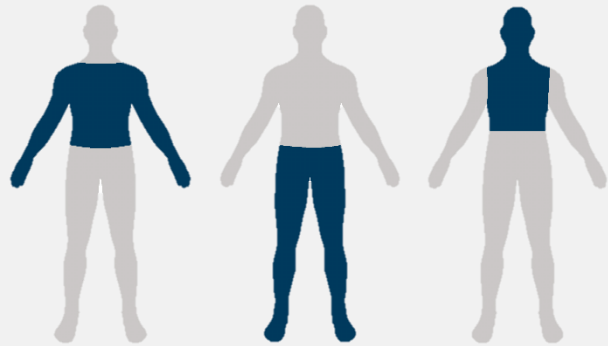


Investor Presentation

(Nasdaq: TCMD)



Mission: To help people with chronic diseases live better and care for themselves at home

March 2020

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," "outlook," or "project" 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 adequacy of the Company's liquidity to pursue its complete business objectives; the Company's ability to obtain reimbursement from third party payers for its products; loss or retirement of key executives; 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, 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 Adjusted EBITDA is 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 Snapshot

- + Focused on at-home treatment of chronic diseases
 - Therapeutic focus on chronic swelling conditions
- + Q4 2019 revenue of \$57.1M (↑23% YoY)
- + 2019 revenue of \$189.5M (↑32% YoY); gross margin of 71%; profitable
- + 2020 revenue outlook of \$227.5M-\$230.5M, representing revenue growth of 20%-22% YoY
- + Cost-effective, clinically differentiated products
 - Flexitouch Plus and Entre systems (for lymphedema)
 - Airwear Compression Wrap (for venous ulcerations)
- + Direct-to-patient and -provider model that disintermediates durable medical equipment dealers (DMEs)
- + Significant infrastructure that is difficult to replicate
- + \$5B+ addressable U.S. market opportunity



Lymphedema | Condition and Treatment Limitations

What is Lymphedema?



- + Chronic swelling from damage to the lymphatic system
- + Caused by chronic venous insufficiency, cancer treatment, obesity, infection, trauma, surgery or congenital malformation of the lymphatic system
- + Progressive in nature; no known cure
- + Severely debilitating, both physically and psychologically
- + Often misdiagnosed
- + Standard of care is therapist-delivered manual lymphatic drainage and compression therapies

Limitations of Current Treatments

- + Daily in-clinic therapy for 4-6 weeks
 - Therapist-delivered massage
 - Bandaging, skin care
- + Followed by self-performed manual lymphatic drainage
- + Difficult to access skilled therapist care
- + Reimbursement for physical therapy often capped



Not a Feasible Long-term Solution

Tactile Medical's Solutions

At-home Pneumatic Compression Therapy to Treat Lymphedema and Venous Disorders



Advanced Model

FLEXITOUCH® PLUS

- + Extends clinic-based therapy by automated self-manual lymphatic drainage at home
- + Reduces swelling, fibrosis and infection risk



Basic Model

ENTRE™

- + Solution for patients that do not require or do not yet qualify for advanced pneumatic compression therapy



Wearable Model

Airwear™

- + Designed to improve patient compliance
 - Easy to apply – even at high levels of compression (40-50mmHg)
 - Calibrated for consistent application of therapeutic compression

Flexitouch® Plus System

Overview

- + Programmable controller unit with 18 treatment settings
- + Up to 32 air chambers in the adjustable garments; treats the torso, chest, arms, legs, head and neck

Clinically Proven Benefits

Mechanism

- + Stimulates the lymphatic system

Impact

- + Reduces edema and lymphedema associated with chronic venous insufficiency, cancer and surgery/trauma

Benefits

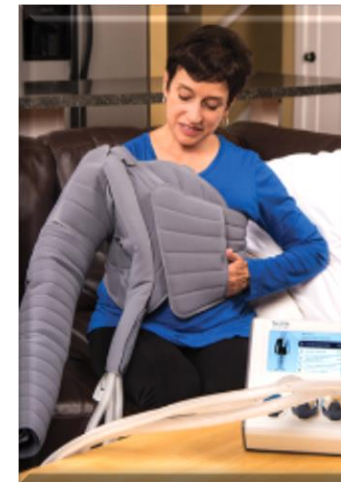
- + Reduction of pain, improvement of skin integrity

Clinical Outcomes

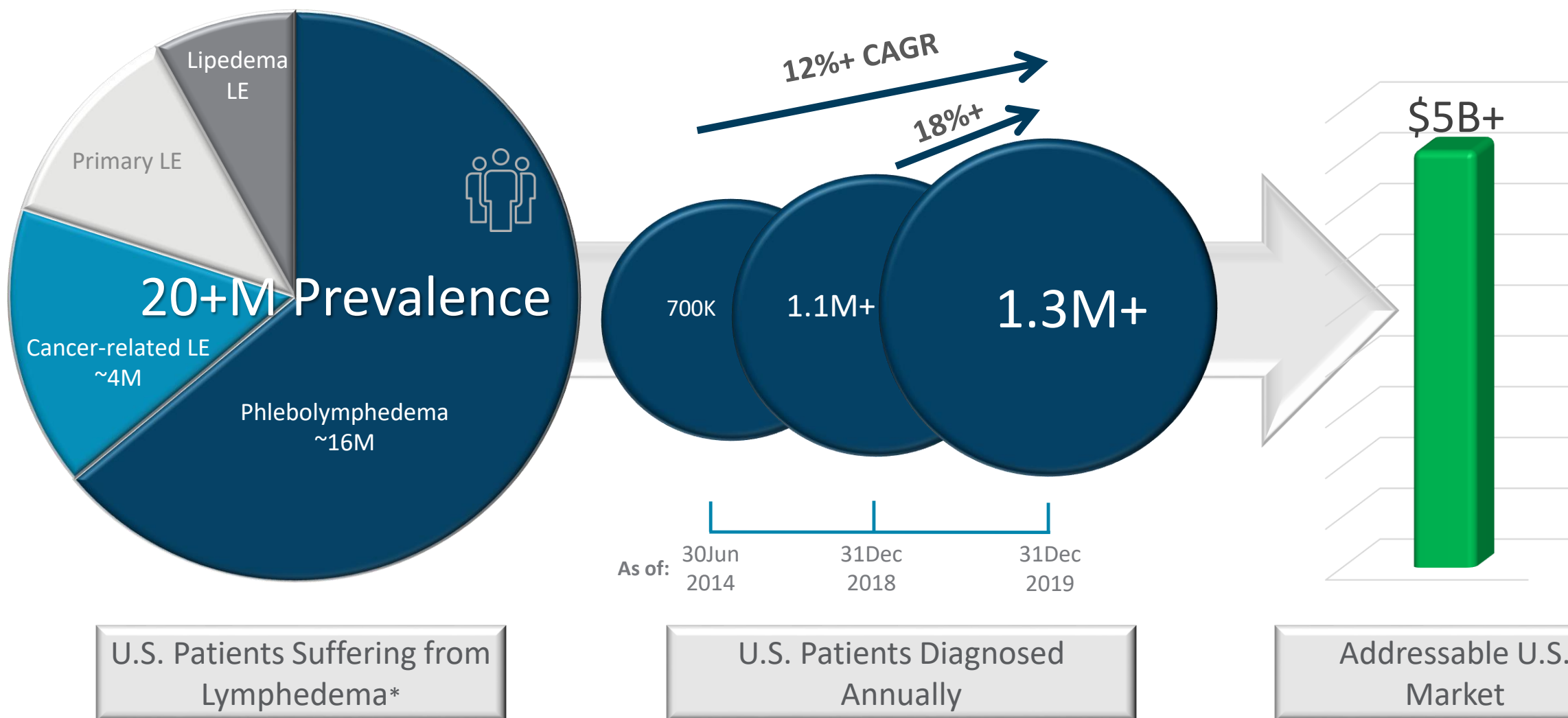
- + Improved clinical outcomes compared to basic pneumatic compression devices

Patient Satisfaction

- + 90% satisfaction and 95% treatment compliance



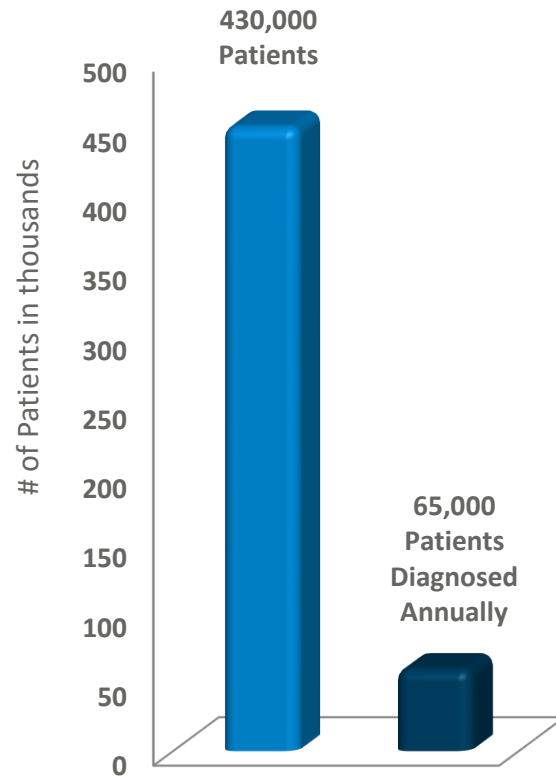
Significant, Accelerating Lymphedema Market Growth



* 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

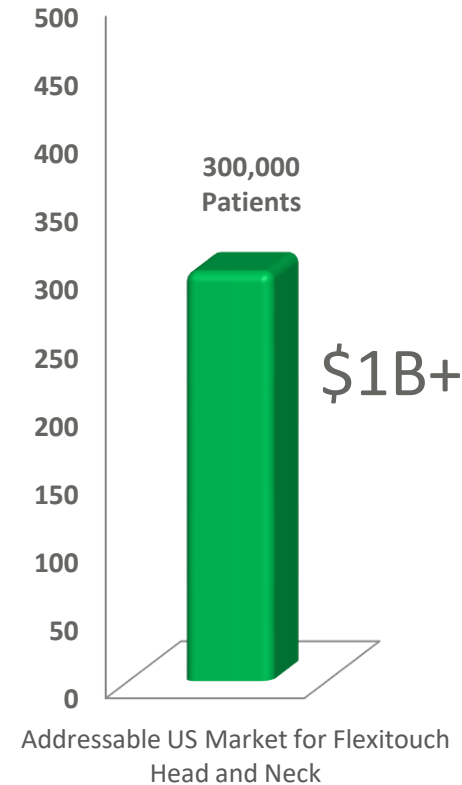
Head and Neck Lymphedema Market Opportunity

U.S. H&N Cancer Prevalence and Incidence



- U.S. patients with H&N cancer
- New U.S. patients with H&N cancer diagnosed annually (Both per American Cancer Society)

H&N Lymphedema



- U.S. patients with post-treatment lymphedema (>75%)

Clinically Proven Products

Provides Significant Improvement to Health Outcomes and Patient Quality of Life

FLEXITOUCH®

“FLX use reduces the economic burden of phlebolymphedema”

1065 patient retrospective study of private insurance claims

Journal of Vascular Surgery, 2018

“Improves Physical and Emotional Health, Results in High Therapy Compliance”

155 patient retrospective trial

Oncology Nursing Forum, 2008

“Reduces Leg Volume, Fibrosis and Improves Quality of Life”

196 patient prospective trial

European Journal of Vascular and Endovascular Surgery, 2013

“Significantly More Effective in Reducing Arm Swelling than ‘Basic’ Pumps”

36 patient randomized controlled trial

Supportive Care in Cancer, 2012

AIRWEAR™



“Airwear is as Effective as Traditional Compression Bandage Therapy”

15 patient prospective non-inferiority study

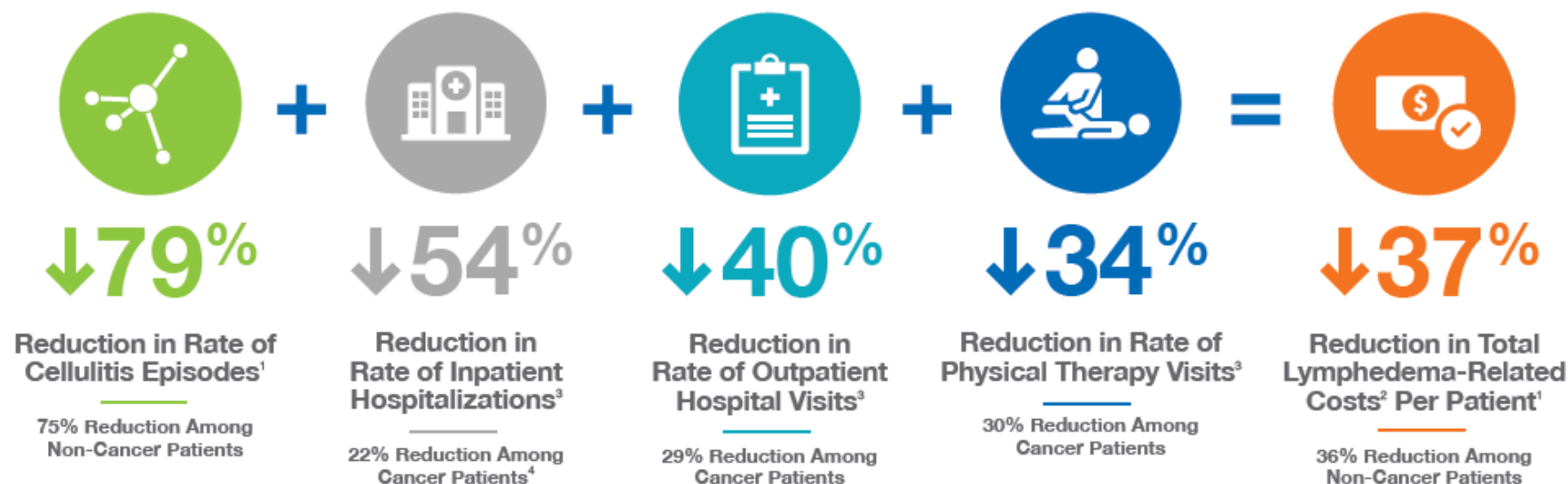
Wound Care Therapies Spring 2013

Groundbreaking Cost Effectiveness Study Published

Flexitouch® System Clinical Evidence

Journal of the American Medical Association (JAMA) Dermatology – Study Highlights

A study of 718 lymphedema patients evaluating patient health outcomes and healthcare costs in cancer and non-cancer cohorts.

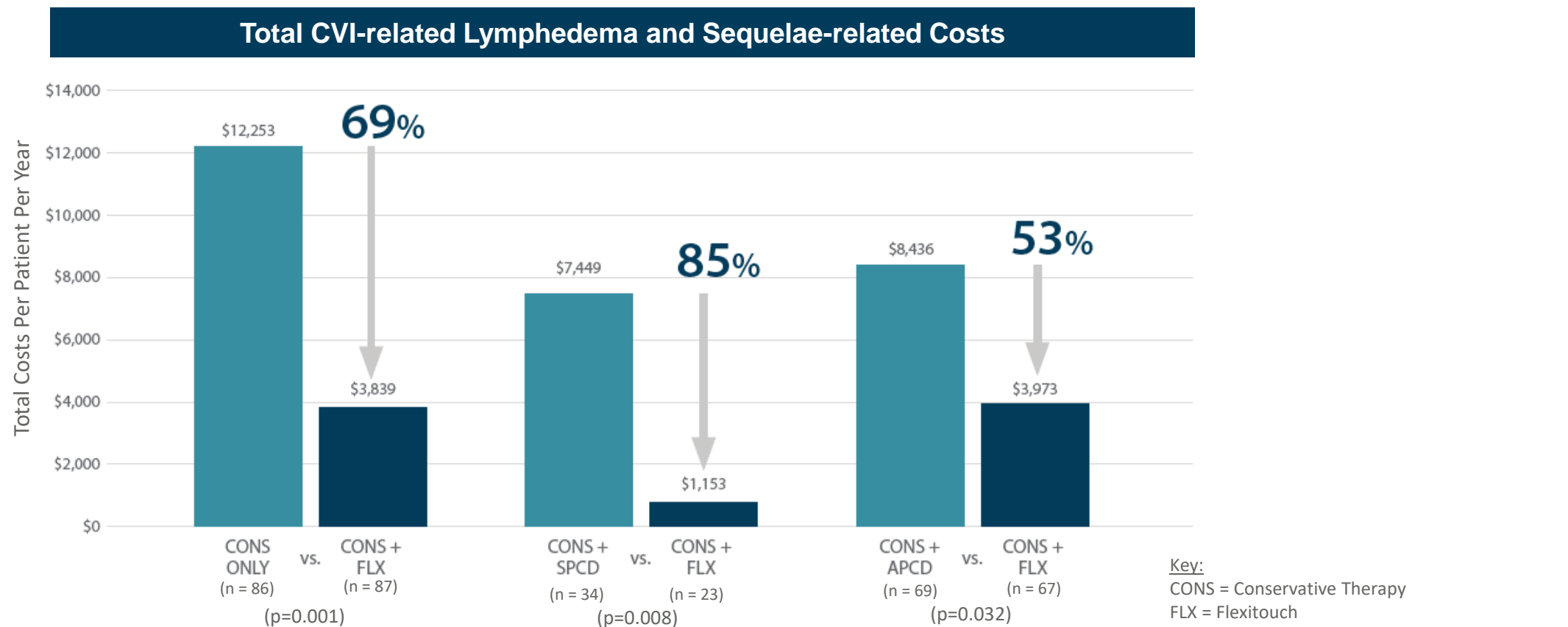


Source: Karaca-Mandic P, Hirsch AT, Rockson SG, Ridner SH. (2015) The Cutaneous, Net Clinical, and Health Economic Benefits of Advanced Pneumatic Compression Devices in Patients with Lymphedema. *JAMA – Dermatology*, Oct. 2015.

1. For Cancer-Related Patients | 2. Excluding Medical Equipment | 3. For Non-Cancer-Related Patients | 4. Not Statistically Significant

First of its Kind Evidence of Cost Benefits

Demonstrated Cost Benefits vs. Other Treatment Modalities

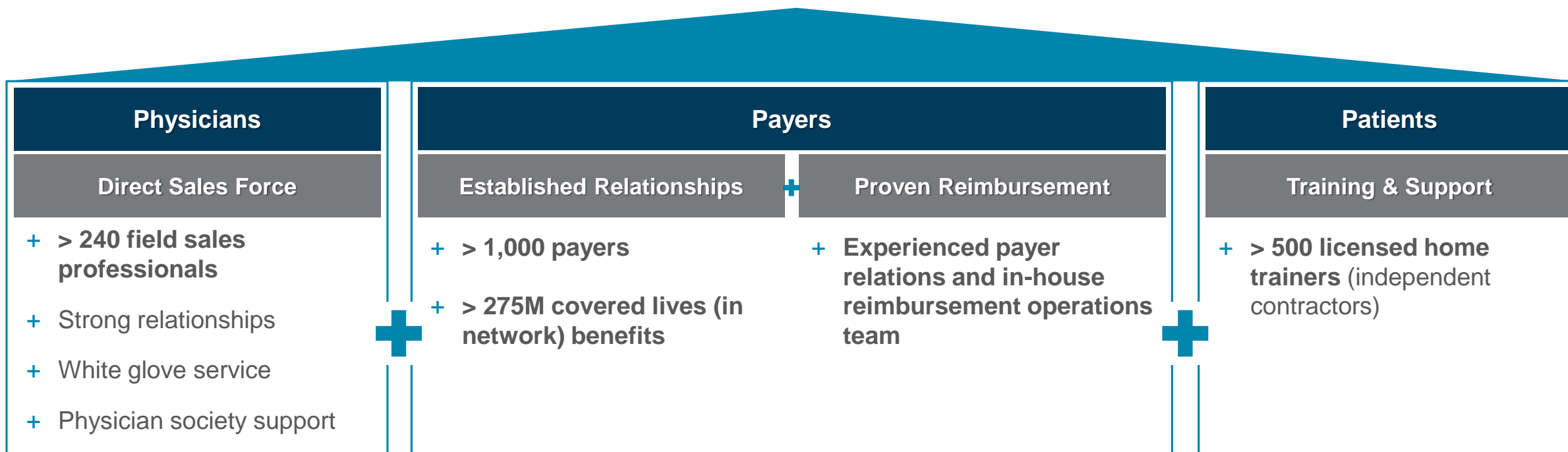


+ Conservative therapy plus Flexitouch use was associated with:

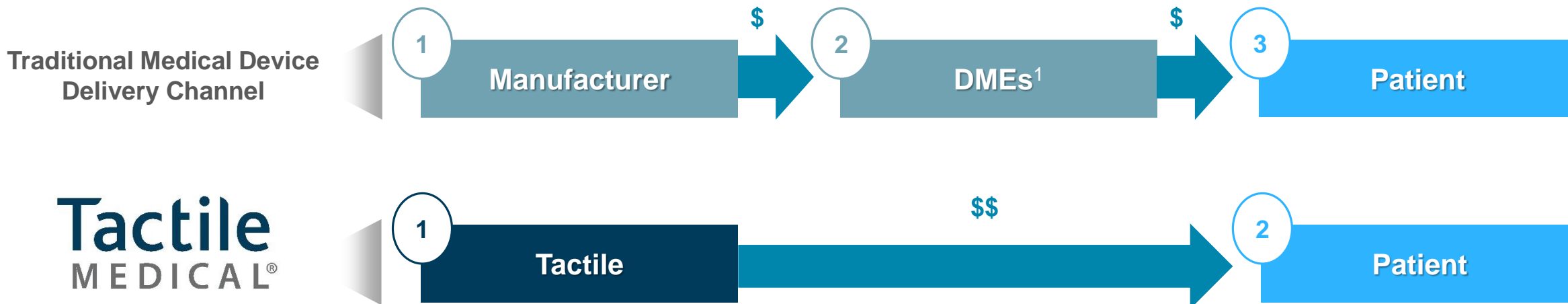
- 69% reduction in per patient per year (PPPY) costs vs. conservative therapy alone
- 85% reduction in PPPY costs vs. conservative therapy plus simple PCDs
- 53% reduction in PPPY costs vs. conservative therapy plus competitive advanced PCDs

Source: Health and economic benefits of advanced pneumatic compression devices in patients with phlebolymphedema Lerman, Michelle et al., Journal of Vascular Surgery , June 2018 (e-published).

Invested to Build a Strong Distribution Infrastructure



Differentiated Distribution Model



Overview of Direct Sales Platform

- + **Model bypasses conventional DMEs channel**
 - Bill and collect directly from payers and patients (co-pay)
 - Appeal denials, advocate for patient
- + **> 240 field sales professionals**
 - Control of clinical call point; message, service, workload
- + **Network of > 500 independent licensed professional home trainers**

Target Call Points

- + **Call points**
 - Lymphedema clinics
 - Vascular and venous care clinics
 - Wound care clinics, podiatrists
 - VA hospitals
- + **Deep relationships with physicians, nurses and therapists**

¹ Durable Medical Equipment dealers (DMEs)

Operational Excellence in Reimbursement and Payer Relations

Strategic Expertise and Operational Proficiency

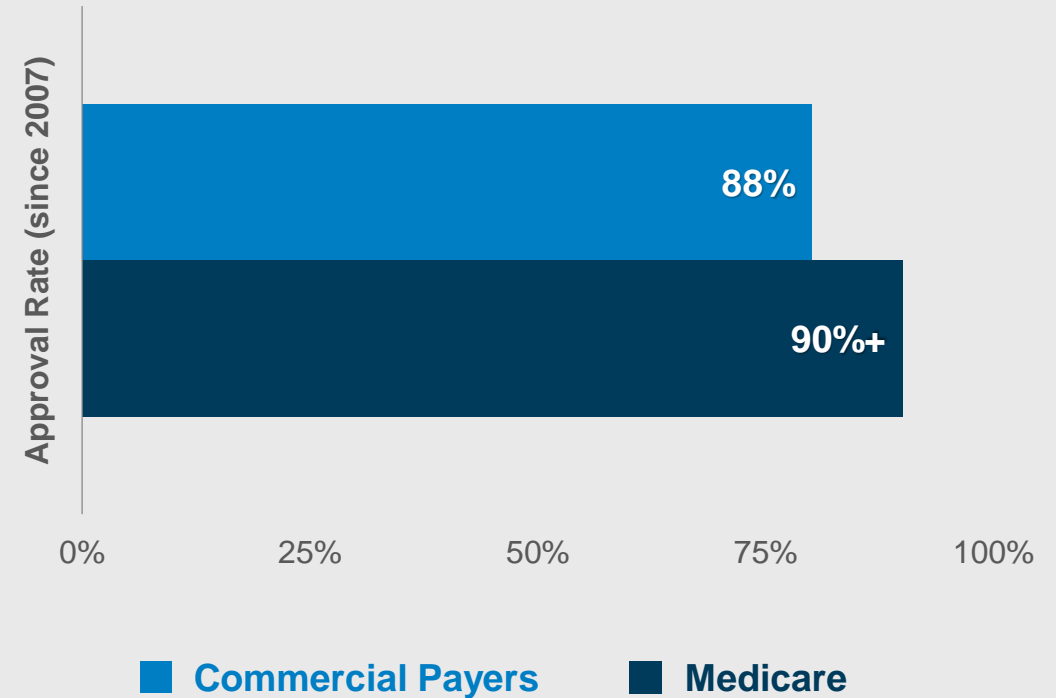
+ In-house reimbursement operations group

- Streamlined process — initial order to final bill
- Insurance verification and authorization
- Billing and collections
- Customer support services

+ Payer Relations group

- Health plan, DME and clinical backgrounds
- Payer messaging, coverage policies, contracting
- Develop relationships and coverage policies with payers
- Manage Medicare strategy and patient claims
- Advocacy liaison

High Payer Approval Rates



85+% Approval Rate

Competitive Positioning

				Others: AIROS Medical, NormaTec	
HQ					
Business Presence	United States	United States	United States & OUS	United States	OUS
Ownership	Public (Nasdaq: TCMD)	Family Owned	Israeli Co-op	Privately Owned	Public (OM: ARJO B)
Direct Sales Channel	✓	—	—	—	—
Clinical & Economic Benefits Proven	✓	—	—	—	—
Automated Self Lymphatic Drainage	✓	—	—	—	—
Reimbursement Expertise	✓	—	—	—	—

Note: Outside United States (OUS)

Robust Product Pipeline

Latest Products	Rationale	FDA 510(k) Clearance	Commercial Launch
FLX Head & Neck	Market expansion	Received Q3'16	Launched May 2017
FLX Plus Garments	Improve ease of use, donning/doffing	Received Q2'17	Launched April 2018
FLX Plus Controller	Allow simultaneous bilateral treatment	Received Q2'17	Launched April 2018

Near Term Focus

Latest Products	Rationale	FDA 510(k) Clearance	Commercial Launch Target
Entre System	Cost Reduction	N/A	2020
Airwear Wrap	Market Expansion	N/A	2020
FLX Plus Controller - enhancements	Improve patient satisfaction	TBD	2021

Strong, Defensible IP Portfolio

Advanced Pneumatic Compression Devices (Flexitouch)*		
Country	# Issued	# Pending
U.S.	17	19
OUS (primarily Europe & Asia)	43	35
* Includes newly acquired IP		
Simple Pneumatic Compression Devices		
Country	# Issued	# Pending
U.S.	23	7
OUS (primarily Europe & Asia)	88	9

Note: Outside United States (OUS)

Pillars of Differentiation

Tactile MEDICAL[®]

Unique Go-To-Market Distribution

- + Direct access to prescribers, patients, and payers
- + Disintermediates “middleman,” captures strong gross margins
- + Over 240 employee sales reps, over 500 contract trainers

Extensive Clinical & Economic Evidence

- + Only therapy demonstrating reduced costs of care
- + Broad clinical support behind products including 22 completed studies on more than 2,100 patients
- + Improved patient outcomes and quality of life

Proprietary Products

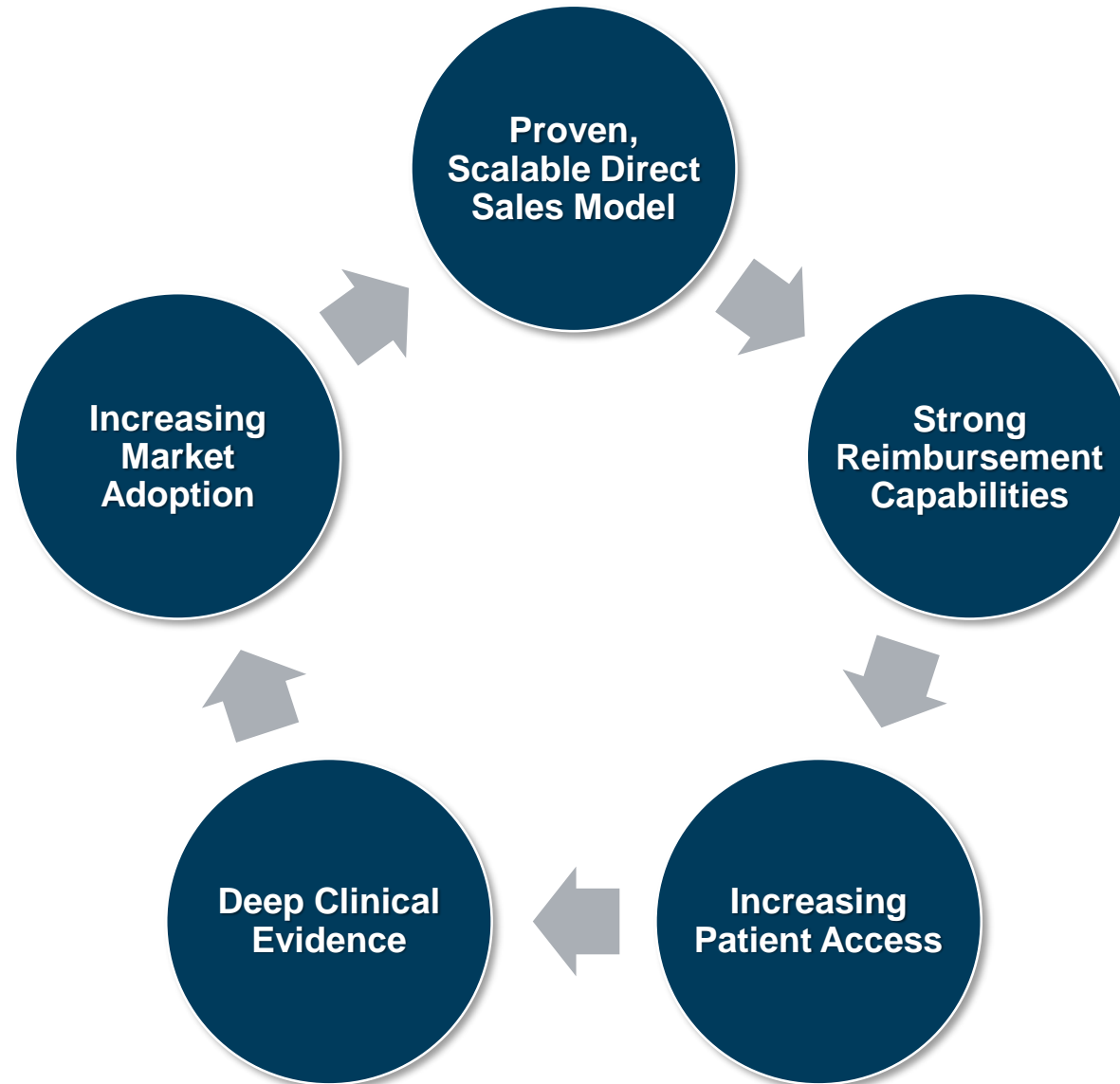
- + Expanded indications for use unique to TCMD (e.g., Head & Neck)
- + Regular product enhancements to add functionality and take out costs
- + Strong IP in US, EU, and Asia

Reimbursement Expertise

- + >275M covered lives under contract as in-network
- + Direct billing lifts burden of reimbursement from clinicians and patients
- + Advocate for patients and clinicians; appeal denied claims

Strong Barriers to Entry

Scalable Platform into the Home to Drive Growth



Demonstrated Ability to Add Products

Accomplished Management Team



JERRY MATTYS

Chief Executive
Officer



BOB FOLKES

Chief Operating
Officer



BRENT MOEN

Chief Financial
Officer



JULEEN KRINGS

Chief Human
Resources Officer



PETER SCHAUBACH

Chief Information
Officer



BRYAN RISHE

Senior Vice
President, Sales



DARREN WENNEN

Vice President,
Marketing and
Clinical Affairs



BRETT DEMCHUK

Vice President,
Quality and
Regulatory Affairs



DARIN OENNING

Vice President,
Business
Development



SUNDAY HOY

Vice President
and Compliance
Officer



MARK ALDRIDGE

Vice President,
Operations



MAGGIE THOMPSON

Vice President,
Payer Initiatives

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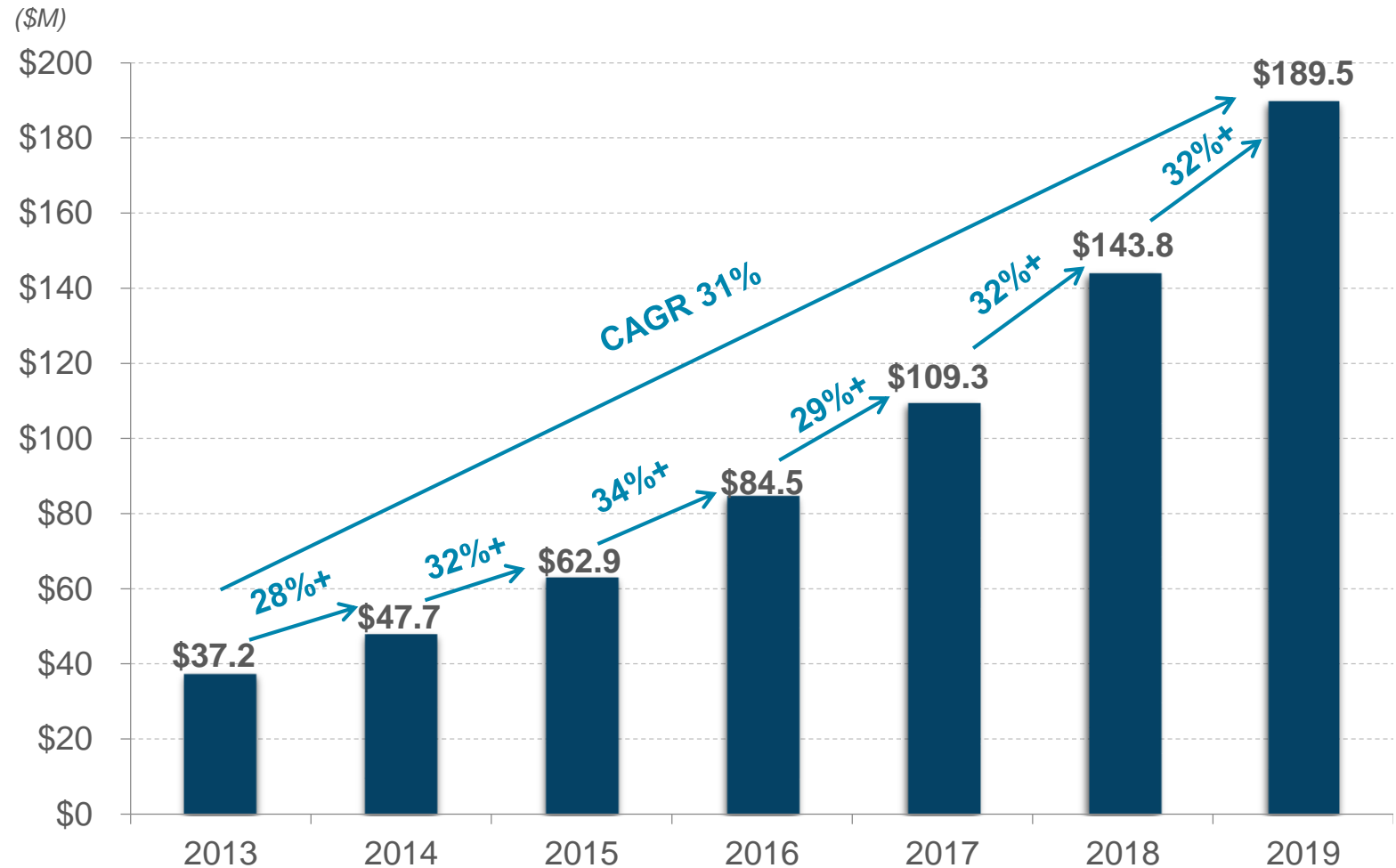


FINANCIAL OVERVIEW

Annual Revenues

Growth Drivers

- + Field team expansion
- + New product introductions
- + Expanding call points / VA
- + Increased number of payer contracts



Field
Headcount

51

66

91

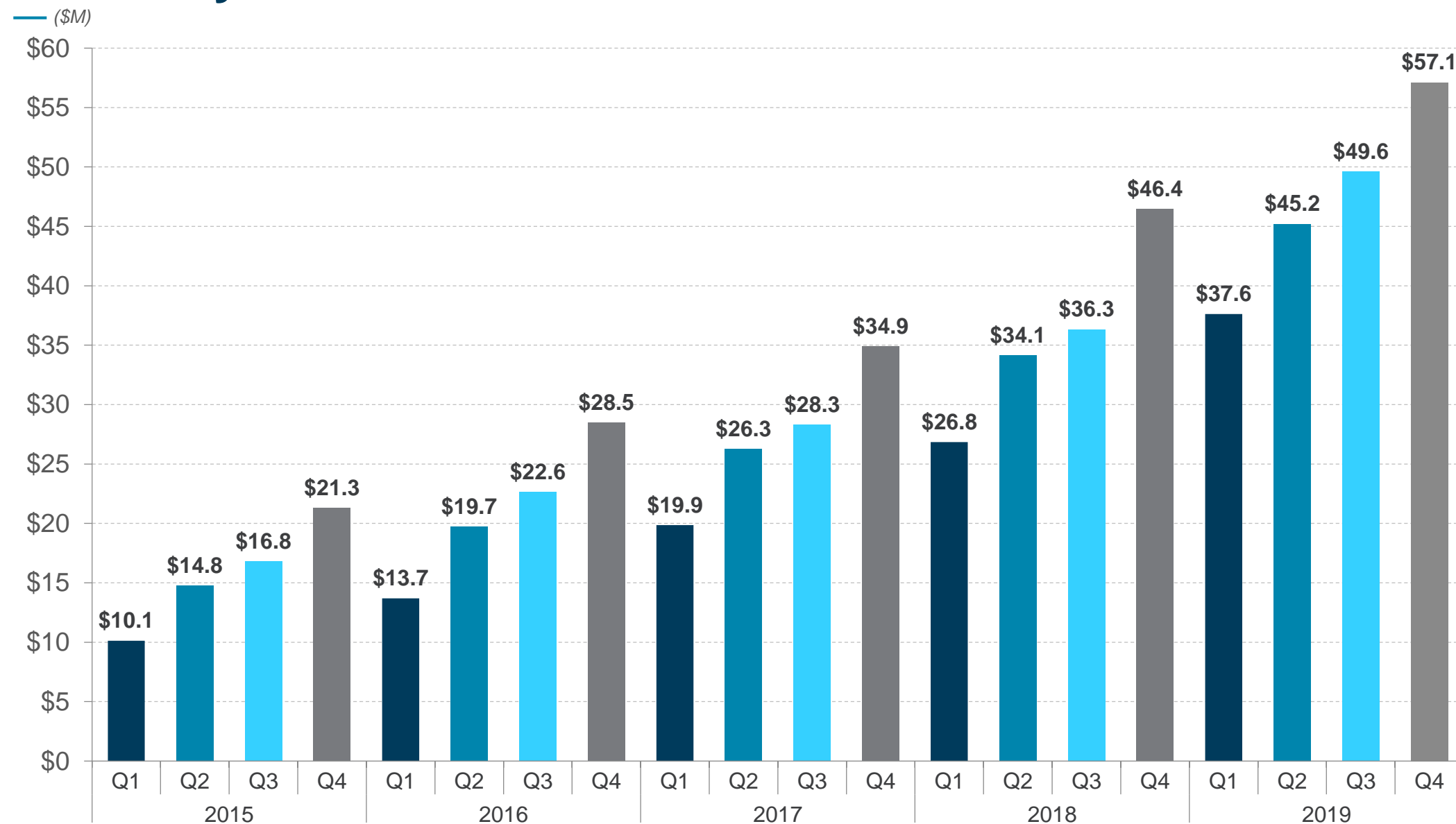
131

>160

>200

>240

Quarterly Revenues



Seasonality Driven by Copays/Deductibles

Quarterly Revenue Detail

Q4 Revenue of \$57.1M, up 23% y/y

+ Flexitouch Q4 revenue increased 21% y/y to \$51.6M

+ Entre™ & Actitouch Q4 revenue increased 48% y/y to \$5.5M

(\$ in Thousands)

	FY'18				
	Q1	Q2	Q3	Q4	Total
Revenue					
Flexitouch	24,530	31,356	33,330	42,719	131,935
Entre & Actitouch	2,318	2,777	2,992	3,729	11,816
Total	\$ 26,848	\$ 34,133	\$ 36,322	\$ 46,448	\$ 143,751
Percent of Total					
Flexitouch	91%	92%	92%	92%	92%
Entre & Actitouch	9%	8%	8%	8%	8%
Total	100%	100%	100%	100%	100%
Y/Y Revenue Growth, \$					
Flexitouch	7,004	7,148	7,128	10,311	31,591
Entre & Actitouch	(6)	721	911	1,251	2,877
Total	\$ 6,998	\$ 7,869	\$ 8,039	\$ 11,562	\$ 34,468
Y/Y Revenue Growth, %					
Flexitouch	40%	30%	27%	32%	31%
Entre & Actitouch	(0)%	35%	44%	50%	32%
Total	35%	30%	28%	33%	32%

	FY'19				
	Q1	Q2	Q3	Q4	Total
	34,109	40,959	44,699	51,556	171,323
	3,508	4,241	4,913	5,507	18,169
	\$ 37,617	\$ 45,200	\$ 49,612	\$ 57,063	\$ 189,492
	91%	91%	90%	90%	90%
	9%	9%	10%	10%	10%
	100%	100%	100%	100%	100%
	9,579	9,603	11,369	8,837	39,388
	1,190	1,464	1,921	1,778	6,353
	\$ 10,769	\$ 11,067	\$ 13,290	\$ 10,615	\$ 45,741
	39%	31%	34%	21%	30%
	51%	53%	64%	48%	54%
	40%	32%	37%	23%	32%

2019 Financial Results & 2020 Outlook

(In thousands)

	Three Months Ended December,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Revenues, Net	\$57,063	\$46,448	\$189,492	\$143,751
Cost of Goods Sold	15,963	14,433	55,256	41,493
Gross Profit	41,100	32,015	134,236	102,258
<i>Gross Margin</i>	<i>72%</i>	<i>68%</i>	<i>71%</i>	<i>71%</i>
Total Operating Expenses	35,051	29,879	123,738	99,268
Operating Income	6,049	2,136	10,498	2,990
<i>Operating Margin</i>	<i>11%</i>	<i>5%</i>	<i>6%</i>	<i>2%</i>
Other Income	151	135	631	486
Income Tax Expense / (Benefit)	1,917	(84)	158	(3,147)
Net Income	4,283	2,355	10,971	6,623
Adjusted EBITDA*	10,434	8,295	25,296	17,309
<i>Adjusted EBITDA Margin*</i>	<i>18.3%</i>	<i>17.9%</i>	<i>13.3%</i>	<i>12.0%</i>

2020 Outlook:

- Total revenue of \$227.5M - \$230.5M, up 20% to 22% y/y

Balance Sheet Summary

<i>(In thousands)</i>	December 31, 2019	December 31, 2018	December 31, 2017
Cash, Cash Equivalents, Marketable Securities	\$45,234	\$45,885	\$43,912
Working Capital	\$86,907	\$68,885	\$62,353
Total Assets	\$151,752	\$107,071	\$88,447
Total Debt	–	–	–
Retained Earnings	\$20,676	\$9,705	\$3,082
Total Stockholders' Equity	\$112,595	\$89,270	\$72,787

- \$10M (with \$25M accordion) credit facility in place with Wells Fargo Bank, N.A.

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

(In thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Income	\$ 4,283	\$ 2,355	\$ 10,971	\$ 6,623
Interest income, net	(81)	(74)	(343)	(413)
Income tax expense (benefit)	1,917	(84)	158	(3,147)
Depreciation and amortization	730	1,228	3,538	3,738
Stock-based compensation expense	2,437	2,336	9,824	7,974
Impairment charges and inventory write-offs	0	2,534	0	2,534
Loss on termination of lease	1,148	0	1,148	0
Adjusted EBITDA	\$ 10,434	\$ 8,295	\$ 25,296	\$ 17,309

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Income Margin	7.5%	5.1%	5.8%	4.6%
Interest income, net	(0.1)%	(0.2)%	(0.2)%	(0.3)%
Income tax expense (benefit)	3.4%	(0.2)%	0.1%	(2.2)%
Depreciation and amortization	1.3%	2.6%	1.9%	2.5%
Stock-based compensation expense	4.3%	5.0%	5.2%	5.6%
Impairment charges and inventory write-offs	0.0%	5.6%	0.0%	1.8%
Loss on termination of lease	1.9%	0.0%	0.5%	0.0%
Adjusted EBITDA Margin	18.3%	17.9%	13.3%	12.0%

Growth Strategy

Further Penetrate U.S. Market

Expand Salesforce | Leverage New Clinical Data | Target High Volume Call Points

Improve Clinical & Economic Outcomes Data to Expand Reimbursement

Grow Clinical Support from Opinion Leaders and Societies | Expand Reimbursement Coverage

Expand Indications and Introduce New Features and Products

Expand Addressable Patient Populations | Enter New Clinical Adjacencies

Build Awareness and Disease Recognition

Educate Physicians and Therapists | Establish Practice Guidelines | Publish Evidence

Launch Internationally

Seeking CE Mark for Products | Enter Distributor Partnerships Abroad

Investment Highlights

- ✓ Experienced leadership team executing profitable growth
- ✓ High top-line growth profile with attractive margins and profitability
- ✓ Large, growing and under-penetrated end markets
- ✓ Market leader in treatment of lymphedema
- ✓ Differentiated technologies are cost-effective and clinically proven
- ✓ Direct sales channel calling on clinicians and patients
- ✓ Core competency in reimbursement and payer relations
- ✓ Scalable platform to drive continued, profitable growth

Tactile MEDICAL®

HEALING RIGHT AT HOME

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