Appropriate extract from the image:

**Our Mission**

Our Mission is to reveal and treat people with underserved chronic conditions and help them care for themselves at home.

**About Tactile Medical**

At Tactile Medical, our Mission is to reveal and treat people with underserved chronic conditions and help them care for themselves at home. As reflected in our Code of Business Conduct and Ethics, our company is customer-focused and Mission-driven. Our unique platform includes advanced, clinically-proven devices, as well as a national network of product specialists, patient trainers, reimbursement experts, patient advocates and clinical staff. This combination of products and services helps tens of thousands of patients annually receive the at-home treatment they need to better manage their chronic conditions. In addition to improving the quality of life for patients with chronic conditions, our solutions improve clinical outcomes and reduce overall healthcare costs.

**A Message from Our CEO**

2022 was a year of transformation for Tactile Medical. Our unwavering commitment to our Mission to reveal and treat people with underserved chronic conditions and help them care for themselves at home was demonstrated by the daily impact we had on the more than 65,000 patients we served last year alone.

Tactile Medical continued to innovate to improve the experience for our customers living with chronic conditions. We take pride in knowing the solutions we offer contribute to bringing relief to patients and enhances their quality of life. In 2022, we launched Flexitouch Plus with ComfortEase™ and Bluetooth, the next generation of our flagship pneumatic compression device. We also launched Kylee, our free mobile app, allowing patients to learn about chronic swelling, track symptoms, and share treatment progress with their clinician.

We also successfully completed the integration of AffloVest, a mobile airway clearance therapy we acquired in 2021, which has doubled the number of patients our therapies can help reach.

I’d like to call out a few additional highlights from 2022:

- Recognized by the Minnesota Census of Women in Corporate Leadership for having diverse representation in our executive leadership and board of directors
- Launched an employee volunteer program, Tactile Crew Making a Difference, and logged nearly 900 volunteer hours among our employees
- Provided nearly $70,000 to non-profit organizations through our Grant Program to assist in philanthropic medical initiatives that further our mission
- Sponsored five clinical studies and hosted 213 medical education programs for more than 6,400 clinicians
- Added an Environmental Policy and Environmental Management System, which will be key to driving environmental initiatives going forward
- Hosted an employee survey leading us to identify three areas of focus in 2023, making Tactile an even better place to work
- Assisted over 6,000 patients experiencing financial hardship by providing devices at a reduced cost through our Patient Assistance Consideration Program

Looking ahead, we’ve set bold goals to guide our efforts in 2023. Some key objectives include:

- Supporting our communities by committing to >1,000 services hours
- Establishing a formal internship program
- Expanding our commitment to diversity, equity, and inclusion through enhanced training and recruitment initiatives
- Identifying the first annual Environmental Management System objective and target
- Continuing clinical research efforts to support the treatment of lymphedema in the head and neck, expand payer coverage, and increase access to healthcare for more patients

2023 is already off to a great start. I’m excited to pursue new opportunities that will expand our reach and strengthen the collective spirit, passion, and expertise of the team at Tactile Medical as we continue to innovate for the future.

Sincerely,

Dan Reuvers
President and CEO
Our Core Values
The company’s core values are the foundation upon which we conduct our business and interactions with patients, healthcare professionals, caregivers, business partners, shareholders, communities and one another. The work we do every day guides and influences our business aspirations and our people take pride in the fact that:

- we are compassionate
- we embrace change
- we are collaborative
- we are driven
- we are transparent

Our Impact
“Talk about a Godsend for me. Unbelievable difference. Using the Flexitouch is time you are investing in yourself, time you are spending in your recovery.”

Jovan D. Flexitouch User

Making a Difference
DRIVING CLINICAL RESEARCH
We are dedicated to leading clinical research efforts. Clinical research provides valuable scientific data and can improve clinical care, healthcare delivery, cost and quality of life. We actively collaborate with medical professionals, researchers and professional medical societies and have demonstrated our commitment to developing high quality clinical evidence with nationally and internationally recognized clinicians and researchers.

In 2022, we sponsored five clinical studies with more than 315 subject participants and contributed to five abstract presentations and seven publications in various stages of review by peer-reviewed medical journals. In addition to driving the development of new evidence and technologies, these efforts help inform clinicians and payers so that access to therapies are expanded.

One example of this is an ongoing clinical trial evaluating the effectiveness of our Flexitouch Plus system for the treatment of head and neck lymphedema, which is a frequent consequence of head and neck cancer. The American Cancer Society estimates that 430,000 people in the United States suffer from cancers of the head and neck. Our Flexitouch Plus head and neck system is the only pneumatic compression device that can be used in the home to treat patients suffering from debilitating head and neck cancer-related lymphedema. Launched in September 2021, this study represents the largest randomized, controlled clinical trial ever conducted for the treatment of head and neck cancer-related lymphedema. The trial consists of approximately 250 subjects enrolled at ten clinical sites and will span three years.

Clinical trials like these play a critical role in educating clinicians, regulatory bodies and insurance companies on the efficacy and necessity of our solutions, and we will continue to invest in the development of clinical outcome data to demonstrate this. Details on our active clinical trials can be found at ClinicalTrials.gov.

PATIENT-CENTRIC PRODUCT INNOVATION
We are committed to innovation. We listen to our patients, clinicians and employees to glean opportunities for product enhancement and improvements. We are involved in ongoing efforts to improve the patient experience and enhance the ease of use, durability, comfort and effectiveness of our products.

Patient engagement and support through product innovation and expansion of our digital platform are also critical. In 2022, we launched the next generation of Flexitouch Plus, our flagship pneumatic compression solution. The latest version includes ComfortEase™ technology, which make the garments easier to put on and remove. The latest version also features Bluetooth, which allows treatment data to flow to the patient’s mobile device. They can view their Flexitouch Plus treatments in Kylee, a free mobile app. This is designed to help patients learn about lymphedema, track their symptoms and treatment and share progress with their healthcare team. Together, these products elevate the solution of life-improving therapy we provide to lymphedema patients, while simultaneously making it easier for patients to learn, track and share their progress with their clinician. Visit our website to learn more about Flexitouch Plus Kylee.

“Talk about a Godsend for me. Unbelievable difference. Using the Flexitouch is time you are investing in yourself, time you are spending in your recovery.”

Jovan D. Flexitouch User

“That was a turning point for me. Having Flexitouch allowed me to do my own therapy, in my own home.”

Brittney C. Flexitouch User
Our People
We have developed key recruitment and retention strategies, objectives and measures as part of the overall management of our business. In 2022, we implemented a new Human Resources platform with enhanced capabilities to report, track and administer our Human Resources programs, creating efficiency for the Human Resources team, employees and managers. In 2023, we plan to implement the associated learning management system, goal setting process and coaching and feedback tools to encourage employee development and feedback.

As of December 31, 2022, we had 982 employees. We have 569 field-based employees located throughout the United States, 341 corporate employees, and 72 employees at our manufacturing locations. This total includes part-time employees, which made up approximately 7% of our employee population in 2022.

Maintaining a strong, motivated workforce is fundamental to achieving our goals. Because our employees are our most important asset, we are committed to providing an equitable, rewarding and safe workplace. We do this by emphasizing safety in our everyday operations, offering competitive benefits, providing an environment that fosters employee development and advancement and encouraging community involvement.

A Culture of Growth and Support
We understand the importance of a robust education and training program at hire, as well as continuing education throughout an employee's tenure. Because the company is constantly evolving, we review our training curriculum for both employees and leaders at least annually to assess its relevance, comprehensiveness and effectiveness. Topics and methodology may vary in order to provide skills and knowledge that are targeted to the distinct role or department. In addition to department and role-specific education and training, employees are required to complete a standard training curriculum upon hire and annual refresher training thereafter including:

- Workplace safety
- Emergency/disaster training
- Grievance/complaint handling
- Patient rights and responsibilities
- Cultural diversity
- Communication barriers
- Infection control
- Ethics and compliance
- Code of Business Conduct and Ethics, corporate policies, procedures

In addition, full-time employees are eligible for tuition reimbursement. This program provides reimbursement for eligible expenses such as classes related to an employee's career, role or desired role with the company. We are dedicated to the professional development of our employees. We believe individuals who want to continue their education, in addition to performing their full-time jobs, show a commitment to improving themselves and also value professional growth consistent with the company.

To foster employee growth, ongoing feedback and professional development, we maintain a comprehensive annual performance process. Performance evaluations are based on the employee's job description, corporate and departmental goals and compliance with the company's policies and procedures. To encourage honest and constructive assessments, the employee and their direct supervisor are individually provided time to evaluate the employee's achievements, strengths, areas of opportunity and future goals and aspirations. In addition, we have been piloting the use of peer/colleague feedback to broaden the perspective and feedback provided. This individual time of reflection is followed by one of the most crucial elements of growth: open dialogue and constructive feedback.

Employee Health and Wellness
We offer a comprehensive benefits program at an affordable cost to support the differing needs of our growing and diverse workforce and remain competitive within the industry. Most of our employees participate in some level of medical benefits (67% of women and 77% of men), which can include coverage for employees, spouses and dependents. The options of additional benefits such as FSA or HSA accounts, dental, vision, accidental and critical illness, virtual visits, fitness rewards and telehealth services are available to help our employees with preventive and wellness health initiatives.

Flexibility and family-friendly policies are essential to cultivating an atmosphere where employees can thrive professionally without sacrificing their personal or family commitments. We support new parents with additional flexibility and time to bond with their children and adjust to their new family situation by offering paid maternity and parental leave to employees who qualify following the birth, adoption or acceptance of foster placement of a child. Depending on the position held and company needs, our flexible work policy provides employees the opportunity for flexible working hours and locations that still meet the business needs. Whether short-term, incident-based or mid/long-term, we work with the employee and supervisor to accommodate reasonable requests for flexible work arrangements.

We also offer a variety of other benefits for financial and personal needs, such as retirement savings, disability insurance and life insurance. We believe providing employees with these benefit options provides a level of financial stability and improves engagement.

We continually explore benefit options and strive to maximize cost effectiveness for both our employees and the organization, providing health, fitness and financial programs that support our employees' health and financial goals.

Safety at Tactile Medical
We want to ensure we have a safe and accident-free workplace. Safety management is the responsibility of each employee and leader, in clinical settings, corporate offices or while serving patients in their home. Safety training helps support a safe workplace and works to eliminate hazardous conditions. Employee training occurs at the time of hire and at least annually thereafter. Training covers various topics including but not limited to infection control, sanitation, safe lifting, proper operation of equipment and emergency and disaster preparedness. Our training programs effectively help prevent workplace injuries and minimizes workplace hazards. This has resulted in a consistently low accident rates year over year.

Tactile Medical Accident Rates by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.8907%</td>
</tr>
<tr>
<td>2020</td>
<td>0.6355%</td>
</tr>
<tr>
<td>2021</td>
<td>0.3816%</td>
</tr>
<tr>
<td>2022</td>
<td>0%</td>
</tr>
</tbody>
</table>

Our Safety Committee is comprised of designated employees from a variety of departments that meet quarterly. This committee reviews safety activities including concerns, areas for improvement, communication and training needs. This committee also facilitates annual safety evaluations of all facilities. Employees can email the Safety Committee directly with questions, concerns or suggestions regarding workplace safety.
DIVERSITY, EQUITY, AND INCLUSION

Our diverse and inclusive workplace encourages different perspectives and ideas, which we believe enables better business decisions and opportunities for growth. We are committed to providing equal employment opportunities for, and treatment of, every person employed by or seeking employment with the company. We strive to provide its employees with an environment free of unlawful discrimination or harassment and to comply with all applicable federal, state and local laws. Our policy is to provide equal employment opportunity to all employees and applicants for employment without regard to the individual’s age, sex (including pregnancy, childbirth and related medical conditions), race, color, national origin, religion, creed, sexual orientation, familial status, marital status, disability, status with respect to public assistance, membership or activity in a local commission, genetic information or characteristics, military or veteran status, or any other classification protected by applicable federal, state and local laws. This policy applies to all aspects of the journey from recruiting, interviewing, hiring, placement, promotion, termination, layoff, recall and transfers, leaves of absence, compensation and training.

Employees are encouraged to report any equal opportunity concerns immediately to a member of management or Human Resources. Anyone found to be engaging in unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

We are committed to constructive and critical self-evaluation processes for the purpose of strengthening our corporate culture. Part of that self-evaluation comes from an engaged employee base. In 2022, we conducted an employee survey, inviting our employees to share their views on a broad range of topics. As part of the survey, we asked employees if they felt they were treated fairly at work (81.2% favorable) and if they could be themselves at work (88.1% favorable). Both of those questions are an indication of the inclusivity of our corporate culture and business practices. We continue to advance our company diversity, equity and inclusion initiatives. Most immediately, DE&I will be incorporated into the annual training program and hiring manager training.

We are also thrilled to report that we have been recognized by the Minnesota Census of Women in Corporate Leadership for having above average diversity in its executive leadership and board of directors.

Our commitment to service, advocacy and philanthropy

We have a long history of active community engagement, including participating in blood drives, community cleanups, supporting senior centers, veterans and similar organizations. We are thrilled to report the launch of the company volunteer program in 2022, which we are affectionately calling Tactile Crew Making a Difference. Through a combination of independent activities and company group efforts, each employee is provided 16 hours of paid time off annually in support of community volunteer activities. Volunteer hours are reported, and employees take pride in sharing photos and experiences from their volunteer activities.

In 2022, our employees completed activities ranging from helping to manage national park lands to making blankets for veterans, logging a total of 849 volunteer hours. While we did not meet our goal for the year, we are not discouraged. We are using last year as a learning experience and actively brainstorming ways to increase employee volunteerism in 2023, with a goal of 1,000 total hours. We are excited to continue these efforts and make a direct, ongoing positive impact on our communities.

Advocating for individuals suffering from chronic conditions treated by our products is another way in which we demonstrate our commitment to positively influencing communities. Many patients with the chronic conditions treated by our devices experience significant delays in receiving accurate diagnosis or remain undertreated. We understand the importance of raising awareness about these chronic conditions, the associated health, economic and quality of life burdens, treatment options, and the benefits of using our products.

We also continued our commitment to expanding awareness and improving access to care. Our Medical Education program has educated more than 16,000 individuals since its inception in 2016. Changes related to COVID-19 prompted us to develop and offer virtual and on demand education as well, expanding our ability to reach audiences wherever they may be located. We continue to receive consistently positive feedback on the relevance and impact of these programs.

Additionally, to support our patients and help alleviate the financial burden that sometimes impedes access to healthcare, we maintain a financial hardship program offering reduced cost equipment and/or co-pay reductions. Interested individuals must complete an application and submit proof of income consistent with...
We also maintain an educational, charitable, and research grant program that provides funding to expand knowledge, increase awareness and benefit patients suffering from chronic conditions that can be treated with our devices. In 2022, we assisted organizations by providing ten monetary grants through this program and four in-kind equipment donations. Some of these organizations included the Lea Marie Faraone Foundation, Susan G Komen Foundation, Foundation for Venous and Lymphatic Disease, Society for Vascular Surgery Foundation, Good Samaritan Foundation for Better Health, Advocate Charitable Foundation and Funding Lymphatic Obstruction and Wellness Foundation, among others. With a value of nearly $70,000 for the year, these contributions to non-profit organizations assisted in philanthropic medical initiatives consistent with our Mission to reveal and treat people suffering from chronic conditions that can be treated with our devices.

In 2022, we implemented another charitable program that encourages employee engagement and recognition. Each month via an internal social media like platform, employees are allotted points to gift their colleagues in addition to acknowledging achievements and commitments to company values. Points awarded have an equivalent dollar value and can be “spent” on donations to non-profit organizations. For the year, we gifted $2,500 through this program.
COMPLIANCE PROGRAM
Our Compliance team is a valuable resource, maintaining an active and collaborative approach to support strong and ethical business operations consistent with our Code of Business Conduct and Ethics and corporate values. Two of the primary ways this occurs are through our comprehensive training program and employee engagement efforts. Our annual compliance risk assessment, quarterly compliance audits of elevated risk or impact to business operations and regular review and revisions to our training materials supports continuous partnership between business units and the Compliance team. In addition to internal assessments, we regularly engage in an external review of our compliance program and undergo accreditation review and renewal every three years.

In 2022, we conducted our bi-annual Employee Compliance Survey, the results of which underscored the company’s commitment to doing the right thing. Overall, 96% of employee respondents agreed that Tactile Medical is a fair, ethical and honest company. Other notable results reflected:

- A high-level understanding regarding the reasons and importance of maintaining a compliance program
- How to report compliance issues
- Trust in managers and support from leadership with regards to compliance

Feedback is also informing actions for 2023 and beyond including enhanced trainings, increased communications and a focus on compliance at the departmental level. The Compliance team assists in evaluating patient complaints, employee concerns and inquiries with company policies and procedures. We maintain an anonymous reporting hotline, which is available 24/7. Concerns are treated confidentially, to the extent possible, and investigated promptly and thoroughly. We do not tolerate any form of retaliation against employees for reports of actual or potential misconduct made in good faith.

FAIR BUSINESS
We believe in ethical and professional business practices, and we support fair competition and responsible marketing practices. We maintain policies and processes that support these beliefs and expect our employees to follow them in their work.

PRIVACY AND SECURITY
Maintaining a robust information security program is essential to our business. We conduct risk and vulnerability assessments on an annual basis to ensure our controls and processes are current and effective. We encrypt data at rest and in transit and conduct ongoing monitoring to identify security events and mitigate risk. All employees participate in ongoing information Security Awareness training. Access to confidential information is granted on a need-to-know basis and protected by multifactor authentication. Our Notice of Privacy Practices is available on our website and provided to our patients. California residents can find additional information on privacy practices within our California Privacy Notice.

CONFLICTS OF INTEREST
We maintain policies to manage and address potential or actual conflicts of interest. Employees are obligated to notify the company of a potential conflict and seek review and guidance to ensure effective oversight. These processes are intended to mitigate the negative effects of potential conflicts and avoid even the perception of impropriety.

HUMAN RIGHTS
Our commitment to dignity, respect and equality is unwavering. In 2020, we adopted a Company Human Rights Policy to formalize our stance on these vital issues. Using the Universal Declaration of Human Rights as the foundational basis, our employee training includes the relevancy and importance of Human Rights to our company and education on human trafficking and exploitation prevention. In addition to our internal practices, these vows have been extended to our supply chain by means of our Supplier Code of Conduct.

ETHICAL SOURCING
Our Supplier Code of Conduct calls for suppliers to affirm they maintain policies and procedures that align with our ethical and humane business practices. This includes:

- Maintaining a compliance program with leadership oversight
- Committing to abide by fair business and competition standards
- Prohibiting bribery and corruption in compliance with laws and regulations
- Avoiding conflicts of interest and having policies in place to address them
- Ensuring compliance with product safety standards
- Protecting confidential information such as intellectual property, employee file data and protected health information
- Complying with international standards for a quality management system
- Cooperating with Tactile Medical during supplier audits
- Preventing human trafficking-related activities through documented policies, procedures and training
- Supporting a culture of inclusion by providing equal opportunities and treatment to employees, and prohibiting discrimination in the workplace
- Providing safe working conditions, including a prohibition on forced and child labor
- Prohibiting retaliation for reporting unlawful conduct or policy violations
- Assessing and reducing environmental impact
- Following guidance provided by the National Institute of Health regarding the use of substances of concern in business operations
- Complying with the U.S. Dodd-Frank Act, including disclosure of use of conflict minerals

These expectations have been incorporated into our supplier qualification and validation process. All of our key suppliers have affirmed adherence to our Supplier Code of Conduct.

RESPONSIBLE MARKETING AND ACCESSIBILITY
We are committed to providing information regarding our company, products and services that is truthful, accurate, balanced and not misleading. To assure the safety of our patients and the reputation of our brand, our products are promoted only for their approved, intended use and promotional materials will not make unsubstantiated claims. Patients and their providers are given information regarding contraindications, product risks and safe use. Marketing materials undergo a review and approval process to ensure consistency with our company policies.

In addition to practicing responsible marketing and transparency, we strive to achieve accessibility for all. To advance this initiative, we partnered with an outside party to conduct an audit of the accessibility of our company websites in 2021. We have implemented enhancements based on the Web Content Accessibility Guidelines to support improved accessibility for visitors to our websites. This has been concluded and a letter of digital accessibility conformance has been received confirming the outcome of these initiatives. We will continue to assess language and communication barriers and ways in which accessibility can be enhanced for our information, marketing materials and websites.
**BUSINESS CONTINUITY AND RESILIENCE**

We have a thorough business continuity and resilience program designed to ensure our company operations will withstand significant disruption and minimize impact on our patients and employees in the face of a significant challenge. Using standards developed by Disaster Recovery Institute International (DRII), we regularly conduct a business impact analysis to determine risk level, assess impact severity and prioritize business processes based on company needs.

As part of our monitoring process, we perform tabletop exercises at least annually to test our current plans. These cross-functional exercises involve employees from multiple departments and are designed to gain perspective, collect feedback and validate plan effectiveness. The information obtained from the business impact analysis, exercises and testing is utilized to update contingency plans for each department.

**OUR ENVIRONMENTAL STEWARDSHIP COMMITMENT**

We understand our responsibility to be good environmental stewards by being mindful of our impact and are proactively developing and implementing actions to reduce our environmental footprint. We are excited to report that we implemented an Environmental Policy and an Environmental Management System in 2022. Through this system, we will:

- Use a data centric approach to assess our current environmental impact and determine opportunities for improvement
- Incorporate environmental stewardship into business objectives and processes
- Monitor, measure and report key activities, trends, best practices and legal requirements
- Evaluate the effectiveness of our Environmental Management System with regular review by executive leadership and Board oversight

To help drive these initiatives forward, we will also be implementing additional trainings to help educate on best practices related to collecting and reporting on greenhouse gas emissions data to ensure compliance with the SEC’s pending reporting requirements. We are looking forward to identifying our first environmental objective and target in 2023 and the ability to concentrate on environmental initiatives in the future.

We are focused on continuous improvement and an active commitment to environmental, social and corporate governance matters. We understand the importance of being a responsible corporate citizen—and the enormous value of providing transparency to our employees, patients, business partners and shareholders.