

## **TACTILE SYSTEMS TECHNOLOGY, INC.**

### **Audit Committee Charter**

**Adopted: June 21, 2016**

#### **ORGANIZATION**

The Audit Committee of the Board of Directors shall be comprised of at least three directors who are independent of management and Tactile Systems Technology, Inc. (the “*Company*”). Members of the Audit Committee shall be considered independent if they have no relationship to the Company that may interfere with the exercise of their independence from management and the Company and they meet the requirements for independent audit committee members under federal securities laws and related rules and regulations of the Securities and Exchange Commission, and rules adopted by the securities exchange on which the common stock of the Company is traded (if any). All Audit Committee members will be financially literate, and at least one member shall be an “audit committee financial expert” as defined by the Securities and Exchange Commission.

#### **STATEMENT OF POLICY**

The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the stockholders relating to corporate accounting, reporting practices of the Company, and the quality and integrity of financial reports of the Company, as well as overseeing the Company’s investment and cash management policies. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication with the directors, the independent auditors, the internal auditors, and the financial management of the Company. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures, and practices at all levels.

#### **RESPONSIBILITIES**

The Audit Committee is responsible for the appointment, compensation and oversight of the work of any registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or other related work. Any such accounting firm will report directly to the Audit Committee. The Audit Committee’s oversight role includes responsibility for resolving disagreements between management and the accounting firm regarding the Company’s financial reporting. The Audit Committee may commit the financial resources it deems appropriate for compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

The Committee shall have the authority and responsibility to adopt, modify and oversee the Company’s investment and cash management policies; including to adopt and amend such policies and oversee management’s administration of these policies.

The Chairman of the Audit Committee will be designated and publicized as the person responsible for the receipt, retention and presentation to the full Audit Committee for action on complaints regarding accounting and internal accounting controls or auditing matters. Submissions by the Company’s employees of concerns regarding questionable accounting or auditing matters (which may be submitted on a confidential or anonymous basis) will be instructed to be communicated to the Chairman of the Audit Committee.

The Audit Committee has the specific authority to engage independent counsel, accounting, investment and other advisors, as the Audit Committee deems appropriate, and may commit the financial resources the Audit Committee deems appropriate for such purposes or for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order

to best react to changing conditions and to ensure to the directors and stockholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, so long as decisions of such subcommittee to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting.

In carrying out these responsibilities, the Audit Committee will:

#### FINANCIAL STATEMENT AND DISCLOSURE MATTERS

1. Review the quarterly financial statements with financial management and the independent auditors prior to the filing of the Form 10-Q (or prior to the press release of results, if possible) to confirm that the independent auditors do not take exception to the disclosure and content of the financial statements, and discuss any other matters required to be communicated to the Audit Committee by the auditors. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.
2. Review the financial statements contained in the annual report to stockholders with management and the independent auditors to confirm that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to the stockholders. Review with financial management and the independent auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, and discuss any other matters required to be communicated to the Audit Committee by the auditors. Also review with financial management and the independent auditors their judgments about the quality, as well as acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the organization's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements.
3. Inquire of management, the internal auditor, and the independent auditors about significant risks or exposures and assess the adequacy of the steps management has taken to minimize such risks to the Company.
4. Report the results of the annual audit to the Board of Directors. If requested by the Board, invite the independent auditors to attend the full board of directors' meeting to assist in reporting the results of the annual audit or to answer other directors' questions (alternatively, the other directors, particularly the other independent directors, may be invited to attend the Audit Committee meeting during which the results of the annual audit are reviewed).

#### OVERSIGHT OF THE COMPANY'S RELATIONSHIP WITH THE INDEPENDENT AUDITOR

5. Review and recommend to the directors the independent auditors to be selected to audit the financial statements of the Company and its divisions and subsidiaries.
6. Have a clear understanding with the independent auditors that they are ultimately accountable to the Board of Directors and the Audit Committee, as the stockholders' representatives, who have the ultimate authority in deciding to engage, evaluate, and if appropriate, terminate their services.
7. Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit and timely quarterly reviews for the current year and the procedures to be utilized, the adequacy of the independent auditor's compensation, and at the conclusion thereof review such audit or review, including any comments or recommendations of the independent auditors.
8. Provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting, and

auditing personnel, and the cooperation that the independent auditors received during the course of the audit.

9. Review and preapprove the nature and scope of, and fees for, permitted non-audit services provided to the Company by the independent auditors, except for non-audit services that qualify for any de minimus exception under federal securities laws, taking into consideration any potential impact on the auditors' independence.
10. Recommend to the Board of Directors whether the audited financial statements should be included in the Company's annual report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.

#### OVERSIGHT OVER COMPLIANCE AND CONTROLS

11. Review and concur with management's appointment, termination, or replacement of the director of internal audit.
12. Review with the independent auditors, the Company's internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
13. Review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements or related Company compliance policies.
14. Review and approve all related-party transactions required to be disclosed under applicable rules of the Securities and Exchange Commission.
15. Review the internal audit function of the Company including the independence and authority required to meet its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditors
16. Receive prior to each meeting, a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
17. On an annual basis, obtain from the independent auditors a written communication delineating all their relationships and professional services as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. In addition, review with the independent auditors the nature and scope of any disclosed relationships or professional services and take, or recommend that the Board of Directors take, appropriate action to ensure the continuing independence of the auditors.

#### OVERSIGHT OVER INVESTMENT AND CASH MANAGEMENT POLICIES

18. Establish an investment and cash management policy for the Company's cash and investment assets.
19. Review and approve modifications of the Company's investment and cash management policies.
20. Oversee management's administration of these policies, including the appointment of investment consultants, advisors, custodians and managers of the Company's cash and investment assets.

#### OTHER MATTERS

21. Obtain the full Board of Directors' approval of this Charter and review and reassess this Charter as conditions dictate, but not less than annually.
22. Adopt the report of the Audit Committee disclosed in the Company's filings with the Securities and Exchange Commission.
23. Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board of Directors.

24. Investigate any matter brought to the Audit Committee's attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate. Perform any other activities consistent with this Charter, the Company's Bylaws or applicable laws or regulations that the Audit Committee or the Board of Directors determines are necessary or appropriate.

#### **LIMITATION OF AUDIT COMMITTEE'S ROLE**

The Audit Committee relies on the expertise and knowledge of management, the independent auditor, investment advisors, legal counsel and other advisors in carrying out its oversight responsibilities. It is not the duty of the Audit Committee to plan or conduct audits, to determine that the Company's financial statements and disclosures are complete, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations or to make specific investment asset management decisions. These are the responsibilities of the independent auditor and management. Management is also responsible for establishing and maintaining an appropriate system of (i) internal controls and procedures for financial reporting, and (ii) disclosure controls and procedures, in accordance with applicable law.

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