REINVENTING the future of cleaning
TO OUR SHAREHOLDERS

IN 2015, TENNANT CONTINUED TO BE AN INDUSTRY LEADER IN SUSTAINABLE CLEANING INNOVATION.

We are excited about our progress and our future growth prospects. Overall, Tennant performed well through the first nine months of 2015. Global economic uncertainty, along with continued foreign currency headwinds, impacted results in the fourth quarter. As a result, Tennant had 2015 consolidated net sales of $811.8 million compared to a record $822.0 million in 2014. On a constant currency basis—which assumes no change in foreign exchange rates from the prior year—Tennant would have reported 2015 organic sales growth of 4.3 percent and adjusted earnings per diluted share would have been up 11.1 percent versus the prior year.

GROWTH GOALS
We remain committed to reaching our goals of $1 billion in organic sales and a 12 percent operating profit margin. The core pillars of our growth strategies are to:

- Reach new markets and new customers;
- Deliver a strong product and technology pipeline;
- Build Tennant’s e-Business capabilities; and
- Be disciplined about improving margins and controlling expenses.

We made progress in each of these areas. And we believe we are well positioned to leverage the company’s operating efficiency as the global economy improves.

INVESTING IN NEW PRODUCTS
Even in an adverse economy, we continued to invest approximately 4 percent of sales in research and development. Introducing innovative new products and technologies fuels our revenue growth. In fact, equipment sales coming from new products launched within the last three years rose to 26 percent for 2015. We are executing against the strongest new product pipeline in Tennant’s history. In 2016, we are on track to introduce several significant new industrial machines.

M17 INTRODUCTION
The M17 Battery-Powered Sweeper-Scrubber is our first 2016 industrial machine launch. Released in late March, it is our largest battery-powered sweeper-scrubber. Among its advantages, the M17 does the job of several smaller machines, giving customers the option to sweep, scrub or do both at the same time. It also offers the largest available battery capacity in its class for maximum runtime and improved productivity. The M17 is equipped with our new Pro-Panel™ intuitive touch-screen interface for custom settings and ease of use. We are excited about its potential!

EC-H2O NANOCLEAN®
Our next generation of sustainable cleaning technology, ec-H2O NanoClean®, is now available on all of our applicable commercial scrubbers. The name NanoClean refers to the creation of nano-scale bubbles that are an important part of the cleaning mechanism. Like the original ec-H2O, the next-generation ec-H2O NanoClean technology electrically converts water into an innovative solution that offers the same benefits as the original, but cleans better, cleans more soils and is more effective in more applications. In 2015, sales of scrubbers equipped with ec-H2O technology rose 2.6 percent to a record $156.9 million.

ORBIO® OS3
We are seeing sales momentum for the Orbio® os3. In early 2016, we won a significant order from a large national health and fitness chain. The os3 delivers on-site generation of an effective multi-surface cleaner and an anti-microbial solution that disinfects and sanitizes. This technology is cost-
effective, easy to use and fits into most janitorial closets.

**ADVANCED PRODUCT DEVELOPMENT**

Our product development efforts focus on creating new growth avenues for Tennant. We have significantly enhanced our capabilities to use voice-of-the-customer research to view our customers’ cleaning needs more holistically. We are no longer just trying to improve cleaning performance but also looking to address a broader array of customer needs, such as demands for managing labor costs, productivity and machine maintenance information. We anticipate expanding our business through telemetry, battery technology, water recycling and robotics.

**IRIS® IRIS® Asset Manager**

In the area of telemetry, which involves automated data collection and transmission, we introduced the IRIS® Asset Manager in late 2015. Already, it is generating strong interest – and winning us new business and customers. The IRIS Asset Manager is an intelligent command center that tracks machine productivity and maintenance needs, including machine and ec-H2O usage. It helps customers with large equipment fleets make informed decisions and lower their overall cost to clean, which is a very attractive proposition and a fast-emerging trend.

**Battery Technologies**

Battery life and machine uptime are among our customers’ greatest pain points. We are actively looking at lithium-ion, hydrogen fuel cell and other emerging battery technologies. We are committed to offering users industry-leading battery options that enhance productivity.

**Water Recycling**

We are developing solutions that offer measurable environmental impact improvements. On-board water recycling using filtration technologies is one of the sustainable solutions that Tennant is currently working on.

We see opportunities to help customers conserve water and improve operator productivity by significantly reducing the time-consuming activity of dumping and refilling.

**Robotics**

Given the advances in robotics, as well as our customers’ problems managing labor costs and turnover, we are exploring autonomous navigation technology. This would enable a machine to operate unmanned or with reduced labor. This is potentially highly attractive to customers, as 70 percent of their cleaning costs today are labor related versus only 10 percent from machines. As this technology is more widely adopted in various industries and the cost declines, robotics is evolving to a point where it may be more practical for our customers’ applications.

**E-BUSINESS DIGITAL TRANSFORMATION**

Another important endeavor involves our investment in Tennant’s digital transformation. We aim to build the company’s e-Business capabilities, in order to meet customers’ changing needs, increase our long-term sales growth and further improve Tennant’s operating efficiency. One way we are achieving this is by focusing on marketing automation which allows us to continuously, and in real time, update and tailor our messages to specific customer needs. This allows us to improve lead generation, facilitate the buying journey and provide a better customer experience.

Other digital e-Business initiatives include e-Commerce and Customer Relationship Management (CRM). e-Commerce continues to grow as an important sales platform and customer interface. We estimate that more than 70 percent of our customers start their buying journey online, and they often purchase parts and consumables this way. By the end of 2016, we anticipate launching a more robust e-Commerce platform in the US that offers expanded functionality to
purchase products and parts, boosts lead generation and enables cost-effective sales. e-Commerce is a growing trend in other industries and we expect this evolution to occur in the cleaning industry, as well.

In 2016, we expect to complete the global roll out of our new CRM marketing and sales management tool. This system helps us identify new customers, build our existing business and improve the overall Tennant customer experience.

DIVESTED GREEN MACHINES LINE
In late January 2016, we divested the non-core Green Machines outdoor city cleaning line to our master distributor for the Central Eastern Europe, Middle East and Africa region. This was the right decision for Tennant. The buyer will continue to invest in and manufacture product in Scotland — and maintain jobs. Additionally, Tennant has an opportunity to generate revenue two ways — by continuing to sell Green Machines in certain regions as a distributor, and by serving as the exclusive service provider for Green Machines. We anticipate the sale will reduce Tennant’s annual revenues by approximately 1 percent, with an immaterial impact on earnings.

CREATING SHAREHOLDER VALUE
Tennant continues to have a strong balance sheet, with 2015 year-end cash of $51.3 million and debt of $24.7 million, and generated $45.2 million in cash from operations in 2015. During 2015, Tennant paid a total of $14.5 million in cash dividends to shareholders, marking 44 consecutive years of higher annual cash dividends paid out to our shareholders. Moreover, in 2015 we significantly increased our level of share repurchases to 764,000 shares of common stock at a cost of $46 million.

POSITIONED FOR GROWTH
Looking ahead, Tennant remains competitively advantaged and well positioned to leverage our growth by applying lean principles throughout our organization. We expect a return to higher sales growth as macroeconomic conditions improve, driven by new products and technologies and an expanding customer base. We continue to build our business for sustained success.

We are proud to be named to the Forbes 2015 list of the 100 Most Trustworthy Companies in America for the second consecutive year. This recognizes Tennant’s employees, who give their best efforts to our customers every day and embody our high ethical standards and philosophy of stewardship.

Thank you for your confidence in Tennant Company.

Sincerely,

[Signature]

H. Chris Killingstad
President and Chief Executive Officer

April 2016

44 CONSECUTIVE YEARS OF HIGHER ANNUAL CASH DIVIDENDS PAID OUT TO OUR SHAREHOLDERS
## Financial Highlights

### For the Year

<table>
<thead>
<tr>
<th></th>
<th>Reported 2015</th>
<th>Reported 2014</th>
<th>Adjusted 2015</th>
<th>Adjusted 2014</th>
<th>Adjusted % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$811,799</td>
<td>$821,083</td>
<td>$811,799</td>
<td>$821,083</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>$53,176 (1)</td>
<td>$72,097 (2)</td>
<td>$68,119 (6)</td>
<td>$72,097 (2)</td>
<td>-5.5%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>6.6%</td>
<td>8.8%</td>
<td>8.4%</td>
<td>8.8%</td>
<td>-</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$32,088 (1)</td>
<td>$50,651 (2)</td>
<td>$46,005 (6)</td>
<td>$50,651 (2)</td>
<td>-9.2%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>4.0%</td>
<td>6.2%</td>
<td>5.7%</td>
<td>6.2%</td>
<td>-</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$1.74 (1)</td>
<td>$2.70 (2)</td>
<td>$2.49 (6)</td>
<td>$2.70 (2)</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Average shares outstand - diluted</td>
<td>18,493,447</td>
<td>18,740,858</td>
<td>18,493,447</td>
<td>18,740,858</td>
<td>-1.3%</td>
</tr>
</tbody>
</table>

### Charts

- **Net Sales** (millions of dollars): $811.8M
- **Adjusted Operating Profit Margin (6)**: 8.4%
- **Adjusted Diluted EPS (dollars)/(5)**: $2.49
- **Cash Flow from Operations** (millions of dollars): $45.2M

(1) 2015 includes restructuring charges of $3.746 pretax ($3.746 after tax or $0.13 per diluted share), a non-cash impairment of long lived assets of $51.395 pretax ($36.822 after tax or $0.13 per diluted share).
(2) 2014 includes non-recurring items that required adjustment.
(3) 2015 includes restructuring charges of $3.070 pretax ($2.238 after tax or $0.08 per diluted share), and a tax benefit of $582 or $0.03 per diluted share related to the restructuring reinstatement of the 2012 U.S. Federal Research and Development Tax Credit.
(4) 2012 includes a gain on sale of business of $794 pretax ($508 after tax or $0.02 per diluted share), a restructuring charge of $760 pretax ($470 after tax or $0.02 per diluted share), and tax benefits from an international entity restructuring of $2,049 or $0.07 per diluted share.
(5) 2011 includes a product line divestiture charge of $4.400 pretax ($2.955 after tax or $0.10 per diluted share) and an international reorganization charge of $1.217 or $0.05 per diluted share.
(6) 2015, 2014, 2013, and 2012 Adjusted amounts include items (1), (3), (4) and (5) above, respectively.
COMPANY PROFILE

Tennant Company, a Minnesota corporation founded in 1870 and incorporated in 1909, is a world leader in designing, manufacturing and marketing solutions that empower customers to achieve quality cleaning performance, significantly reduce environmental impact and help create a cleaner, safer, healthier world. Tennant is committed to creating and commercializing breakthrough, sustainable cleaning innovations to enhance its broad suite of products, including: floor maintenance and outdoor cleaning equipment, detergent-free and other sustainable cleaning technologies, aftermarket parts and consumables, equipment maintenance and repair service, specialty surface coatings and asset management solutions. Tennant products are used in many types of environments including: retail establishments, distribution centers, factories and warehouses, public venues such as arenas and stadiums, office buildings, schools and universities, hospitals and clinics, parking lots and streets, and more. Customers include contract cleaners to whom organizations outsource facilities maintenance, as well as businesses that perform facilities maintenance themselves. The Company reaches these customers through the industry’s largest direct sales and service organization and through a strong and well-supported network of authorized distributors worldwide. Tennant has manufacturing operations in Minneapolis, Minn.; Holland, Mich.; Louisville, Ky.; Uden, The Netherlands; São Paulo, Brazil; and Shanghai, China. It sells products directly in 15 countries and through distributors in more than 80 countries.

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 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, 2015. 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.