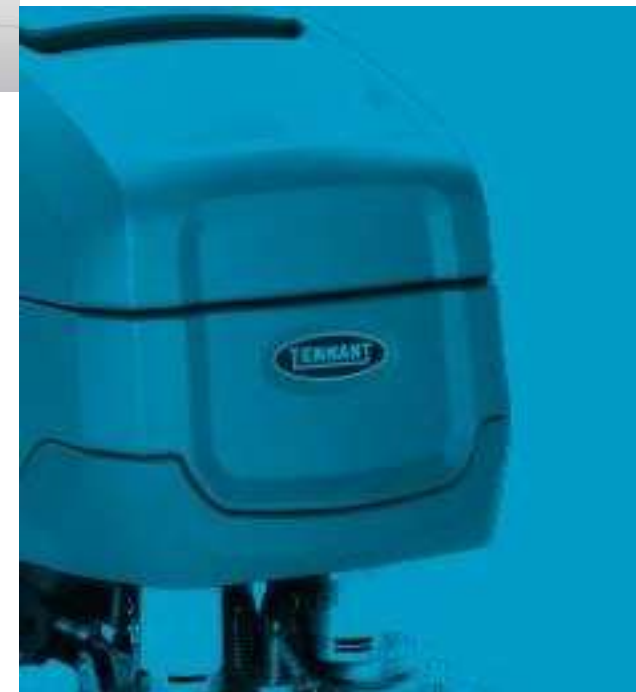


Earnings Release Call

First Quarter 2024 Results

May 3, 2024

[INVESTORS.TENNANTCO.COM](https://investors.tennantco.com)



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 the Company serves. Particular risks and uncertainties presently facing it include: economic uncertainty throughout the world; geopolitical tensions or health epidemics; the Company's ability to comply with global laws and regulations; the Company's ability to adapt pricing to the competitive marketplace and customer pricing sensitivities; the competition in the Company's business; fluctuations in the cost, quality or availability of raw materials and purchased components; increasing cost pressures; unforeseen product liability claims or product quality issues; the Company's ability to attract, retain and develop key personnel and create effective succession planning strategies; the Company's ability to effectively develop and manage strategic planning and growth processes and the related operational plans; the Company's ability to successfully upgrade and evolve its information technology systems; the Company's ability to successfully protect our information technology systems from cybersecurity risks; the occurrence of a significant business interruption; the Company's ability to maintain the health and safety of its workers; the Company's ability to integrate acquisitions; and the Company's 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 the Company's results can be found in our 2023 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 the Company in its 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.



Executive Summary

- First quarter organic sales growth of 0.9%
4.6% price growth and -3.7% volume decline
- First quarter gross margin increased 320 bps to 44.2%
- First quarter adjusted EBITDA margin increased 200 bps to 17.7%
- Reaffirm 2024 full-year guidance

First-Quarter Results		
Net Sales	Adj. EBITDA*	Adj. Diluted EPS*
\$311.0M +0.9% Organic Growth	\$54.9M 17.7% Adj. EBITDA Margin	\$1.81/share +24.8% higher than Q1 2023

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

Enterprise Growth Strategy 2024-2026



GROWTH

Customer-focused new product innovation

Channel expansion and new go-to-market opportunities

Price growth across product categories

M&A Strategy



PERFORMANCE

Modernize existing ERP systems and create a scalable digital infrastructure

Accelerate our sustainability progress by embedding our *Thriving People, Healthy Planet* framework across entire enterprise



PEOPLE

Invest in our employee value proposition to attract, retain and develop top talent

**Above-market
growth rates**

**Continued margin
improvements**

**Target 100% FCF
Conversion**

X4 ROVR – First Purpose-Built, Fully Autonomous Floor Cleaning Machine

X4 ROVR

Small size, versatile, and efficient high-performance design

Expected to yield a dramatic acceleration in adoption

Drives a step change in customer ROI

- First machine to be released under exclusive technology agreement with Brain Corp
- Powered by the next generation BrainOS® Robotics Platform, available exclusively on Tennant Company AMR machines



Tennant Company Launches International Expansion of the i-mop Family of Products



Tennant-branded i-mop[®] Lite and i-mop[®] XL Plus scrubber products will be available in Brazil, France, Portugal and Spain.

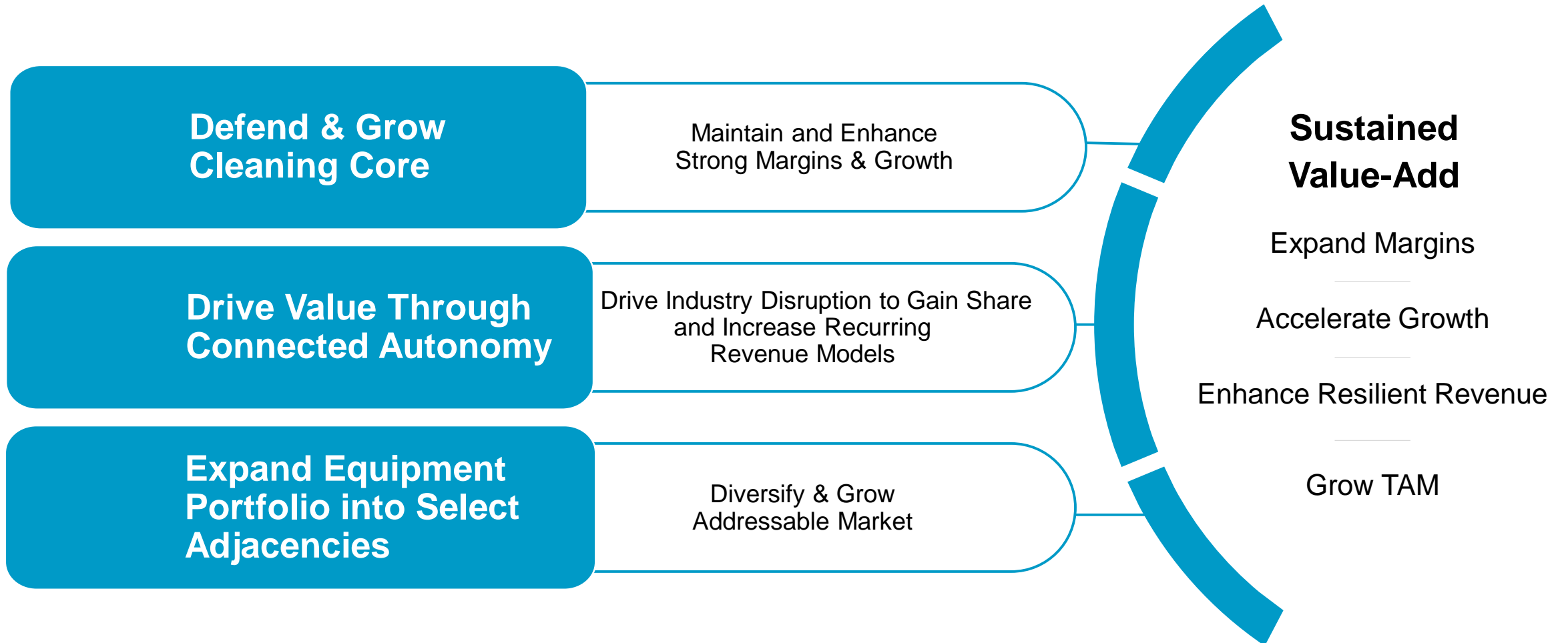


The complete i-mop line gives facilities the productivity and performance boost of mechanized cleaning with maneuverability for small, occupied spaces, enabling them to achieve a consistently deeper clean with less time, less water, and less effort.



The international expansion of the i-mop family of products illustrates Tennant Company's strategy to expand accessibility of our small-space portfolio, offering a broader range of customers the opportunity to elevate their cleaning needs.

Strategic M&A Priorities Aligned to Enterprise Strategy



Tennant Company Acquires Long-Time Distributor to Accelerate Growth in Central and Eastern Europe



Tennant acquired M&F Management and Financing GmbH, the parent company of Tennant Company's largest Central and Eastern Europe distributor.



Gives Tennant an established direct channel into countries including Romania, Hungary, Czech Republic, and Slovakia, along with an expanded network in Austria, Switzerland, and Poland.



The acquisition is consistent with Tennant Company's strategy to invest in companies with commercial capabilities that can be leveraged to connect to expanded markets.

Tennant to Host Investor Day on May 13, 2024

TENNANT[®]
COMPANY

Monday, May 13, 2024
9 am ET

New York Stock Exchange
18 Broad Street
New York, NY

Register at
investors.tennantco.com


Members of the executive management team will share a detailed view of the Company's growth and innovation plans and provide an update on its long-term enterprise strategy.

Speakers include:

- Dave Huml – President & Chief Executive Officer
- Rusty Zay – Senior Vice President & Chief Commercial Officer
- Pat Schottler – Senior Vice President, Innovation & Technology
- Reilly Goodwin – Senior Director, Sustainability & ESG
- Fay West – Senior Vice President & Chief Financial Officer



Elevate Growth, Performance & People



GREAT OPERATOR
SIGHTLINE TO
FILTERS

FILL PORT



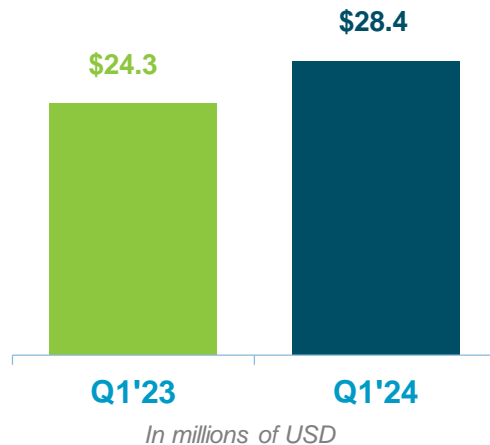
Tennant Company

Financial Results
First Quarter 2024

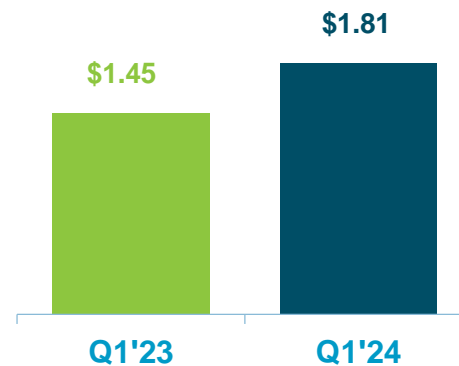
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First Quarter Performance

Net Income



Adjusted Diluted EPS*



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

Net Income

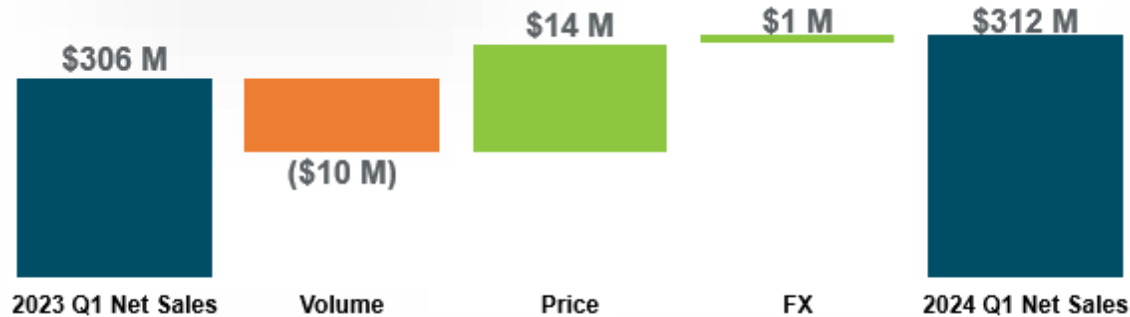
- ▶ **First quarter net income of \$28.4M, a \$4.1M increase compared to prior year**
 - ▶ Driven by higher net sales and an increase in gross margin through price realization & mix
 - ▶ Interest expense of \$2.3M decreased \$1.4M in Q1 2024 due to lower debt balances
 - ▶ Effective tax rate of 19.1% lower due to discrete tax benefit associated with employee stock option exercises

Adjusted Diluted EPS*

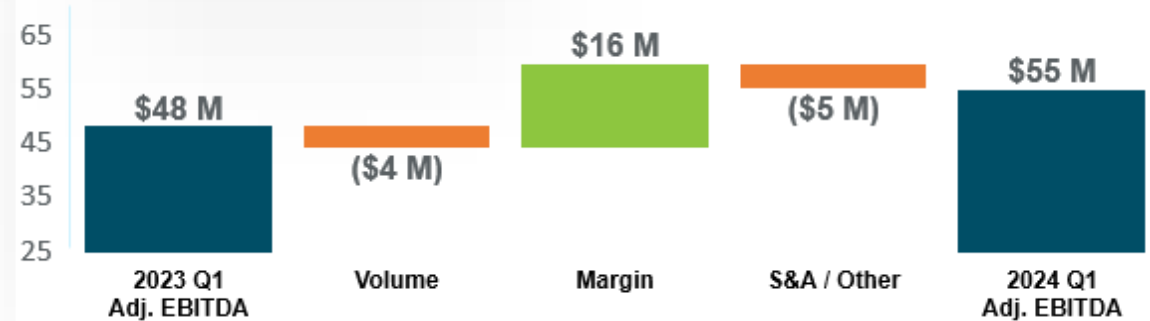
- ▶ **First quarter adjusted EPS of \$1.81 per diluted share**
 - ▶ ~25% increase compared to 2023
 - ▶ Excludes ERP modernization costs and transaction-related costs associated with M&A

First Quarter 2024 Results


Net Sales



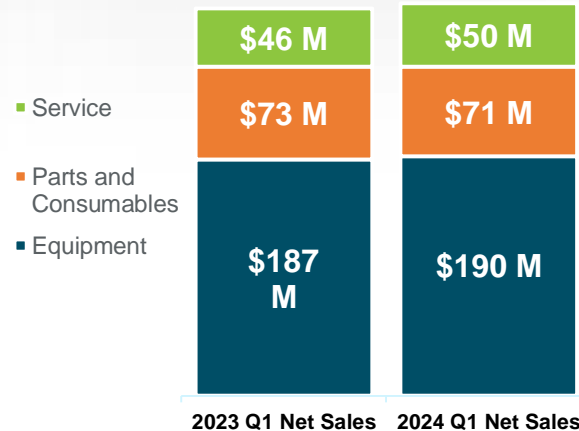
Adjusted EBITDA*



Region**

+5.1%	Americas
-9.2%	EMEA
-1.1%	APAC
+0.9%	Total 

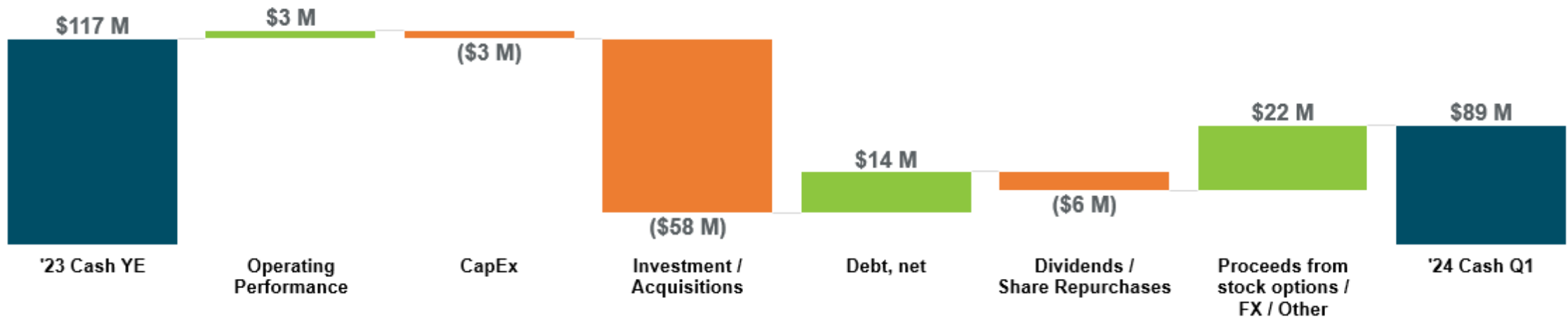
Product Categories



- ▶ **Gross margin increased to 44.2%**
Primarily driven by price realization and favorable product/channel mix
- ▶ **Adjusted S&A* as a percent of net sales increased to 27.6%**
Driven by incremental compensation spending on headcount increases related to growth strategy
- ▶ **Adjusted EBITDA Margin* increased 200 bps to 17.7%**
Due to gross margin expansion driven by price realization/mix partially offset by S&A investments

Capital Deployment

	YE 2023	Q1 2024
Total Debt	\$201M	\$215M
Net Leverage*	0.43x	1.05x
Revolver Availability:	\$321.8M	



▶ Net cash provided by operating activities of ~\$3M driven by operating performance partly offset by increases in employee compensation & benefits

▶ Capital expenditures of ~\$3M in line with full-year guidance expectations

▶ ~\$58M used to fund investment in Brain Corp and acquisition of TCS

▶ Returned capital to shareholders via dividend and share repurchases

Reaffirm 2024 Full-Year Guidance

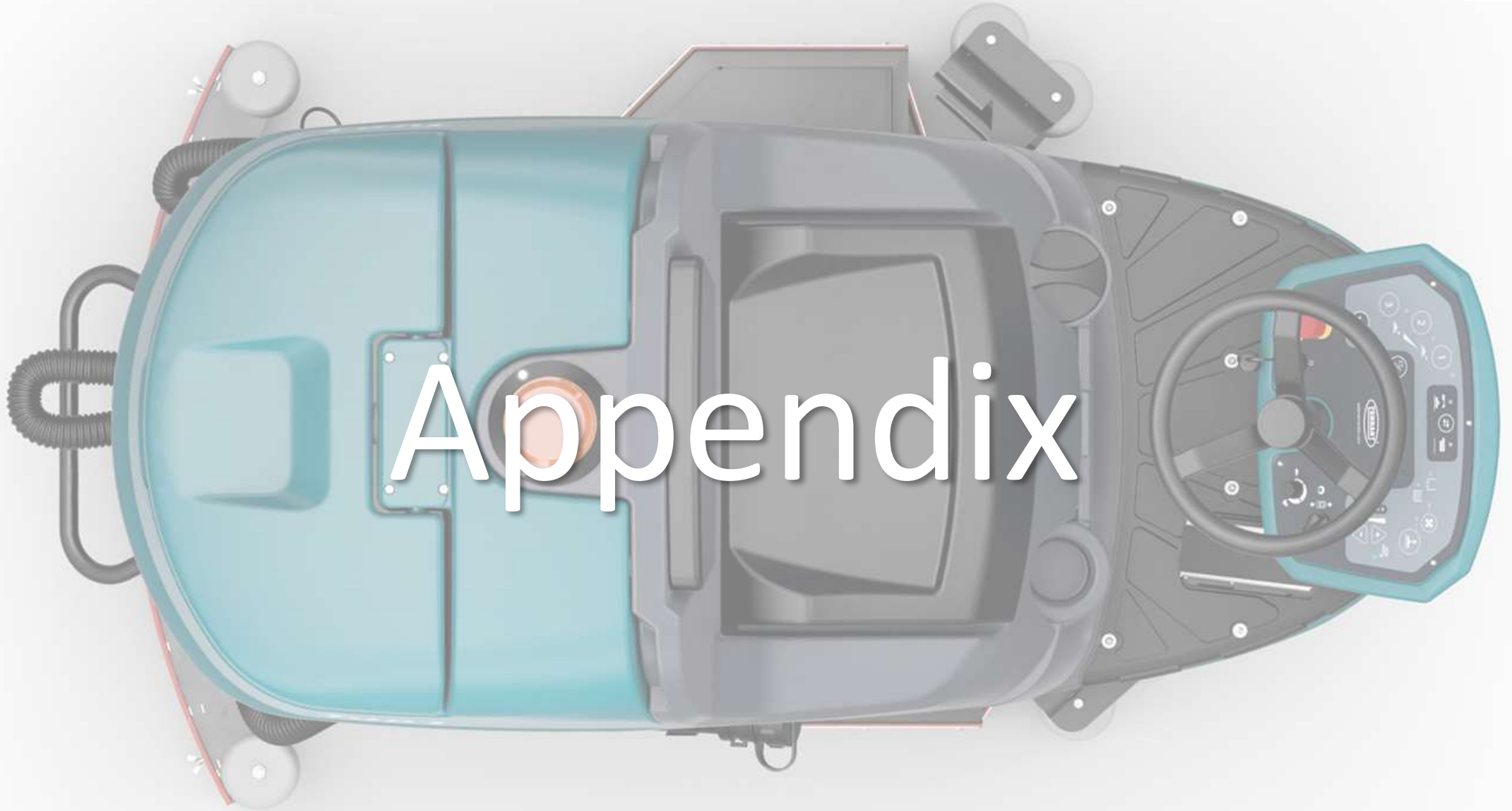
	2024 Guidance
Net Sales	\$1.27B - \$1.295B
Organic Net Sales Growth	2% - 4%
Adjusted Diluted EPS ⁽¹⁾	\$6.05 - \$6.65
Adjusted EBITDA ⁽¹⁾	\$198M - \$213M
Adjusted EBITDA Margin	15.6% - 16.4%
Capital Expenditures ⁽¹⁾	\$20M - \$25M
Adjusted Effective Tax Rate ⁽¹⁾	22% - 27%

Questions?

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Thank you

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Appendix

Non-GAAP Financial Measures

This presentation and the related conference call include 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 the 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.

The Company believes 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. The Company uses 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). The Company calculates the Non-GAAP measures by adjusting for ERP modernization costs, transaction-related costs and amortization expense. The Company calculates income tax expense – as adjusted by adjusting for the tax effect of these Non-GAAP measures. The Company calculates net income per diluted share – as adjusted by adjusting for the after-tax effect of these Non-GAAP measures and dividing the result by the diluted weighted average shares outstanding. The Company calculates EBITDA margin – as adjusted by dividing EBITDA – as adjusted by net sales.

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 March 31,	
	2024	2023
Net income - as reported	\$ 28.4	\$ 24.3
<u>Adjustments:</u>		
Amortization expense	2.9	2.8
ERP modernization costs (S&A expense)	1.9	—
Transaction-related costs (S&A expense)	1.5	—
Net income - as adjusted	\$ 34.7	\$ 27.1
 Net income per share - as reported:		
Diluted	\$ 1.49	\$ 1.30
<u>Adjustments:</u>		
Amortization expense	0.15	0.15
ERP modernization costs (S&A expense)	0.10	—
Transaction-related costs (S&A expense)	0.08	—
Net income per diluted share - as adjusted	\$ 1.81	\$ 1.45

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

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

<i>(In millions)</i>	Three Months Ended March 31,	
	2024	2023
Net income - as reported	\$ 28.4	\$ 24.3
<u>Less:</u>		
Interest expense, net	2.3	3.7
Income tax expense	6.7	7.7
Depreciation expense	9.6	8.3
Amortization expense	3.9	3.9
EBITDA	50.9	47.9
<u>Adjustments:</u>		
ERP modernization costs (S&A expense)	2.5	—
Transaction-related costs (S&A expense)	1.5	—
EBITDA - as adjusted	\$ 54.9	\$ 47.9
<i>EBITDA margin - as adjusted</i>	<i>17.7 %</i>	<i>15.7 %</i>

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

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

<i>(In millions)</i>	Three Months Ended March 31,	
	2024	2023
S&A expense - as reported	\$ 89.9	\$ 81.7
<i>S&A expense as a percent of net sales - as reported</i>	28.9 %	26.7 %
<u>Adjustments:</u>		
ERP modernization costs (S&A expense)	(2.5)	—
Transaction-related costs (S&A expense)	(1.5)	—
S&A expense - as adjusted	\$ 85.9	\$ 81.7
<i>S&A expense as a percent of net sales - as adjusted</i>	27.6 %	26.7 %
Operating income - as reported	\$ 37.5	\$ 35.9
<i>Operating margin - as reported</i>	12.1 %	11.7 %
<u>Adjustments:</u>		
ERP modernization costs (S&A expense)	2.5	—
Transaction-related costs (S&A expense)	1.5	—
Operating income - as adjusted	\$ 41.5	\$ 35.9
<i>Operating margin - as adjusted</i>	13.3 %	11.7 %

TENNANT COMPANY

SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

Reported to Adjusted Income Before Income Taxes and Income Tax Expense

<i>(In millions)</i>	Three Months Ended March 31,	
	2024	2023
Income before income taxes - as reported	\$ 35.1	\$ 32.0
<u>Adjustments:</u>		
Amortization expense	3.9	3.9
ERP modernization costs (S&A expense)	2.5	—
Transaction-related costs (S&A expense)	1.5	—
Income before income taxes - as adjusted	\$ 43.0	\$ 35.9
Income tax expense - as reported	\$ 6.7	\$ 7.7
<i>Effective tax rate - as reported</i>	<i>19.1 %</i>	<i>24.1 %</i>
<u>Adjustments⁽¹⁾:</u>		
Amortization expense	1.0	1.1
ERP modernization costs (S&A expense)	0.6	—
Income tax expense - as adjusted	\$ 8.3	\$ 8.8
<i>Effective tax rate - as adjusted</i>	<i>19.3 %</i>	<i>24.5 %</i>

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

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SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

TENNANT COMPANY
SUPPLEMENTAL NON-GAAP FINANCIAL TABLES

Reported to Free Cash Flows

(In millions)

	Three Months Ended March 31,	
	2024	2023
Cash provided by operating activities - as reported	\$ 2.9	\$ 31.1
Less:		
Capitalized expenditures	(3.0)	(6.8)
Free cash flows	\$ (0.1)	\$ 24.3
Adjustments:		
ERP modernization spend	7.2	—
Free cash flows - as adjusted	\$ 7.1	\$ 24.3