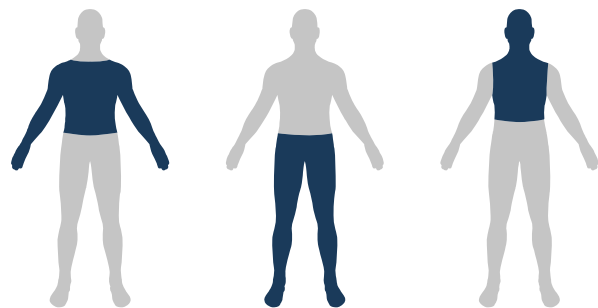


# INVESTOR PRESENTATION | NASDAQ: TCMD



AUGUST 2021

**Tactile**  
MEDICAL®  
HEALING RIGHT AT HOME

## Forward-Looking Statements Disclosure

This presentation contains forward-looking statements. Forward-looking statements are generally identifiable by the use of words like "may," "will," "should," "could," "expect," "anticipate," "estimate," "believe," "intend," "continue," "confident," "outlook," "guidance," "project," "goals," "look forward," "poised," "designed," "plan," "return," "focused," "prospects," or "remain" or the negative of these words or other variations on these words or comparable terminology. All statements other than statements of historical or current fact are, or may be deemed to be, forward-looking statements. The reader is cautioned not to put undue reliance on these forward-looking statements, as these statements are based upon the current beliefs and expectations of management and are subject to numerous risks and uncertainties outside of the Company's control that can cause actual outcomes and results to differ materially. These risks and uncertainties include, but are not limited to: the impacts of the COVID-19 pandemic on the Company's business, financial condition and results of operations; the course of the COVID-19 pandemic and its impact on general economic, business and market conditions; the Company's inability to execute on its plans to respond to the COVID-19 pandemic; the adequacy of the Company's liquidity to pursue its business objectives; the Company's ability to obtain reimbursement from third party payers for its products; loss or retirement of key executives; the Company's Chief Executive Officer transition, including disruptions and uncertainties related thereto, the potential impact on the Company's business and future strategic direction resulting from the transition to a new Chief Executive Officer and the Company's ability to retain other key members of senior management; adverse economic conditions or intense competition; loss of a key supplier; entry of new competitors and products; adverse federal, state and local government regulation; technological obsolescence of the Company's products; technical problems with the Company's research and products; the Company's ability to expand its business through strategic acquisitions; the Company's ability to integrate acquisitions and related businesses; price increases for supplies and components; the effects of current and future U.S. and foreign trade policy and tariff actions; or the inability to carry out research, development and commercialization plans. In addition, other factors that could cause actual results to differ materially are discussed in the Company's filings with the SEC. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>. The Company undertakes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

## Use of Non-GAAP Financial Measures

This presentation includes the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin, which differ from financial measures calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). These non-GAAP financial measures are presented because we believe they are useful indicators of our operating performance. Management uses these measures principally as measures of our operating performance and for planning purposes, including the preparation of our annual operating budget and financial projections. We believe these non-GAAP financial measures are useful to investors as supplemental information because they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We believe these non-GAAP financial measures are useful as measures of comparative operating performance from period to period. In addition, Adjusted EBITDA is used as a performance metric in our compensation program. Set forth in the Appendix to this presentation, we have provided reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. Investors and other readers are encouraged to review the related GAAP financial measures and the reconciliations of the non-GAAP measures to their most directly comparable U.S. GAAP measures set forth in the Appendix, and investors and other readers should consider non-GAAP measures only as supplements to, and not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP.

# Tactile Medical at a Glance

- Tactile Medical provides home therapy solutions to improve the health and quality of life for patients with chronic conditions
- Our comprehensive model includes product specialists, trainers, reimbursement experts, patient advocates and clinical staff, all enabling us to **guide the entire customer experience**

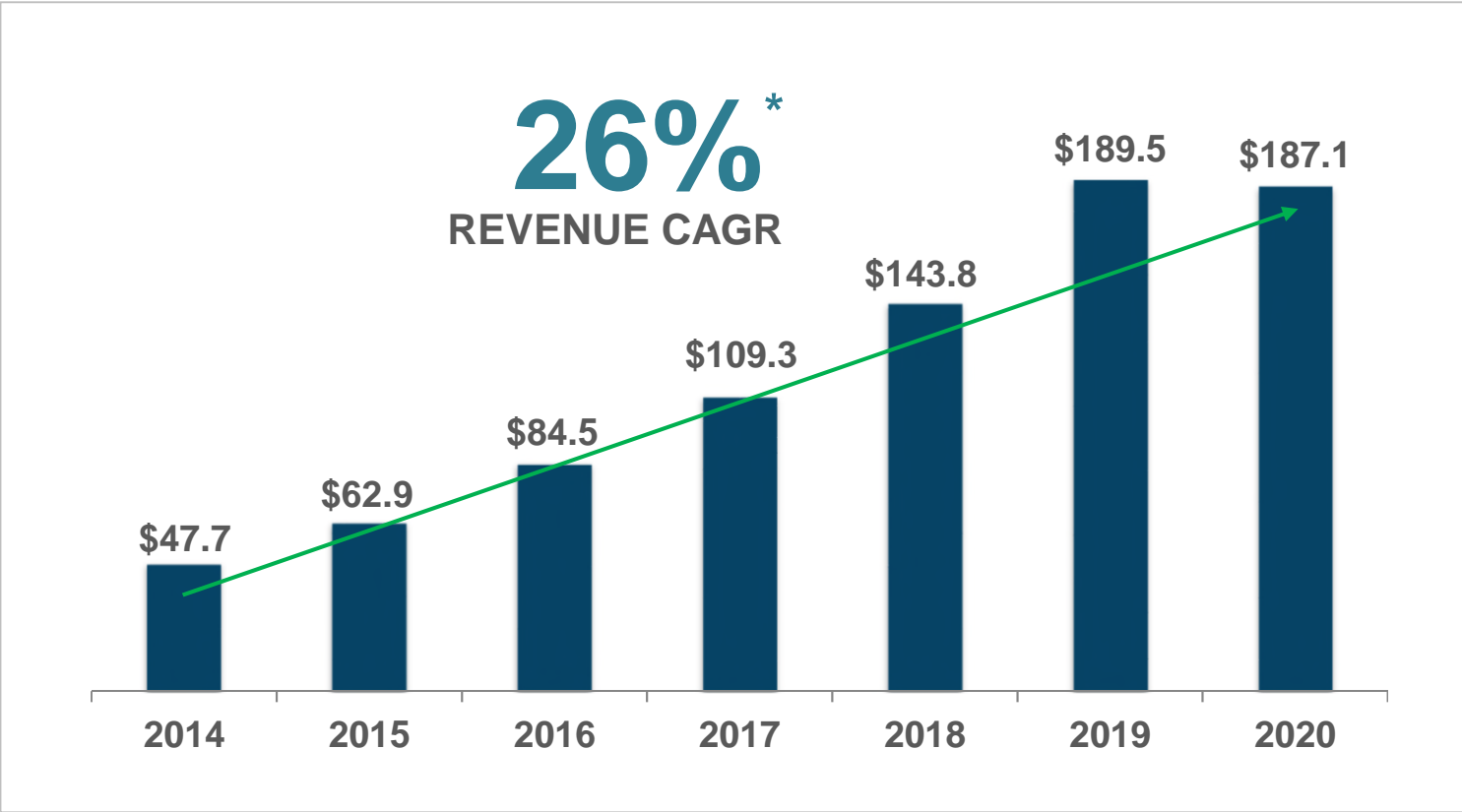
**\$187.1M**  
2020 REVENUE

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**71%**  
2020 GROSS MARGIN

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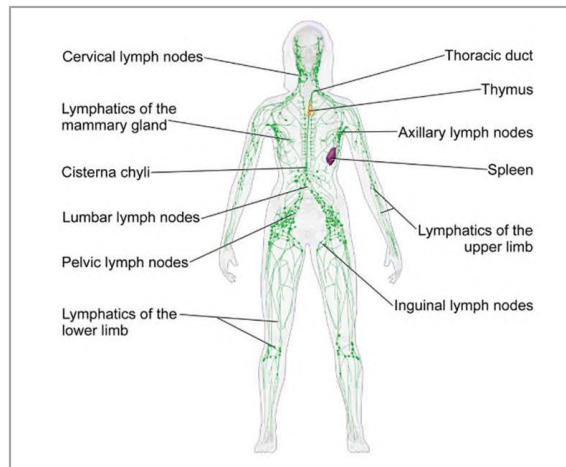
**\$5B+**  
ANNUAL ADDRESSABLE U.S. MARKET OPPORTUNITY



(In \$ millions)  
Trailing 6 yr. CAGR from FY'14 to FY'20  
\* Includes COVID-19 impacted FY'20

# Lymphedema: Underrecognized, Underdiagnosed and Undertreated

- The lymphatic system enables the transport of fluids containing infection-fighting white blood cells that rids the body of toxins and waste throughout the body
- Lymphedema is a chronic, progressive disease, marked by extreme swelling
- Results in damage to the lymphatic system brought on by chronic venous insufficiency, cancer treatment, obesity, trauma, surgery, and infection
- Severely debilitating, physically and psychologically, for patients and their families
- **There is no known cure**



# Current Standard of Care

- Standard of care is therapist-delivered, daily in-clinic manual lymphatic drainage and static compression therapies
- Accessing skilled therapist care can be difficult; there are no mandatory training standards for lymphedema therapists
- Reimbursement is often capped by payers, leaving those suffering from lymphedema with **no sustainable long-term solution**



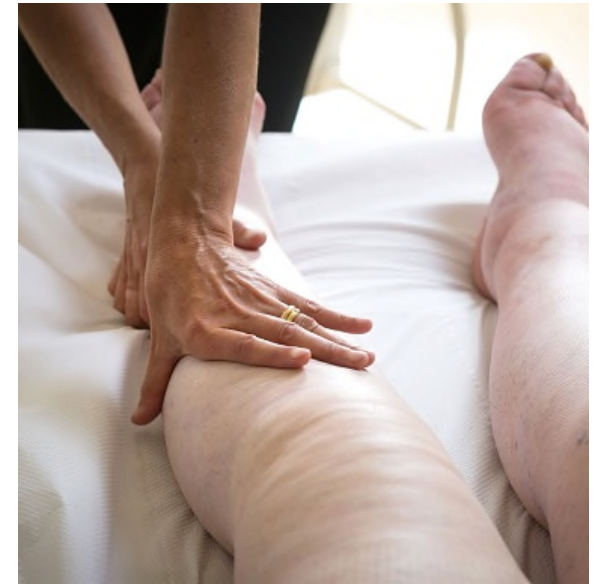
UNTREATED



COMPRESSION



EXERCISE



IN-CLINIC THERAPY

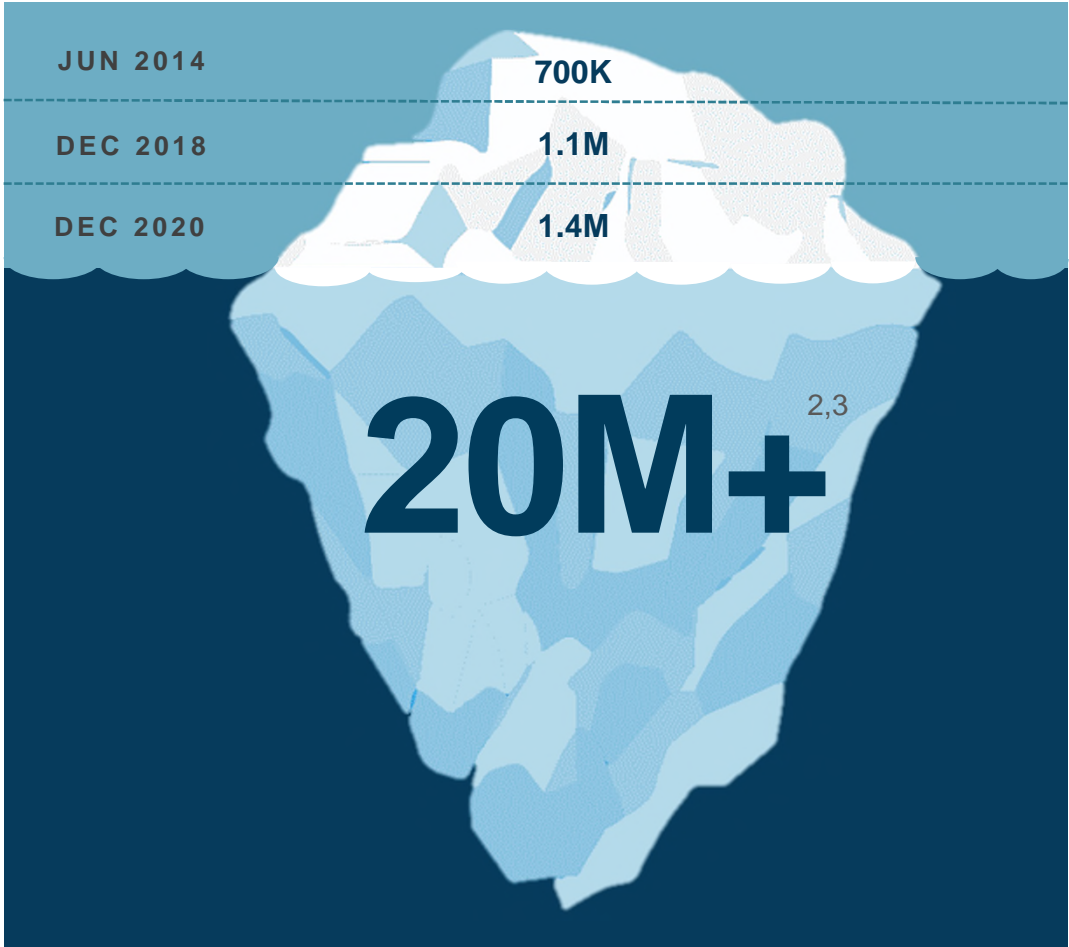
# The Solution: Tactile Medical's Flexitouch Plus System

- Automates at-home self-administered manual lymphatic drainage massage
- Provides patients with a long-term at-home treatment that's **clinically proven to improve patient outcomes and reduce healthcare costs**



# Growing Opportunity: The Tip of the Iceberg

**\$5B+**  
CURRENT ANNUAL  
ADDRESSABLE  
U.S. MARKET  
OPPORTUNITY



ANNUAL U.S.  
LYMPHEDEMA  
DIAGNOSES<sup>1</sup>

UNDIAGNOSED  
IN THE U.S.

1. Data on file at Tactile Medical  
2. Includes data on breast, head and neck-related and other cancers, phlebolymphedema, primary lymphedema and lymphedema/lipedema  
3. Dean S, Valenti E, Hock K, Leffler J, Compston A, Abraham W, The clinical characteristics of lower extremity lymphedema in 440 patients. *Jour of Vasc Surg: Venous & Lymph Disorders*. ePublished Feb 2020



# Growing Body of Clinical Evidence

# 20

CLINICAL  
STUDIES

# 28

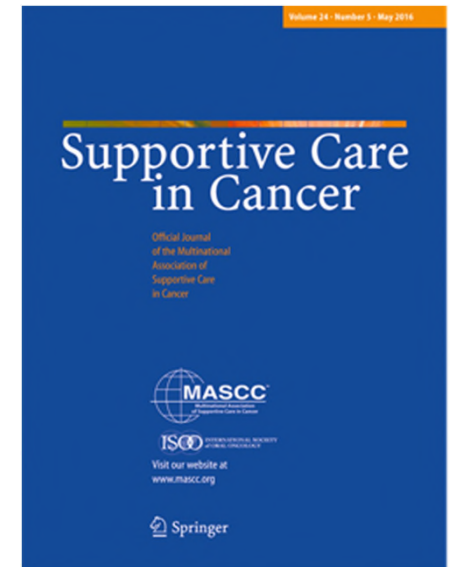
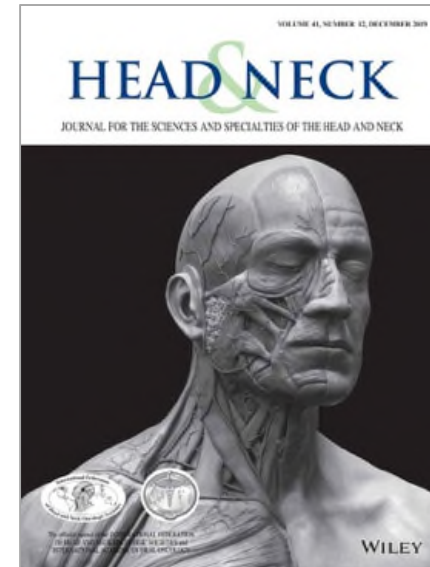
PEER REVIEWED  
ARTICLES

# >275M

COVERED LIVES  
IN-NETWORK

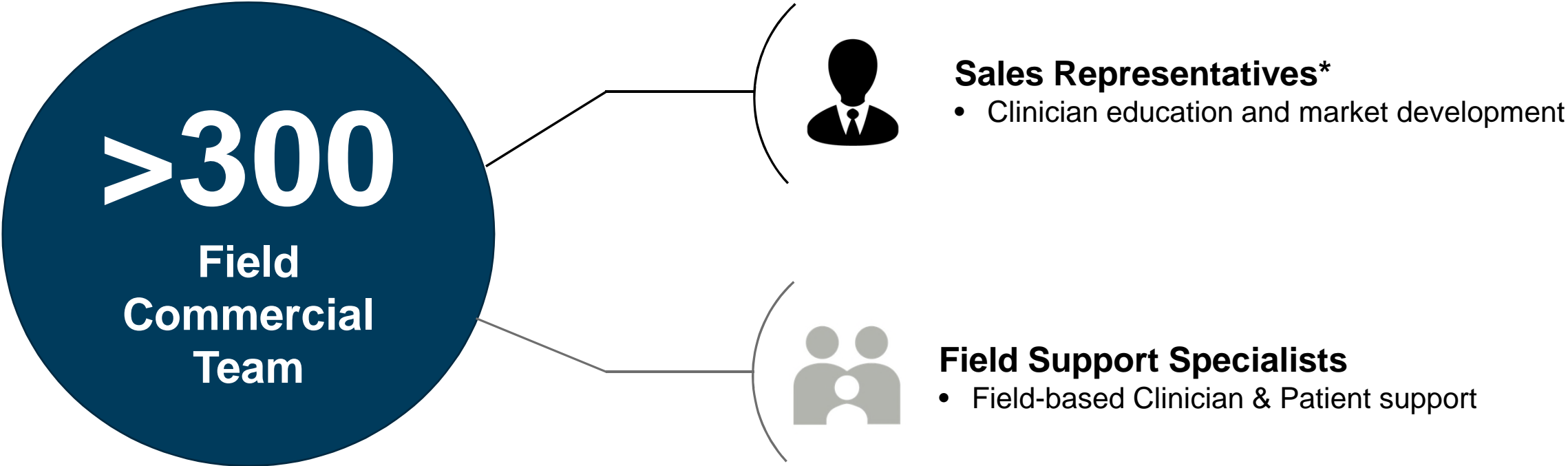
# +85%

REIMBURSEMENT  
APPROVAL RATE  
(SINCE 2007)



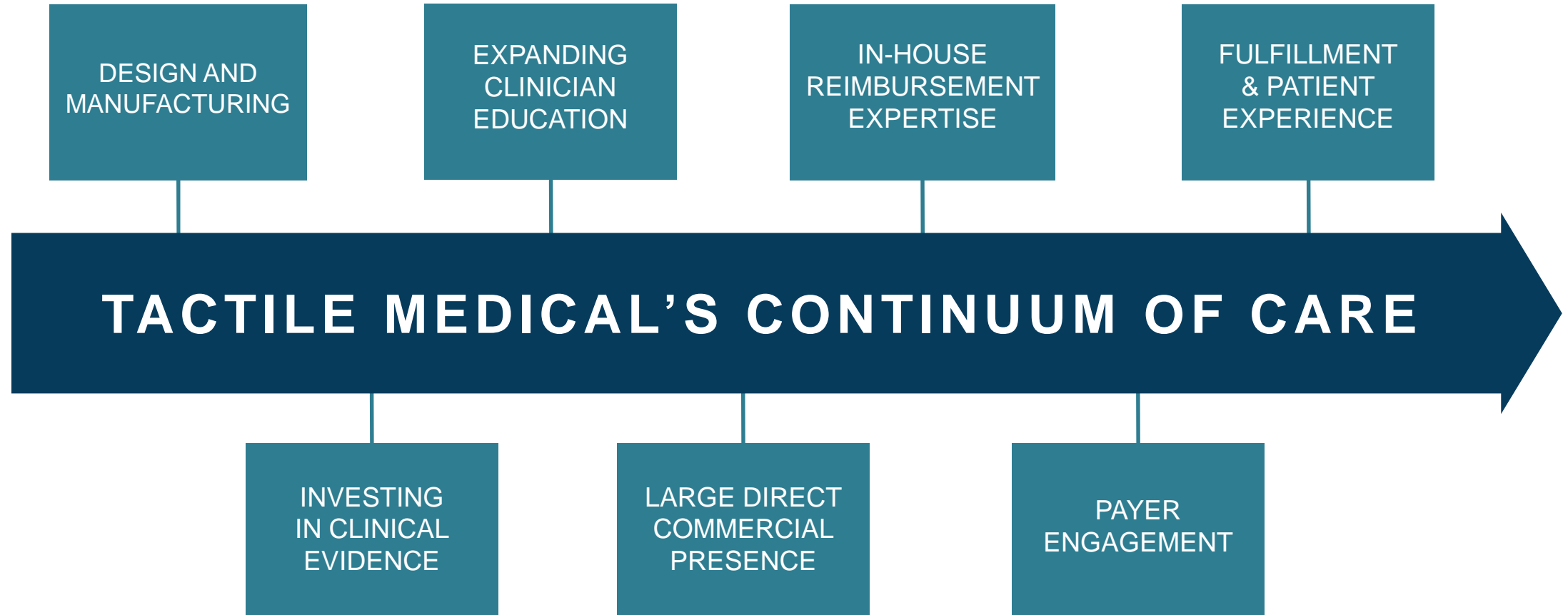
# Salesforce Scale and Expansion

Largest salesforce in our segment with expanding efficiency



*\*Data as of 6/30/21; Commercial team also includes sales managers*

# End-to-End Business Model Creates Unique Competitive Advantage



# Tactile Medical Growth Strategy



## Further Penetrate Market

Expand Salesforce | Target New Call Points

## Expand Market Access

Support with Evidence & Outcomes

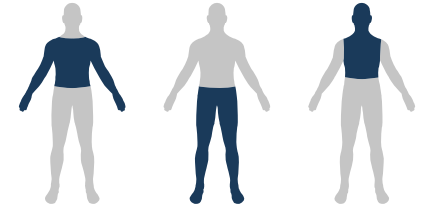
## Build Awareness

Professional Education | Support Treatment Guidelines

## Enhanced Solutions

Invest in Product Development

# Compelling Investment Highlights



- Large, growing and underpenetrated market opportunity
- Well documented, clinically proven products to improve outcomes and reduce costs
- Large, direct distribution and reimbursement network
- Broad payer adoption
- Strong top-line growth profile and attractive gross margins
- Profitable, high-growth and well-capitalized business

# APPENDIX

# Q2'21 and YTD Financial Results and FY21 Financial Outlook

(In thousands)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2021	2020	2021	2020
<b>Revenues</b>	<b>\$51,060</b>	<b>\$35,120</b>	<b>\$93,832</b>	<b>78,795</b>
<b>Gross Profit</b>	<b>36,205</b>	<b>24,912</b>	<b>66,435</b>	<b>55,985</b>
<i>Gross Margin</i>	<i>71%</i>	<i>71%</i>	<i>71%</i>	<i>71%</i>
<b>Total Operating Expenses</b>	<b>36,281</b>	<b>32,875</b>	<b>70,595</b>	<b>68,399</b>
<b>Operating (Loss) Income</b>	<b>(76)</b>	<b>(7,963)</b>	<b>(4,160)</b>	<b>(12,414)</b>
<i>Operating Margin</i>	<i>(0)%</i>	<i>(23)%</i>	<i>(4)%</i>	<i>(16)%</i>
<b>Net Income (Loss)</b>	<b>\$1,305</b>	<b>(\$13,850)</b>	<b>(\$961)</b>	<b>(\$15,157)</b>
<b>Adjusted EBITDA</b>	<b>\$4,137</b>	<b>(\$746)</b>	<b>\$4,131</b>	<b>(\$1,216)</b>
<i>Adjusted EBITDA Margin</i>	<i>8.1%</i>	<i>(2.1)%</i>	<i>4.4%</i>	<i>(1.5)%</i>

- Full-Year 2021 Financial Outlook:
  - \$216.3 million (+16%) to \$224.5 million (+20%), compared to \$187.1 million in 2020

# Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA






<i>(In thousands)</i>	Adjusted EBITDA		Adjusted EBITDA Margin	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
<b>Net Income</b>	\$ 1,305	\$ (13,850)	2.6%	(39.4)%
Interest expense (income), net	11	(25)	0.0%	(0.1)%
Income tax benefit	(1,405)	5,923	(2.8)%	16.9%
Depreciation and amortization	635	720	1.2%	2.1%
Stock-based compensation	2,658	2,396	5.2%	6.8%
Impairment charges and inventory write-offs	-	4,025	0.0%	11.5%
Litigation defense costs	853	-	1.7%	0.0%
Executive transition costs	80	65	0.2%	0.2%
<b>Adjusted EBITDA</b>	<b>\$ 4,137</b>	<b>\$ (746)</b>	<b>8.1%</b>	<b>(2.1)%</b>



# The Mark of a Leader: Tactile's Competitive Advantages

The market for advanced pneumatic compression devices is primarily comprised of smaller, privately-owned manufacturers

None match Tactile's direct sales and distribution network, our reimbursement expertise, and our growing body of clinical evidence and proven outcomes

					
<b>DIRECT SALES CHANNEL</b>	YES	NO	NO	NO	NO
<b>PROVEN CLINICAL BENEFITS</b>	YES	NO	NO	NO	NO
<b>REIMBURSEMENT EXPERTISE</b>	YES	NO	NO	NO	NO

# Corporate Responsibility & Sustainability

Commitment to creating a culture where our team members can grow and thrive

Treated nearly 60,000 patients in 2020



Increased gender diversity on our Board



Enhanced our employee benefits



Minimized our carbon footprint



## Formalizing Our ESG Journey in 2021

# Our Commitment to Diversity and Inclusion

## Committed to Diversity and Inclusion at Every Level in our Company

- 1 Executive awareness training focused on Diversity and Inclusion (expanded company-wide in 2021)
- 2 New applicant tracking software to support improved, streamlined and responsive hiring process
- 3 Conducted an internal survey which will be used to address areas of improvement and awareness

## Inclusion

- 60% of new hires are women
- 52% women in senior management positions

## Diversity

- 20% Black, Indigenous and people of color (BIPOC)
- 8% in management



# ESG is a Critical Component of our Culture

Combination of products and services to ensure patients receive the at-home treatment necessary to better manage their chronic conditions

- Improve the quality of life for patients
- Increase clinical efficacy
- Reduce overall healthcare costs



## Environment

- Strengthen Environmental Sustainability
- Ethical Sourcing
- Strong Commitment to Safety and Quality



## Governance

- Seasoned Board comprised of Independent Leaders
- Alignment with Shareholder interests



## Social

- Human Capital Management
- Diversity, Equity & Inclusion
- Volunteerism & Philanthropy
- Strong relationships with patient advocacy groups

