Earnings Release Call
Full Year and Fourth Quarter 2021

Thursday, February 24, 2022

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TENNANT® COMPANY

Forward-Looking Statements & Non-GAAP Measures

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 2020 Form 10-K or 2021 Form 10-Qs. 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.

Executive Summary

- Delivered strong results for FY ’21
- Well positioned balance sheet
- Continued execution of enterprise growth strategy
- Provides FY ‘22 guidance

On track with Long-range targets

	2021	2020
Net Sales	$1,090.8	$1,001.0
Adjusted EBITDA*	$140.2	$119.4
Adjusted Diluted EPS*	$4.39	$2.91

In millions of USD, except adjusted diluted EPS

* See the Supplemental Non-GAAP Financial Tables within Q4'21 Earnings Release for details.

Enterprise Strategy Update

Win where we have a competitive advantage

- Coatings business sale
- Go-to-market approach in specific regions
- Value realization

Reduce complexity & build scalable processes

- Acceleration of local-for-local and region-for-region manufacturing and sourcing
- Value engineering
- Standard product offerings
- Platform design

Innovate for profitable growth

- Inventory Scan
- Autonomous Mobile Robot Portfolio – T16, T380 AMR robotic scrubbers
- New commercial mid-tier offerings

Tennant Company

Financial Results
Full Year and Fourth Quarter 2021





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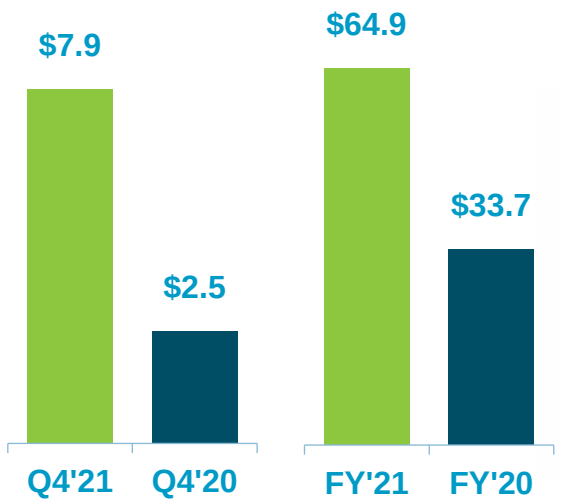
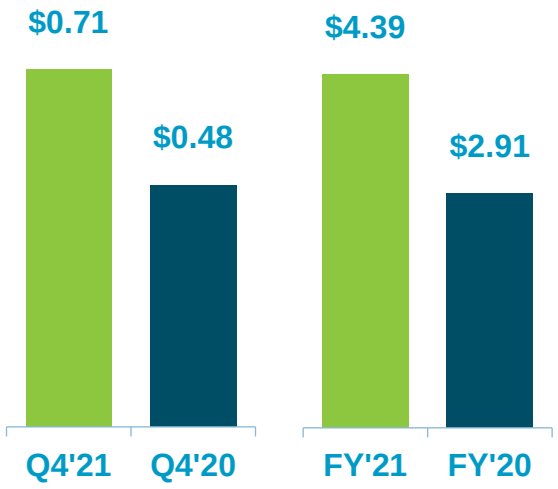
Full Year and Fourth Quarter 2021 Financial Performance

Net Income



In millions of USD

Adjusted EPS*



* See the Supplemental Non-GAAP Financial Tables within Q4'21 Earnings Release for details.

2021 Net Income

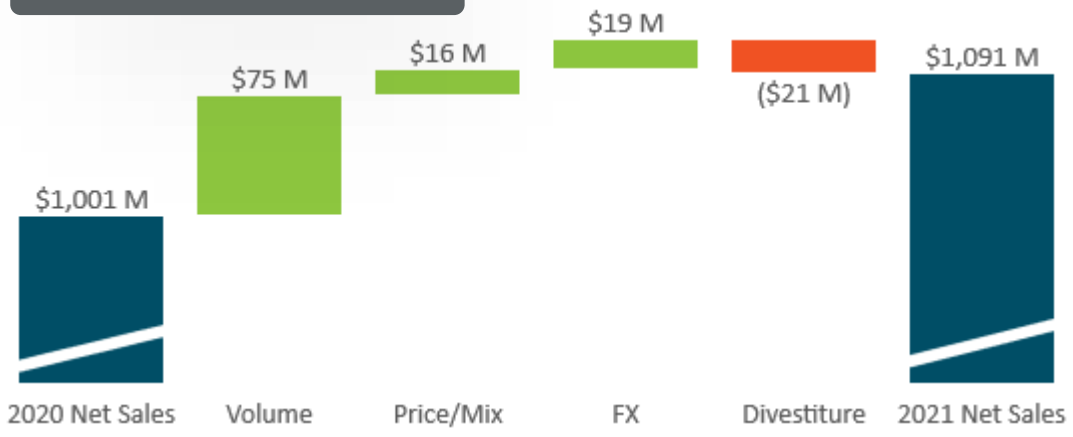
- Q4‘21 Net Income of $7.9 million up $5.4 million reflecting strong expense management and lower interest costs
- FY’21 Net Income of $64.9 million up $31.2 million reflecting strong sales and operating performance, gain on sale of Coatings business, lower interest costs offset by debt extinguishment costs

2021 Adjusted EPS*

- Q4‘21 Adjusted EPS of $0.71/diluted share excludes amortization and restructuring charges
- FY’21 Adjusted EPS of $4.39/diluted share reflects strong operating performance and excludes amortization, restructuring charges, gain on sale of Coatings business and debt extinguishment costs

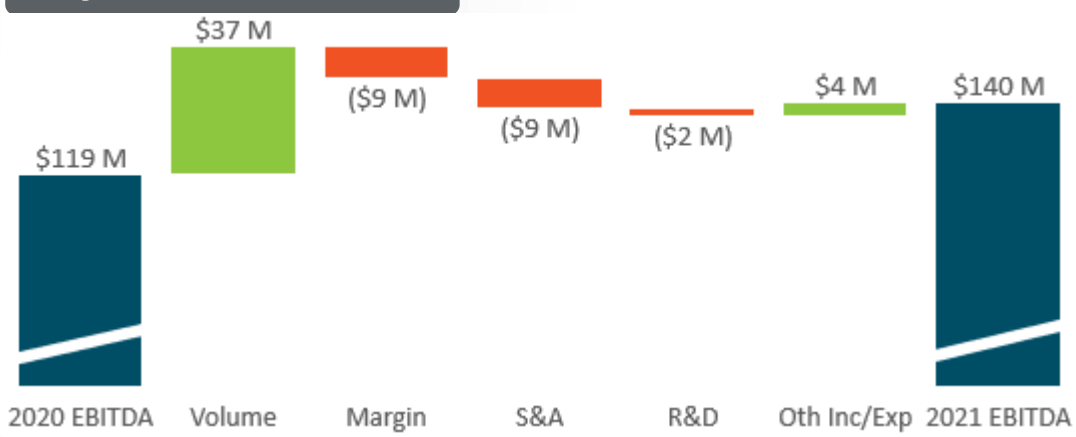
Full Year 2021 Results

Net Sales



- Organic sales growth 9.1%
  - Americas 7.4%; EMEA 14.2%; Asia Pacific 5.6%
- Q1 2021 divestiture of Coatings business reduced revenue by $21M
- Demand returned to pre-pandemic levels across the majority of geographies and verticals
- Parts availability constrained conversion of orders to sales as backlog grew to 3x-5x normal levels
- Incremental pricing actions taken in 2021 had limited impact in-year due to backlog

Adjusted EBITDA*

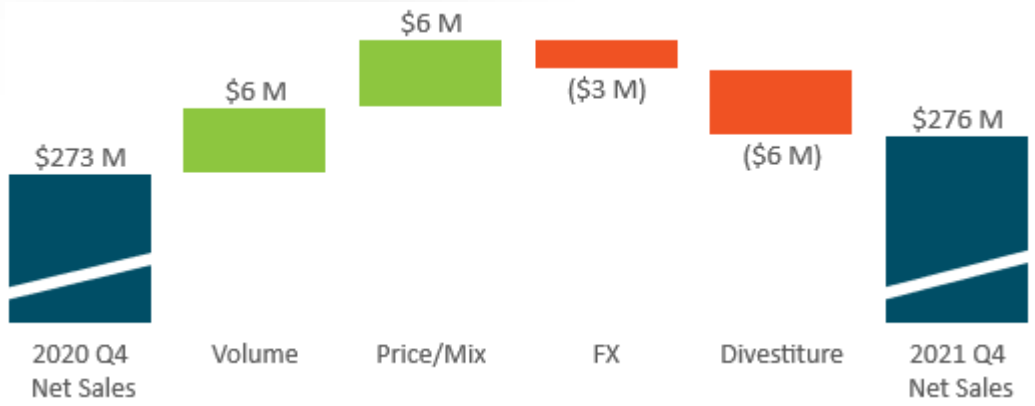


- Adjusted EBITDA grew 17% to $140.2 million and, capturing leverage, resulted in 100 bps improvement
- Volume led by increase in net sales (but partly constrained due to parts availability) vs. 2020 pandemic-affected order levels
- Material, freight, and labor inflationary pressures led to reduction in gross margin rate
- S&A and R&D expense increased YOY, but as a percentage of sales are lower by 170 bps combined
- Lower year-over-year currency transaction losses

* See the Supplemental Non-GAAP Financial Tables within Q4'21 Earnings Release for details.

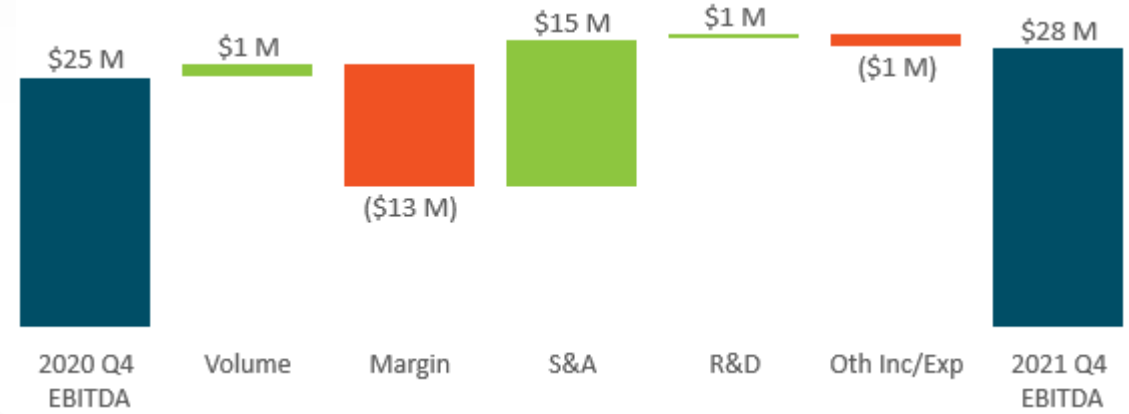
Fourth Quarter 2021 Results

Net Sales



- Organic sales growth 4.5%
  - Americas 4.9%; EMEA 7.4%; Asia Pacific (7.2)%
- Lack of parts availability constrained ability to convert orders to sales as backlog grew to record levels
- Incremental, mid-year 2021 pricing action had limited impact due to backlog
- EUR/USD exchange rate created headwind in EMEA

Adjusted EBITDA*



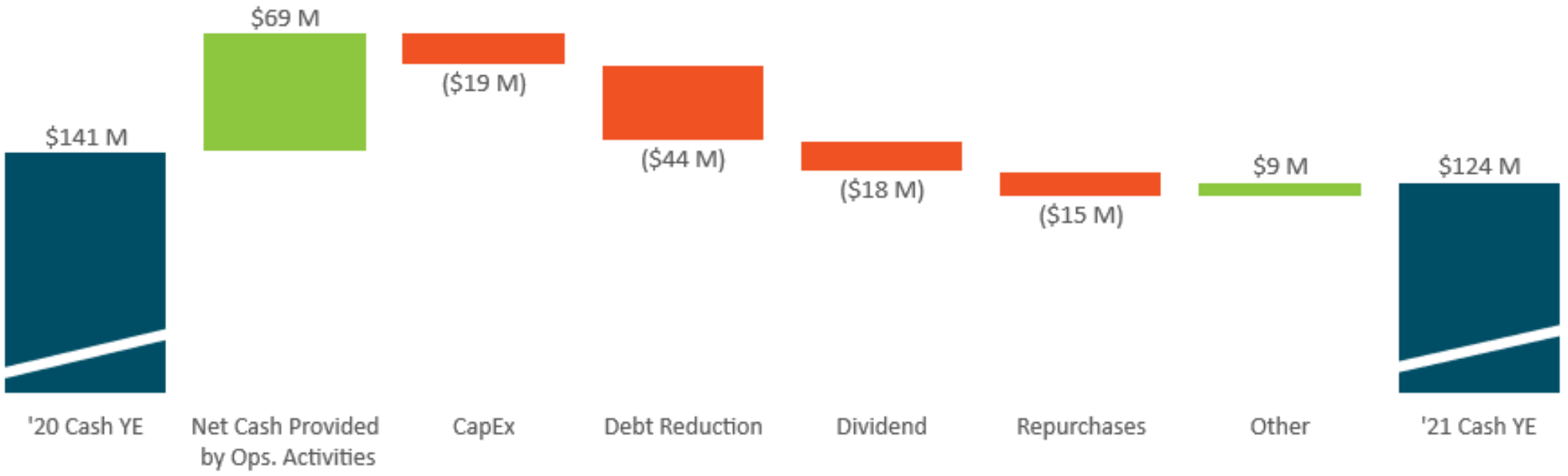
- Adjusted EBITDA grew 12% to $28.4 million as adjusted EBITDA margin improved 100 bps
- Inflationary pressures and supply chain disruptions led to reduction in gross margins
- S&A and R&D expense reductions (related to strategic investments in Q4 ‘20) fully offset gross margin decline

* See the Supplemental Non-GAAP Financial Tables within Q4'21 Earnings Release for details.

Capital Deployment

	YE 2021	YE 2020
Total Debt	$268M	$312M
Net Leverage	1.03x	1.41x

Revolver Availability: $279.1M



2022 Guidance Summary

Maintains path to long-term financial objectives:

2-3%
Annual net sales growth

6-10%
Annual adjusted EBITDA growth

50-100 bps
Annual adjusted EBITDA margin improvement

	2021	Full Year 2022 Guidance Range
Net Sales	$1.09B	$1.125B - $1.17B
Organic Net Sales Growth	9.1%	4.5% - 8.5%
Diluted EPS	$3.44	$3.90 - $4.50
Adjusted Diluted EPS[(1)]	$4.39	$4.40 - $5.00
Adjusted EBITDA[(1)]	$140.2M	$145M - $160M
Capital Expenditures	$19.4M	$25M - $30M
Adjusted Effective Tax Rate[(1)]	13.8%	20% - 25%

(1) Excludes certain non-operational items and amortization expense.

Questions?

Appendix

Enterprise Strategy – Global Positioning Strategy (GPS)



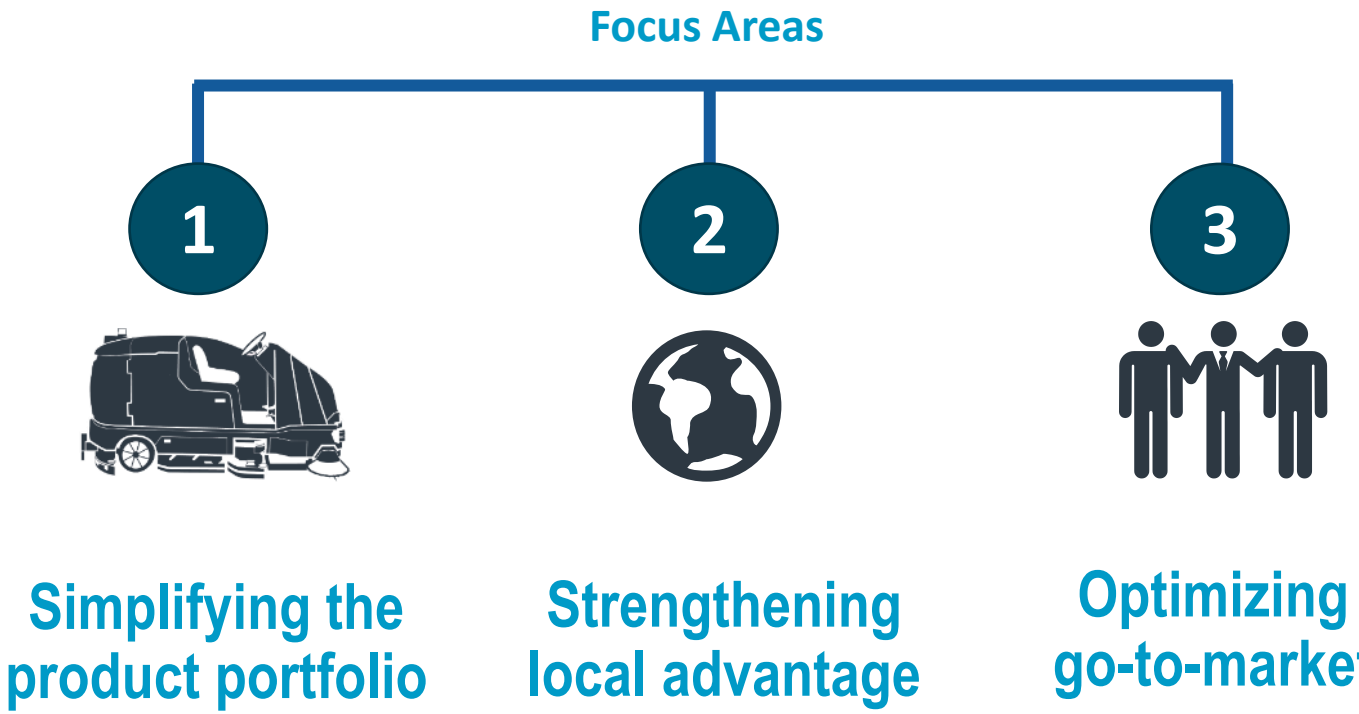
Win where we have a competitive advantage

Reduce complexity & build scalable processes

Innovate for profitable growth

Win where we have a competitive advantage

Focus investments and resources where we can create the most value



Reduce complexity & build scalable processes

Simplify and standardize to gain efficiency and leverage

Focus Areas

1

Leveraging Our Platform Product Design

2

Advancing Our Supply Chain – Local for Local

3

Capturing Operating Model Efficiencies

Innovate for profitable growth

Thinking Differently to Maximize Value for Customers and Tennant

