

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-16191



**TENNANT COMPANY**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction of incorporation or organization)

**41-0572550**

(I.R.S. Employer Identification No.)

**10400 Clean Street**

**Eden Prairie, Minnesota 55344**

(Address of principal executive offices)

(Zip Code)

**(763) 540-1200**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.375 per share	TNC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer   
Emerging growth company   
Accelerated filer   
Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

As of October 25, 2024, there were 18,872,792 shares of common stock outstanding.

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**TABLE OF CONTENTS**

<b>PART I - FINANCIAL INFORMATION (Unaudited)</b>		<b>Page</b>
Item 1.	<a href="#">Financial Statements</a>	<a href="#">3</a>
	<a href="#">Consolidated Statements of Income</a>	<a href="#">3</a>
	<a href="#">Consolidated Statements of Comprehensive Income</a>	<a href="#">4</a>
	<a href="#">Consolidated Balance Sheets</a>	<a href="#">5</a>
	<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">6</a>
	<a href="#">Consolidated Statements of Equity</a>	<a href="#">8</a>
	<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">10</a>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">26</a>
Item 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">32</a>
Item 4.	<a href="#">Controls and Procedures</a>	<a href="#">32</a>
<b>PART II - OTHER INFORMATION</b>		
Item 1.	<a href="#">Legal Proceedings</a>	<a href="#">32</a>
Item 1A.	<a href="#">Risk Factors</a>	<a href="#">33</a>
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">33</a>
Item 5.	<a href="#">Other Information</a>	<a href="#">32</a>
Item 6.	<a href="#">Exhibits</a>	<a href="#">34</a>
	<a href="#">Signatures</a>	<a href="#">35</a>

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**TENNANT COMPANY  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)**

*(In millions, except shares and per share data)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 315.8	\$ 304.7	\$ 957.8	\$ 932.2
Cost of sales	182.0	172.7	543.8	535.2
Gross profit	133.8	132.0	414.0	397.0
Selling and administrative expense	92.7	88.2	275.5	256.9
Research and development expense	10.5	9.1	31.8	26.0
Operating income	30.6	34.7	106.7	114.1
Interest expense, net	(2.7)	(3.3)	(7.5)	(11.0)
Net foreign currency transaction (loss) gain	(0.4)	(0.4)	0.1	0.5
Other (expense) income, net	—	(1.1)	0.2	(1.8)
Income before income taxes	27.5	29.9	99.5	101.8
Income tax expense	6.7	7.0	22.4	23.3
Net income	\$ 20.8	\$ 22.9	\$ 77.1	\$ 78.5
Net income per share				
Basic	\$ 1.11	\$ 1.23	\$ 4.10	\$ 4.25
Diluted	\$ 1.09	\$ 1.21	\$ 4.03	\$ 4.19
Weighted average shares outstanding				
Basic	18,810,267	18,570,293	18,790,824	18,485,806
Diluted	19,093,873	18,878,311	19,120,455	18,747,128

See accompanying notes to consolidated financial statements.

**TENNANT COMPANY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 20.8	\$ 22.9	\$ 77.1	\$ 78.5
Other comprehensive income (loss):				
Foreign currency translation adjustments (net of related tax benefit (expense) of \$0.5, \$(0.2), \$0.4, and \$0.1, respectively)	12.9	(10.6)	(2.4)	(5.2)
Pension and postretirement medical benefits (net of related tax expense of \$0, \$0, \$0, and \$0, respectively)	(0.2)	—	(0.2)	—
Derivative financial instruments (net of related tax benefit (expense) of \$0.5, \$(0.4), \$0.1, and \$(0.2), respectively)	(1.7)	0.2	(0.4)	0.7
Total other comprehensive income (loss), net of tax	11.0	(10.4)	(3.0)	(4.5)
Total comprehensive income	\$ 31.8	\$ 12.5	\$ 74.1	\$ 74.0

See accompanying notes to consolidated financial statements.

**TENNANT COMPANY  
CONSOLIDATED BALANCE SHEETS**

<i>(In millions, except shares and per share data)</i>	<b>(Unaudited) September 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Cash, cash equivalents, and restricted cash	\$ 91.3	\$ 117.1
Receivables, less allowances of \$6.8 and \$7.2, respectively	260.2	247.6
Inventories	201.8	175.9
Prepaid and other current assets	40.6	28.5
<b>Total current assets</b>	<b>593.9</b>	<b>569.1</b>
Property, plant and equipment, less accumulated depreciation of \$316.4 and \$304.0, respectively	183.7	187.7
Operating lease assets	52.1	41.7
Goodwill	198.4	187.4
Intangible assets, net	66.4	63.1
Other assets	121.6	64.4
<b>Total assets</b>	<b>\$ 1,216.1</b>	<b>\$ 1,113.4</b>
<b>LIABILITIES AND EQUITY</b>		
Current portion of long-term debt	\$ 0.6	\$ 6.4
Accounts payable	128.0	111.4
Employee compensation and benefits	59.4	67.3
Other current liabilities	85.5	88.6
<b>Total current liabilities</b>	<b>273.5</b>	<b>273.7</b>
Long-term debt	208.6	194.2
Long-term operating lease liabilities	35.2	27.4
Employee benefits	13.8	13.3
Deferred income taxes	7.9	5.0
Other liabilities	28.6	21.5
<b>Total long-term liabilities</b>	<b>294.1</b>	<b>261.4</b>
<b>Total liabilities</b>	<b>\$ 567.6</b>	<b>\$ 535.1</b>
Commitments and contingencies (Note 12)		
Common Stock, \$0.375 par value; 60,000,000 shares authorized; 18,872,792 and 18,631,384 shares issued and outstanding, respectively	7.1	7.0
Additional paid-in capital	76.8	64.9
Retained earnings	608.6	547.4
Accumulated other comprehensive loss	(45.3)	(42.3)
<b>Total Tennant Company shareholders' equity</b>	<b>647.2</b>	<b>577.0</b>
Noncontrolling interest	1.3	1.3
<b>Total equity</b>	<b>648.5</b>	<b>578.3</b>
<b>Total liabilities and total equity</b>	<b>\$ 1,216.1</b>	<b>\$ 1,113.4</b>

See accompanying notes to consolidated financial statements.

**TENNANT COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(In millions)	Nine Months Ended September 30,	
	2024	2023
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 77.1	\$ 78.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	29.6	26.4
Amortization expense	11.4	11.0
Deferred income tax benefit	(1.8)	(7.4)
Share-based compensation expense	9.4	8.6
Bad debt and returns expense	1.8	3.2
Other, net	0.5	0.5
Changes in operating assets and liabilities:		
Receivables	(12.3)	7.9
Inventories	(35.7)	3.5
Accounts payable	17.9	(25.1)
Employee compensation and benefits	(8.1)	18.3
Other assets and liabilities	(37.6)	(0.8)
Net cash provided by operating activities	52.2	124.6
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(11.5)	(15.3)
Purchase of investment	(32.1)	—
Payments made in connection with business acquisition, net of cash acquired	(25.7)	—
Investment in leased assets	(0.4)	(0.5)
Cash received from leased assets	0.6	0.6
Net cash used in investing activities	(69.1)	(15.2)
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	40.0	20.0
Repayments of borrowings	(32.5)	(98.7)
Payment of debt financing costs	(2.2)	—
Proceeds from exercise of stock options, net of employee tax withholdings obligations	19.6	18.1
Repurchases of common stock	(17.1)	(11.7)
Dividends paid	(15.9)	(14.8)
Net cash used in financing activities	(8.1)	(87.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.8)	(2.7)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(25.8)</b>	<b>19.6</b>
Cash, cash equivalents and restricted cash at beginning of period	117.1	77.4
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 91.3</b>	<b>\$ 97.0</b>

**SUPPLEMENTAL CASH FLOW INFORMATION**

<i>(In millions)</i>	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for income taxes	\$ 27.9	\$ 29.1
Cash paid for interest	11.3	14.7
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	15.1	13.9
Financing cash flows from financing leases	0.1	—
Lease assets obtained in exchange for new operating lease liabilities	24.0	13.0
Lease assets obtained in exchange for new financing lease liabilities	1.0	0.6
Supplemental non-cash investing and financing activities:		
Capital expenditures in accounts payable	1.6	1.9

See accompanying notes to consolidated financial statements.

**TENNANT COMPANY**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited)

(In millions, except shares and per share data)

	Tennant Company Shareholders							
	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Tennant Company Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance, December 31, 2023	18,631,384	\$ 7.0	\$ 64.9	\$ 547.4	\$ (42.3)	\$ 577.0	\$ 1.3	\$ 578.3
Net income		—	—	28.4	—	28.4	—	28.4
Other comprehensive income		—	—	—	(7.2)	(7.2)	—	(7.2)
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 27,808 shares	388,179	0.1	19.5	—	—	19.6	—	19.6
Share-based compensation		—	3.2	—	—	3.2	—	3.2
Repurchases of common stock	(12,725)	—	(1.1)	—	—	(1.1)	—	(1.1)
Dividends paid \$0.280 per common share		—	—	(5.3)	—	(5.3)	—	(5.3)
Balance, March 31, 2024	19,006,838	\$ 7.1	\$ 86.5	\$ 570.5	\$ (49.5)	\$ 614.6	\$ 1.3	\$ 615.9
Net income		—	—	27.9	—	27.9	—	27.9
Other comprehensive income		—	—	—	(6.8)	(6.8)	—	(6.8)
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 5,132 shares	21,337	—	0.1	—	—	0.1	—	0.1
Share-based compensation		—	2.1	—	—	2.1	—	2.1
Repurchases of common stock	(77,514)	—	(8.0)	—	—	(8.0)	—	(8.0)
Dividends paid \$0.280 per common share		—	—	(5.3)	—	(5.3)	—	(5.3)
Balance, June 30, 2024	18,950,661	\$ 7.1	\$ 80.7	\$ 593.1	\$ (56.3)	\$ 624.6	\$ 1.3	\$ 625.9
Net income		—	—	20.8	—	20.8	—	20.8
Other comprehensive income		—	—	—	11.0	11.0	—	11.0
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 1,026 shares	2,246	—	—	—	—	—	—	—
Share-based compensation		—	4.1	—	—	4.1	—	4.1
Repurchases of common stock	(80,115)	—	(8.0)	—	—	(8.0)	—	(8.0)
Dividends paid \$0.280 per common share		—	—	(5.3)	—	(5.3)	—	(5.3)
Balance, September 30, 2024	18,872,792	\$ 7.1	\$ 76.8	\$ 608.6	\$ (45.3)	\$ 647.2	\$ 1.3	\$ 648.5

See accompanying notes to consolidated financial statements.

Tennant Company Shareholders								
	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Tennant Company Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance, December 31, 2022	18,521,485	\$ 7.0	\$ 56.0	\$ 458.0	\$ (50.2)	\$ 470.8	\$ 1.3	\$ 472.1
Net income		—	—	24.3	—	24.3	—	24.3
Other comprehensive income		—	—	—	4.7	4.7	—	4.7
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 18,468 shares	93,073	—	0.8	—	—	0.8	—	0.8
Share-based compensation		—	1.2	—	—	1.2	—	1.2
Repurchases of common stock	(73,525)	—	(5.0)	—	—	(5.0)	—	(5.0)
Dividends paid \$0.265 per common share		—	—	(4.9)	—	(4.9)	—	(4.9)
Balance, March 31, 2023	18,541,033	\$ 7.0	\$ 53.0	\$ 477.4	\$ (45.5)	\$ 491.9	\$ 1.3	\$ 493.2
Net income		—	—	31.3	—	31.3	—	31.3
Other comprehensive income		—	—	—	1.2	1.2	—	1.2
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 4,258 shares	69,345	—	3.4	—	—	3.4	—	3.4
Share-based compensation		—	2.7	—	—	2.7	—	2.7
Repurchases of common stock	(69,780)	—	(5.0)	—	—	(5.0)	—	(5.0)
Dividends paid \$0.265 per common share		—	—	(4.9)	—	(4.9)	—	(4.9)
Balance, June 30, 2023	18,540,598	\$ 7.0	\$ 54.1	\$ 503.8	\$ (44.3)	\$ 520.6	\$ 1.3	\$ 521.9
Net income		—	—	22.9	—	22.9	—	22.9
Other comprehensive income		—	—	—	(10.4)	(10.4)	—	(10.4)
Issue stock for directors, employee benefit and stock plans, net of related tax withholdings of 148 shares	222,566	—	13.9	—	—	13.9	—	13.9
Share-based compensation		—	4.7	—	—	4.7	—	4.7
Repurchases of common stock	(21,793)	—	(1.7)	—	—	(1.7)	—	(1.7)
Dividends paid \$0.265 per common share		—	—	(5.0)	—	(5.0)	—	(5.0)
Balance, September 30, 2023	18,741,371	\$ 7.0	\$ 71.0	\$ 521.7	\$ (54.7)	\$ 545.0	\$ 1.3	\$ 546.3

See accompanying notes to consolidated financial statements.

**TENNANT COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
(In millions, except shares and per share data)

**1. Summary of Significant Accounting Policies**

Tennant Company ("the Company", "we", "us", or "our") is a world leader in designing, manufacturing and marketing solutions that empower customers to achieve quality cleaning performance, reduce environmental impact and help create a cleaner, safer, healthier world. The Company is committed to creating and commercializing breakthrough, sustainable cleaning innovations to enhance its broad suite of products, including floor maintenance and cleaning equipment, detergent-free and other sustainable cleaning technologies, aftermarket parts and consumables, equipment maintenance and repair service, and asset management solutions.

Our 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, 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.

*Basis of Presentation* – The accompanying unaudited consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission ("SEC") requirements for interim reporting. In our opinion, the consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary for the fair presentation of our financial position and results of operations.

These statements should be read in conjunction with the consolidated financial statements and notes included in our annual report on Form 10-K for the year ended December 31, 2023. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

**2. Newly Adopted Accounting Pronouncements**

There are no newly adopted accounting pronouncements during the nine months ended September 30, 2024 that impacted the Company.

**3. Revenue**

***Disaggregation of Revenue***

The following tables illustrate the disaggregation of revenue by geographic area, groups of similar products and services and sales channels:

*Net sales by geographic area*

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Americas	\$ 218.7	\$ 211.2	3.6 %	\$ 662.1	\$ 632.2	4.7 %
Europe, Middle East and Africa	76.3	72.0	6.0 %	234.6	234.1	0.2 %
Asia Pacific	20.8	21.5	(3.3)%	61.1	65.9	(7.3)%
Total	\$ 315.8	\$ 304.7	3.6 %	\$ 957.8	\$ 932.2	2.7 %

Net sales are attributed to each geographic area based on the end-user country and are net of intercompany sales.

*Net sales by groups of similar products and services*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Equipment	\$ 196.6	\$ 189.5	\$ 597.1	\$ 579.1
Parts and consumables	68.0	68.3	207.5	212.7
Service and other	51.2	46.9	153.2	140.4
Total	\$ 315.8	\$ 304.7	\$ 957.8	\$ 932.2

*Net sales by sales channel*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales direct to consumer	\$ 222.6	\$ 214.6	\$ 673.7	\$ 638.4
Sales to distributors	93.2	90.1	284.1	293.8
Total	\$ 315.8	\$ 304.7	\$ 957.8	\$ 932.2

**Contract Liabilities**

*Sales Returns*

The right of return may exist explicitly or implicitly with our customers. When the right of return exists, we adjust the transaction price for the estimated effect of returns. We estimate the expected returns using the expected value method by assessing historical sales levels and the timing and magnitude of historical sales return levels as a percent of sales and projecting this experience into the future.

*Sales Incentives*

Our sales contracts may contain various customer incentives, such as volume-based rebates or other promotions. We reduce the transaction price for certain customer programs and incentive offerings that represent variable consideration. Sales incentives given to our customers are recorded using the most likely amount approach for estimating the amount of consideration to which the Company will be entitled. We forecast the most likely amount of the incentive to be paid at the time of sale, update this forecast quarterly, and adjust the transaction price accordingly to reflect the new amount of incentives expected to be earned by the customer. A majority of our customer incentives are settled within one year. We record our accruals for volume-based rebates and other promotions in other current liabilities on our consolidated balance sheets.

The change in our sales incentive accrual balance was as follows:

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	\$ 21.2	\$ 20.0
Additions to sales incentive accrual	20.5	21.9
Contract payments	(20.9)	(20.4)
Foreign currency fluctuations	0.1	(0.1)
Ending balance	\$ 20.9	\$ 21.4

### Deferred Revenue

We sell separately priced prepaid contracts to our customers where we receive payment at the inception of the contract and defer recognition of the consideration received because we have to satisfy future performance obligations. Our deferred revenue balance includes autonomous subscription sales and prepaid maintenance contracts on our machines ranging from 12 months to 60 months. In circumstances where prepaid contracts are bundled with machines, we use an observable price to determine stand-alone selling price for separate performance obligations.

The change in the deferred revenue balance was as follows:

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	\$ 10.3	\$ 9.3
Increase in deferred revenue representing our obligation to satisfy future performance obligations	21.8	13.5
Decrease in deferred revenue for amounts recognized in net sales for satisfied performance obligations	(15.3)	(14.0)
Foreign currency fluctuations	(0.5)	—
Ending balance	\$ 16.3	\$ 8.8

At September 30, 2024, \$8.3 million and \$8.0 million of deferred revenue was reported in other current liabilities and other liabilities, respectively, on our consolidated balance sheets. Of these amounts, we expect to recognize the following approximate amounts in net sales in the following periods:

Remaining 2024	\$ 4.4
2025	4.3
2026	3.6
2027	2.1
2028	1.3
Thereafter	0.6
Total	\$ 16.3

At December 31, 2023, \$7.9 million and \$2.4 million of deferred revenue was reported in other current liabilities and other liabilities, respectively, on our consolidated balance sheets.

#### 4. Management Actions

##### *Restructuring Actions*

During the three and nine months ended September 30, 2024 and September 30, 2023, we incurred restructuring expenses as part of our ongoing global reorganization efforts. The following pre-tax restructuring charges were included in selling and administrative expense in the consolidated statements of income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Severance-related costs	\$ —	\$ —	\$ 0.6	\$ 1.2
Total pre-tax restructuring costs	\$ —	\$ —	\$ 0.6	\$ 1.2

The expense in 2024 impacted the Europe, Middle East and Africa (EMEA) operating segment. The expense in 2023 impacted the EMEA and Asia Pacific (APAC) operating segments.

A reconciliation of the beginning and ending liability balances for severance-related costs is as follows:

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	\$ 2.4	\$ 1.7
New charges	1.2	1.1
Cash payments	(1.3)	(1.6)
Foreign currency fluctuations	(0.1)	—
Adjustments to accrual	(0.6)	0.1
Ending balance	\$ 1.6	\$ 1.3

#### 5. Acquisitions

On February 29, 2024, we acquired 100% of M&F Management and Financing GmbH ("M&F"), the parent company of TCS EMEA GmbH ("TCS"), as we seek to accelerate growth in the EMEA region.

Based in Austria, TCS was Tennant Company's largest Central and Eastern Europe distributor. The acquisition gives Tennant a knowledgeable and experienced sales force and an established direct channel into countries including Romania, Hungary, Czech Republic, and Slovakia, along with an expanded network in Austria, Switzerland, Poland, and other nations in the region, as well as the Middle East and Africa.

Our consolidated financial results for the three months ended September 30, 2024 include \$7.5 million of revenue and \$1.1 million of net income related to TCS. Our consolidated financial results for the nine months ended September 30, 2024 include \$16.6 million of revenue and \$2.3 million of net income related to TCS. The proforma impact of this acquisition is immaterial to our operations.

The purchase price has been preliminarily allocated based on the estimated fair value of assets acquired and liabilities assumed at the date of the acquisition. The preliminary purchase price allocation is subject to further refinement and may require adjustments to arrive at the final purchase price allocation. These changes will

primarily relate to the impacts associated with income taxes. Such finalization may result in material changes from the preliminary purchase price allocation.

The following table summarizes the preliminary fair value measurement of the assets acquired and liabilities assumed as of the date of acquisition:

	March 31, 2024	Adjustments	June 30, 2024
<b>Components of purchase price:</b>			
Cash paid	\$ 30.8	\$ 0.2	\$ 31.0
Settlement of preexisting transactions	3.9	—	3.9
<b>Total purchase price</b>	<b>34.7</b>	<b>0.2</b>	<b>34.9</b>
<b>ASSETS</b>			
Cash	5.3	0.1	5.4
Other current assets	8.0	(0.7)	7.3
Intangible assets subject to amortization			
Customer lists	13.6	(0.4)	13.2
Backlog	0.6	—	0.6
Other assets	5.3	0.3	5.6
Total identifiable assets acquired	<u>32.8</u>	<u>(0.7)</u>	<u>32.1</u>
<b>LIABILITIES</b>			
Current liabilities	(1.5)	—	(1.5)
Long-term liabilities	(5.0)	(0.2)	(5.2)
Total identifiable liabilities assumed	<u>(6.5)</u>	<u>(0.2)</u>	<u>(6.7)</u>
<b>Net assets acquired</b>	<b>26.3</b>	<b>(0.9)</b>	<b>25.4</b>
<b>Goodwill</b>	<u>\$ 8.4</u>	<u>\$ 1.1</u>	<u>\$ 9.5</u>

Included in the total purchase price is cash paid of \$31.0 million and the settlement of \$3.9 million of preexisting transactions. In connection with the acquisition, we paid cash totaling \$30.8 million on the acquisition date of February 29, 2024 and \$0.2 million in the second quarter of 2024. There were no adjustments to purchase price allocation in the third quarter of 2024.

The goodwill is not expected to be deductible for income tax purposes. The expected lives of the acquired intangible assets is 3 months and 10 years for backlog and customer lists, respectively, and are being amortized on a straight-line basis.

## 6. Inventories

Inventories are valued at the lower of cost or net realizable value and consisted of the following:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Inventories carried at LIFO:</b>		
Finished goods <sup>(a)</sup>	\$ 87.9	\$ 74.7
Raw materials and work-in-process	38.8	38.5
Excess of FIFO over LIFO cost <sup>(b)</sup>	(49.4)	(47.7)
<b>Total LIFO inventories</b>	<b>\$ 77.3</b>	<b>\$ 65.5</b>
<b>Inventories carried at FIFO:</b>		
Finished goods <sup>(a)</sup>	\$ 62.9	\$ 52.8
Raw materials and work-in-process	61.6	57.6
<b>Total FIFO inventories</b>	<b>\$ 124.5</b>	<b>\$ 110.4</b>
<b>Total inventories</b>	<b>\$ 201.8</b>	<b>\$ 175.9</b>

(a) Finished goods include machines, parts and consumables and component parts that are used in our products.

(b) The difference between replacement cost and the stated LIFO inventory value is not materially different from the reserve for the LIFO valuation method.

## 7. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the nine months ended September 30, 2024 were as follows:

	<b>Goodwill</b>	<b>Accumulated Impairment Losses</b>	<b>Total</b>
Balance as of December 31, 2023	\$ 220.7	\$ (33.3)	\$ 187.4
Additions	9.5	—	9.5
Foreign currency fluctuations	3.0	(1.5)	1.5
<b>Balance as of September 30, 2024</b>	<b>\$ 233.2</b>	<b>\$ (34.8)</b>	<b>\$ 198.4</b>

The additions to goodwill recorded during the first nine months of 2024 were related to our acquisition of TCS, as described further in Note 5.

The balances of acquired intangible assets, excluding goodwill, were as follows:

	<u>Customer Lists</u>	<u>Trade Names</u>	<u>Technology</u>	<u>Total</u>
<b>Balance as of September 30, 2024</b>				
Original cost	\$ 165.5	\$ 29.6	\$ 16.6	\$ 211.7
Accumulated amortization	(109.7)	(21.6)	(14.0)	(145.3)
Carrying value	\$ 55.8	\$ 8.0	\$ 2.6	\$ 66.4
Weighted average original life (in years)	14	10	12	
<b>Balance as of December 31, 2023</b>				
Original cost	\$ 150.6	\$ 29.3	\$ 16.3	\$ 196.2
Accumulated amortization	(100.8)	(19.2)	(13.1)	(133.1)
Carrying value	\$ 49.8	\$ 10.1	\$ 3.2	\$ 63.1
Weighted average original life (in years)	15	11	11	

As part of our acquisition of TCS, we acquired customer lists and backlog with a combined fair value of \$13.8 million. Further details regarding the preliminary purchase price allocation of TCS are described further in Note 5.

Amortization expense on intangible assets for the three and nine months ended September 30, 2024 was \$3.6 million and \$11.4 million, respectively. Amortization expense on intangible assets for the three and nine months ended September 30, 2023 was \$3.5 million and \$11.0 million, respectively.

Estimated aggregate amortization expense based on the current carrying value of amortizable intangible assets for each of the five succeeding years and thereafter is as follows:

Remaining 2024	\$ 4.5
2025	13.2
2026	12.0
2027	8.8
2028	7.0
Thereafter	20.9
<b>Total</b>	<b>\$ 66.4</b>

## 8. Debt

On April 5, 2021, we and certain of our foreign subsidiaries entered into an Amended and Restated Credit Agreement (the "2021 Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent. The 2021 Credit Agreement provides us and certain of our foreign subsidiaries access to a senior secured credit facility until April 3, 2026, consisting of a term loan facility in an amount up to \$100.0 million and a revolving facility in an amount up to \$450.0 million with an option to expand the credit facility by up to \$275.0 million, with the consent of the lenders willing to provide additional borrowings in the form of increases to their revolving facility commitment or funding of incremental term loans. Borrowings may be denominated in U.S. dollars or certain other currencies.

On November 10, 2022, we amended the 2021 Credit Agreement (the "Amendment") to update the benchmark provisions to replace LIBOR with Term SOFR (as defined in the Amendment) as the reference rate for purposes of calculating interest under the 2021 Credit Agreement. Pursuant to the Amendment, borrowings denominated in U.S. dollars bear interest at a rate per annum equal to (a) the Term SOFR Rate (as defined in the Amendment) plus a credit spread adjustment of 0.10% per annum, but in any case, not less than 0%, plus an additional spread of 1.10% to 1.70%, depending on our leverage ratio, or (b) the Alternate Base Rate (as defined in the Amendment), which is the greatest of (i) the prime rate, (ii) the federal funds rate plus 0.50% and

(iii) the adjusted Term SOFR Rate for a one month period, but in any case, not less than 1.0%, plus, in any such case, 1.0%, plus an additional spread of 0.10% to 0.70%, depending on our leverage ratio. All other material terms included in the 2021 Credit Agreement remain unchanged as a result of the Amendment.

On August 7, 2024, we and certain of our foreign subsidiaries entered into an Amended and Restated Credit Agreement (the "2024 Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent, which amends and restates the 2021 Credit Agreement as amended by the Amendment. The 2024 Credit Agreement provides us and certain of our foreign subsidiaries access to a senior secured credit facility until August 7, 2029, consisting of a revolving facility in an amount up to \$650.0 million, with an option to expand the revolving facility or obtain incremental term loans by up to \$325.0 million, with the consent of the lenders willing to provide additional borrowings in the form of increases to their revolving facility commitment or funding of incremental term loans. Borrowings may be denominated in U.S. dollars or certain other currencies.

The fee for undrawn committed funds under the revolving facility of the 2024 Credit Agreement ranges from an annual rate of 0.15% to 0.30%, depending on our leverage ratio. Borrowings denominated in U.S. dollars under the 2024 Credit Agreement bear interest at a rate per annum equal to (a) the greatest of (i) the prime rate, (ii) the NYFRB Rate (as defined in the 2024 Credit Agreement) plus 0.50% and (iii) the Adjusted Term SOFR Rate (as defined in the 2024 Credit Agreement) for a one month period plus 1%; but in any case not less than 1%, plus an additional spread of 0.25% to 1%, depending on our leverage ratio, (b) the Adjusted Term SOFR Rate plus an additional spread of 1.25% to 2%, depending on our leverage ratio, or (c) the Adjusted Daily Simple RFR (as defined in the 2024 Credit Agreement) plus an additional spread of 1.25% to 2%, depending on our leverage ratio.

In connection with the 2024 Credit Agreement, we reaffirmed our security interest in favor of the lenders in substantially all its personal property and pledged the stock of certain of its domestic and foreign subsidiaries. The obligations under the 2024 Credit Agreement are also guaranteed by certain of the Company's subsidiaries and those subsidiaries also provided a security interest in their similar personal property.

The 2024 Credit Agreement contains customary representations, warranties and covenants, including but not limited to covenants restricting the Company's ability to incur indebtedness and liens and merge or consolidate with another entity. Further, the 2024 Credit Agreement contains the following covenants:

- a covenant requiring us to maintain an indebtedness to EBITDA ratio, determined as of the end of each of its fiscal quarters, of no greater than 3.75 to 1.00, with certain alternative requirements for permitted acquisitions of at least \$50.0 million;
- a covenant requiring us to maintain an EBITDA to interest expense ratio for a period of four consecutive fiscal quarters as of the end of each quarter of no less than 3.00 to 1; and
- a covenant restricting us from paying dividends or repurchasing stock if, after giving effect to such payments and assuming no default exists or would result from such payment, our leverage ratio is greater than 2.50 to 1, in such case limiting such payments to the greater of 10% of consolidated total assets and \$100.0 million during any fiscal year.

We are in compliance with the covenants as of September 30, 2024.

### Debt Outstanding

Debt outstanding consisted of the following:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Credit facility borrowings:		
Revolving credit facility borrowings	\$ 207.5	\$ 110.0
Term loan facility borrowings	—	90.0
Finance lease liabilities	1.7	0.6
Total debt	209.2	200.6
Less: current portion of long-term debt <sup>(a)</sup>	(0.6)	(6.4)
Long-term debt	\$ 208.6	\$ 194.2

(a) As of September 30, 2024, the Company was required to repay \$0.6 million of finance lease liabilities, and no amounts in outstanding credit facility borrowings, over the next 12 months.

As of September 30, 2024, we had outstanding borrowings of \$207.5 million under our revolving credit facility. We had letters of credit and bank guarantees outstanding in the amount of \$3.2 million, leaving approximately \$439.3 million of unused borrowing capacity on our revolving facility. Commitment fees on unused lines of credit for the nine months ended September 30, 2024 were \$0.4 million. The overall weighted average cost of debt was approximately 6.6% and net of related cross-currency swap instruments and fixed rate interest rate swap instruments was approximately 5.1%. Further details regarding the cross-currency swap instrument and fixed rate interest rate swap instrument are discussed in Note 10.

### 9. Warranty

We record a liability for warranty claims at the time of sale. The amount of the liability is based on the trend in the historical ratio of claims to sales, the historical length of time between the sale and resulting warranty claim, new product introductions and other factors. Warranty terms on machines generally range from one to four years. The majority of the liability for estimated warranty claims represents amounts to be paid out in the near term for qualified warranty issues.

The changes in warranty reserves were as follows:

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 11.1	\$ 10.9
Additions charged to expense	7.9	9.5
Foreign currency fluctuations	—	0.1
Claims paid	(8.3)	(9.3)
Ending balance	\$ 10.7	\$ 11.2

### 10. Derivatives

#### Hedge Accounting and Hedging Programs

We recognize all derivative instruments as either assets or liabilities in our consolidated balance sheets and measure them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting.

We evaluate hedge effectiveness on our hedges that are designated and qualify for hedge accounting at the inception of the hedge prospectively, as well as retrospectively, and record any ineffective portion of the hedging instruments along with the time value of purchased contracts in the same line item of the income statement as the item being hedged on our consolidated statements of income.

Our hedging policy establishes maximum limits for each counterparty to minimize concentration of risk.

#### *Balance Sheet Hedges*

We hedge our net recognized foreign currency denominated assets and liabilities with foreign exchange forward contracts to reduce the risk that the value of these assets and liabilities will be adversely affected by changes in exchange rates. These contracts hedge assets and liabilities that are denominated in foreign currencies and are carried at fair value as either assets or liabilities on the consolidated balance sheets with changes in the fair value recorded to net foreign currency transaction gain (loss) in our consolidated statements of income. These contracts do not subject us to material balance sheet risk due to exchange rate movements because gains and losses on these derivatives are intended to offset gains and losses on the assets and liabilities being hedged. At September 30, 2024 and December 31, 2023, the notional amounts of foreign currency forward exchange contracts outstanding not designated as hedging instruments were \$77.0 million and \$73.0 million, respectively.

#### *Cash Flow Hedges*

We manage our floating rate debt exposure using interest rate swaps. Fixed rate swaps are used to reduce our risk of the possibility of increased interest costs. We entered into an aggregate \$120 million notional amount of interest rate swaps effective December 1, 2022, that exchange a variable rate of interest for a fixed rate of interest of 4.076%. These interest rate swaps are designated as cash flow hedges. These swaps are scheduled to mature on December 1, 2026.

#### *Fair Value Hedges*

On April 5, 2022, we entered into Euro to U.S. dollar foreign exchange cross-currency swaps associated with an intercompany loan from a wholly owned European subsidiary. We enter into these foreign exchange cross-currency swaps to hedge the foreign currency risk associated with this intercompany loan, and accordingly, they are not speculative in nature. These cross-currency swaps are designated as fair value hedges. As of September 30, 2024 and December 31, 2023, these cross-currency swaps included €75.0 million of total notional value. As of September 30, 2024, the aggregated scheduled interest payments over the course of the loan and related swaps amounted to €5.8 million. The scheduled maturity and principal payment of the loan of €75.0 million is due in April 2027.

#### *Net Investment Hedges*

On April 5, 2022, we entered into Euro to U.S. dollar foreign exchange cross-currency swaps to hedge our exposure to adverse foreign currency exchange rate movements between Tennant Company and a wholly owned European subsidiary. We enter into these fixed-to-fixed cross-currency swap agreements to protect a designated monetary amount of the Company's net investment in its Euro functional currency subsidiary against the risk of changes in the Euro to U.S. dollar foreign exchange rate. These cross-currency swaps are designated as net investment hedges. As of September 30, 2024 and December 31, 2023, the cross-currency swaps included €75.0 million of total notional value. These swaps are scheduled to mature in April 2027.

The fair value of derivative instruments on our consolidated balance sheets was as follows:

	Derivative Assets			Derivative Liabilities		
	Balance Sheet Location	September 30, 2024	December 31, 2023	Balance Sheet Location	September 30, 2024	December 31, 2023
<b>Derivatives designated as cash flow hedges:</b>						
Interest rate swaps	Other current assets	\$ 0.1	\$ 0.8	Other current liabilities	\$ 0.3	\$ —
Interest rate swaps	Other assets	—	—	Other liabilities	1.5	1.9
<b>Derivatives designated as fair value hedges:</b>						
Cross-currency swaps	Other current assets	1.3	1.3	Other current liabilities	—	—
Cross-currency swaps	Other assets	—	—	Other liabilities	4.0	3.3
<b>Derivatives designated as net investment hedges:</b>						
Cross-currency swaps	Other current assets	1.2	1.2	Other current liabilities	—	—
Cross-currency swaps	Other assets	—	—	Other liabilities	4.0	3.4
<b>Derivatives not designated as hedging instruments:</b>						
Foreign currency forward contracts	Other current assets	\$ 0.1	\$ —	Other current liabilities	\$ 0.3	\$ 1.6

As of September 30, 2024, we anticipate reclassifying \$2.3 million of gains from accumulated other comprehensive loss to net income during the next 12 months.

The following tables include the amounts in the consolidated statements of income in which the effects of derivatives designated as hedging instruments are recorded:

	Three Months Ended September 30,			
	2024		2023	
	Total	Gain (Loss) on Hedging	Total	Gain on Hedging
<b>Derivatives designated as cash flow hedges:</b>				
Interest expense, net	\$ (2.7)	\$ 0.3	\$ (3.3)	\$ 0.3
Net foreign currency transaction loss	(0.4)	—	(0.4)	—
<b>Derivatives designated as fair value hedges:</b>				
Interest expense, net	(2.7)	0.2	(3.3)	0.3
Net foreign currency transaction (loss) gain	(0.4)	(2.5)	(0.4)	2.0
<b>Derivatives designated as net investment hedges:</b>				
Interest expense, net	\$ (2.7)	\$ 0.2	\$ (3.3)	\$ 0.2

	Nine Months Ended September 30,			
	2024		2023	
	Total	Gain (Loss) on Hedging	Total	Gain on Hedging
<b>Derivatives designated as cash flow hedges:</b>				
Interest expense, net	\$ (7.5)	\$ 0.9	\$ (11.0)	\$ 0.6
Net foreign currency transaction gain	0.1	—	0.5	—
<b>Derivatives designated as fair value hedges:</b>				
Interest expense, net	(7.5)	0.8	(11.0)	1.7
Net foreign currency transaction gain (loss)	0.1	(0.6)	0.5	2.8
<b>Derivatives designated as net investment hedges:</b>				
Interest expense, net	\$ (7.5)	\$ 0.7	\$ (11.0)	\$ 1.4

The effect of derivative instruments designated as hedges and derivative instruments not designated as hedges in our consolidated statements of income was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<b>Derivatives designated as cash flow hedges:</b>			
Net (loss) gain recognized in other comprehensive income (loss), net of tax <sup>(a)</sup>	\$ (1.7)	\$ 1.2	\$ 0.4	\$ 2.6
Net gain reclassified from accumulated other comprehensive loss into income, net of tax, effective portion to interest expense, net	0.3	0.3	0.9	0.6
<b>Derivatives designated as fair value hedges:</b>				
Net gain (loss) recognized in other comprehensive income (loss), net of tax <sup>(a)</sup>	0.6	(0.5)	0.9	(0.5)
Net gain reclassified from accumulated other comprehensive loss into income, net of tax, effective portion to interest expense, net	0.3	0.2	0.8	0.8
<b>Derivatives designated as net investment hedges:</b>				
Net (loss) gain recognized in other comprehensive income (loss), net of tax <sup>(a)</sup>	(1.8)	1.3	0.2	0.2
Net gain reclassified from accumulated other comprehensive loss into income, net of tax, effective portion to interest expense, net	0.2	0.2	0.7	0.7
<b>Derivatives not designated as hedging instruments:</b>				
Net (loss) gain recognized in income <sup>(b)</sup>	\$ (1.9)	\$ 0.1	\$ 1.0	\$ 1.0

(a) Net change in the fair value of the effective portion classified in other comprehensive income (loss).

(b) Classified in net foreign currency transaction gain (loss).

## 11. Fair Value Measurements

Estimates of fair value for financial assets and financial liabilities are based on the framework established in the accounting guidance for fair value measurements. The framework defines fair value, provides guidance for

measuring fair value and requires certain disclosures. The framework discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). The framework utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

Our population of assets and liabilities subject to fair value measurements at September 30, 2024 was as follows:

	Fair Value	Level 1	Level 2	Level 3
<b>Assets:</b>				
Equity securities	\$ 20.0	\$ —	\$ —	\$ 20.0
Debt securities	12.1	—	—	12.1
Foreign currency forward contracts	0.1	—	0.1	—
Cross-currency swaps	2.5	—	2.5	—
Interest rate swaps	0.1	—	0.1	—
<b>Total assets</b>	<b>34.8</b>	<b>—</b>	<b>2.7</b>	<b>32.1</b>
<b>Liabilities:</b>				
Foreign currency forward contracts	0.3	—	0.3	—
Cross-currency swaps	8.0	—	8.0	—
Interest rate swaps	1.8	—	1.8	—
<b>Total liabilities</b>	<b>\$ 10.1</b>	<b>\$ —</b>	<b>\$ 10.1</b>	<b>\$ —</b>

Our population of assets and liabilities subject to fair value measurements at December 31, 2023 was as follows:

	Fair Value	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cross-currency swaps	\$ 2.5	\$ —	\$ 2.5	\$ —
Interest rate swaps	0.8	—	0.8	—
<b>Total assets</b>	<b>3.3</b>	<b>—</b>	<b>3.3</b>	<b>—</b>
<b>Liabilities:</b>				
Foreign currency forward contracts	1.6	—	1.6	—
Cross-currency swaps	6.7	—	6.7	—
Interest rate swaps	1.9	—	1.9	—
<b>Total liabilities</b>	<b>\$ 10.2</b>	<b>\$ —</b>	<b>\$ 10.2</b>	<b>\$ —</b>

Our foreign currency forward contracts, cross-currency swaps and interest rate swaps are valued using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present value amount. Further details regarding our derivative instruments are discussed in Note 10.

On February 21, 2024, the Company acquired certain investment securities in Brain Corp, a privately held autonomous technology company located in San Diego, California. The investment will drive the development and adoption of Brain Corp's next generation of robotic and AI technologies.

The investment securities include \$12.1 million of redeemable convertible preferred stock, accounted for as available-for-sale debt instruments. The investment securities also include \$12.2 million of non-redeemable convertible preferred stock and \$7.8 million of warrants, accounted for as equity instruments under the elected measurement alternative.

The equity and debt securities were recorded at closing at their allocated fair values. For equity instruments, the carrying amount will be adjusted to fair value through net income each period based upon observable transactions for identical or similar investments of the same issuer and monitored for impairment. For debt instruments, the carrying amount will be adjusted to fair value each period through other comprehensive income. The securities will be measured to fair value based on Level 3 inputs. As of September 30, 2024, the total carrying value of our equity and debt instruments was \$20.0 million and \$12.1 million, respectively, which is recorded in other assets on the consolidated balance sheet. The debt instruments will mature on February 21, 2029. There have been no remeasurements of the equity securities as of September 30, 2024. Fair value adjustments for debt securities were not material as of September 30, 2024.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, restricted cash, accounts receivable, other current assets, accounts payable and other current liabilities approximate fair value due to their short-term nature.

The fair value and carrying value of total debt, including current portion, was \$209.2 million as of September 30, 2024. The fair value and carrying value of total debt, including current portion, was \$198.2 million and \$200.6 million, respectively, as of December 31, 2023. The fair value was estimated using Level 2 inputs based on the borrowing rates currently available to us for bank loans with similar terms and remaining maturities.

## **12. Commitments and Contingencies**

In the ordinary course of business, we may become liable with respect to pending and threatened litigation, tax, environmental and other matters. While the ultimate results of current claims, investigations and lawsuits involving us are unknown at this time, we do not expect that these matters will have a material adverse effect on our consolidated financial position or results of operations. Legal costs associated with such matters are expensed as incurred.

### 13. Shareholders' Equity

#### *Accumulated Other Comprehensive Loss*

The changes in components of accumulated other comprehensive loss, net of tax, are as follows:

	<b>Nine Months Ended September 30, 2024</b>			
	<b>Foreign Currency Translation Adjustments</b>	<b>Pension and Post- Retirement Medical Benefits</b>	<b>Derivative Financial Instruments</b>	<b>Total</b>
Beginning balance	\$ (45.6)	\$ 3.7	\$ (0.4)	\$ (42.3)
Other comprehensive (loss) income before reclassifications	(1.7)	(0.2)	1.3	(0.6)
Amounts reclassified from accumulated other comprehensive loss	(0.7)	—	(1.7)	(2.4)
Net current period other comprehensive loss	(2.4)	(0.2)	(0.4)	(3.0)
Ending balance	\$ (48.0)	\$ 3.5	\$ (0.8)	\$ (45.3)

	<b>Nine Months Ended September 30, 2023</b>			
	<b>Foreign Currency Translation Adjustments</b>	<b>Pension and Post- Retirement Medical Benefits</b>	<b>Derivative Financial Instruments</b>	<b>Total</b>
Beginning balance	\$ (53.9)	\$ 2.7	\$ 1.0	\$ (50.2)
Other comprehensive (loss) income before reclassifications	(4.5)	—	2.1	(2.4)
Amounts reclassified from accumulated other comprehensive loss	(0.7)	—	(1.4)	(2.1)
Net current period other comprehensive (loss) income	(5.2)	—	0.7	(4.5)
Ending balance	\$ (59.1)	\$ 2.7	\$ 1.7	\$ (54.7)

#### 14. Income Taxes

We and our subsidiaries are subject to U.S. federal income tax as well as income tax of numerous state and foreign jurisdictions. We are generally no longer subject to U.S. federal tax examinations for taxable years before 2018. The number of years which remain open for audit for U.S. state or foreign tax purposes varies by jurisdiction but generally ranges from three to five years. We are currently undergoing income tax examinations in various foreign jurisdictions. Although the outcome of these examinations cannot be currently determined, we believe that we have adequate reserves with respect to these examinations.

We recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. In addition to the liability of \$4.7 million for unrecognized tax benefits as of September 30, 2024, there was approximately \$0.6 million for accrued interest and penalties. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of September 30, 2024 was \$4.1 million. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be revised and reflected as an adjustment of the income tax expense.

#### 15. Share-Based Compensation

Our share-based compensation plans are described in Note 18 of our annual report on Form 10-K for the year ended December 31, 2023. During the three months ended September 30, 2024 and 2023, we recognized total share-based compensation expense of \$4.1 million and \$4.7 million, respectively. During the nine months ended September 30, 2024 and 2023, we recognized total share-based compensation expense of \$9.4 million and \$8.6 million, respectively. The total excess tax recognized for share-based compensation arrangements during the nine months ended September 30, 2024 and 2023 was a tax benefit of \$3.0 million and tax expense of \$0.1 million, respectively.

#### 16. Earnings Per Share

The computations of basic and diluted earnings per share were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income	\$ 20.8	\$ 22.9	\$ 77.1	\$ 78.5
<b>Denominator:</b>				
Basic - weighted average shares outstanding	18,810,267	18,570,293	18,790,824	18,485,806
Effect of dilutive securities	283,606	308,018	329,631	261,322
Diluted - weighted average shares outstanding	19,093,873	18,878,311	19,120,455	18,747,128
Basic earnings per share	\$ 1.11	\$ 1.23	\$ 4.10	\$ 4.25
Diluted earnings per share	\$ 1.09	\$ 1.21	\$ 4.03	\$ 4.19

Excluded from the dilutive securities shown above were options to purchase and shares to be paid out under share-based compensation plans of 4,124 and 169,458 shares of common stock during the three months ended September 30, 2024 and 2023, respectively. Excluded from the dilutive securities shown above were options to purchase and shares to be paid out under share-based compensation plans of 88,992 and 325,862 shares of common stock during the nine months ended September 30, 2024 and 2023, respectively. These exclusions were made if the exercise prices of the options are greater than the average market price of our common stock for the period, if the number of shares we can repurchase under the treasury stock method exceeds the weighted average shares outstanding in the options or if we have a net loss, as these effects would be anti-dilutive.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) provides a comparison of the Company's results of operations, as well as liquidity and capital resources for the quarters ended September 30, 2024 and 2023. The MD&A should be read in conjunction with the Company's consolidated financial statements and notes included in Item 1 of this Quarterly Report. Throughout this MD&A, the Company refers to measures used by management to evaluate performance, including financial measures that are not defined under generally accepted accounting principles (GAAP) in the U.S. Net sales excluding foreign currency translation (i.e., organic sales) is not a measure of financial performance under GAAP; however, the Company believes it is useful in understanding its financial results and provides comparable measures for understanding the operating results of the Company between different periods.

### **Overview**

Tennant Company is a world leader in designing, manufacturing and marketing solutions that help create a cleaner, safer, healthier world. The Company is committed to creating and commercializing breakthrough, sustainable cleaning innovations to enhance its broad suite of products, including floor maintenance and cleaning equipment, detergent-free and other sustainable cleaning technologies, aftermarket parts and consumables, equipment maintenance and repair service, and asset management solutions. Our 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, 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.

### **Macroeconomic Events**

Recent macroeconomic events including inflation, slower economic growth, and political unrest have led to economic uncertainty and volatility globally. Our business is influenced by customer spending and global demand for our products. We are closely monitoring a weaker-than-expected economic environment in our EMEA region and are facing challenging business conditions in APAC, especially in China, where excess manufacturing capacity and government-induced overproduction are resulting in increased pricing pressure.

The global nature of our operations subjects us to exposures resulting from both foreign currency exchange fluctuations in the normal course of business and geopolitical risks stemming from global conflicts. While we do not have any direct operations or employees in areas experiencing conflicts, our operating results have been and may continue to be negatively impacted by supply chain constraints and inflationary pressures from these conflicts.

As described in Part I, Item 1A - Risk Factors in the annual report on Form 10-K for the fiscal year ended December 31, 2023, we may encounter financial difficulties if the U.S. or other global economies experience an additional or continued long-term economic downturn as our product sales are sensitive to declines in capital spending by our customers. Any sustained adverse impacts to our business, the industries in which we operate, market demand for our products, and/or certain suppliers or customers may also affect our future results of operations, financial position, or cash flows. We are actively monitoring the global macroeconomic environment, including geopolitical conflict, the potential impact of global supply chain constraints on material inflation, and change in demand for our products.

### **Outlook**

Despite the challenging economic environment, particularly in EMEA and APAC, we remain confident in the long-term overall health of our business and the strength of our products and services across the markets we serve.

## Results

The following table compares the results of operations for the three and nine months ended September 30, 2024 and 2023, respectively (in millions, except per share data and percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	%	2023	%	2024	%	2023	%
Net sales	\$ 315.8	100.0	\$ 304.7	100.0	\$ 957.8	100.0	\$ 932.2	100.0
Cost of sales	182.0	57.6	172.7	56.7	543.8	56.8	535.2	57.4
Gross profit	133.8	42.4	132.0	43.3	414.0	43.2	397.0	42.6
Selling and administrative expense	92.7	29.4	88.2	28.9	275.5	28.8	256.9	27.6
Research and development expense	10.5	3.3	9.1	3.0	31.8	3.3	26.0	2.8
Operating income	30.6	9.7	34.7	11.4	106.7	11.1	114.1	12.2
Interest expense, net	(2.7)	(0.9)	(3.3)	(1.1)	(7.5)	(0.8)	(11.0)	(1.2)
Net foreign currency transaction (loss) gain	(0.4)	(0.1)	(0.4)	(0.1)	0.1	—	0.5	0.1
Other (expense) income, net	—	—	(1.1)	(0.4)	0.2	—	(1.8)	(0.2)
Income before income taxes	27.5	8.7	29.9	9.8	99.5	10.4	101.8	10.9
Income tax expense	6.7	2.1	7.0	2.3	22.4	2.3	23.3	2.5
Net income	\$ 20.8	6.6	\$ 22.9	7.5	\$ 77.1	8.0	\$ 78.5	8.4
Net income per share - diluted	\$ 1.09		\$ 1.21		\$ 4.03		\$ 4.19	

## Net Sales

Consolidated net sales for the third quarter of 2024 totaled \$315.8 million, a 3.6% increase as compared to consolidated net sales of \$304.7 million in the third quarter of 2023. The components of the consolidated net sales change were as follows:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2024 vs. 2023	
Price	1.8%	3.1%
Volume	0.9%	(1.0)%
Organic growth	2.7%	2.1%
Acquisitions	1.3%	0.8%
Foreign currency	(0.4)%	(0.2)%
Total growth	3.6%	2.7%

The 3.6% increase in consolidated net sales in the third quarter of 2024 as compared to the same period in 2023 was driven by:

- Organic sales growth of 2.7% was primarily due to price realization and higher equipment sales in the Americas, partly offset by lower organic sales in the EMEA and APAC regions;
- Inorganic growth of 1.3% driven by the acquisition of TCS; partly offset by
- A net unfavorable impact from foreign currency exchange of approximately 0.4%.

The 2.7% increase in consolidated net sales in the first nine months of 2024 as compared to the same period in 2023 was driven by:

- Organic sales growth of 2.1% attributed to price realization across all regions and favorable product and channel mix and higher equipment sales in the Americas, partly offset by lower organic sales in the EMEA and APAC regions;
- Inorganic growth of 0.8% driven by the acquisition of TCS; partly offset by
- A net unfavorable impact from foreign currency exchange across all regions of approximately 0.2%.

The following table sets forth the net sales by geographic area for the three and nine months ended September 30, 2024 and 2023 (in millions, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Americas	\$ 218.7	\$ 211.2	3.6 %	\$ 662.1	\$ 632.2	4.7 %
Europe, Middle East and Africa	76.3	72.0	6.0 %	234.6	234.1	0.2 %
Asia Pacific	20.8	21.5	(3.3)%	61.1	65.9	(7.3)%
Total	\$ 315.8	\$ 304.7	3.6 %	\$ 957.8	\$ 932.2	2.7 %

*Americas*

Americas net sales were \$218.7 million for the third quarter of 2024, an increase of 3.6% from the third quarter of 2023 driven by:

- Organic sales growth of 4.6% was driven by higher equipment sales and strong price realization; and
- A net unfavorable impact from foreign currency exchange of approximately 1.0%.

Americas net sales were \$662.1 million for the first nine months of 2024, an increase of 4.7% from the first nine months of 2023 driven by:

- Organic sales growth of 5.0% driven by strong price realization and higher equipment sales, including favorable product and channel mix in North America, partly offset by unit volume declines in North America commercial equipment; and
- A net unfavorable impact from foreign currency exchange of approximately 0.3%.

*Europe, Middle East and Africa ("EMEA")*

EMEA net sales were \$76.3 million for the third quarter of 2024, an increase of 6.0% from the third quarter of 2023 driven by:

- Inorganic sales increase of 5.8% due to the acquisition of TCS;
- A net favorable impact from foreign currency exchange of approximately 1.0%; partly offset by
- Organic sales decrease of 0.8% driven by volume declines in both equipment and parts and consumables, partly offset by price realization.

EMEA net sales were \$234.6 million for the first nine months of 2024, an increase of 0.2% from the first nine months of 2023 driven by:

- Inorganic sales increase of 3.3% due to the acquisition of TCS;
- A net favorable impact from foreign currency exchange of approximately 0.5%; partly offset by
- Organic sales decrease of 3.6% driven by volume declines in both equipment and parts and consumables, partly offset by price realization.

*Asia Pacific ("APAC")*

APAC net sales were \$20.8 million for the third quarter of 2024, a decrease of 3.3% from the third quarter of 2023 driven by:

- Organic sales decrease of 4.3% driven by volume declines in China and Australia, partly offset by price realization in Australia; and
- A net favorable impact from foreign currency exchange of approximately 1.0%.

APAC net sales were \$61.1 million for the first nine months of 2024, a decrease of 7.3% from the first nine months of 2023 driven by:

- Organic sales decrease of 6.2% attributed to volume declines in China, partly offset by price realization in Australia; and
- A net unfavorable impact from foreign currency exchange of approximately 1.1%.

### **Gross Profit**

Gross profit margin of 42.4% was 90 basis points lower in the third quarter of 2024 compared to the third quarter of 2023. The margin rate decrease is primarily attributed to higher inflationary pressure on materials as well as elevated freight costs, partly offset by price realization. Gross profit margin of 43.2% was 60 basis points higher in the first nine months of 2024 compared to the first nine months of 2023. The margin rate increase was driven by price realization and cost saving initiatives, which more than offset the effects of inflation. Strong margin rates are also supported by favorable product mix, including higher industrial equipment sales.

### **Operating Expense**

#### *Selling and Administrative Expense*

Selling and administrative expense ("S&A expense") was \$92.7 million for the third quarter of 2024, an increase of \$4.5 million compared to the third quarter of 2023. As a percentage of net sales, S&A expense for the third quarter of 2024 increased 50 basis points to 29.4% from 28.9% in the third quarter of 2023. S&A expense was \$275.5 million for the first nine months of 2024, an increase of \$18.6 million compared to the first nine months of 2023. S&A expense as a percentage of net sales for the first nine months of 2024 increased 120 basis points to 28.8% from 27.6% in the first nine months of 2023. The S&A expense increase in both periods was driven by higher costs linked to our strategic investments and higher compensation and benefits expense related to incremental resources to support the Company's enterprise growth strategy, partly offset by lower bad debt expense, lower legal fees, and a decrease in warranty claims.

#### *Research and Development Expense*

Research and development expense ("R&D expense") was \$10.5 million, or 3.3% of net sales, for the third quarter of 2024, with R&D expense as a percentage of net sales increasing 30 basis points compared to the third quarter of 2023. R&D expense was \$31.8 million, or 3.3% of net sales, for the first nine months of 2024, increasing 50 basis points compared to the first nine months of 2023.

We continue to invest in developing innovative products and technologies at levels necessary to propel our technology and innovative leadership position.

### **Total Other Expense, Net**

#### *Interest Expense, Net*

Interest expense, net was \$2.7 million in the third quarter of 2024 compared to \$3.3 million in the same period of 2023. The decrease was the result of lower weighted average outstanding borrowings. The following table compares the debt levels, average interest rate, interest income and interest expense for the three and nine months ended September 30, 2024 and 2023, respectively (in millions, except percentages):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Weighted Average Outstanding Borrowings	\$ 213.6	\$ 262.4	\$ 213.9	\$ 291.3
Average interest rate	6.54 %	6.48 %	6.51 %	6.19 %
Interest expense	3.6	4.3	10.4	13.5
Interest income	(0.9)	(1.0)	(2.9)	(2.5)
Interest expense, net	\$ 2.7	\$ 3.3	\$ 7.5	\$ 11.0

Our debt portfolio as of September 30, 2024 was comprised of debt predominately in U.S. dollars. The Company manages its floating rate debt exposure using fixed rate interest rate swaps to reduce the Company's risk of the possibility of increased interest costs. The Company has an aggregate \$120.0 million notional amount of interest rate swaps that exchange a variable rate of interest for a fixed rate of interest of 4.076% over the term of the agreements.

#### *Net Foreign Currency Transaction Gain (Loss)*

Net foreign currency transaction loss was \$0.4 million in the third quarters of 2024 and 2023. The unfavorable impact was primarily due to the strengthening of the U.S. dollar relative to the Chinese renminbi and Mexican peso. Net currency transaction gain was \$0.1 million in the first nine months of 2024 compared to a gain of \$0.5 million in the first nine months of 2023. The favorable impact was primarily due to hedging gains on foreign denominated receivables.

#### **Income Taxes**

The effective tax rate for the third quarter of 2024 was 24.4% compared to 23.4% for the third quarter of 2023. The increase was primarily due to an increase in nondeductible executive compensation and unfavorable changes in the mix in forecasted earnings by country.

The effective tax rate for the first nine months of 2024 was 22.5% compared to 22.9% for the first nine months of 2023. The decrease was primarily due to an increase in discrete tax benefits associated with share-based compensation partly offset by an increase in nondeductible executive compensation.

In general, it is our practice and intention to permanently reinvest the earnings of our foreign subsidiaries and repatriate earnings only when the tax impact is zero or immaterial. No deferred taxes have been provided for withholding taxes or other taxes that would result upon repatriation of our foreign investments to the U.S.

#### **Backlog**

Backlog is one of the many indicators of business conditions in the Company's markets. Our order backlog was \$76.8 million at September 30, 2024 compared to \$186.2 million at December 31, 2023. The decrease was the result of the Company's ability to obtain key component parts and drive strong production levels. Backlog includes orders that can be cancelled or postponed at the option of the customer at any time without penalty.

#### **Liquidity and Capital Resources**

##### *Liquidity*

Cash, cash equivalents and restricted cash totaled \$91.3 million at September 30, 2024 compared to \$117.1 million as of December 31, 2023. Wherever possible, cash management is centralized and intercompany financing is used to provide working capital to subsidiaries as needed. Our current ratio was 2.2 as of September 30, 2024 and 2.1 as of December 31, 2023. Our primary working capital, which is comprised of accounts receivable, inventories and accounts payables, was \$334.0 million as of September 30, 2024 and \$312.1 million as of December 31, 2023. Our debt-to-capital ratio was 24.4% as of September 30, 2024 compared to 25.8% as of December 31, 2023.

As of September 30, 2024, we had letters of credit and bank guarantees outstanding in the amount of \$3.2 million, leaving approximately \$439.3 million of unused borrowing capacity on our revolving facility.

#### *Cash Flow from Operating Activities*

Net cash provided by operating activities during the nine months ended September 30, 2024 was \$52.2 million compared to net cash provided by operating activities of \$124.6 million during the nine months ended September 30, 2023. The decrease was the result of consumption of working capital and spend on our ERP modernization project of \$25.6 million.

#### *Cash Flow from Investing Activities*

Net cash used in investing activities during the nine months ended September 30, 2024 was \$69.1 million compared to net cash used in investing activities of \$15.2 million during the nine months ended September 30, 2023. The increase in cash outflows was primarily driven by cash used for the investment in Brain Corp of \$32.1 million and cash used, net of cash acquired, for the acquisition of TCS of \$25.7 million.

#### *Cash Flow from Financing Activities*

Net cash used in financing activities during the nine months ended September 30, 2024 was \$8.1 million compared to net cash used in financing activities of \$87.1 million during the nine months ended September 30, 2023. The decrease in cash outflows was primarily driven by proceeds from exercises of stock options and net proceeds from borrowings, partly offset by share repurchases and dividend payments.

### **Newly Issued Accounting Guidance**

See Note 2 to the consolidated financial statements for information on new accounting pronouncements.

In October 2023, the FASB issued ASU 2023-06 Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative, which aims to clarify or improve disclosure and presentation requirements on a variety of topics and align the requirements in the FASB accounting standard with the Securities and Exchange Commission regulations. This guidance is effective for the Company no later than June 30, 2027. We do not expect the amendments in this update to have a material impact on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires an entity to disclose significant segment expenses impacting profit and loss that are regularly provided to the chief operating decision maker. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of adoption on our financial disclosures.

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. We are currently evaluating the impact of adoption on our financial disclosures.

No other new accounting pronouncements issued but not yet effective have had, or are expected to have, a material impact on our results of operations or financial position.

### **Cautionary Statement Relevant to Forward-Looking Information**

This Quarterly Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2, contains 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. Particular risks and uncertainties presently facing us include: geopolitical and economic uncertainty throughout the world; 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. 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. Additional 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, 2023.

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 SEC 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.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in our market risk since December 31, 2023. For additional information, refer to Item 7A of our annual report on Form 10-K for the year ended December 31, 2023.

### **Item 4. Controls and Procedures**

#### *Disclosure Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and our Principal Financial and Accounting Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024 (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and our Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and our principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

#### *Changes in Internal Controls*

There were no changes in our internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

There are no material pending legal proceedings other than ordinary routine litigation incidental to our business.

**Item 1A. Risk Factors**

We documented our risk factors in Item 1A of Part I of our annual report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our risk factors since the filing of that report.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Share repurchases are made from time to time in the open market or through privately negotiated transactions. 651,059 shares remain authorized under the most recent share repurchase program approved by the Board of Directors on October 31, 2016.

<b>For the Quarter Ended September 30, 2024</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</b>
July 1-31, 2024	42,275 \$	104.02	42,275	688,899
August 1-31, 2024	38,701 \$	95.15	37,840	651,059
September 1-30, 2024	153 \$	97.67	—	651,059
<b>Total</b>	<b>81,129 \$</b>	<b>99.78</b>	<b>80,115</b>	<b>651,059</b>

(1) Includes 1,026 shares delivered or attested to in satisfaction of the exercise price and/or tax withholding obligations by employees who exercised stock options or restricted stock under employee share-based compensation plans.

**Item 5. Other Information**

During the three months ended September 30, 2024, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

<b>Item #</b>	<b>Description</b>	<b>Method of Filing</b>
3.1	<a href="#">Restated Articles of Incorporation</a>	Incorporated by reference to Exhibit 3i to the Company's report on Form 10-Q for the quarterly period ended June 30, 2006.
3.2	<a href="#">Amended and Restated By-Laws</a>	Incorporated by reference to Exhibit 3.2 to the Company's Form 8-K dated January 19, 2023.
3.3	<a href="#">Articles of Amendment of Restated Articles of Incorporation of Tennant Company</a>	Incorporated by reference to Exhibit 3iii to the Company's report on Form 10-Q for the quarterly period ended March 31, 2018.
10.1	<a href="#">Second Amended and Restated Credit Agreement, dated as of August 7, 2024</a>	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated August 7, 2024.
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of CEO</a>	Filed herewith electronically.
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of CFO</a>	Filed herewith electronically.
32.1	<a href="#">Section 1350 Certification of CEO</a>	Filed herewith electronically.
32.2	<a href="#">Section 1350 Certification of CFO</a>	Filed herewith electronically.
101	The following financial information from Tennant Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) Consolidated Statements of Income for the three and nine months ended September 30, 2024 and 2023; (ii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2024 and 2023; (iii) Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023; (iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023; (v) Consolidated Statements of Equity for the nine months ended September 30, 2024 and 2023; and (vi) Notes to the Consolidated Financial Statements	Filed herewith electronically.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith electronically.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TENNANT COMPANY

Date: November 1, 2024

/s/ Fay West  
Fay West  
Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

# HIDDEN IXBRL

## CERTIFICATIONS

I, David W. Huml, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tennant Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ David W. Huml

David W. Huml  
President and Chief Executive Officer

## CERTIFICATIONS

I, Fay West, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tennant Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ Fay West

Fay West  
Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tennant Company (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David W. Huml, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2024

/s/ David W. Huml  
David W. Huml  
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Tennant Company (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Fay West, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2024

/s/ Fay West  
Fay West  
Senior Vice President and Chief Financial Officer