In 2016, we executed well against our strategies and made progress on our goals. We were pleased to finish 2016, which was a challenging year for industrial manufacturers, with a strong fourth quarter, followed by record sales for a first quarter in 2017. Our emphasis on product and technology innovations helped fuel the company’s results.

Tennant posted 2016 consolidated net sales of $808.6 million and increased earnings of $2.59 per diluted share. On a “Constant Currency” basis, which assumes no change in foreign exchange rates from the prior year, Tennant’s 2016 net earnings totaled $2.63 per diluted share. For the 2015 full year, adjusted diluted earnings per share totaled $2.49.

We took bold steps in late 2016 and early 2017 to pursue Tennant’s goals of reaching $1 billion in sales and achieving a 12 percent operating profit margin.

Igniting Growth Through Acquisitions
To further ignite growth, we announced plans to acquire IPC Group in February 2017 and completed the acquisition in April 2017. This $353 million acquisition is the largest in Tennant’s history. IPC Group, based in Italy, designs and manufactures innovative professional cleaning equipment, tools and other solutions. The company is growing and profitable. We anticipate the acquisition will be accretive to our 2018 full year earnings per share.

We are excited about our combined potential to significantly increase our market share in Europe. IPC will more than double Tennant’s current EMEA business, giving us the scale needed to accelerate our growth and better leverage our cost structure in this important region. Our businesses are highly complementary and differentiated in our geographies, products and go-to-market approach. We look forward to further broadening Tennant's range of offerings and enhancing our growth prospects with IPC.

We also made two smaller acquisitions in 2016. Florock® in Chicago expanded our commercial floor coatings business. Additionally, we acquired the assets of Dofesa Barrido Mecanizado, which was a long-time distributor of Tennant equipment based in central Mexico. Dofesa represents a key growth investment in Latin America, and enhances our sales and service capabilities in this region. Our acquisitions of IPC Group, Florock and Dofesa demonstrate our commitment to pursue growth and seek opportunities that provide access to interesting products, or broaden our global sales and service coverage.

Innovating for the Future
We invest approximately 4 percent of sales annually in research and development to ensure competitive advantage and future growth. Our advanced product development efforts aim to address a broad array of customer issues: managing labor costs, productivity and machine maintenance information. We plan to expand our business through telemetry – with new and enhanced offerings for our IRIS® Asset Manager – as well as robotics, battery technology and water recycling. We expect these innovations to have a positive impact on Tennant’s future, as we raise the standard for sustainable cleaning around the world.

Building an e-Business Platform
Another important growth endeavor is our investment in a digital platform. We are building Tennant’s e-Business capabilities to meet customers’ changing needs, enhance long-term sales and further improve Tennant’s operating efficiency. In 2016, we completed the global roll-out of a Customer Relationship Management (CRM) tool. This system helps us identify new customers, grow our existing business and improve the overall Tennant customer experience. We are benefiting from its improved sales analytical capabilities.

Another digital initiative is e-Commerce, which continues to grow as an important sales platform and customer interface for Tennant. We anticipate launching a more robust e-Commerce platform in the US in 2017.

Realigning for Improved Profitability
To improve Tennant’s profitability, we restructured our global organization in the 2017 first quarter to align our resources with our strongest growth opportunities, reduce costs and accelerate Tennant’s ability to reach our 12 percent operating profit margin goal in a lower-growth global economic environment. The savings from this action are estimated to be $7 million in 2017 and a total of $10 million in 2018.

Outlook for 2017
Looking ahead, we are excited about our strategic plans but remain cautious about the global macroeconomic environment. We are committed to our core strategies to:

• maintain a strong new product and technology pipeline;
• expand Tennant’s global market coverage;
• build an e-Business platform; and
• leverage the company’s cost structure to improve operating efficiency.

Tennant is competitively well positioned in our markets, with exciting technologies and opportunities to expand our product portfolio and geographic presence, particularly in EMEA with the IPC Group acquisition.

Through this acquisition and our restructuring actions, Tennant is poised to accelerate revenue growth and improve profitability in 2017 and beyond. Notably, our acquisition of IPC will put us over our $1 billion sales target on an annualized basis. Additionally, we will be closer to achieving our 12 percent operating profit margin goal. We are making exciting progress against our growth aspirations.

Thank you for your confidence in Tennant Company.

April 2017
<table>
<thead>
<tr>
<th></th>
<th>Reported 2016</th>
<th>Reported 2015</th>
<th>Adjusted 2016</th>
<th>Adjusted 2015</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$808,572</td>
<td>$811,799</td>
<td>$808,572</td>
<td>$811,799</td>
<td>-0.4%</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>$68,498 (1)</td>
<td>$53,176 (2)</td>
<td>$68,498 (1)</td>
<td>$68,119 (5)</td>
<td>0.6%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>8.5%</td>
<td>6.6%</td>
<td>8.5%</td>
<td>8.4%</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$46,614 (1)</td>
<td>$32,088 (2)</td>
<td>$46,614 (1)</td>
<td>$46,005 (5)</td>
<td>1.3%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>5.8%</td>
<td>4.0%</td>
<td>5.8%</td>
<td>5.7%</td>
<td>–</td>
</tr>
<tr>
<td><strong>Diluted earnings per share</strong></td>
<td>$2.59 (1)</td>
<td>$1.74 (2)</td>
<td>$2.59 (1)</td>
<td>$2.49 (5)</td>
<td>4.0%</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$0.81</td>
<td>$0.80</td>
<td>$0.81</td>
<td>$0.80</td>
<td>1.3%</td>
</tr>
<tr>
<td>Average shares outstanding - diluted</td>
<td>17,976,183</td>
<td>18,493,447</td>
<td>17,976,183</td>
<td>18,493,447</td>
<td>-2.8%</td>
</tr>
</tbody>
</table>

Forward-Looking Statements
This annual report contains certain statements that are considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project,” or “continue” or similar words or the negative thereof. These statements do not relate to strictly historical or current facts and provide current expectations of forecasts of future events. Any such expectations or forecasts of future events are subject to a variety of factors. 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 Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016. Shareholders and potential investors 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. 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.