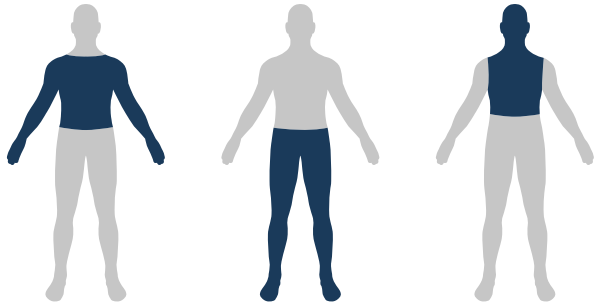


# INVESTOR PRESENTATION | NASDAQ: TCMD



FEBRUARY 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.

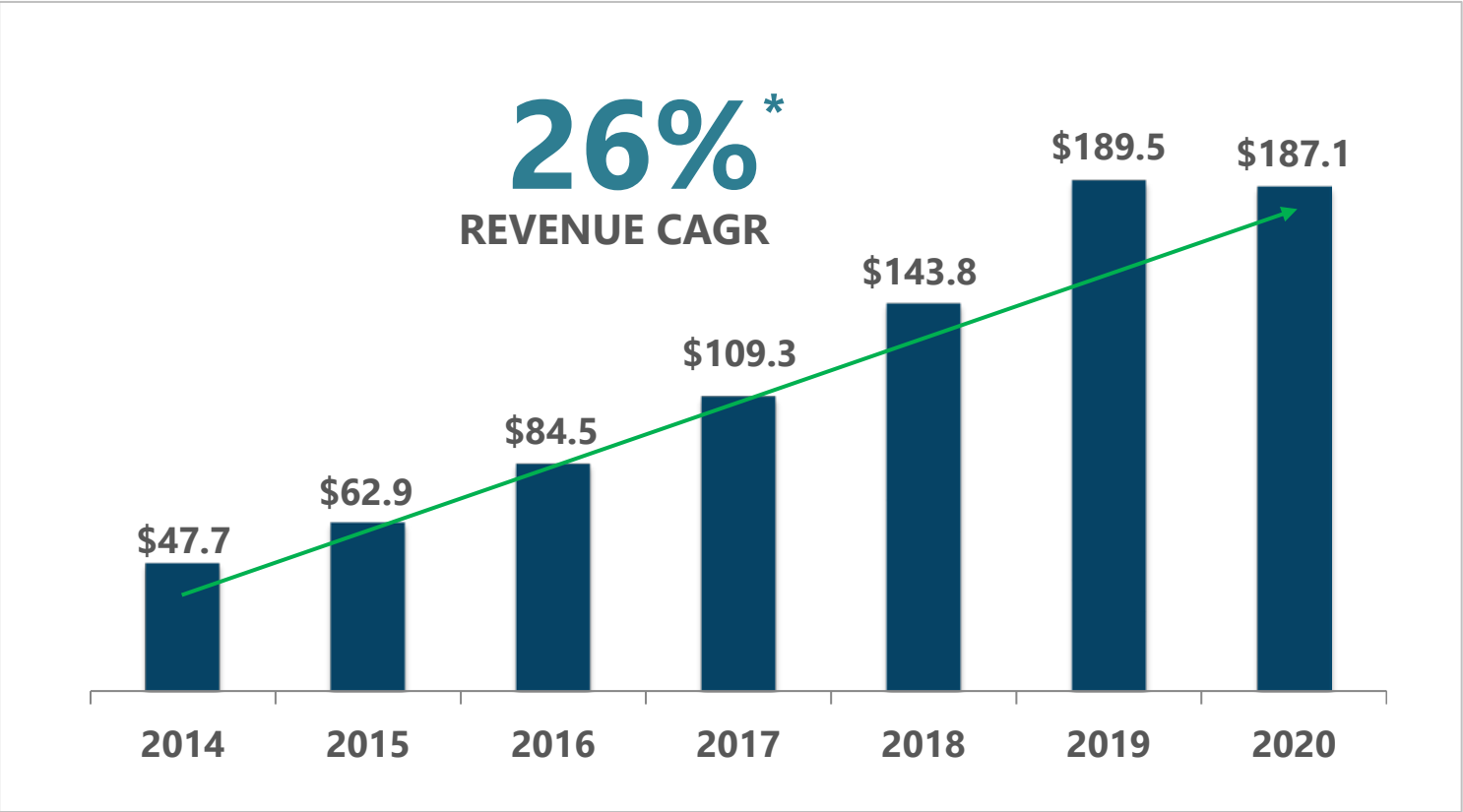
# Tactile Medical at a Glance

- 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

**71%**  
2020 GROSS MARGIN

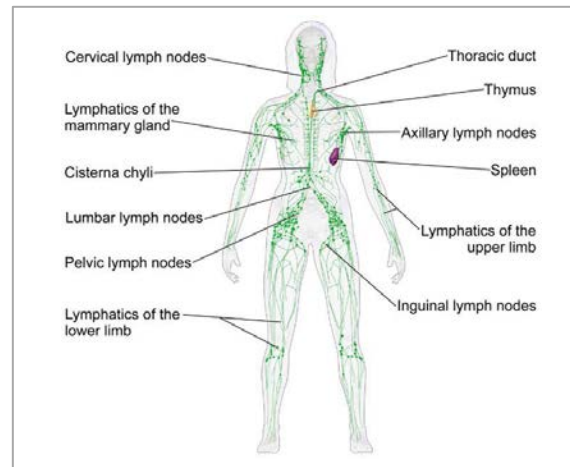
**\$5B+**  
ANNUAL ADDRESSABLE U.S. MARKET OPPORTUNITY



(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**



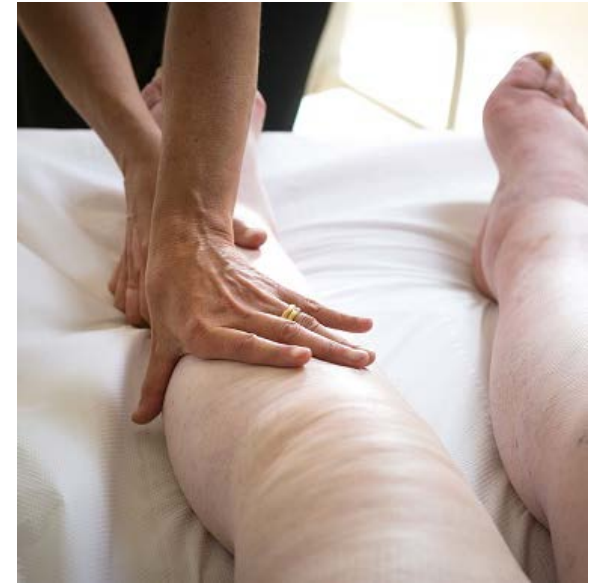
UNTREATED



COMPRESSION



EXERCISE



IN-CLINIC THERAPY

# The Solution: Tactile Medical's Flexitouch Plus System

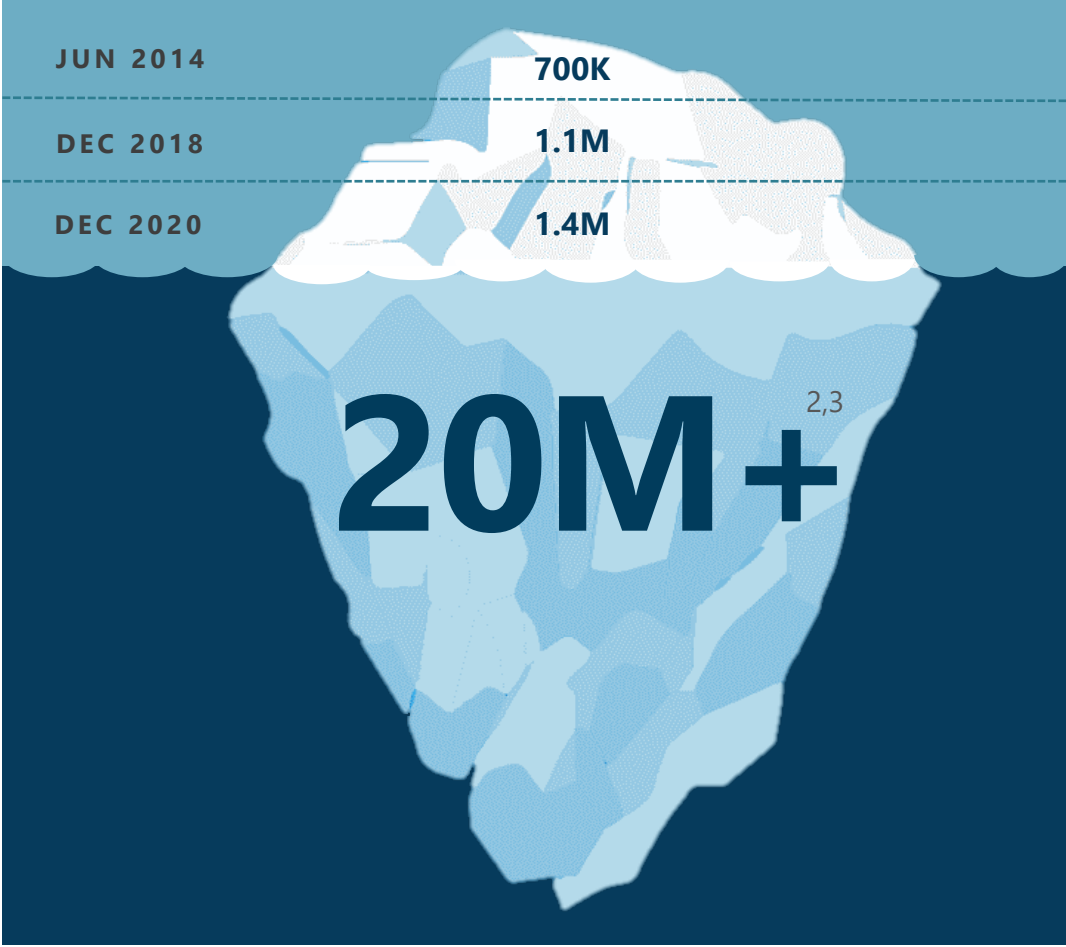
- Emulates in-clinic, therapist-delivered, manual lymphatic drainage, at home
- Provides self-administered, long-term solution that's **clinically proven to improve patient outcomes and reduce healthcare costs**



# 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, phlebolympedema, 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



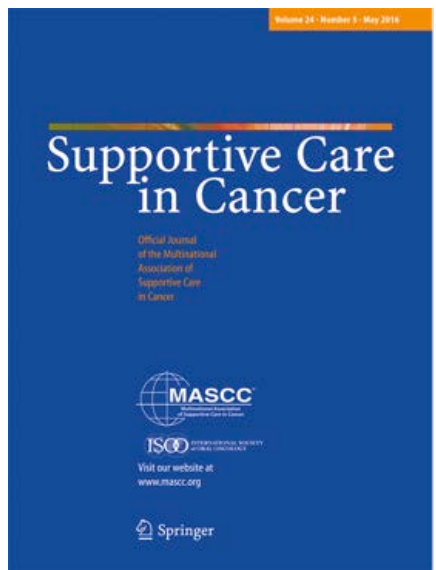
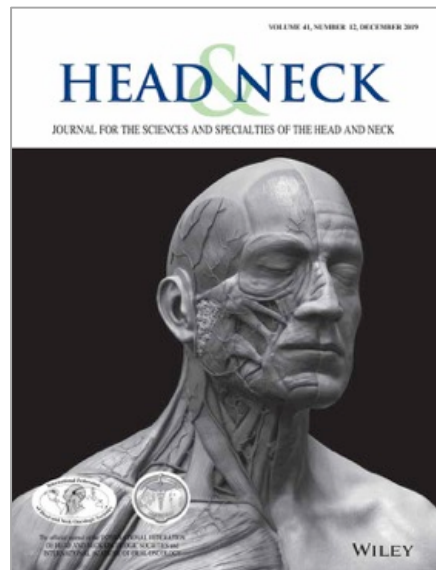
# Growing Body of Clinical Evidence

**20**  
CLINICAL  
STUDIES

**28**  
PEER REVIEWED  
ARTICLES

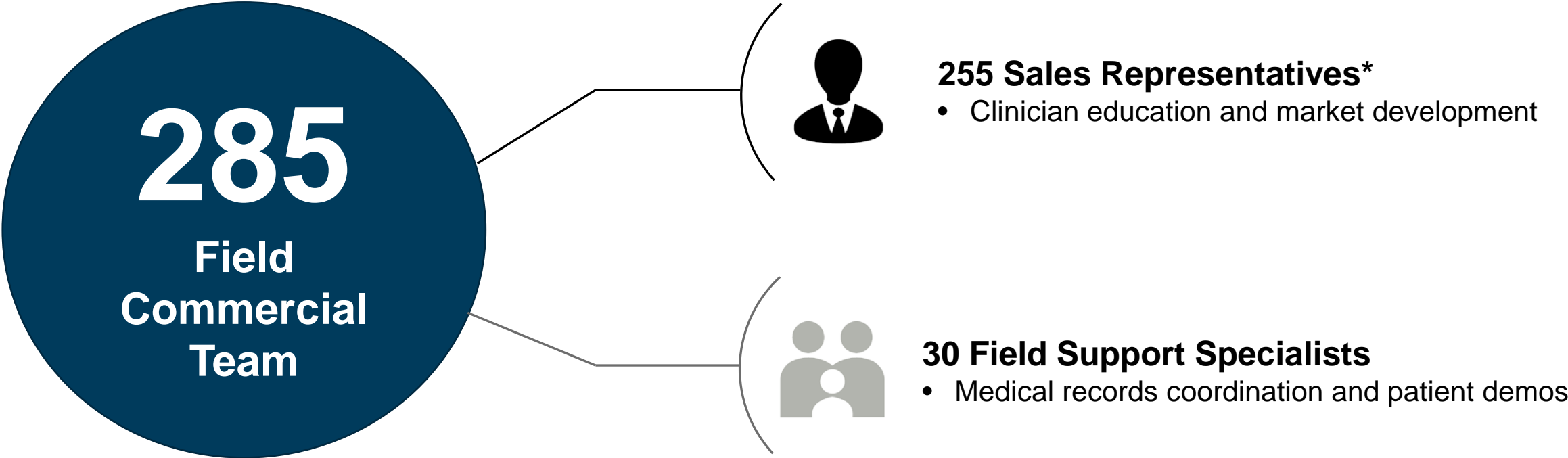
**>275M**  
COVERED LIVES  
IN-NETWORK

**+85%**  
REIMBURSEMENT  
APPROVAL RATE  
(SINCE 2007)



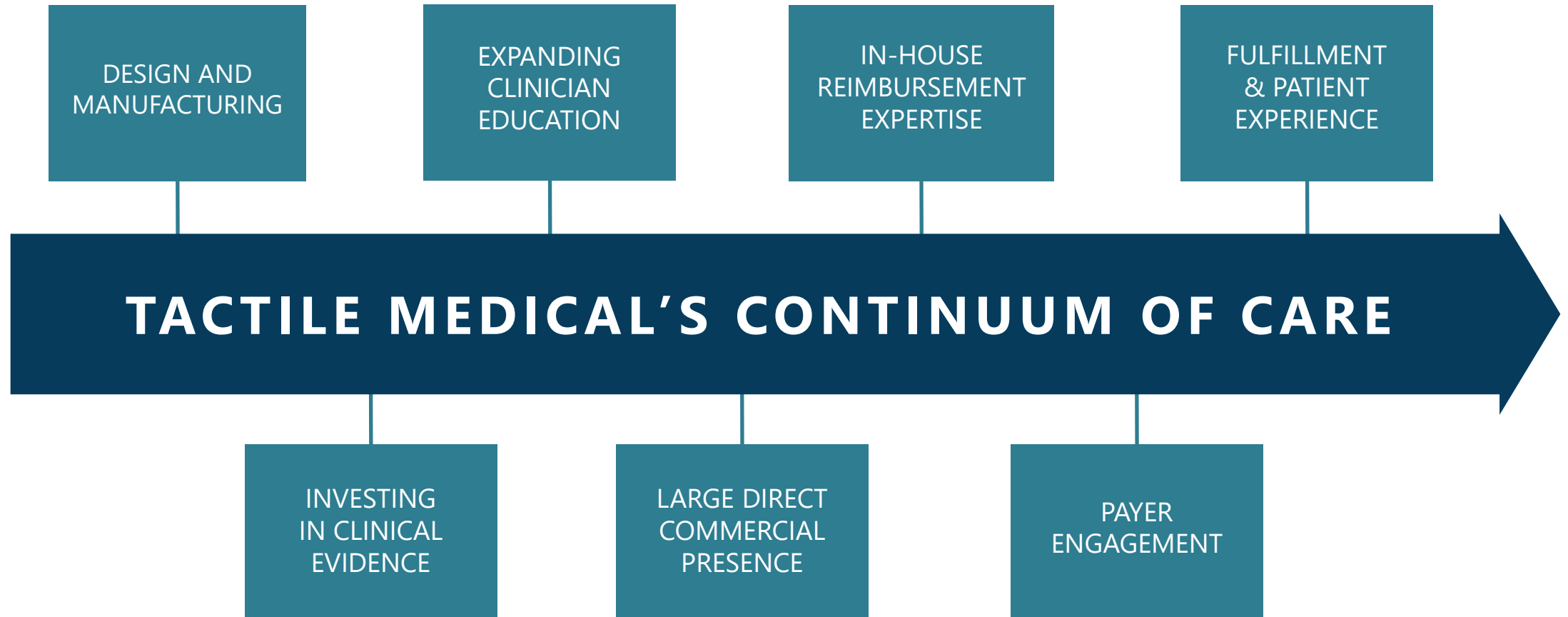
# Salesforce Scale and Expansion

Largest salesforce in our segment with expanding efficiency

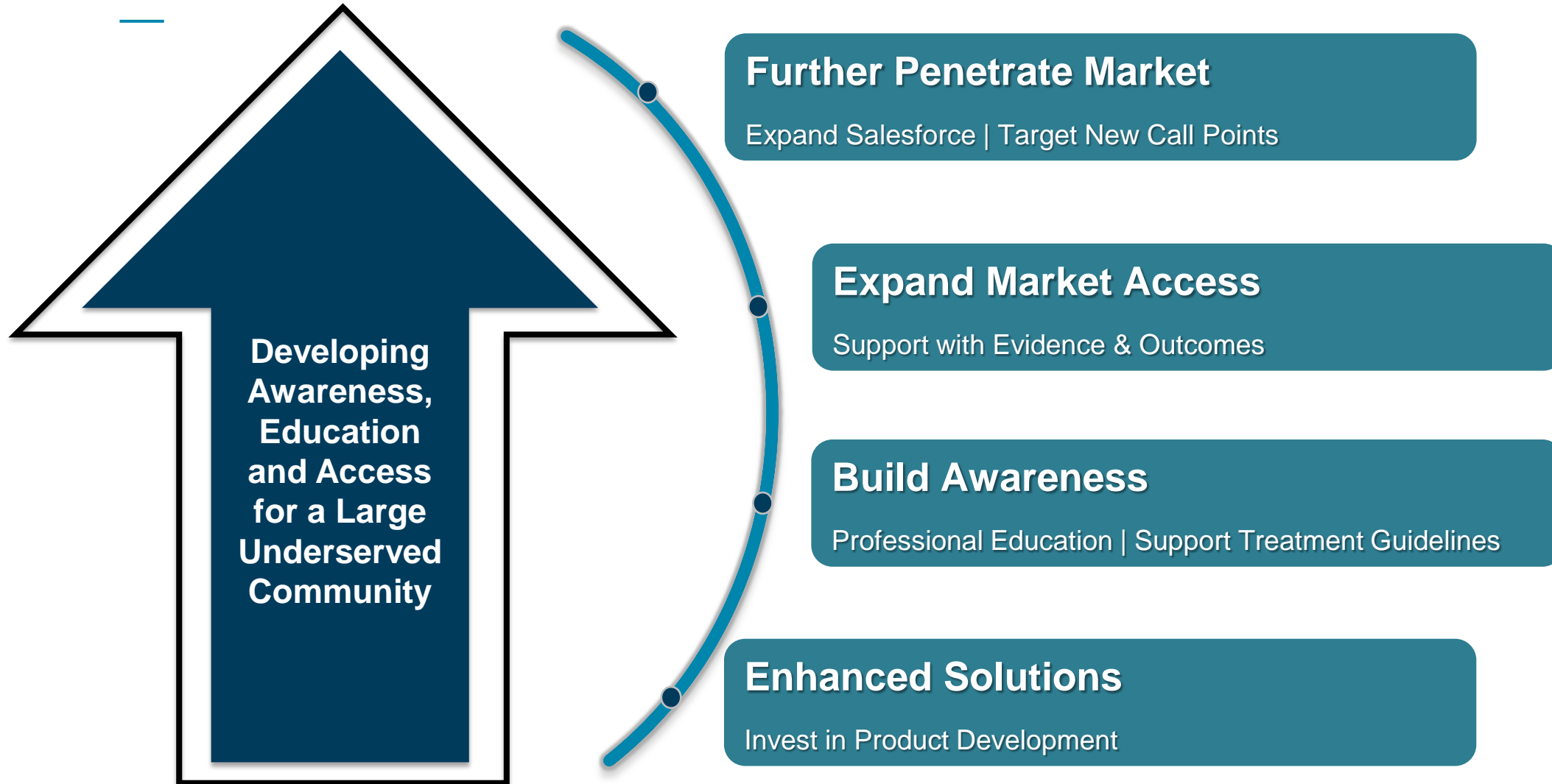


*\*Data as of 12/31/20; Total direct sales team includes ~30 sales managers*

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

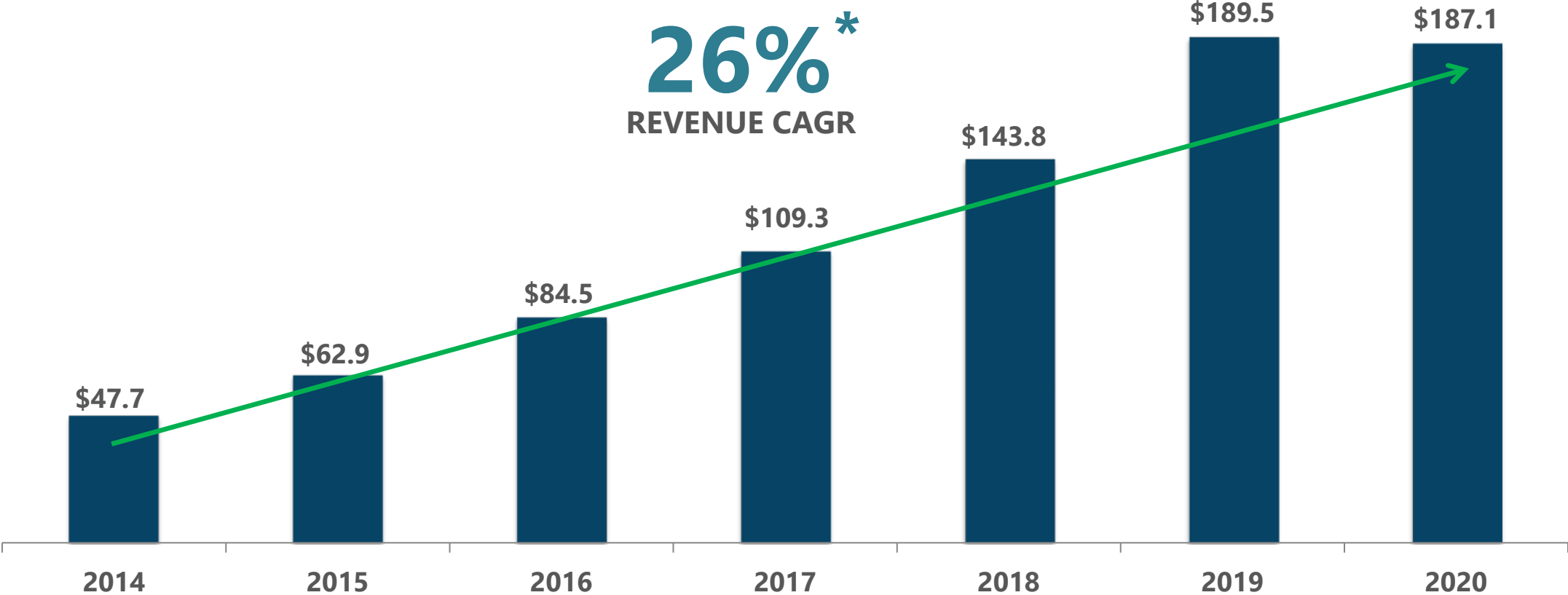


# Tactile Medical Growth Strategy



# Strong Revenue Growth

26% Revenue CAGR from FY'14 to FY'20



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

# Strong Financial Profile

**71%**

**GROSS MARGIN  
(Q4'20)**

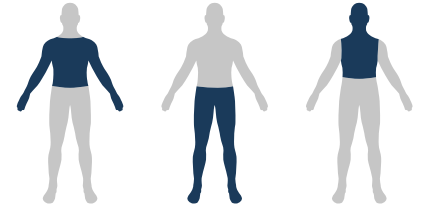
**18%**

**ADJUSTED EBITDA  
MARGIN  
(Q4'20)**

**\$47.9M**

**CASH & CASH  
EQUIVALENTS  
(Q4'20)**

# Compelling Investment Highlights



- Large, growing and underpenetrated market opportunity
- Well documented, clinically proven 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



# Q4'20 and 2020 Financial Results and FY21 Financial Outlook

(In thousands)

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2020	2019	2020	2019
<b>Revenues</b>	<b>\$59,242</b>	<b>\$57,063</b>	<b>\$187,130</b>	<b>189,492</b>
<b>Gross Profit</b>	<b>41,853</b>	<b>41,100</b>	<b>132,810</b>	<b>134,236</b>
<i>Gross Margin</i>	71%	72%	71%	71%
<b>Total Operating Expenses</b>	<b>34,862</b>	<b>35,051</b>	<b>136,438</b>	<b>123,738</b>
<b>Operating Income (Loss)</b>	<b>6,991</b>	<b>6,049</b>	<b>(3,628)</b>	<b>10,498</b>
<i>Operating Margin</i>	12%	11%	(2)%	6%
<b>Net Income / (Loss)</b>	<b>\$12,113</b>	<b>\$4,283</b>	<b>(\$620)</b>	<b>\$10,971</b>
<b>Adjusted EBITDA</b>	<b>\$10,786</b>	<b>\$10,434</b>	<b>\$16,007</b>	<b>\$25,296</b>
<i>Adjusted EBITDA Margin</i>	18.2%	18.3%	8.6%	13.3%

- Full-Year 2021 Financial Outlook:
  - \$215.3 million (+15%) to \$224.6 million (+20%), compared to \$187.1 million in 2020

# Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA






<i>(In thousands)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>Net Income (Loss)</b>	<b>\$ 12,113</b>	<b>\$ 4,283</b>	<b>\$ (620)</b>	<b>\$ 10,971</b>
Interest expense (income), net	(14)	(81)	(75)	(343)
Income tax (benefit) expense	(3,935)	1,917	(1,641)	158
Depreciation and amortization	692	730	2,794	3,538
Stock-based compensation	2,401	2,437	10,689	9,824
Impairment charges and inventory write-offs	0	0	4,025	0
CARES Act Funding	(1,176)	0	(1,176)	0
Loss on termination of lease	0	1,148	0	1,148
Legal expenses	599	0	1,030	0
Executive transition costs	106	0	981	0
<b>Adjusted EBITDA</b>	<b>\$ 10,786</b>	<b>\$ 10,434</b>	<b>\$ 16,007</b>	<b>\$ 25,296</b>

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>Net Income (Loss) Margin</b>	<b>20.4%</b>	<b>7.5%</b>	<b>(0.3)%</b>	<b>5.8%</b>
Interest expense (income), net	(0.0)%	(0.1)%	(0.0)%	(0.2)%
Income tax (benefit) expense	(6.6)%	3.4%	(0.9)%	0.1%
Depreciation and amortization	1.2%	1.3%	1.5%	1.9%
Stock-based compensation	4.1%	4.3%	5.7%	5.2%
Impairment charges and inventory write-offs	0.0%	0.0%	2.2%	0.00%
CARES Act Funding	(2.0)%	0.0%	(0.6)%	0.0%
Loss on termination of lease	0.0%	2.0%	0.0%	0.6%
Legal expenses	1.0%	0.0%	0.6%	0.0%
Executive transition costs	0.2%	0.0%	0.5%	0.0%
<b>Adjusted EBITDA Margin</b>	<b>18.2%</b>	<b>18.3%</b>	<b>8.6%</b>	<b>13.3%</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

