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# Investor Presentation

May 2024

NASDAQ: TCMD

# 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,” “positioned,” “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 Company’s ability to obtain reimbursement from third-party payers for its products; the impacts of inflation, rising interest rates or a recession; the adequacy of the Company’s liquidity to pursue its business objectives; adverse economic conditions or intense competition; price increases for supplies and components; wage and component price inflation; loss of a key supplier; entry of new competitors and products; compliance with and changes in federal, state and local government regulation; loss or retirement of key executives, including transition matters related to the Company’s upcoming Chief Executive Officer change; 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; 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 website 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 free cash flow, 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 historical Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure. 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. This presentation also includes certain forward-looking non-GAAP measures for 2025 and the three-year period ending December 31, 2025. We calculate forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. We have not provided quantitative reconciliations of these forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because the excluded items are not available on a prospective basis without unreasonable efforts. It is probable that these forward-looking non-GAAP financial measures may be materially different from the corresponding GAAP financial measures. Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. You are encouraged to review the related GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

# Tactile Medical Team

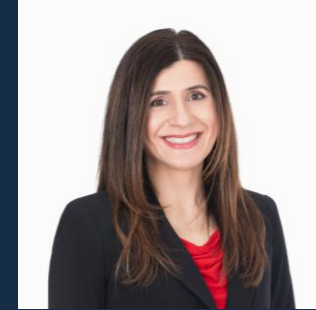


**Daniel Reuvers**

*President & Chief Executive Officer*

- President and CEO of Tactile Medical since joining the company in June 2020
- Previously served as Executive Vice President and President of Codman Specialty Surgical at Integra LifeSciences Corporation where he led growth of the Neurosurgery & Instruments business to a \$1B division
- Serves on the Board of Directors of Etac, a Swedish-based medtech company
- Previously served on the Board of Directors of RespirTech; subsequently sold to Philips Healthcare

## *Previous Experience*



**Elaine Birkemeyer**

*Chief Financial Officer*

- CFO of Tactile Medical since joining the company in March 2023
- Previously served as the CFO of Optum Care Solutions, a UnitedHealth Group Inc. company.
- Served in various other roles within UnitedHealth Group Inc. including as CFO of Rally Health



# Tactile Medical At a Glance

## Our Mission:

To reveal & treat  
patients with  
underserved chronic  
conditions in the home

FOUNDED

1995

HEADQUARTERS

Minneapolis

TOTAL EMPLOYEES<sup>(1)</sup>

~1,000

2023 REVENUE

\$274.4M

PATIENTS SERVED IN 2023

>77,000

2023 GROSS MARGIN

71.1%

(1) As of 12/31/23

# Significant Recent Progress Achieved

## Major accomplishments and milestones:

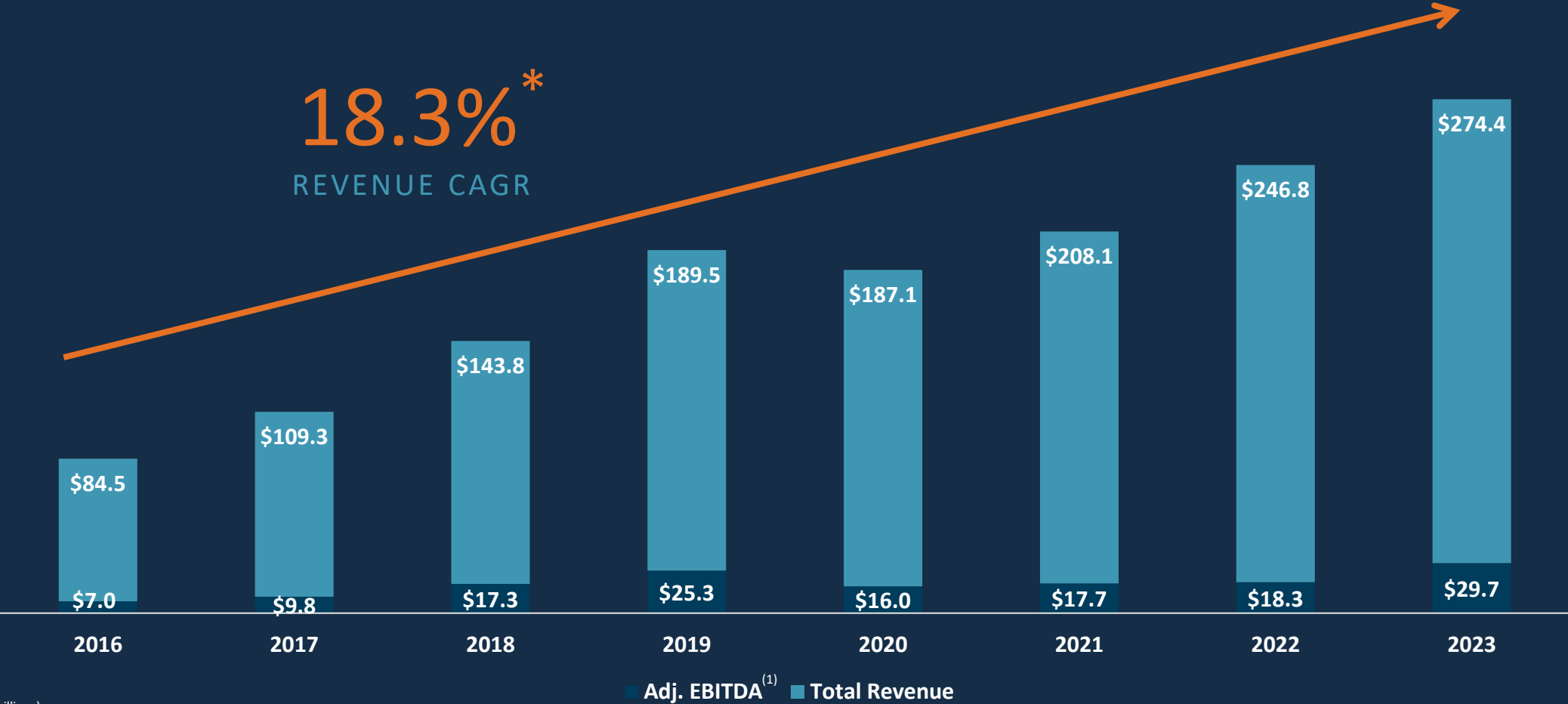
### 2022

- ✓ Completed AffloVest integration
- ✓ Launched ComfortEase™ garments
- ✓ Launched Kylee™ mobile application
- ✓ New IP protecting Head and Neck therapy
- ✓ Enhanced board experience/diversity

### 2023

- ✓ Launched Entre® Plus
- ✓ Launched expanded ComfortEase™ garments range
- ✓ Generated record profitability
- ✓ Strengthened balance sheet
- ✓ Expanded board and enhanced senior leadership team with new appointments

# Strong, Double-Digit Revenue Growth



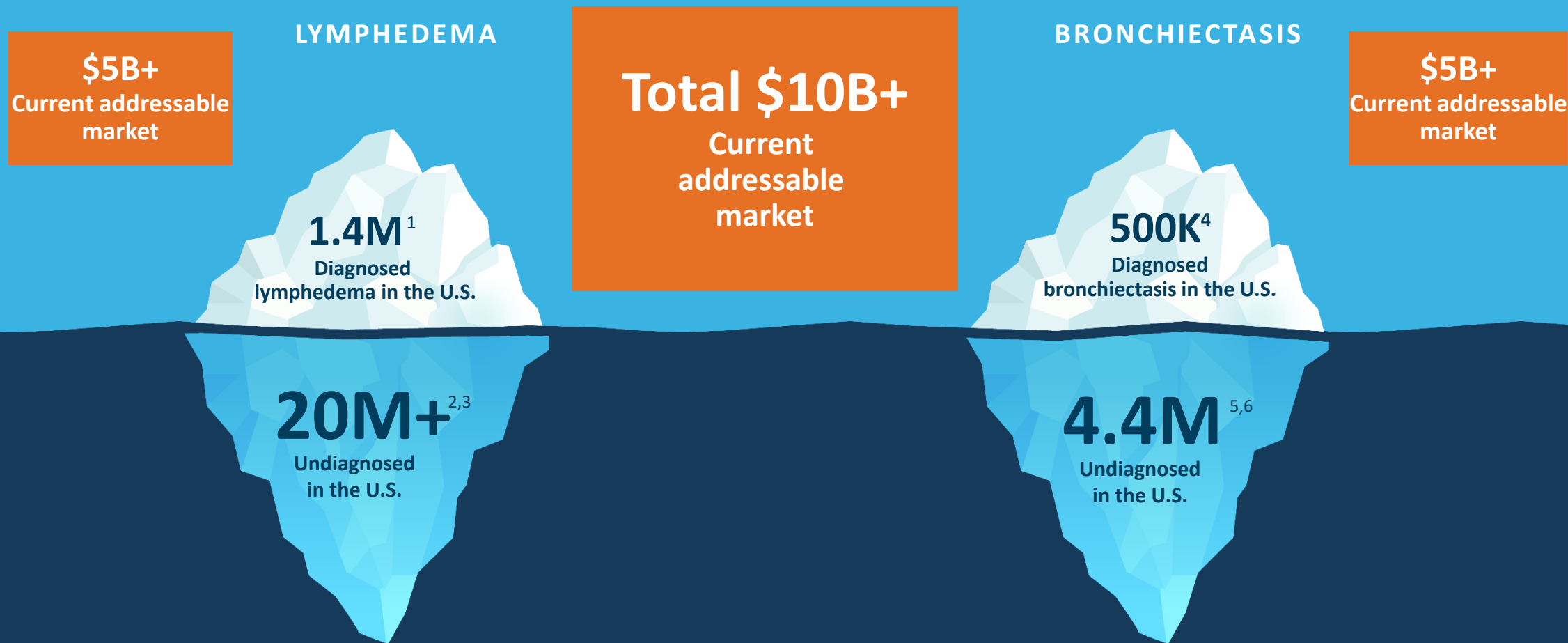
(In \$ millions)

Trailing 8 yr. Revenue CAGR from FY'16 to FY'23

\* Includes COVID-19 impacted FY'20 and FY'21

(1) Non-GAAP measure. See the Appendix for a reconciliation to the directly comparable GAAP measure.

# Significant Market Opportunity in the United States



1. Data on file at Tactile Medical. 2. Includes phlebotymphedema, primary and secondary lymphedema, including lymphedema secondary to certain cancers, and 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. 4. Weycker, D. et al. Prevalence and Incidence of Non-cystic Fibrosis BE Among US Adults in 2013. Chron Respir Dis 2017;14(4):377-384. 5. Kosmas, E. et al. Bronchiectasis in Patients with COPD: An Irrelevant Imaging Finding or a Clinically Important Phenotype? CHEST. 2016; 150(4):894A. 6. Lambert AA, Dransfield MT. COPD Overlap Syndromes: Asthma and Beyond. Chronic Obstr Pulm Dis. 2016;3(1):459-465. Published 2016 Jan 15. doi:10.15326/jcopdf.3.1.2015.0176



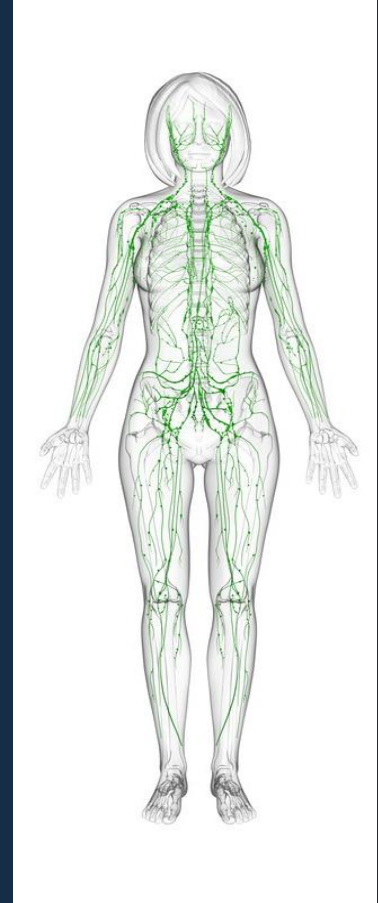
# Lymphedema: Chronic, Progressive, Underserved Market

The lymphatic system enables the transport of fluids containing infection-fighting white blood cells that rid the body of toxins and waste throughout the body.

Sources of lymphedema include chronic venous insufficiency, cancer treatment, obesity, trauma, surgery and infection.

Lymphedema symptoms and consequences include:

- Cellulitis fibrosis
- Swelling
- Hard-to-heal wounds
- Limb heaviness
- Fibrosis
- Skin changes
- Dysphagia
- Pain & tightness
- Inability to swallow
- Limited range of motion



# Therapy Solutions:

1

## PATIENT CENTERED DESIGN

Continuous product innovation that fits easily into the patient's lifestyle.



2

## CONNECTIVITY

Launched patient engagement app to provide educational content and improve user experience during order process, onboarding and therapy usage.



3

## DIGITAL PLATFORM

Develop digital and therapeutic solutions that lead to earlier patient engagement and optimized experience and outcomes.



# Long Term Objectives For Profitable Growth

## KEY DRIVERS

**Enhanced product portfolio**

**Improved payer policy and digital strategy**

**Capital efficiency & working capital improvements**

# Improve Payer Policy

## PRIORITY:

## GOAL:

1

### CONTINUE INVESTMENTS IN CLINICAL RESEARCH

- Complete enrollment of our head & neck RCT \*
- Publish Therapist/Flexitouch comparative pressure study
- Support investigator initiated studies

2

### IMPROVE PATIENT ACCESS

- Nearly 275 million U.S. lives have coverage for our therapies but barriers to access still exist
- Focused on simplifying these coverages to ensure our patients have access





3

### ENHANCE PROCESS

- Streamline the order process to improve efficiency to shorten the time it takes for a patient to begin therapy
- Focus on billing and collections process improvement to improve days outstanding and cash collections

\* RCT means randomized controlled trial.

# Operational Efficiency

OPERATIONS		PROGRESS TOWARD DESIRED STATE
	ORDER PROCESS	Low/no touch automated processing, ease of referral for clinicians, and informed patient experience
	PATIENT EDUCATION & TRAINING	Patient driven training experience, highly virtual, supported with digital tools, and new products
	PATIENT SUPPORT	Digital patient engagement, with omni-channel and self-serve options
	TECHNOLOGY	Flow enabled, supported by artificial intelligence, machine learning, and automated payer policies, with reduced manual intervention

**Yields better patient, provider, and business outcomes while lowering our cost to serve**

# Lymphedema: Positioned to Win

**#1\***

MARKET  
SHARE

**\$5B+**

TOTAL  
ADDRESSABLE  
MARKET

- CLINICALLY PROVEN FLEXITOUCH AND ENTRE PNEUMATIC COMPRESSION DEVICES
- EXPANDING CLINICAL EVIDENCE
- DIRECT SALES FORCE
- BACK OFFICE SUPPORT
- BROAD INSURANCE COVERAGE
- NEARLY 275M U.S. LIVES UNDER COVERAGE

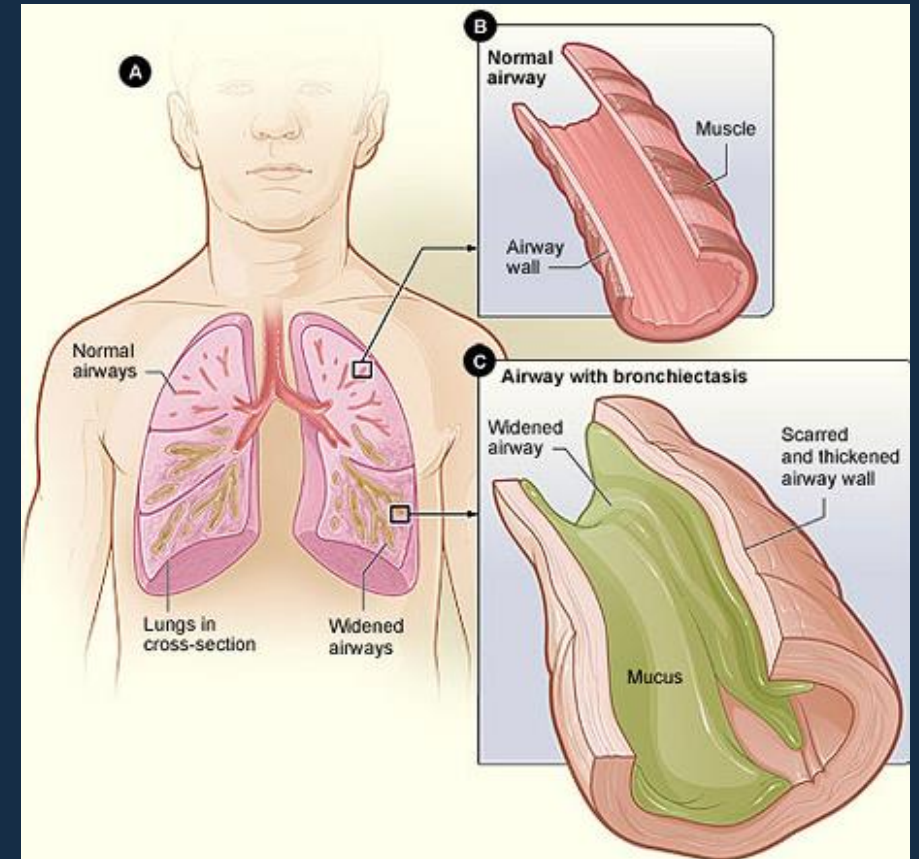
\*Based on management estimates

# Bronchiectasis: Chronic, Progressive, Underserved Market

Bronchiectasis (BE) is permanent scarring and dilation of the airways with excessive mucus production

Recurring lung infections, pneumonias, lead to progressive damage of airway wall

Bronchiectasis identified in nearly 1 in 4 (23%) smokers<sup>1</sup>



1. Cai Q, Triphuridet N, Zhu Y, et al. Bronchiectasis in Low-Dose CT Screening for Lung Cancer [published online ahead of print, 2022 Apr 19]. Radiology. 2022;212547. doi:10.1148/radiol.212547

# Current Treatment Paradigm



1

## LEFT UNTREATED

- Commonly missed diagnosis due to overlap with COPD; BE occurs in up to 42% of COPD patients.<sup>1,2</sup>
- Inability to clear mucus leads to a cycle of infection, inflammation and worsening damage

2

## BASIC APPROACH

- Antibiotics for commonly-occurring infections
- Airway clearance foundational; common methods:
  - Huff coughing
  - PEP\* devices

3

## STANDARD OF CARE

- Chest physiotherapy (CPT)
- Administered by care provider with manual positioning and clapping the lungs to thin and mobilize secretions

4

## AFFLOVEST®

- High frequency chest wall oscillation (HFCWO)
- Mimics manual CPT
- Can be used with other treatments, independent of a caregiver
- Fully mobile during use; designed to improve adherence

\*PEP is defined as “positive expiratory pressure”

1. Kosmas E. et al., Bronchiectasis in Patients with COPD: An Irrelevant Imaging Finding or a Clinically Important Phenotype? *CHEST*. 2016;150(4):894A.
2. Aksamit, T. et al., Bronchiectasis and Chronic Airway Disease: It Is Not Just About Asthma and COPD. *CHEST*. 2018;154(4):737-739.



# Airway Clearance: Positioned to Win

**#2\***

MARKET  
SHARE

---

**\$5B+**

TOTAL  
ADDRESSABLE  
MARKET

- PORTABLE DESIGN
- BROAD DME CHANNEL REACH
- MEETS RESPIRATORY PATIENTS' COMPLEX NEEDS
- STRONG REIMBURSEMENT
- COMPELLING ECONOMICS FOR DME PARTNERS

\*Based on management estimates

# Strategies to Unlock Profitable Growth + Strong Cash Generation

## Clear priorities to optimize business performance

1

### Portfolio Optimization

Patient centric, connected and digital

2

### Improve Payer Policy

Simplify coverage criteria

3

### Operational Efficiency

Create leverageable infrastructure

## FY 2025 GOALS

**\$350M+** REVENUE

3-year CAGR of 13%\*

**\$50M+** ADJ. EBITDA\*\*

14%+ Adj. EBITDA Margin\*\*

**\$75M+** CUMULATIVE FREE  
CASH FLOW\*\*

Strengthening balance sheet

\*Implied 3-year revenue CAGR based on FY'25 revenue vs. FY'22 \$246.8 million.

\*\*Non-GAAP measure. Free Cash Flow defined as cash flow from operations less capital expenditures. Cumulative free cash flow generation target based on 3-year period ending 12/31/2025.

# Compelling Investment Highlights

## ATTRACTIVE END MARKETS

- Large, growing and underserved patient segments
- Broad payer adoption
- Expanding clinical evidence/education/awareness

## UNIQUE ASSETS

- Most clinically proven therapies
- Largest distribution channels
- Comprehensive back-office capabilities
- Development focused on innovation and digital roadmap

## VALUE CREATION

- Building scalable business to support leadership growth
- Gross margins >70%
- Improving profitability and strong free cash flow<sup>(1)</sup> generation

(1)Non-GAAP measure. Free Cash Flow defined as cash flow from operations less capital expenditures.

**Thank You**

# Appendix

# Q1 2024 & 2023 and FY'23 & FY'22 Financial Results

\$ Millions	Three months ended March 31,		Year Ended December 31,	
	2024	2023	2023	2022
Lymphedema products	\$52.3	\$49.8	\$241.7	\$212.3
Airway clearance products	\$8.8	\$9.1	\$32.7	\$34.5
Total revenues	\$61.1	\$58.8	\$274.4	\$246.8
Gross profit	\$43.4	\$41.5	\$195.1	\$176.0
<i>Gross margin</i>	<i>71.1%</i>	<i>70.5%</i>	<i>71.1%</i>	<i>71.3%</i>
Total operating expenses	\$46.4	\$45.3	\$177.1	\$188.7
Operating income (loss)	(\$3.0)	(\$3.8)	\$18.0	(\$12.8)
Net income (loss)	(\$2.2)	(\$1.9)	\$28.5	(\$17.9)
Adjusted EBITDA <sup>(1, 2)</sup>	\$1.0	\$0.5	\$29.7	\$18.3

## 3 MONTHS ENDED MARCH 31, 2024 FINANCIAL SUMMARY:

### REVENUE

**\$61.1M**

### ADJ EBITDA<sup>(1)</sup>

**\$1.0M**

1. Non-GAAP measure. See slides 23 and 24 for a reconciliation to the directly comparable GAAP measure.

2. Adjusted EBITDA in this presentation represents net income or loss, adjusted for certain items as detailed in the reconciliations. We believe that Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period.

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

(\$ Millions)	Years ended December 31							
	2023	2022	2021	2020	2019	2018	2017	2016
<b>Net (loss) income</b>	\$ 28.5	\$ (17.9)	\$ (11.8)	\$ (0.6)	\$ 11.0	\$ 6.6	\$ 5.9	\$ 2.9
Interest expense, net	2.3	2.7	0.5	(0.1)	(0.3)	(0.4)	(0.4)	(0.0)
Income tax (benefit) expense	(12.7)	2.4	9.5	(1.6)	0.2	(3.1)	(1.7)	1.4
Depreciation and amortization	6.5	6.3	3.7	2.8	3.5	3.7	1.8	0.8
Stock-based compensation	7.5	9.6	10.1	10.7	9.8	8.0	4.2	1.9
Loss on termination of lease	-	-	-	-	1.1	-	-	-
Impairment charges and inventory write-offs	-	0.2	0.6	4.0	-	2.5	-	-
Acquisition costs	-	-	1.1	-	-	-	-	-
CARES Act funding	-	-	-	(1.2)	-	-	-	-
Change in fair value of earn-out	(2.5)	11.9	(0.2)	-	-	-	-	-
Litigation defense costs	-	2.8	3.7	1.0	-	-	-	-
Executive transition costs	-	0.3	0.5	1.0	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 29.7</b>	<b>\$ 18.3</b>	<b>\$ 17.7</b>	<b>\$ 16.0</b>	<b>\$ 25.3</b>	<b>\$ 17.3</b>	<b>\$ 9.8</b>	<b>\$ 7.0</b>

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

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	\$	%
<b>Net income (loss)</b>	\$ (2,209)	\$ (1,886)	\$ (323)	17%
Interest expense, net	(146)	993	(1,139)	(115%)
Income tax (benefit) expense	(600)	(2,913)	2,313	(79%)
Depreciation and amortization	1,634	1,629	5	0%
Stock-based compensation	2,039	2,023	16	1%
Change in fair value of earn-out	-	660	(660)	(100%)
Executive transition costs	315	-	315	-
<b>Adjusted EBITDA</b>	<b>\$ 1,033</b>	<b>\$ 506</b>	<b>\$ 527</b>	<b>104%</b>



# Select Comparisons from the Balance Sheet as of 03/31/2024 and 12/31/2023

(Dollars in thousands)	03/31/2024	12/31/2023	Increase (Decrease)	
			\$	%
Cash and cash equivalents	\$ 60,706	\$ 61,033	\$ (327)	(0.5%)
Accounts receivable	40,491	43,173	(2,682)	(6.2%)
Accounts receivable, non-current	6,953	10,936	(3,983)	(36.4%)
Total accounts receivable	47,444	54,109	(6,665)	(12.3%)
Inventories	20,844	22,527	(1,683)	(7.5%)
Note payable, current	2,956	2,956	-	-
Note payable, non-current	25,437	26,176	(739)	(2.8%)
Total net borrowings	28,393	29,132	(739)	(2.5%)
Total stockholders' equity	\$ 193,473	\$ 193,642	\$ (169)	(0.1%)