to help protect
investment



Innovation Vectors:

**Robotics****Electrification****Data****Sensing****Experience****Product**

Solving For:

Customer Problems**Business Growth****Market Trends****Product Optimization****Process Optimization****Sustainability****Regulations**

Proof Point Innovation:

T16AMR

Addresses common labor challenges, reduces the need for pre-sweeping, drives efficiencies and maintains a high standard of cleaning. A T16AMR industrial robotic solution is designed to work safely and efficiently alongside employees.



Proof Point Innovation:

AMR BY THE NUMBERS

*2019-2022**3**

MODELS

200+

UNIQUE CUSTOMERS*

\$170M+

REVENUE*

6,500+

UNITS SOLD*

Innovative Products for Modern Problems

How AMR Addresses Challenges



Solve Labor Challenges

Give time back to employees so they can focus on other higher-value responsibilities while also helping to bridge staffing issues



Proof of Performance

Robots capture real-time data and provide proof of work and clean



Become a Technology Leader

Robots are a clear sign of investment in innovation to create clean, healthy and safe spaces



Enhance Experience

Clean buildings enhance overall customer and employee experiences



Return on Investment

Approximately a two-year payback for our customers

2017

Announced a partnership with **Brain Corp**



2018

Shipped the first **T7AMR** with Minimal Viable Product Strategy

2020

Shipped the first **T380AMR**, a smaller, maneuverable machine, designed to fit in tight and narrow spaces

2021

Shipped the first **T16AMR**, the industry's first robotic scrubber for large industrial spaces

2022

Introduced **Lithium-Ion Technology** to all three machines for longer runtime and opportunity charging

Today

Tennant machines can now be found in **20+** countries worldwide

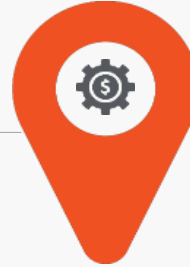


Enterprise Strategy to Drive Long-Term Value 2020-2024

Strategy Pillars:



Win where we have a competitive advantage



Reduce complexity & build scalable processes



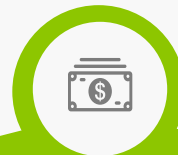
Innovate for profitable growth

2020–2024
**Annual
Growth
Targets**



2-3%

Organic Sales*



50-100 bps

Adjusted EBITDA**
Leverage



6-10%

Adjusted EBITDA**
Growth

*Organic sales, net of dispositions of ~\$50 million.

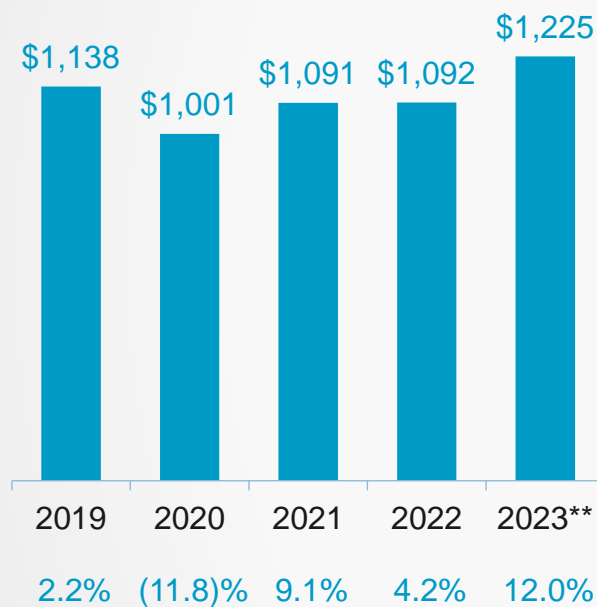
**Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.



Organic Growth Despite Macroeconomic Headwinds

Revenue

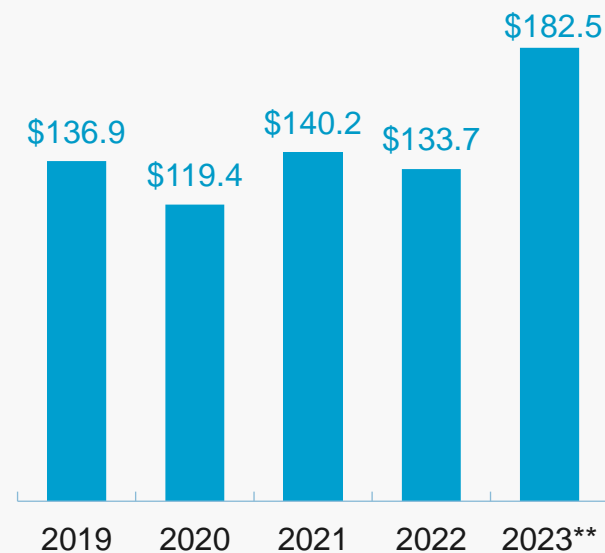
\$ Millions



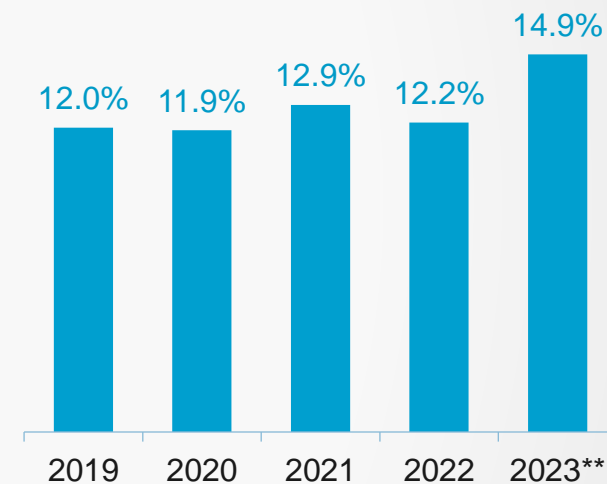
Organic Growth

EBITDA (adjusted)*

\$ Millions



EBITDA % (adjusted)*



*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.

**Midpoint of guidance.



Leveraging Strong Cash Position to Drive Shareholder Value



Invest in the Business



Manage Debt

1.5x to 2.5x leverage



Opportunistic M&A

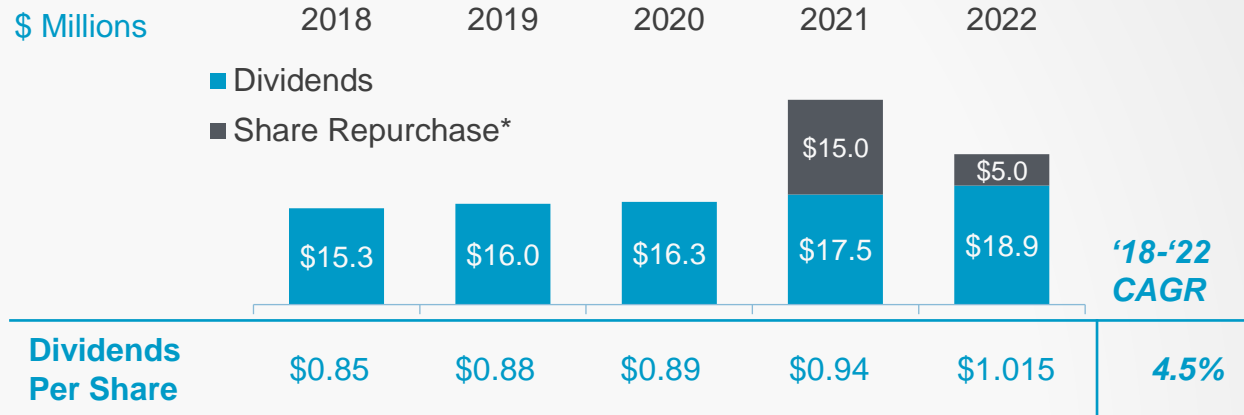


Dividends

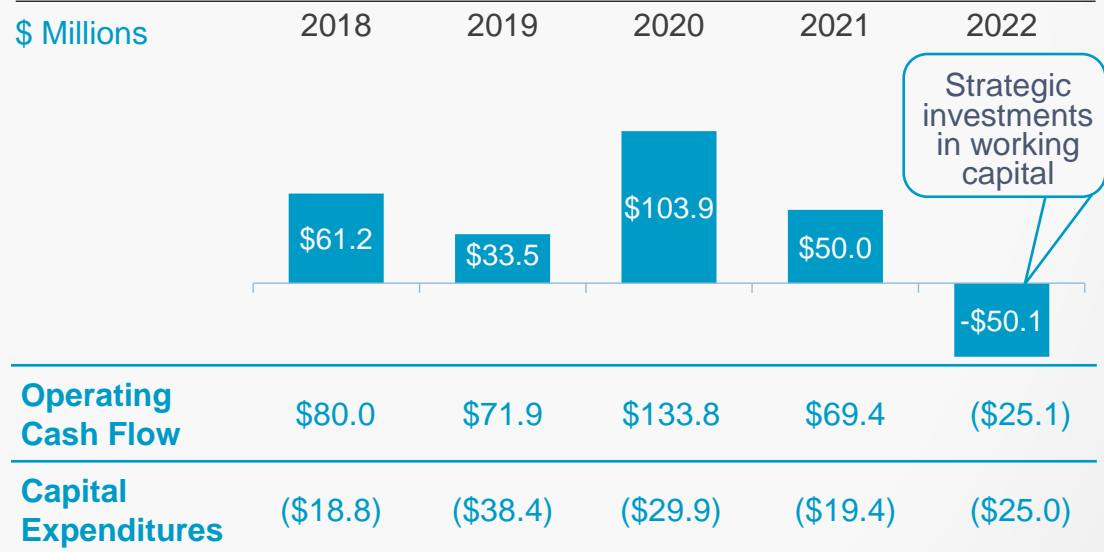


Share Repurchase

Dividends and Share Repurchases



Free Cash Flow⁽¹⁾



*Remaining Share Repurchase Authorization at year-end 2022 of 1.1M shares.

(1) Free cash flow is a non-GAAP measure calculated as operating cash flows less capital expenditures, as shown in the table.

GREAT OPERATOR
SIGHTLINE TO
FILTERS

FILL PORT

TENNANT
COMPANY

Questions

GREAT OPERATOR
SIGHTLINE TO
FILTERS

FILL PORT

TENNANT
COMPANY

APPENDIX

Win where we have a competitive advantage

OUR LONG-TERM ENTERPRISE STRATEGY



Simplifying our Product Portfolio

Streamlining, rationalizing and investing in our product portfolio to enhance customer value

Today

290

Core
TNC Models

Reductions Achieved

35%

SKUs

20%

Options

Strengthening Local Advantage

Differentiated strategies to drive EBITDA and assess our market position vs. the competition

Today

~140

Markets Served
Globally

Addressing

12

Markets
by 2024

Optimizing Go-to-Market

Aligning customer experience with customer value expectations

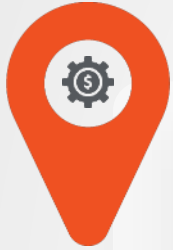
Applying

80/20

Principles

Reduce complexity & build scalable processes

OUR LONG-TERM ENTERPRISE STRATEGY



Leveraging Our Platform Product Design

Platform approach to simplify operations, improve quality and reduce costs

Today
Value Engineering
Sub-System Architecture

Upcoming
Commodity Components
Product Architecture

Operations: In Region, For Region

Win locally by delivering superior customer experience: delivery, quality, cost

Source Locally
Win Locally
Manufacture Locally

Capturing Operating Model Efficiencies

Strategically scaling from “big” small company to “small” big company

Gaining Leverage with Scale
Assess inefficiencies
Standardize processes that can scale
Enable with automation & IT

Innovate for profitable growth

OUR LONG-TERM ENTERPRISE STRATEGY



Thinking Differently to Maximize Value for Customers and Tennant



Customer-Driven Insights



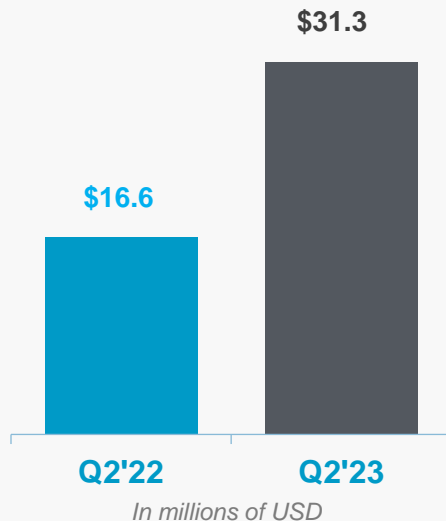
New Innovation Approaches



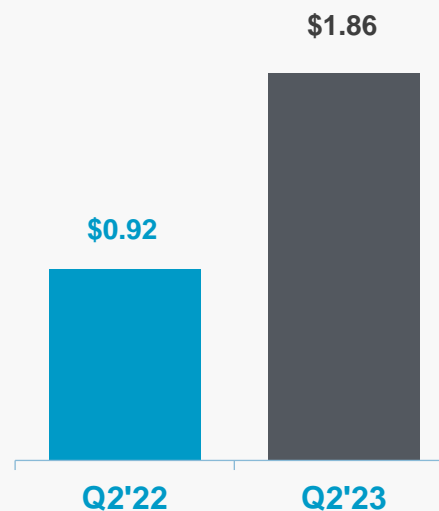
Unlocking Value for Customers and Tennant

Second Quarter 2023 Financial Performance

Net Income



Adjusted Diluted EPS*



Net Income

- ▶ Q2 2023 net income of \$31.3M increased \$14.7M compared to the same period last year
- ▶ Interest expense of \$4.0M increased \$2.8M in Q2 2023 compared to the prior-year period
- ▶ Effective tax rate of 21.6% in Q2 2023 compared to 18.2% in the same period last year

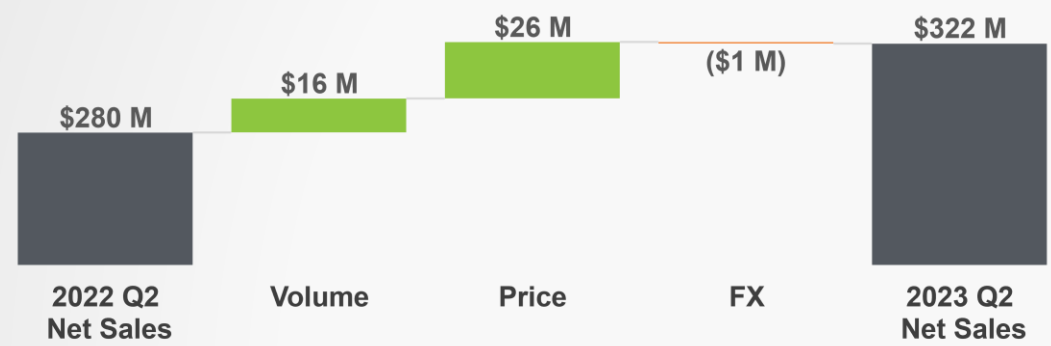
Adjusted Diluted EPS*

- ▶ Q2 2023 Adjusted EPS of \$1.86 per diluted share compared to \$0.92 per diluted share in the same period last year

*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.

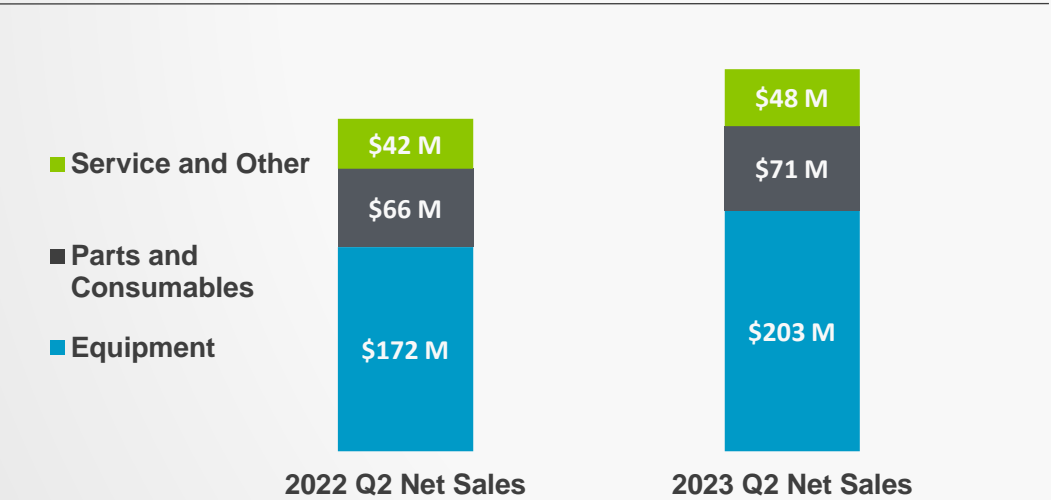
Second Quarter 2023 – Net Sales Performance

Net Sales

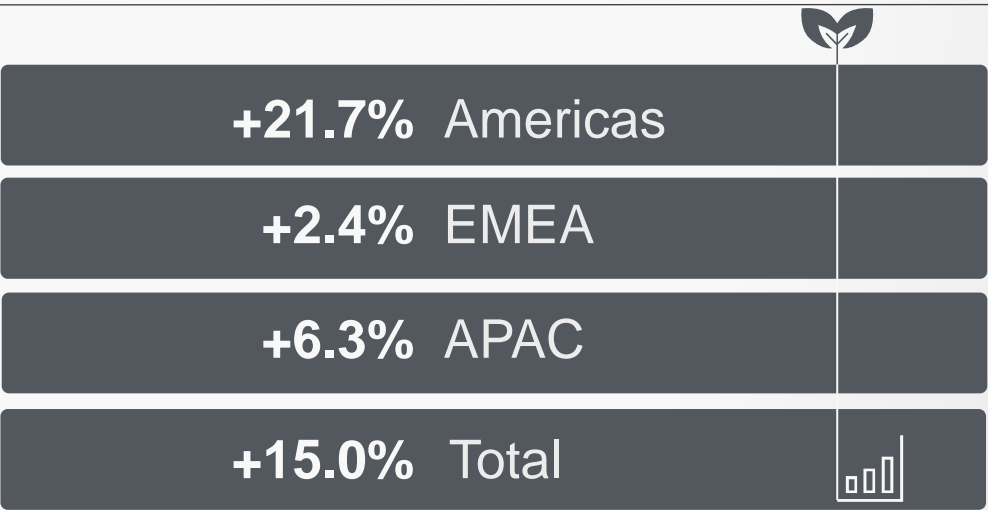


- ▶ **Favorable volume impact of ~\$16M**
Volume increases in all major geographies except EMEA
- ▶ **Favorable price realization of ~\$26M**
Pricing realization impacting all geographies
- ▶ **Unfavorable foreign currency impact of ~\$1M, primarily APAC**

Categories

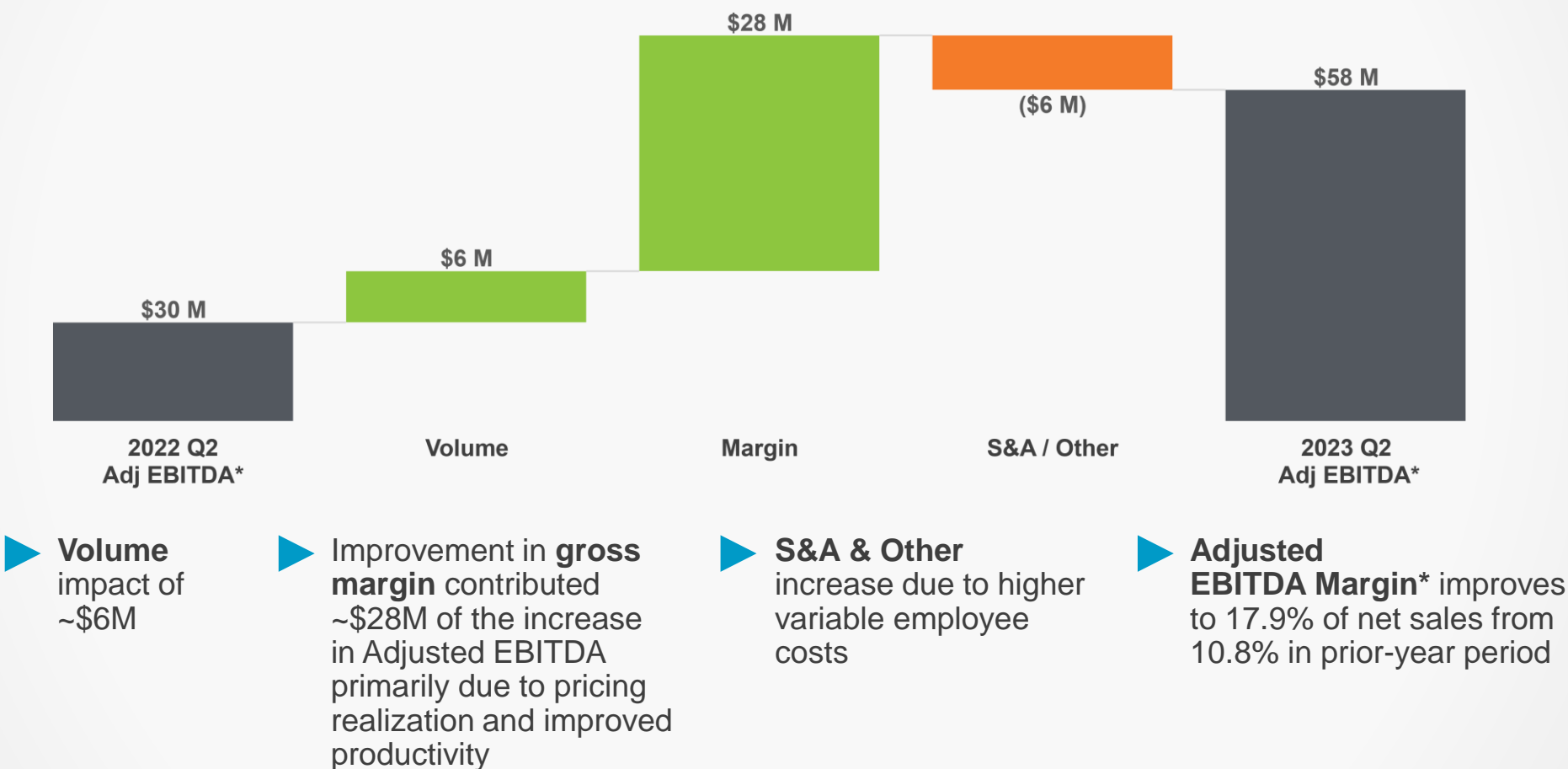


Region



Second Quarter 2023 – Adjusted EBITDA Performance

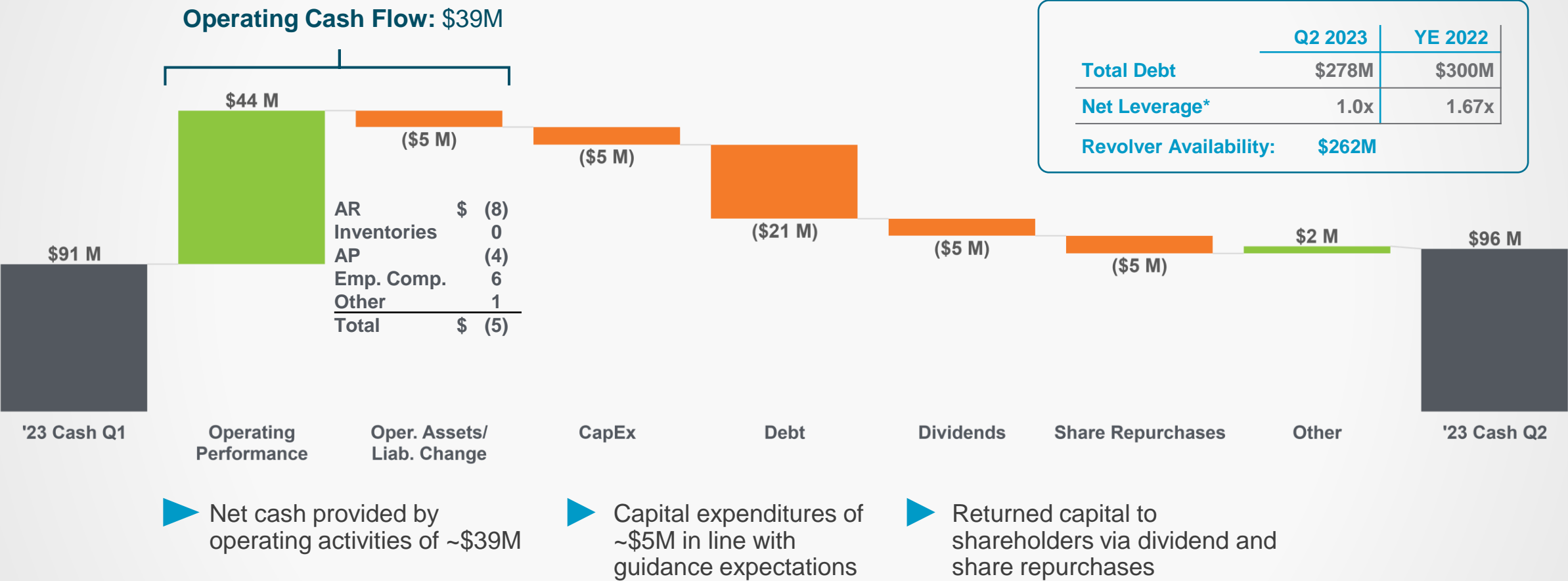
Adjusted EBITDA*



*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.

Second Quarter 2023 – Capital Deployment

Capital Deployment



*Non-GAAP Measures: refer to the Appendix of this presentation for additional information and reconciliation.

2023 Guidance

	Revised 2023 Guidance	Original 2023 Guidance
Net Sales	\$1.2B - \$1.25B	\$1.115B - \$1.155B
Organic Net Sales Growth	10% - 14%	3% - 7%
Diluted EPS	\$4.30 - \$4.95	\$3.10 - \$3.90
Adjusted Diluted EPS ⁽¹⁾	\$5.10 - \$5.75	\$3.70 - \$4.50
Adjusted EBITDA ⁽¹⁾	\$175M - \$190M	\$140M - \$160M
Adjusted EBITDA Margin	14.6% - 15.2%	12.6% - 13.9%
Capital Expenditures	\$20M - \$25M	\$20M - \$25M
Adjusted Effective Tax Rate ⁽¹⁾	20% - 25%	20% - 25%

⁽¹⁾ Excludes certain nonoperational items and amortization expense.

Non-GAAP Financial Measures

This presentation includes presentation of Non-GAAP measures that include or exclude special items of a nonrecurring and/or nonoperational nature (hereinafter referred to as “special items”). Management believes that the Non-GAAP measures provide useful information to investors regarding Tennant Company’s results of operations and financial condition because they permit a more meaningful comparison and understanding of Tennant Company’s operating performance for the current, past or future periods. Management uses these Non-GAAP measures to monitor and evaluate ongoing operating results and trends and to gain an understanding of the comparative operating performance of the Company.

We believe that disclosing selling and administrative (“S&A”) expense – as adjusted, S&A expense as a percent of net sales – as adjusted, operating income – as adjusted, operating margin – as adjusted, income before income taxes – as adjusted, income tax expense – as adjusted, net income – as adjusted, net income per diluted share – as adjusted, EBITDA – as adjusted, and EBITDA margin – as adjusted (collectively, the “Non-GAAP measures”), excluding the impacts from special items, is useful to investors as a measure of operating performance. We use these measures to monitor and evaluate operating performance. The Non-GAAP measures are financial measures that do not reflect United States Generally Accepted Accounting Principles (GAAP).

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

Reported Net Income to Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)				
<i>(In millions)</i>				
	Twelve Months Ended December 31,			
	2022	2021	2020	2019
Net income - as reported	\$ 66.3	\$ 64.9	\$ 33.7	\$ 45.9
<u>Less:</u>				
Interest expense, net	7.1	7.3	17.4	17.8
Income tax expense	13.2	9.2	7.4	8.1
Depreciation expense	32.8	33.1	32.6	32.2
Amortization expense	15.9	20	20.8	22.2
EBITDA	\$ 135.3	\$ 134.5	\$ 111.9	\$ 126.2
<u>Adjustments:</u>				
Gain on sale of assets	(3.7)	(9.8)	—	—
Restructuring-related charge (Cost of sales)	0.3	0.8	1.5	0.3
Restructuring-related charge (S&A expense)	1.8	2.7	6.1	4.5
Acquisition contingent consideration adjustment	—	0.7	(0.4)	(2.3)
Loss on extinguishment of debt	—	11.3	—	—
Discontinuation of Product Lines	—	—	1.7	3.3
Inventory Step-Up	—	—	—	0.9
Acquisition and Integration Costs (S&A Expense)	—	—	—	3.0
Acquisition and Integration Costs (Other Income, Net)	—	—	—	(1.8)
Professional Services	—	—	0.3	0.1
Note Receivable Write-down	—	—	—	2.7
Acquisition-Related Liability Adjustment	—	—	(1.7)	—
EBITDA - as adjusted	\$ 133.7	\$ 140.2	\$ 119.4	\$ 136.9
<i>EBITDA margin - as adjusted</i>	12.2%	12.9%	11.9%	12.0%

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

Reported to Adjusted Net Income and Net Income Per Share

(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income - as reported	\$ 31.3	\$ 16.6	\$ 55.6	\$ 26.9
<u>Adjustments:</u>				
Gain on sale of assets	—	(2.8)	—	(2.8)
Amortization expense	2.6	2.9	5.4	6.1
Restructuring-related charge (S&A expense)	0.8	0.3	0.8	0.5
Net income - as adjusted	<u>\$ 34.7</u>	<u>\$ 17.0</u>	<u>\$ 61.8</u>	<u>\$ 30.7</u>

Net income per share - as reported:

Diluted	\$ 1.68	\$ 0.89	\$ 2.98	\$ 1.44
<u>Adjustments:</u>				
Gain on sale of assets	—	(0.15)	—	(0.15)
Amortization expense	0.14	0.16	0.29	0.33
Restructuring-related charge (S&A expense)	0.04	0.02	0.04	0.03
Net income per diluted share - as adjusted	<u>\$ 1.86</u>	<u>\$ 0.92</u>	<u>\$ 3.31</u>	<u>\$ 1.65</u>

Reported Net Income to Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income - as reported	\$ 31.3	\$ 16.6	\$ 55.6	\$ 26.9
<u>Less:</u>				
Interest expense, net	4.0	1.2	7.7	1.5
Income tax expense	8.6	3.7	16.3	8.1
Depreciation expense	8.9	8.2	17.2	16.4
Amortization expense	3.6	3.9	7.5	8.4
EBITDA	<u>56.4</u>	<u>33.6</u>	<u>104.3</u>	<u>61.3</u>
<u>Adjustments:</u>				
Gain on sale of assets	—	(3.7)	—	(3.7)
Restructuring-related charge (S&A expense)	1.2	0.4	1.2	0.6
EBITDA - as adjusted	<u>\$ 57.6</u>	<u>\$ 30.3</u>	<u>\$ 105.5</u>	<u>\$ 58.2</u>
<i>EBITDA margin - as adjusted</i>	<u>17.9 %</u>	<u>10.8 %</u>	<u>16.8 %</u>	<u>10.8 %</u>

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

Reported to Adjusted Selling and Administrative Expense (S&A expense) and Operating Income

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
S&A expense - as reported	\$ 87.0	\$ 79.1	\$ 168.7	\$ 155.7
<i>S&A expense as a percent of net sales - as reported</i>	27.0 %	28.2 %	26.9 %	28.9 %
<u>Adjustments:</u>				
Restructuring-related charge (S&A expense)	(1.2)	(0.4)	(1.2)	(0.6)
S&A expense - as adjusted	\$ 85.8	\$ 78.7	\$ 167.5	\$ 155.1
<i>S&A expense as a percent of net sales - as adjusted</i>	26.7 %	28.1 %	26.7 %	28.8 %
Operating income - as reported	\$ 43.5	\$ 22.8	\$ 79.4	\$ 37.4
<i>Operating margin - as reported</i>	13.5 %	8.1 %	12.7 %	6.9 %
<u>Adjustments:</u>				
Gain on sale of assets	—	(3.7)	—	(3.7)
Restructuring-related charge (S&A expense)	1.2	0.4	1.2	0.6
Operating income - as adjusted	\$ 44.7	\$ 19.5	\$ 80.6	\$ 34.3
<i>Operating margin - as adjusted</i>	13.9 %	7.0 %	12.8 %	6.4 %

Reported to Adjusted Income Before Income Taxes and Income Tax Expense

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Income before income taxes - as reported	\$ 39.9	\$ 20.3	\$ 71.9	\$ 35.0
<u>Adjustments:</u>				
Gain on sale of assets	—	(3.7)	—	(3.7)
Amortization expense	3.6	3.9	7.5	8.4
Restructuring-related charge (S&A expense)	1.2	0.4	1.2	0.6
Income before income taxes - as adjusted	\$ 44.7	\$ 20.9	\$ 80.6	\$ 40.3
Income tax expense - as reported	\$ 8.6	\$ 3.7	\$ 16.3	\$ 8.1
<i>Effective tax rate - as reported</i>	21.6 %	18.2 %	22.7 %	23.1 %
<u>Adjustments⁽¹⁾:</u>				
Gain on sale of assets	—	(0.9)	—	(0.9)
Amortization expense	1.0	1.0	2.1	2.3
Restructuring-related charge (S&A expense)	0.4	0.1	0.4	0.1
Income tax expense - as adjusted	\$ 10.0	\$ 3.9	\$ 18.8	\$ 9.6
<i>Effective tax rate - as adjusted</i>	22.4 %	18.7 %	23.3 %	23.8 %

⁽¹⁾ In determining the tax impact, we applied the statutory rate in effect for each jurisdiction where income or expenses were generated.