Earnings Release Call
First Quarter 2022

Thursday, April 28, 2022

INVESTORS.TENNANTCO.COM

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 2021 Form 10-K or 2022 Form 10-Q. 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

- Q1 in line with expectations
- Continued robust demand driving increased backlog
- Macroeconomic headwinds persist
- Updated FY '22 adjusted EBITDA guidance to $140M – $155M

	Q1 2022	Q1 2021
Net Sales	$258.1	$263.3
Adjusted EBITDA*	$27.9	$40.7
Adjusted Diluted EPS*	$0.73	$1.17

In millions of USD, except adjusted diluted EPS

* See the Supplemental Non-GAAP Financial Tables within Q1'22 Earnings Release for details.

Operational and Macroenvironment Overview

Q1 On Track

- Robust demand
- Record backlog
- Price realization having impact

Balance of Year

What's Changed

- Flatter supply chain recovery than expected
- Higher-than-expected inflation

Our Actions

- Accelerated supply chain dual sourcing and local-for-local strategy
- New value-add and redesign projects and production shifts to enhance output

Profitability Recovery Slower Than Planned

Tennant Company

Financial Results
First Quarter 2022

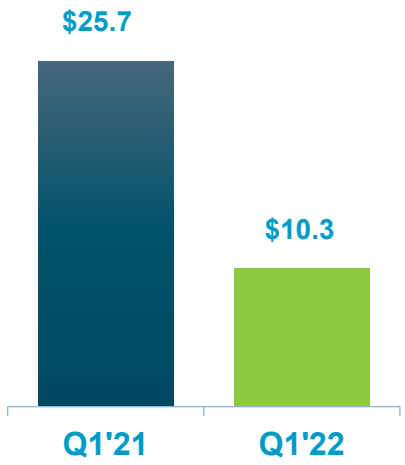




INVESTORS.
TENNANTCO.COM

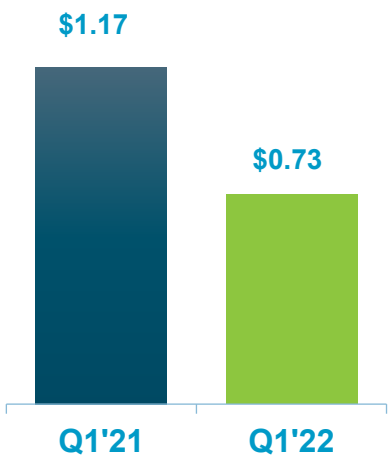
First Quarter Financial Performance

Net Income



In millions of USD

Adjusted EPS*



* See the Supplemental Non-GAAP Financial Tables within Q1'22 Earnings Release for details.

Net Income

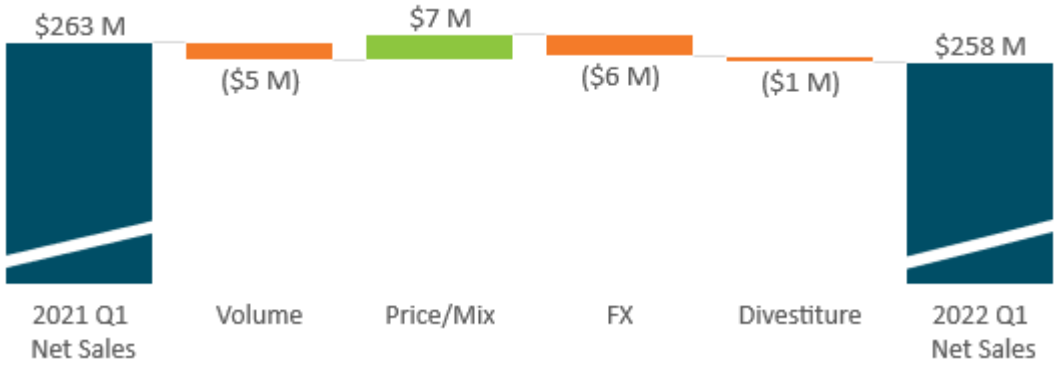
- Q1'22 Net Income of $10.3M down $15.4M reflecting material and freight inflation resulting in lower margins and continued supply chain challenges resulting in lower volume partly offset by increased price and lower interest expense
- Q1 '21 included a $7.5 million after-tax gain on the sale of the Coatings business

Adjusted EPS*

- Q1'22 Adjusted EPS of $0.73/diluted share excludes amortization

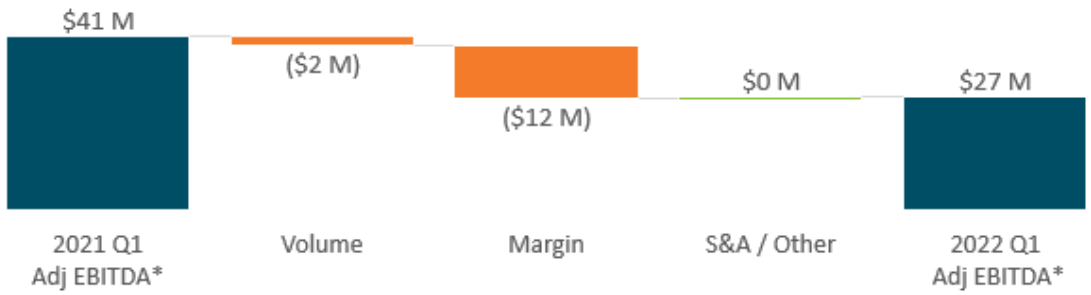
First Quarter 2022 Results

Net Sales



- Unfavorable volume of approximately $5M as a result of declines resulting from continued supply chain constraints
- Favorable Price/Mix of approximately $7M as a result of higher selling prices in all regions
- Unfavorable Fx impact of approximately $6M
- An unfavorable impact from the divestiture of our Coatings business in the first quarter of 2021 of approximately $1M

Adjusted EBITDA*



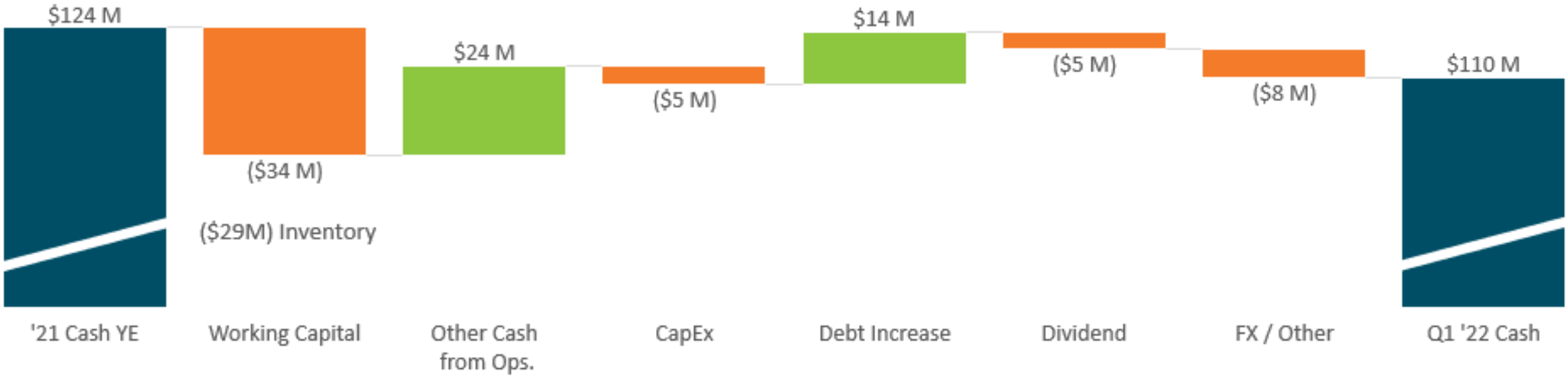
- Unfavorable volume of approximately $2M as a result of continued supply chain constraints
- Unfavorable margins of $12M driven by higher material and freight expense partly offset by increased price
- Favorable S&A expense on strong cost control

* See the Supplemental Non-GAAP Financial Tables within Q1'22 Earnings Release for details.

Capital Deployment

	Q1 2022	YE 2021
Total Debt	$282M	$268M
Net Leverage	1.35x	1.03x

Revolver Availability: $264.1M



2022 Guidance Update

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

	Original	Update
Net Sales	$1.125B - $1.17B	$1.125B - $1.170B
Organic Net Sales Growth	4.5% - 8.5%	4.5% - 8.5%
Diluted EPS	$3.90 - $4.50	$3.65 - $4.25
Adjusted Diluted EPS[(1)]	$4.40 - $5.00	$4.15 - $4.75
Adjusted EBITDA[(1)]	$145M - $160M	$140M - $155M
Capital Expenditures	$25M - $30M	$25M - $30M
Adjusted Effective Tax Rate[(1)]	20% - 25%	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

Focus Areas

1



Simplifying the product portfolio

2

Strengthening local advantage

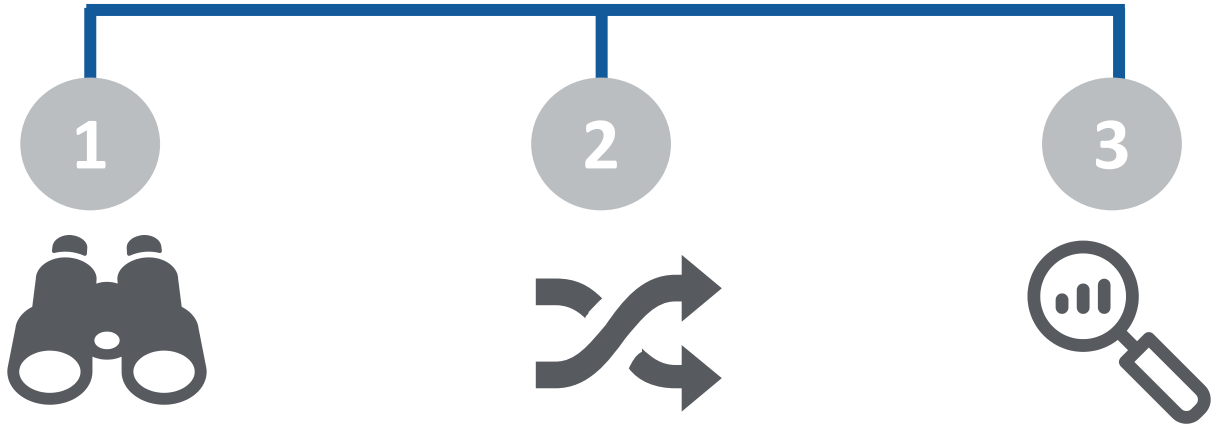
3

Optimizing go-to-market

Reduce complexity & build scalable processes

Simplify and standardize to gain efficiency and leverage

Focus Areas



Leveraging Our Platform Product Design

Advancing Our Supply Chain – Local for Local

Capturing Operating Model Efficiencies

Innovate for profitable growth

Thinking Differently to Maximize Value for Customers and Tennant

