2012 SHAREHOLDER LETTER

SUSTAINABLE. CLEANING. INNOVATION. GROWTH.

THE FUTURE.

TENNANT®

CHALLENGING the STATUS QUO

CHRIS KILLINGSTAD
President & Chief Executive Officer

TO OUR SHAREHOLDERS:

In 2012, all of us at Tennant challenged ourselves to find new ways to innovate, boost our operating efficiency and enhance our financial performance. I want to congratulate our team on what we accomplished. We continued to position the company for future growth in our core products and lead the industry in providing sustainable cleaning innovations through Orbio Technologies. Our ongoing efforts to lower costs and improve margins gained significant traction in 2012 and increased Tennant's profitability, despite a sluggish global economy. As a result, adjusted net earnings in 2012 rose to $39.7 million, or $2.08 per diluted share, on net sales of $739.0 million, compared to 2011 adjusted net earnings of $37.7 million, or $1.95 per diluted share, on record net sales of $754.0 million.

We intend to continue aggressively challenging the status quo, as we did throughout 2012, in order to create new revenue opportunities and earnings potential. Our strategic priorities remain centered on more efficiently running our core business of equipment, service, and parts and consumables, while pursuing growth through further innovation and market expansion.

RUNNING THE BUSINESS: GREATER EFFICIENCY

Our balanced strategy to lower Tennant's cost structure, while investing in future growth, is paying off.

Generating Enhanced Profitability

In 2012, gross margins rose to 44.0 percent versus 42.5 percent as adjusted in the prior year. Our full-year operating profit margin also improved to 8.5 percent compared to 7.3 percent as adjusted in 2011 and in the fourth quarter of 2012, the operating profit margin reached 10.1 percent of sales. Notably, this is the first time in 12 years that Tennant has reported a double-digit operating profit margin in a fourth quarter. This achievement demonstrates our successful management of the business in a tough economic environment and the strength of the company's business model.

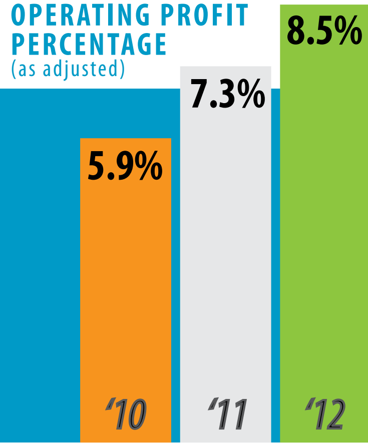
The company's enhanced profitability in 2012 is due in part to our continuing operational excellence initiatives, such as leaning out our supply chain to keep fixed costs flat and reducing indirect spending by nearly $5.0 million in 2012. We also remain focused on efforts to standardize and simplify global processes in the areas of pricing, invoicing and collections, and machine configuration. These initiatives are enabling us to build a scalable business model, lower costs and make it easier for our customers worldwide to do business with Tennant.

Maintaining a Strong Balance Sheet

Tennant generated $47.6 million in cash from operations in 2012 and, at year-end, had $53.9

our vision

We will lead our global industry in sustainable cleaning innovation that empowers our customers to create a cleaner, safer and healthier world.



million of cash and $32.3 million of debt on the balance sheet. Demonstrating the commitment to enhancing shareholder value, Tennant's Board of Directors raised the quarterly cash dividend 6 percent to $0.18 per share. This marks the 41st consecutive year that Tennant has increased the annual cash dividend payout and we were pleased to continue this long-standing record for our shareholders. During 2012, Tennant paid cash dividends of $12.8 million and repurchased 621,340 shares of the company's stock for $25.3 million. In April 2012, Tennant's Board also authorized the repurchase of an additional 1 million shares of common stock.

GROWING THE BUSINESS: INNOVATION AND MARKET EXPANSION

We remain focused on growing Tennant's sales and earnings by: introducing a strong pipeline of new core products; increasing market penetration of our sustainable cleaning technologies, including scrubbers equipped with ec-H2O™ technology and Orbio®-developed cleaning solutions; expanding our strategic accounts business with particular emphasis on large regional and global customers; ongoing penetration of emerging markets, such as Brazil and China; and building our share in new or underserved market segments through channel partners.

Introducing a Robust Core Product Pipeline

Innovative products and technologies drive Tennant's sales. To create new revenue growth, we are starting to execute against one of the largest new product and technology pipelines in Tennant's history. In addition to introducing 17 new products in late 2012, we plan to launch another 25 products in 2013. These include the:

- T12 rider scrubber, which is the first new product in Tennant's redesigned modular large equipment portfolio;
- T3 Orbital Scrubber, which provides a chemical-free way to clean and strip floors; and
- B10, Tennant's first rider burnisher, which enables rapid cleaning and polishing of large areas.

In addition, our new IRIS™ (Intelligent Remote Information System) technology remotely collects and transmits machine usage activity via machine-to-machine cellular technology. Knowing actual machine use can improve service efficiency and lowers the risk of breakdowns by servicing machines and changing parts when needed which helps maintain optimal machine performance.

Reimagining Equipment Platforms

We expect to launch a steady stream of more than 100 new industrial and commercial products through 2017 – and the majority will be built on new modular equipment platforms. Modularity allows us to offer a wider range of possible machine features in a more efficient and cost-effective manner. The next product in our redesigned large modular equipment portfolio will be introduced in 2014, followed by at least one new large equipment product in both 2015 and 2016.

Pursuing Sustainable Cleaning Technologies

We further increased market acceptance of ec-H2O technology in 2012. This technology converts water into an innovative cleaning solution that cleans effectively, saves money, improves safety and reduces environmental impact compared to daily cleaning floor chemicals. The majority of our sales of applicable scrubbers now have ec-H2O on board, and scrubbers sold with ec-H2O totaled $141 million in 2012.

The science of water electrolysis is the foundation of ec-H2O technology; it is well established and has been known for 150 years. Tennant has been in the marketplace with ec-H2O for five years with

NEW MODULAR PLATFORM
T12 RIDER SCRUBBER

cumulative sales of approximately $445 million through 2012. We are pleased to have thousands of satisfied customers who have purchased more than 40,000 scrubbers equipped with our ec-H2O technology.

Developing New Ways to Clean

ec-H2O is only the beginning – our vision is to become a global leader in sustainable cleaning technologies. To build on our success with ec-H2O, we continued to invest in creating a suite of technologies and products under our Orbio Technologies brand. Using a three-phased approach, Orbio's goals are to:

- expand the ec-H2O platform to all relevant current products, which we've done with ec-H2O technology now available on all applicable scrubbers;
- clean more spaces in customer environments beyond just floors, which has begun with our Orbio® 5000-Sc units; and
- develop new markets and new applications.

Tennant's customers increasingly want to clean their facilities with cost-effective options that use fewer traditional packaged chemicals. To meet this need, we launched the Orbio 5000-Sc as our first Orbio-branded product in the spring of 2011. The Orbio 5000-Sc is an innovative dispensing unit designed to replace a variety of conventional daily-use cleaning chemicals. It is a self-contained unit that uses our Split Stream™ technology to electrically restructure water and salt to create, store and dispense an environmentally friendly, multi-purpose cleaning solution that works with most existing cleaning equipment and methods – right on the customer's site. The Orbio 5000-Sc received the top honor for product innovation from the Australian Business Awards in 2012 and the Product Innovation Award at the 2012 Cleanscene National Cleaning and Hygiene Expo. During the year, we continued the Orbio 5000-Sc rollout in North America, Europe, and Australia.

The Orbio team is moving forward on their product and technology roadmap, including a system being developed with Split Stream technology for release in 2014. We anticipate this product will deliver an anti-microbial solution – as well as an effective multi-surface cleaner – for use on hard surface floors, carpet, and spray-and-wipe applications in a wide variety of customer segments.

Enhancing Innovation Expertise

With our ongoing pursuit of innovative sustainable cleaning technologies, we were delighted to welcome a new board member, Azita Arvani. She brings extensive knowledge in helping multinational companies develop and commercialize disruptive technologies, most recently with Nokia Siemens Networks. We look forward to her insights as we evolve our portfolio of Orbio water-based and other sustainable cleaning technologies. With this addition, Tennant now has 10 board members, nine of whom are independent directors.

Orbio®
5000-Sc

Focused on Challenging the Status Quo

Our strategies are working. We achieved significant gains in our profitability in 2012. We also demonstrated that Tennant is capable of reaching our ambitious long-term goal of a 12 percent operating profit margin, when the global economy rebounds and demand for our cleaning solutions regains momentum. We anticipate higher sales and earnings in 2013.

We have a clear vision of where we want to go and are committed to challenging the internal Tennant and external marketplace status quo to get there. Our dedicated team intends to lead our global industry in sustainable cleaning innovation that empowers our customers to create a cleaner, safer and healthier world.

We will continue to seek creative ways to improve our business, embrace innovative ideas and challenge ourselves to do better. We are well-positioned to succeed and excited about Tennant's future.

Sincerely,

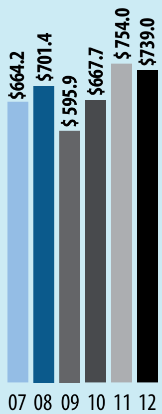
Chris Killingstad
President and Chief Executive Officer

March 2013

FINANCIAL HIGHLIGHTS

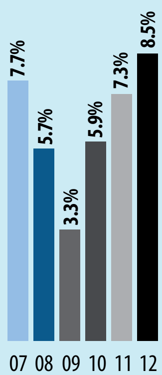
In thousands, except shares and per share data

For the Year	Reported 2012	Reported 2011	Adjusted 2012	Adjusted 2011	Adjusted % change
Net sales	$738,980	$753,998	$738,980	$753,998	-2.0%
Profit from operations	$62,703 (1)	$49,645 (2)	$62,679 (7)	$55,162 (7)	13.6%
% of net sales	8.5%	6.6%	8.5%	7.3%	–
Net earnings	$41,584 (1)	$32,713 (2)	$39,703 (7)	$37,741 (7)	5.2%
% of net sales	5.6%	4.3%	5.4%	5.0%	–
Diluted earnings per share	$2.18 (1)	$1.69 (2)	$2.08 (7)	$1.95 (7)	6.7%
Dividends per share	$0.69	$0.68	$0.69	$0.68	1.5%
Average shares outstanding - diluted	19,102,016	19,360,428	19,102,016	19,360,428	-1.3%



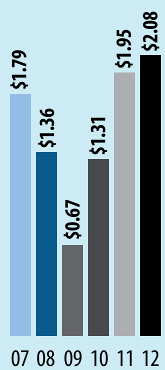
NET SALES
(millions of dollars)

$739.0M



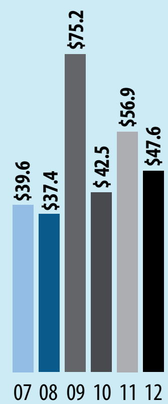
ADJUSTED OPERATING PROFIT MARGIN
(7)

8.5%



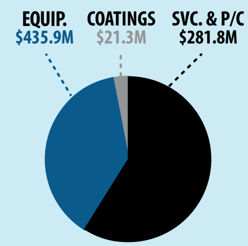
ADJUSTED DILUTED EPS
(dollars)(7)

$2.08



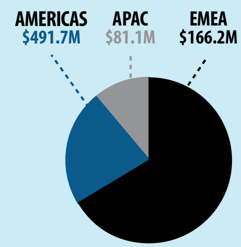
CASH FLOW FROM OPERATIONS
(millions of dollars)

$47.6M



SALES BY PRODUCT TYPE
(millions of dollars)

EQUIP.	$435.9M
SVC. & P/C	$281.8M
COATINGS	$21.3M



SALES BY GEOGRAPHY
(millions of dollars)

AMERICAS	$491.7M
EMEA	$166.2M
APAC	$81.1M

(1) 2012 includes a gain on sale of business of $784 pretax ($508 aftertax or $0.03 per diluted share), a restructuring charge of $760 pretax ($670 aftertax or $0.04 per diluted share) and tax benefits from an international entity restructuring of $2,043 (or $0.11 per diluted share).

(2) 2011 includes a product line obsolescence charge of $4,300 pretax ($3,811 aftertax or $0.20 per diluted share) and an international executive severance charge of $1,217 (or $0.06 per diluted share).

(3) 2010 includes a tax benefit from the international entity restructuring of $10,913 (or $0.56 per diluted share), a workforce redeployment charge of $1,671 pretax ($1,196 aftertax or $0.06 per diluted share), an inventory revaluation from change in functional currency designation due to international entity restructuring of $647 pretax ($453 aftertax or $0.02 per diluted share) and a revision of our 2008 workforce reduction reserve of $277 pretax ($173 aftertax or $0.01 per diluted share).

(4) 2009 includes a non-cash goodwill impairment charge of $43,363 pretax ($42,289 aftertax or $2.29 per diluted share), a benefit from a revision in 2009 to the 2008 workforce reduction charge of $1,328 pretax ($1,249 aftertax or $0.07 per diluted share), a net benefit from a United Kingdom business reorganization of $1,864 aftertax (or $0.10 per diluted share), and discrete net favorable tax items of $614 aftertax (or $0.03 per diluted share).

(5) 2008 includes a restructuring charge and associated expenses of $19,755 pretax ($16,287 aftertax or $0.88 per diluted share), special legal expenses of $1,721 pretax ($1,072 aftertax or $0.06 per diluted share), a gain on sale of Centurion assets of $229 pretax ($142 aftertax or $0.01 per diluted share), an unusual net foreign currency gain of $1,709 aftertax (or $0.09 per diluted share), curtailed acquisitions expenses of $451 aftertax (or $0.02 per diluted share), and discrete net favorable tax items of $1,353 aftertax (or $0.07 per diluted share).

(6) 2007 includes a restructuring charge and associated expenses of $2,507 pretax ($1,656 aftertax or $0.09 per diluted share), a gain on the sale of the Maple Grove, Minnesota facility of $5,972 pretax ($3,720 aftertax or $0.19 per diluted share), and a one-time tax benefit related to a reduction in valuation reserves, net of the impact of tax rate changes in foreign jurisdictions on deferred taxes of $3,644 aftertax (or $0.19 per diluted share).

(7) 2012, 2011, 2010, 2009, 2008 and 2007 Adjusted amounts exclude items (1), (2), (3), (4), (5) and (6) above, respectively.

COMPANY PROFILE

Tennant Company is a world leader in designing, manufacturing and marketing solutions that help create a cleaner, safer, healthier world. Its products include equipment for maintaining surfaces in industrial, commercial and outdoor environments; chemical-free and other sustainable cleaning technologies; and coatings for protecting, repairing and upgrading surfaces. Tennant's global field service network is the most extensive in the industry. Tennant has manufacturing operations in Minneapolis, Minn.; Holland, Mich.; Louisville, Ky.; Uden, The Netherlands; the United Kingdom; 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 presentation 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, 2012. 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.

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