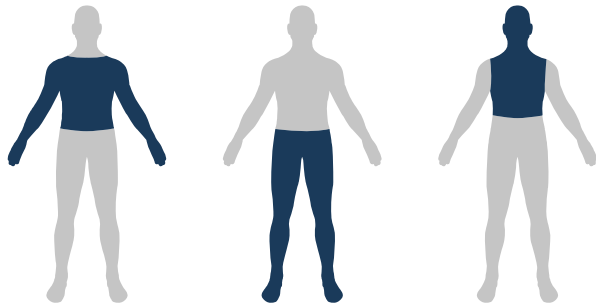


INVESTOR PRESENTATION | NASDAQ: TCMD



NOVEMBER 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," "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.

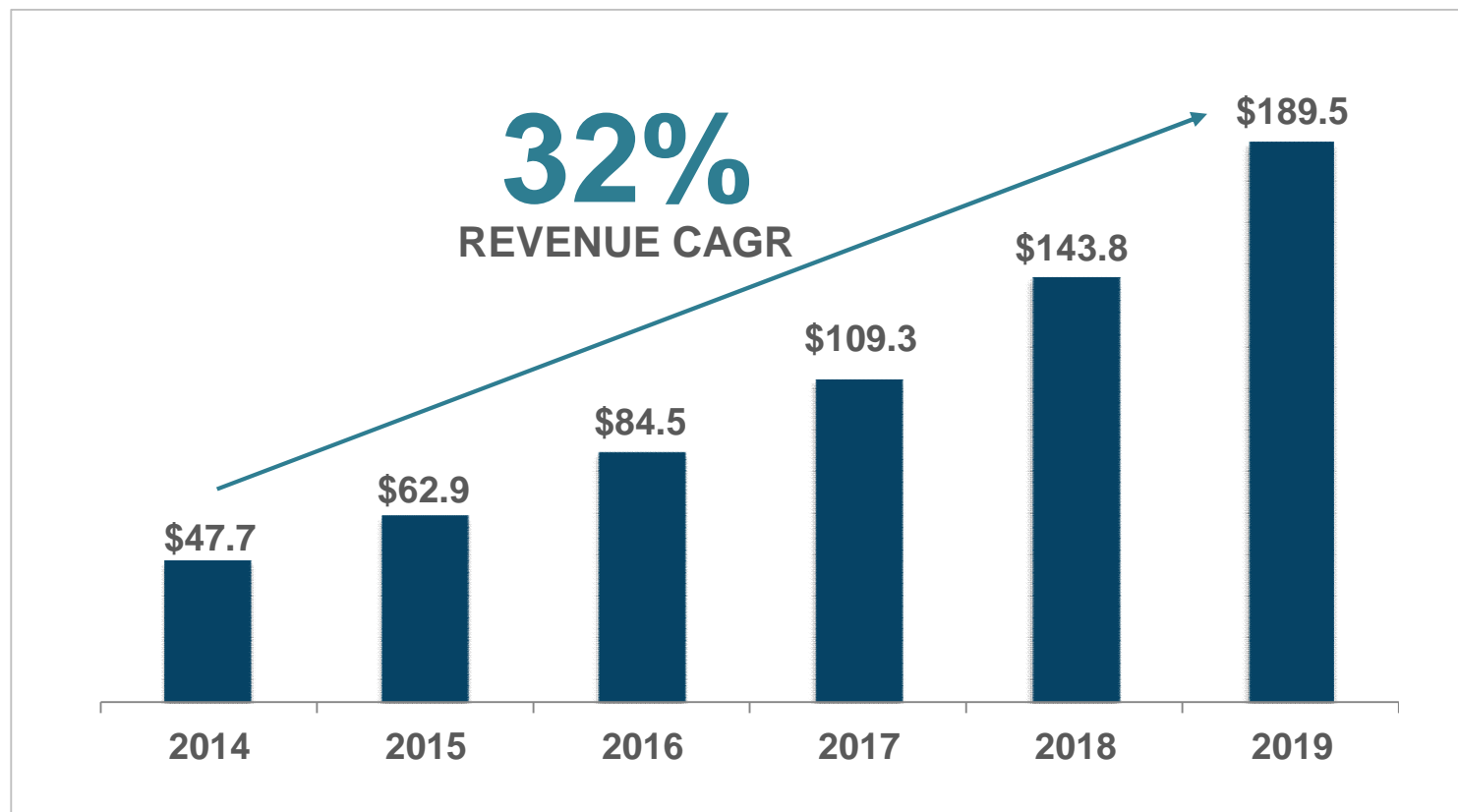
Tactile Medical at a Glance

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

\$189.5M
2019 REVENUE

71%
2019
GROSS MARGIN

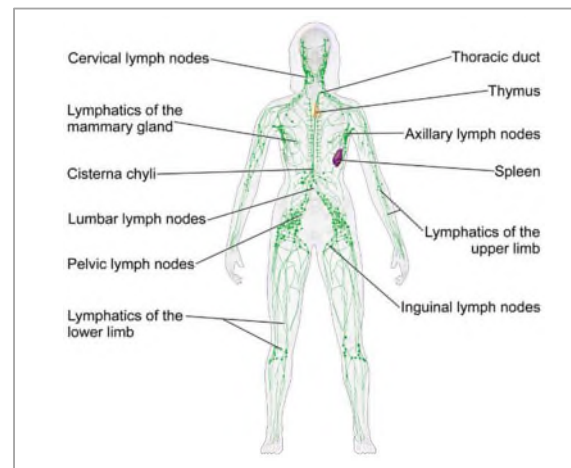
\$5B+
ANNUAL ADDRESSABLE
U.S. MARKET OPPORTUNITY



(In \$ millions)
Trailing 5 yr. CAGR from FY'14 to FY'19

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

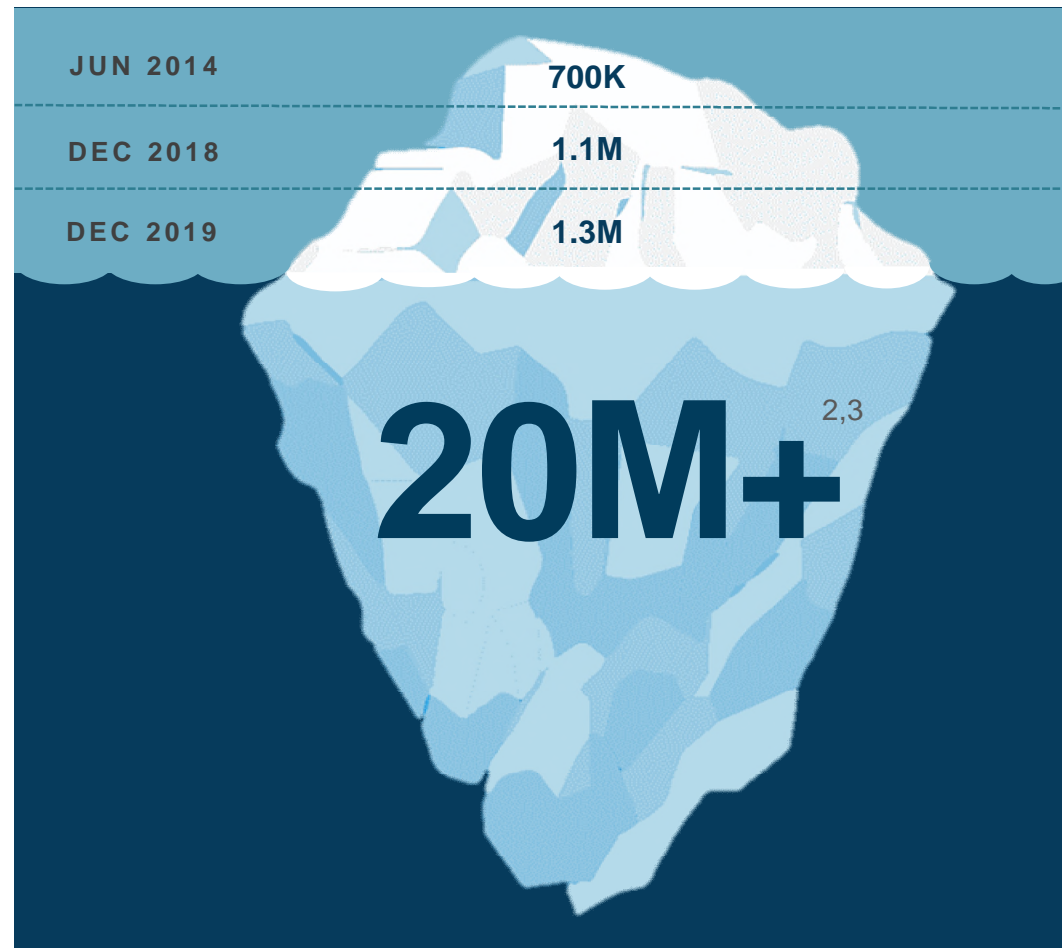
- Emulates in-clinic, therapist-delivered, manual lymphatic drainage, at home
- Provides self-administered, long-term solution that's **clinically proven to improve patient outcomes and reduce healthcare costs**



Growing Opportunity: The Tip of the Iceberg

\$5B+

CURRENT ANNUAL
ADDRESSABLE
U.S. MARKET
OPPORTUNITY



ANNUAL U.S.
LYMPHEDEMA
DIAGNOSES¹

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

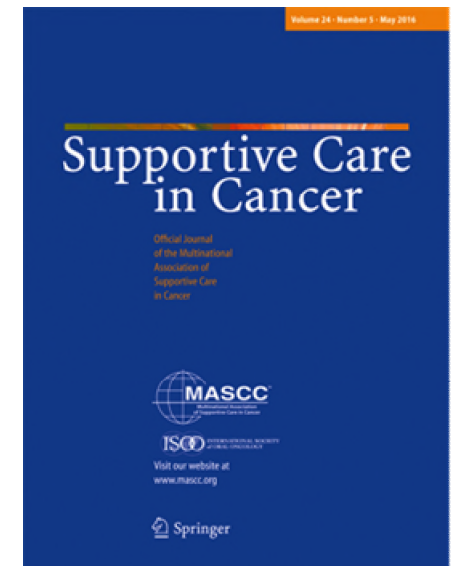
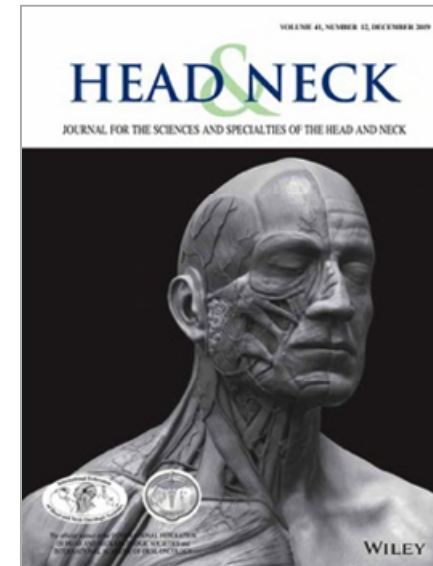
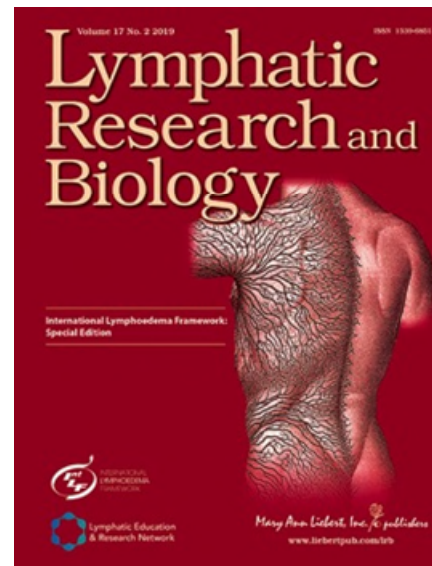
Growing Body of Clinical Evidence

20
CLINICAL
STUDIES

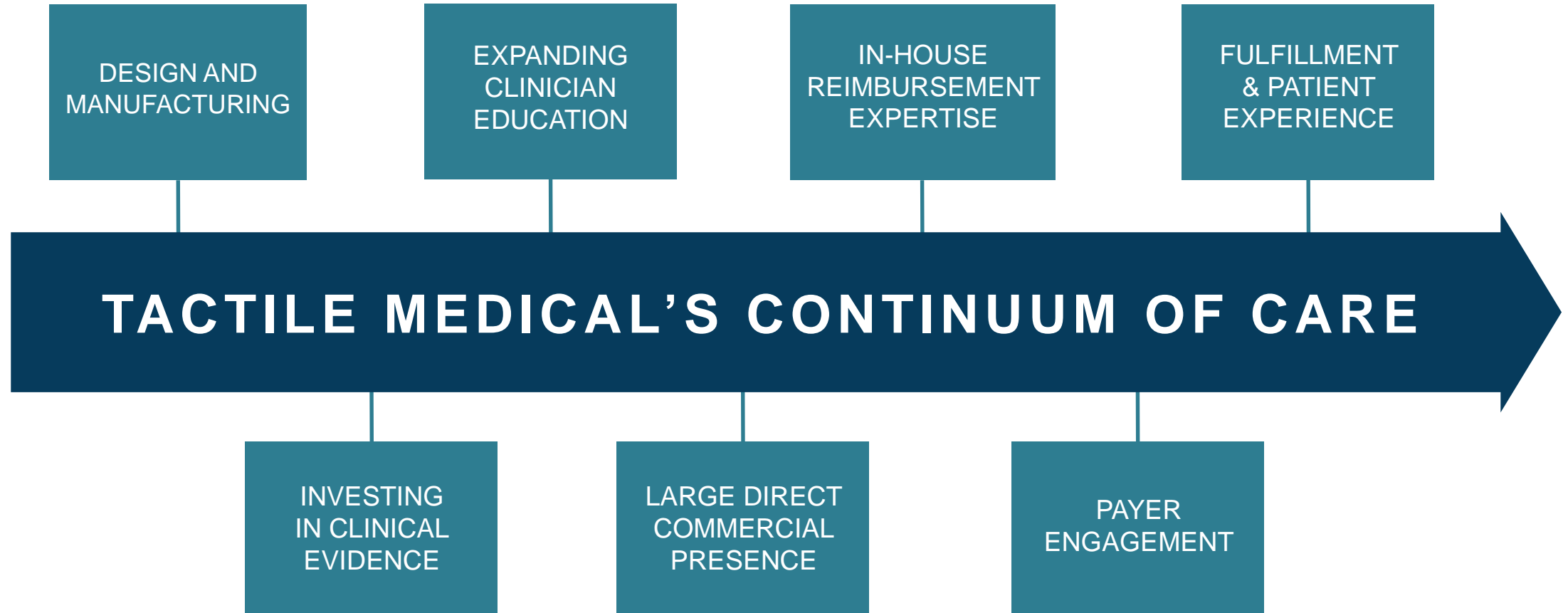
28
PEER REVIEWED
ARTICLES

>275M
COVERED LIVES
IN-NETWORK

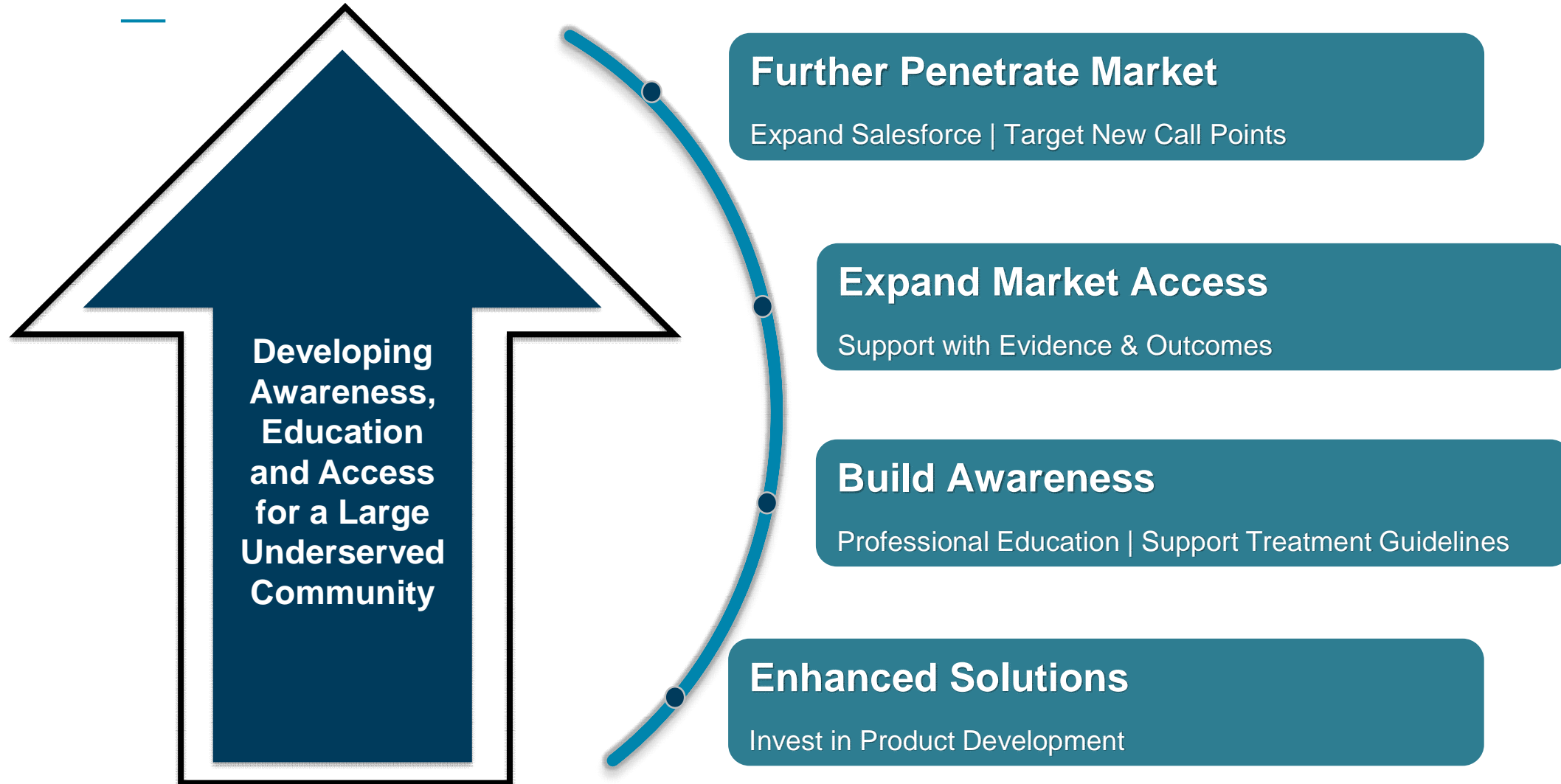
+85%
REIMBURSEMENT
APPROVAL RATE
(SINCE 2007)



End-to-End Business Model Creates Unique Competitive Advantage

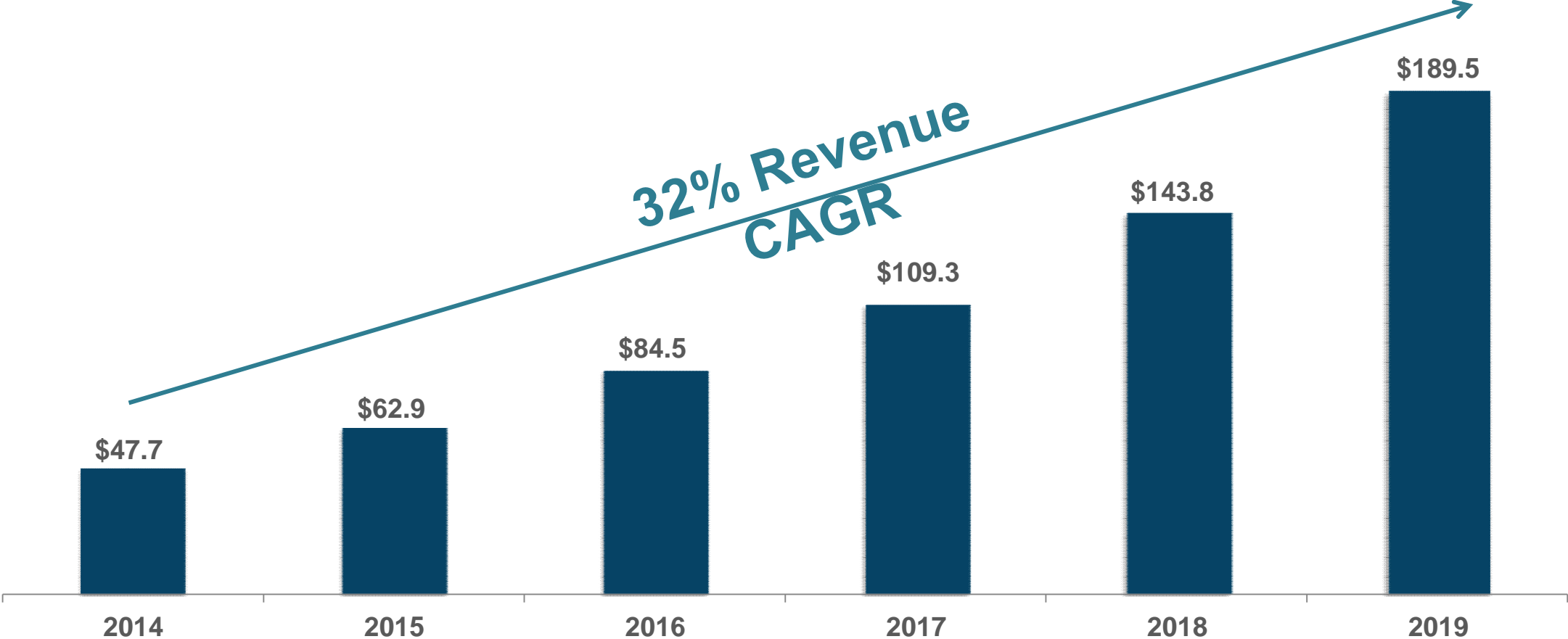


Tactile Medical Growth Strategy



Strong Revenue Growth

32% Revenue CAGR from FY'14 to FY'19



(In \$ millions)
Trailing 5 yr. CAGR from FY'14 to FY'19

Strong Financial Profile

71%

GROSS MARGIN
(Q3'20)

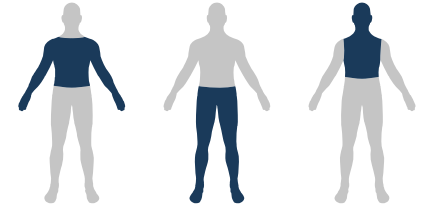
+12%

ADJUSTED EBITDA
MARGIN
(Q3'20)

\$42.2M

CASH &
EQUIVALENTS
(Q3'20)

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

Q3'20 Financial Results and FY20 Financial Outlook

(In thousands)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019	2020	2019
Revenues	\$49,092	\$49,612	\$127,887	\$132,429
Gross Profit	34,972	35,373	90,957	93,136
<i>Gross Margin</i>	<i>71%</i>	<i>71%</i>	<i>71%</i>	<i>70%</i>
Total Operating Expenses	33,178	32,176	101,577	88,705
Operating Income (Loss)	1,794	3,197	(10,620)	4,431
<i>Operating Margin</i>	<i>4%</i>	<i>6%</i>	<i>(8)%</i>	<i>3%</i>
Net Income / (Loss)	\$2,424	\$2,431	(\$12,733)	\$6,688
Adjusted EBITDA	\$6,007	\$6,437	\$4,791	\$14,862
<i>Adjusted EBITDA Margin</i>	<i>12.2%</i>	<i>13.0%</i>	<i>3.7%</i>	<i>11.2%</i>

- Full year 2020 financial outlook reinstated and updated on November 2, 2020:
 - \$184.9 million to \$186.9 million, compared to \$189.5 million in 2019

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue (reported)	\$ 49,092	\$ 49,612	\$ 127,887	\$ 132,429
<i>(In thousands)</i>				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss)	\$ 2,424	\$ 2,431	\$ (12,733)	\$ 6,688
Interest expense (income), net	19	(86)	(61)	(262)
Income tax (benefit) expense	(751)	932	2,294	(1,759)
Depreciation and amortization	652	830	2,102	2,808
Stock-based compensation	3,164	2,330	8,288	7,387
Impairment charges and inventory write-offs	0	0	4,025	0
Executive transition costs	499	0	876	0
Adjusted EBITDA	\$ 6,007	\$ 6,437	\$ 4,791	\$ 14,862

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss) Margin	4.9%	4.9%	(10.0)%	5.1%
Interest expense (income), net	0.0%	(0.2)%	(0.0)%	(0.2)%
Income tax (benefit) expense	(1.5)%	1.9%	1.8%	(1.4)%
Depreciation and amortization	1.3%	1.7%	1.6%	2.1%
Stock-based compensation	6.5%	4.7%	6.5%	5.6%
Impairment charges and inventory write-offs	0.0%	0.0%	3.1%	0.0%
Executive transition costs	1.0%	0.0%	0.7%	0.0%
Adjusted EBITDA Margin	12.2%	13.0%	3.7%	11.2%

Head and Neck Lymphedema: Incremental Opportunity, Growth Tailwind

- Flexitouch Head & Neck represents the only FDA-cleared device to treat head and neck lymphedema, an estimated \$1B+ addressable market opportunity in the US
- Our focus is **on developing a portfolio of clinical evidence to expand reimbursement coverage**

430,000

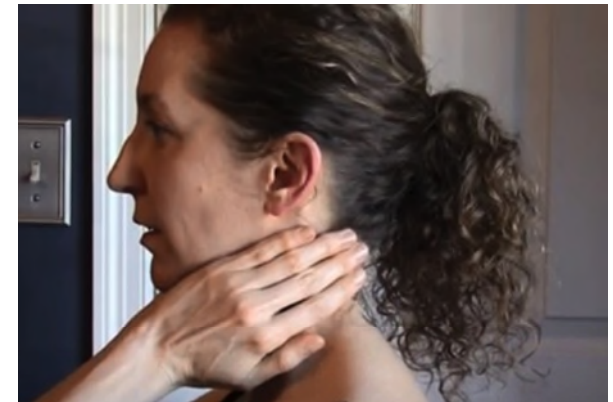
U.S. PATIENTS DIAGNOSED
WITH HEAD AND NECK
CANCER

300,000

HEAD AND NECK
LYMPHEDEMA SUFFERERS

\$1B+






ADDRESSABLE
U.S. MARKET



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

					
DIRECT SALES CHANNEL	YES	NO	NO	NO	NO
PROVEN CLINICAL BENEFITS	YES	NO	NO	NO	NO
REIMBURSEMENT EXPERTISE	YES	NO	NO	NO	NO

