Inspire Medical Systems, Inc.

May 2019

NYSE: INSP

inspire®
UPPER AIRWAY STIMULATION

Disclaimer

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These forward-looking statements are based on management’s current expectations and involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, estimates regarding the annual total addressable market for our Inspire therapy in the U.S. and our market opportunity outside the U.S.; future results of operations, financial position, research and development costs, capital requirements and our needs for additional financing; commercial success and market acceptance of our Inspire therapy; our ability to achieve and maintain adequate levels of coverage or reimbursement for our Inspire system or any future products we may seek to commercialize; competitive companies and technologies in our industry; our ability to enhance our Inspire system, expand our indications and develop and commercialize additional products; our business model and strategic plans for our products, technologies and business, including our implementation thereof; our ability to accurately forecast customer demand for our Inspire system and manage our inventory; our dependence on third-party suppliers, contract manufacturers and shipping carriers; consolidation in the healthcare industry; our ability to expand, manage and maintain our direct sales and marketing organization, and to market and sell our Inspire system in markets outside of the U.S.; risks associated with international operations; our ability to manage our growth; our ability to increase the number of active medical centers implanting Inspire therapy; our ability to hire and retain our senior management and other highly qualified personnel; risk of product liability claims; risks related to information technology and cybersecurity; risk of damage to or interruptions at our facilities; our ability to commercialize or obtain regulatory approvals for our Inspire therapy and system, or the effect of delays in commercializing or obtaining regulatory approvals; FDA or other U.S. or foreign regulatory actions affecting us or the healthcare industry generally, including healthcare reform measures in the U.S. and international markets; the timing or likelihood of regulatory filings and approvals; risks related to our debt and capital structure; our ability to establish and maintain intellectual property protection for our Inspire therapy and system or avoid claims of infringement; tax risks; risks that we may be deemed an investment company under the Investment Company Act of 1940; regulatory risks; the volatility of the trading price of our common stock; and our expectations about market trends. Other important factors that could cause actual results, performance or achievements to differ materially from those contemplated in this presentation can be found under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018, as such factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation. Any such forward-looking statements represent management’s estimates as of the date of this presentation. While we may elect to update such forward-looking statements at some point in the future, unless required by applicable law, we disclaim any obligation to do so, even if subsequent events cause our views to change. Thus, one should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

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Inspire is an Innovative Neurostimulation Solution for Patients with Moderate to Severe OSA

- **First and only FDA-approved neurostimulation technology for OSA**
- **More than 5,000 patients treated with Inspire therapy**
- **Alternative for the estimated 35 – 65% of non-CPAP compliant patients**
- **~$10bn annual U.S. market opportunity**
- **Innovative, closed-loop, minimally invasive solution**
- **Safe, comfortable and convenient therapy alternative**
- **Significant body of clinical evidence involving ~1,470 patients across 17 studies**
- **Strong customer base, growing salesforce and scalable reimbursement infrastructure**
- **Proven management team leading our 180 employees**

Our History & Key Milestones

1990s: Medtronic begins early work on the development of Inspire

2001: Initial clinical results published; Medtronic begins Inspire II development

2007: Inspire is founded after being spun-out of Medtronic

2011: Initiated Phase III pivotal STAR trial; CE mark received in Europe

2014: STAR results published in the *New England Journal of Medicine* in January; **received PMA approval from the FDA in April**

2015: 18-month STAR data published; revenues of $8.0mm

2016: 1,000th implant milestone; revenues of $16.4mm

2017: Launched Inspire IV neurostimulator in U.S.; announced 5-year STAR results; 2,000th implant; revenues of $28.6mm

2018: Inspire IV CE mark; 5-year STAR results publication; initial public offering on NYSE; Aetna begins covering the Inspire therapy; revenues of $50.6mm

2019: 5,000th patient receives Inspire therapy

Strong Management Team

Tim Herbert

President, CEO & Founder

- *30+ Years of Experience*

Medtronic

Rick Buchholz

Chief Financial Officer

- *20+ Years of Experience*

superDimension

EY Building a better working world

Vascular Solutions

Randy Ban

SVP, Global Sales and Marketing

- *20+ Years of Experience*

Boston Scientific
Advancing science for life™

GUIDANT

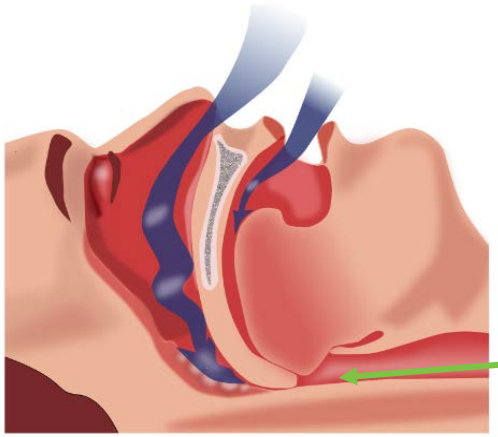
Other Key Management

- **Steve Jandrich** – Chief Compliance Officer, VP, Human Resources
- **Kathy Sherwood** – VP, Global Market Access
- **Andreas Henke** – VP, European Operations
- **John Rondoni** – VP, Product Development, Operations & Quality
- **Quan Ni** – VP, Research & Clinical Affairs

Obstructive Sleep Apnea (OSA) is a Serious and Chronic Disease

OSA is Caused by a Blocked or Partially Blocked Airway

Typical Obstructive Sleep Apnea Event



- Blockage prevents airflow to the lungs
- Results in repeated arousals and oxygen de-saturations
- Severity of sleep apnea is measured by frequency of apnea or hypopnea events per hour, which is referred to as the Apnea-Hypopnea Index (AHI)

- **Normal range:**
  AHI < 5 events per hour
- **Mild sleep apnea:**
  5 ≤ AHI < 15 events per hour

- **Moderate sleep apnea:**
  15 ≤ AHI < 30 events per hour
- **Severe sleep apnea:**
  AHI ≥ 30 events per hour

Inspire's Focus

Most Patients Are Unaware of Their Condition…

- High risk patients: obese, male or of advanced age
- Common first indicator: heavy snoring
- Other indicators:
  - Lack of energy
  - Headaches
  - Depression
  - Nighttime gasping
  - Dry mouth
  - Memory or concentration problems
  - Excessive daytime sleepiness

…and Untreated OSA Multiplies Serious Health Risks

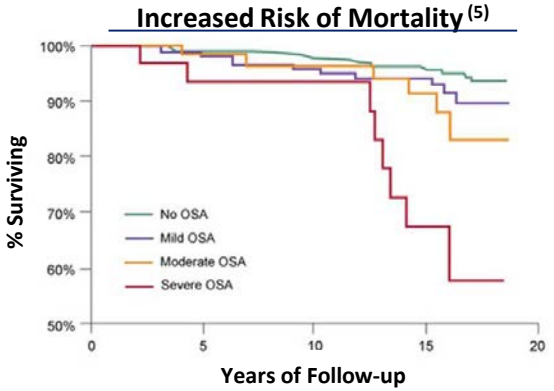
2x
The risk for stroke [1]

2x
The risk for sudden cardiac death [2]

5x
The risk for cardiovascular mortality [3]

57%
Increased risk for recurrence of Atrial Fibrillation after ablation [4]

Increased Risk of Mortality [5]



Source: Company Website

(1) *Redline et al, The Sleep Heart Health Study. Am J Res and Crit Care Med 2010.*
(2) *Gami et al, J Am Coll Cardiol 2013.*
(3) *Young et al, J Sleep 2008.*
(4) *Li et al, Europace 2014.*
(5) *Prospective Study of Obstructive Sleep Apnea and Incident Coronary Heart Disease and Heart Failure from SHHS and Wisconsin Sleep Cohort Study.*

Sleep Apnea is a Major Public Health Problem & Awareness is Building

The New York Times | https://nyti.ms/2sc6QcZ

U.S.

U.S. Safety Board Blames Two Commuter Crashes on Sleep Disorders

By REUTERS FEB. 6, 2018, 3:42 P.M. E.S.T.

WASHINGTON — A U.S. investigative agency said on Tuesday that two New York City area commuter train crashes were the result of engineers with undiagnosed sleep disorders.

ScienceDaily

Your source for the latest research news

Sleep apnea after stroke heightens risk of another stroke; death

Date: January 24, 2018

Source: American Heart Association

Summary: Stroke survivors, especially Mexican-Americans, whose sleep is interrupted by pauses in breathing (sleep apnea) are more likely to die or experience another stroke, according to preliminary research.

FULL STORY

Stroke survivors, especially Mexican-Americans, whose sleep is interrupted by pauses in breathing (sleep apnea) are more likely to die or experience another stroke, according to preliminary research presented at the American Stroke Association's International Stroke Conference 2018.

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UNCATEGORIZED

Hibbing truck driver, who ignored sleep apnea, sent to prison for deadly crash

By TOM OLSEN | Forum News Service

February 5, 2018 at 10:57 pm

TWO HARBORS, Minn. — Soon after a federal agency pulled his commercial trucking license and a judge ordered him not to drive, John Ray Carpenter was back behind the wheel.

The owner-operator of a Hibbing septic services company, Carpenter had a documented history of sleep apnea that resulted in at least six crashes in recent years and dozens of violations of federal regulations.

But even after he blacked out at the wheel of his tanker in October 2015, crossing the centerline and killing an oncoming motorist, Carpenter disobeyed orders to stay off the road.

CBS THIS MORNING Today's Rundown | Politics & Power | Fea

CBS NEWS | *January 23, 2018, 8:12 AM*

Sleep apnea patient finds rest with implant device: "It saved my life"

Share / Tweet / Reddit / Flipboard / Email

Metrics – Week of January 22, 2018

55,823 (+22%) Web Sessions	**12,199 (+43%)** Doctor Searches	
548 (+42%) Calls	**202 (+59%)** Emails	**184 (+25%)** CHT Sign-Ups

(+) represents change Week over Week

Source: The New York Times, Science Daily, CBS This Morning, The Washington Post and Pioneer Press.

Current Treatment Options such as CPAP and Invasive Surgery have Significant Limitations

Continuous Positive Airway Pressure (CPAP) is the Leading Therapy for OSA

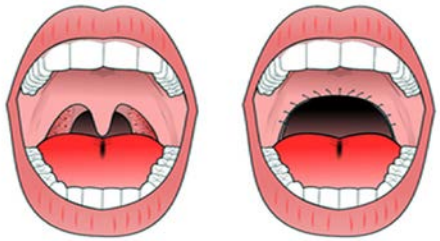
- Delivered through a face or nasal mask that connects through a hose to a bedside air pump
- Demonstrated improvements in patient-reported sleep quality and reductions in daytime sleepiness
- **Faces significant limitations as a therapeutic option, primarily due to low patient compliance (approximately 35% – 65%)**
- The effectiveness of CPAP has been limited by low patient compliance as many patients find the mask or treatment cumbersome, uncomfortable and loud

Drivers of CPAP Non-Compliance

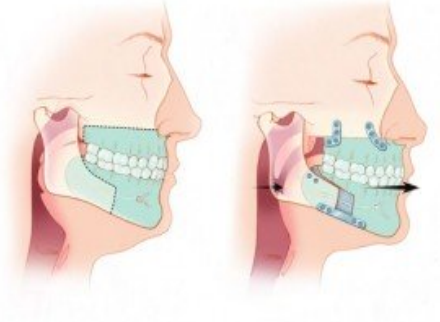
- ✗ Mask Discomfort
- ✗ Mask Leakage
- ✗ Pressure Intolerance
- ✗ Skin Irritation
- ✗ Nasal Congestion
- ✗ Nasal Drying
- ✗ Nosebleeds
- ✗ Claustrophobia
- ✗ Lack of Intimacy

Invasive Surgery

- Several variations of sleep surgery
- Success rates vary widely (30% - 60%) (1)
- Irreversible anatomy alteration
- In-patient surgery with extended recovery



Uvulopalatopharyngoplasty (UPPP)



Maxillomandibular Advancement (MMA)

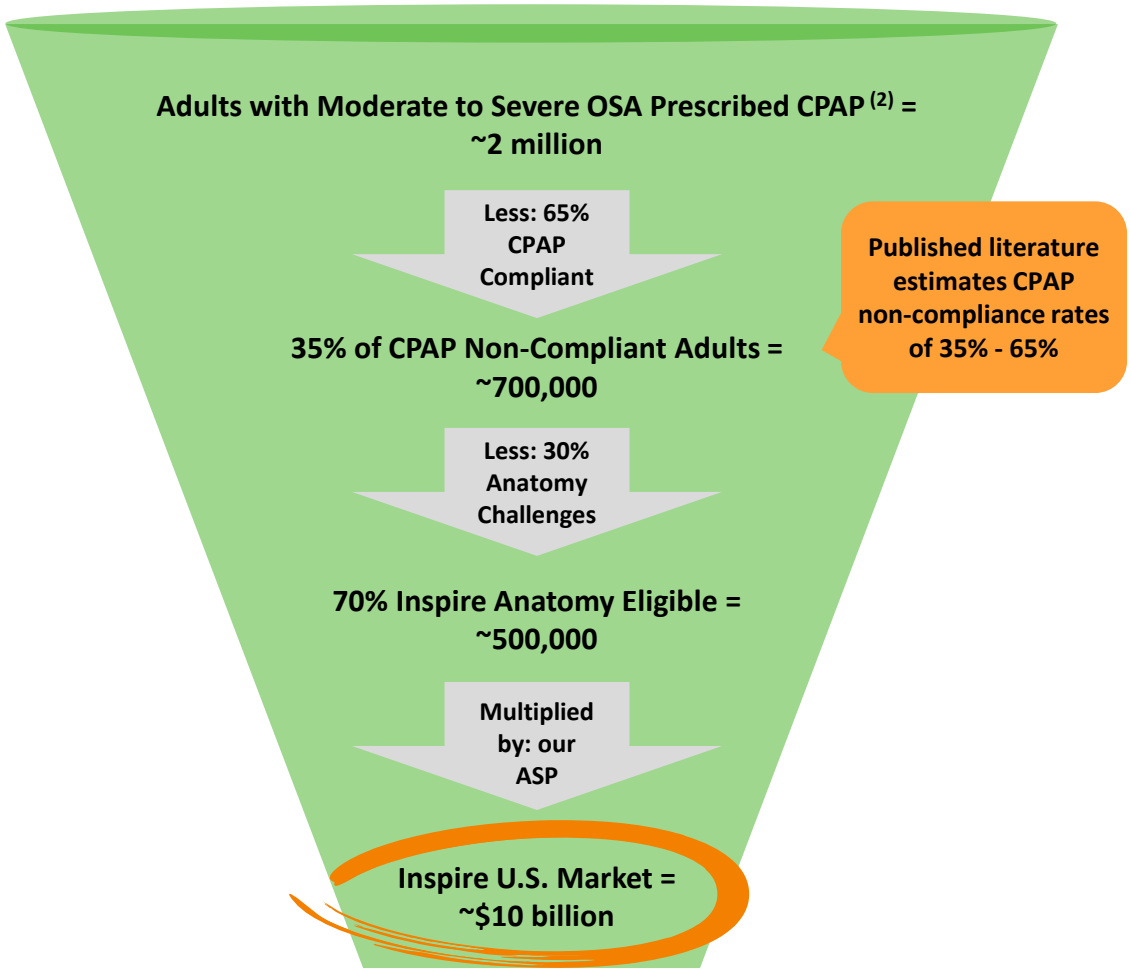
(1) Shah, Janki, et al; American Journal of Otolaryngology (2018). Uvulopalatopharyngoplasty vs CN XII stimulation for treatment of obstructive sleep apnea: A single institution experience.

A Strong Market Opportunity Exists for an Alternative to CPAP that is Effective and Minimally Invasive

Prevalence & Economic Costs

- Sleep apnea affects +100 million people worldwide [1]
- Approximately 17 million individuals in the U.S. with moderate to severe OSA
  - Annually, ~2 million adult patients are prescribed a CPAP device [2]
- Annual U.S. economic costs of untreated moderate to severe OSA are between $65 - $165 billion [3]
- OSA economic costs are potentially greater than asthma, heart failure, stroke and hypertensive disease
- OSA is associated with an increase in:
  - Rate & severity of vehicle accidents
  - Increased healthcare utilization
  - Reduction of work performance
  - Occupational injuries

Our Estimated Annual U.S. Market Opportunity



Note: ASP constitutes abbreviation for average selling price.

(1) *Source: World Health Organization.*

(2) *Company estimates.*

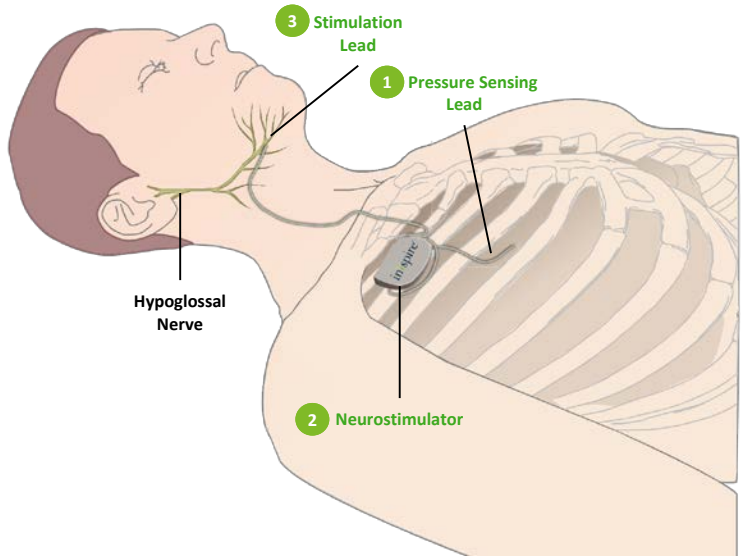
(3) *Represents moderate to severe OSA. Source: McKinsey & Company, 2010.*

Inspire Therapy is a Proven Solution for Patients with OSA

Inspire System

- **Remote control and three implantable components:**
  - 1 ***Pressure sensing lead***: detects when the patient is attempting to breathe
  - 2 ***Neurostimulator***: houses the electronics and battery power for the device
  - 3 ***Stimulation lead***: delivers electrical stimulation to the hypoglossal nerve

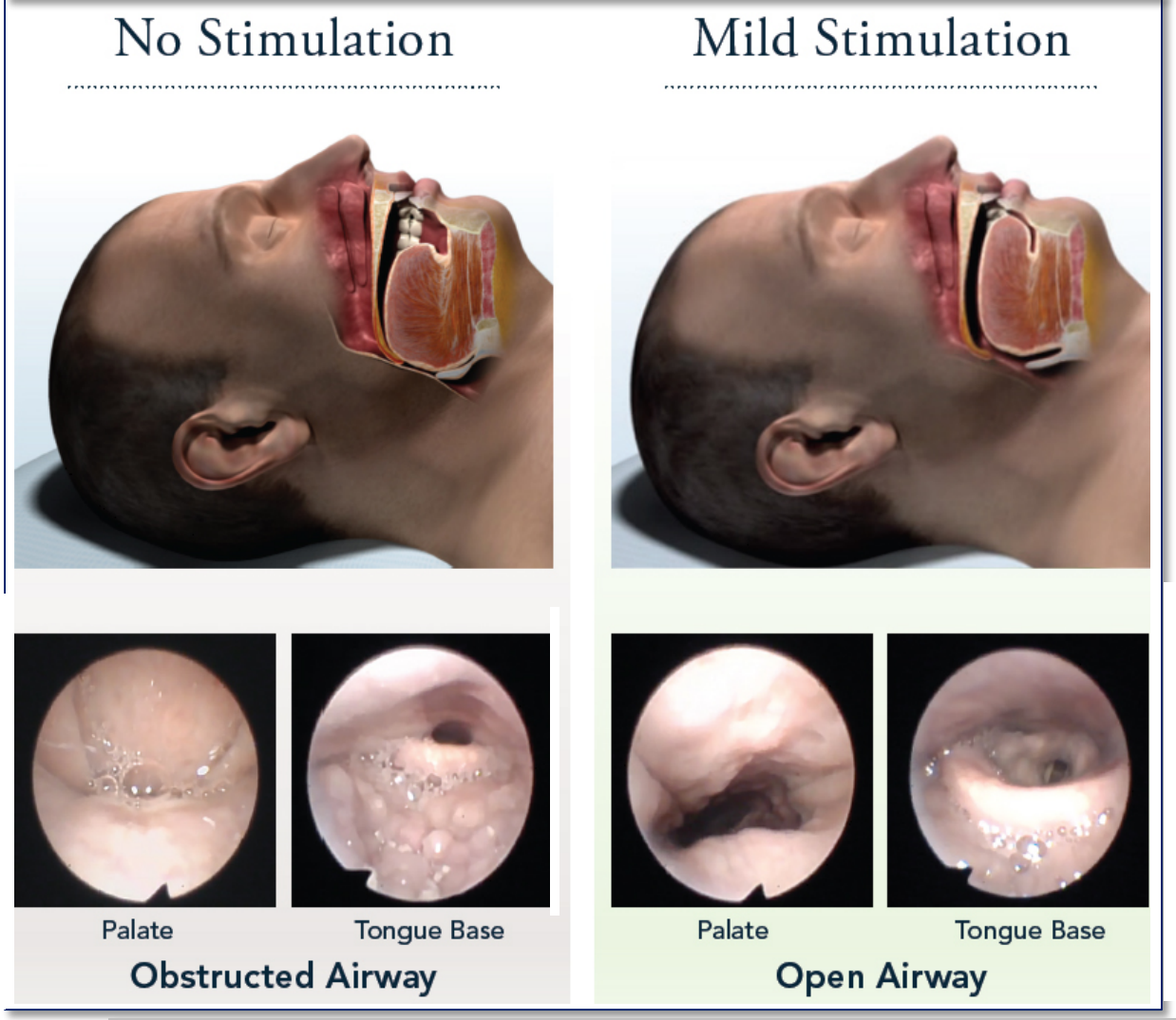
Inspire Procedure



- Approximately a 2-hour outpatient procedure
- Requires three small incisions (1 in neck and 2 in chest)
- Patients typically recover quickly and resume normal activities in just a few days
- System activation occurs 30 days after implantation
- Patient controls system by turning on the device each night with the remote control before going to sleep

Inspire Therapy is a Safe and Effective Solution

Mild Stimulation is a Clear Mechanism of Action



Inspire Therapy Offers Significant Benefits

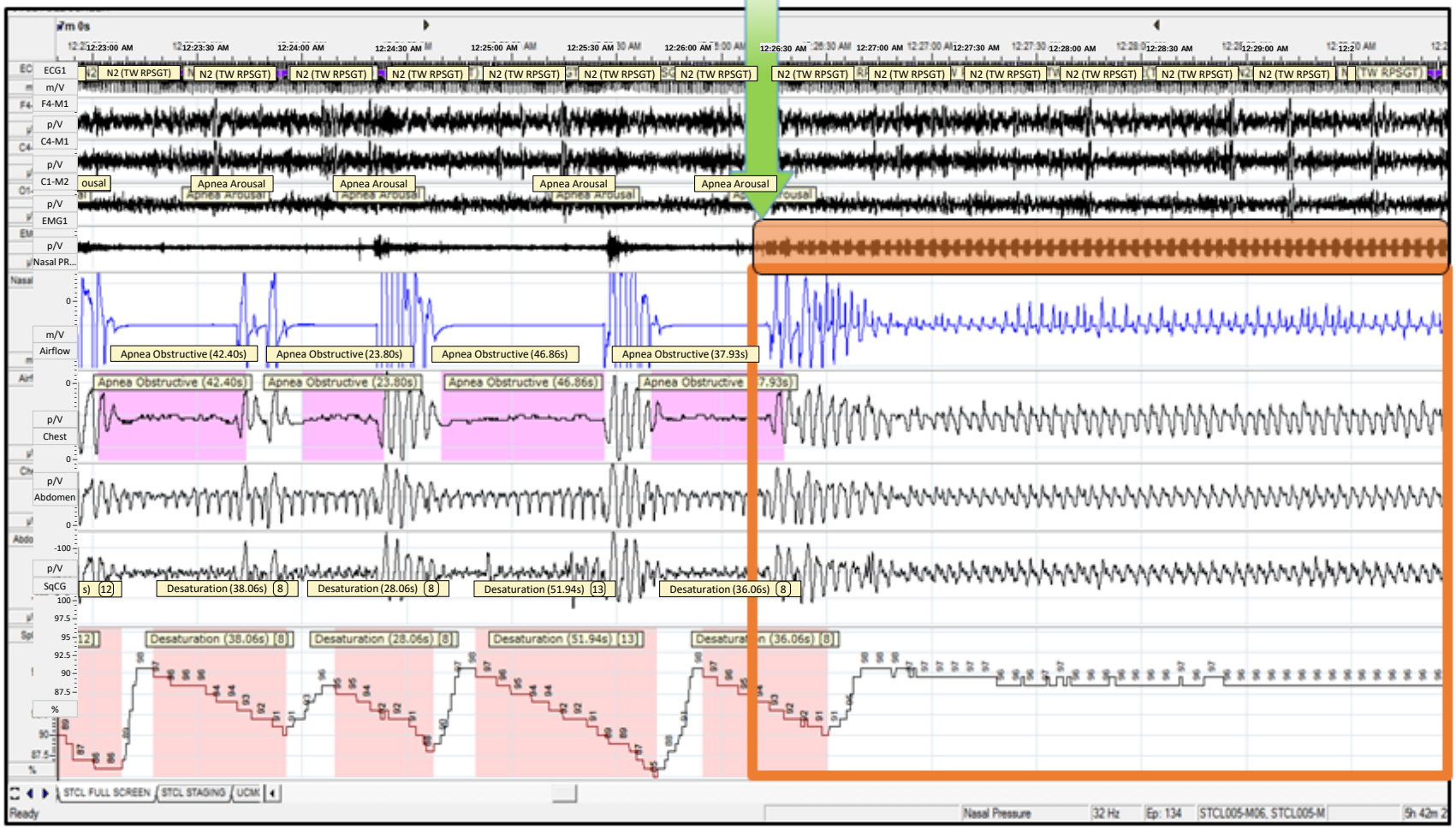
- ☑ Strong safety profile
- ☑ Effective and durable treatment
- ☑ Closed-loop system
- ☑ Strong patient compliance
- ☑ High patient satisfaction
- ☑ Minimally invasive outpatient procedure
- ☑ ~11-year battery life (without recharging)
- ☑ Utilizes patient's natural physiology
- ☑ Short recovery times post surgery
- ☑ Patient controlled therapy

Long term outcomes demonstrate that Inspire therapy addresses the shortfalls of current treatments

Objective Measures Show the Impact of Our Inspire Therapy on OSA

Polysomnogram Before and After Activation of Inspire System

Inspire system turned on



OSA events **No OSA events**

After activating the Inspire system, the patient exhibited a more regular breathing pattern, higher and more consistent blood oxygen levels, and fewer or no transient arousals

Clinical Evidence

inspire®
UPPER AIRWAY STIMULATION

Significant Body of Clinical Evidence Evaluating Inspire in ~1,470 Patients Across 17 Studies[1]

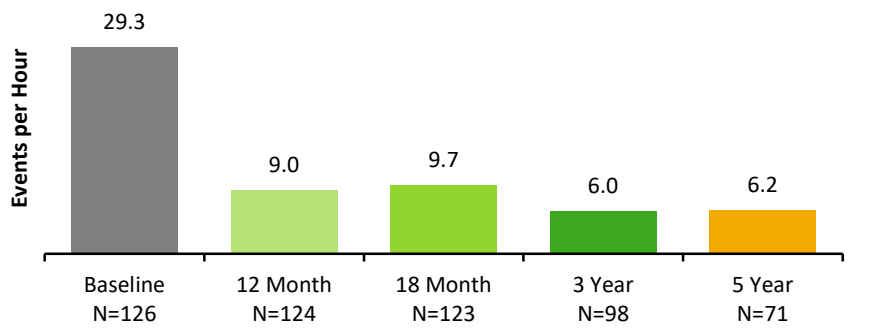
	Clinical Studies	Number of Patients Evaluated
Company Sponsored	2018 Publication — Stimulation Therapy for Apnea Reduction (STAR)	126
	German Post Market Study	60
	2018 Publication — ADHERE Patient Registry	508
	Pediatric / Down Syndrome	6
Independent	2018 Publications — Inspire UAS vs traditional sleep surgery (Cleveland Clinic, Thomas Jefferson, UPenn)	248
	Thomas Jefferson University Hospital (TJUH) & University of Pittsburgh Medical Center (UPMC)	97
	2018 Publications — UAS in Specific Populations (BMI, Older Patients, Glucose Metabolism)	240
	2018 Publication — University Hospitals - Cleveland	20
	Non-Academic Hospital in San Diego	22
	2018 Publications — German and French Experience (Munich, Lubeck, Bordeaux)	143
	Total Patients Evaluated	**1,470**

(1) *Due to the inclusion of certain patients in multiple studies, some studies are not shown in the table because they do not add any incremental patients to the overall total.*

STAR Trial Met Both Primary Endpoints & Showed Statistically Significant Reductions in AHI & ODI

Significant Reduction in Severity of OSA

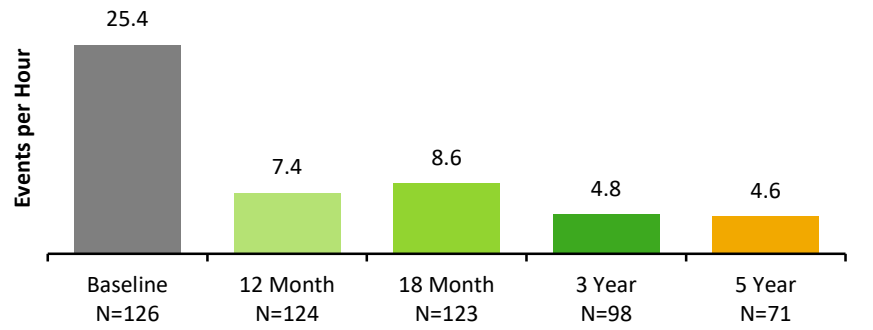
Apnea-Hypopnea Index (Median)



All p values <0.001 vs. baseline results in median

Meaningful Levels of Compliance Post-Implantation

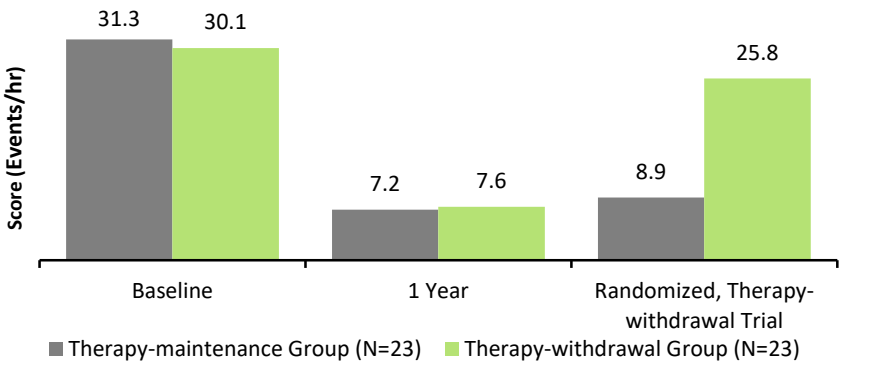
Oxygen Desaturation Index (Median)



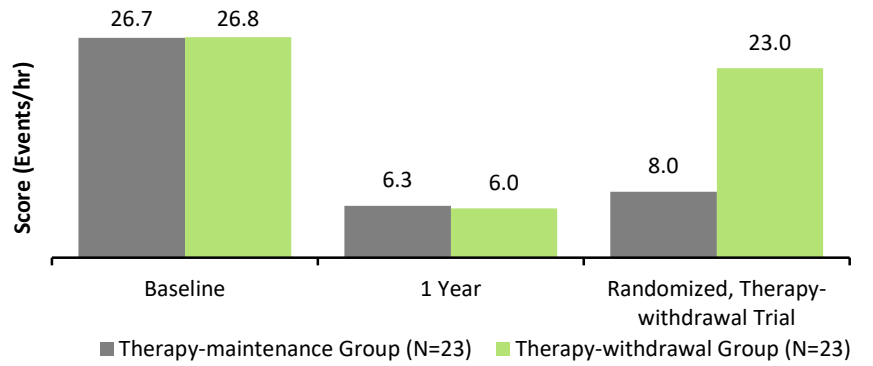
All p values <0.001 vs. baseline results in median

Withdrawal of Inspire Therapy Resulted in Reversal of Therapeutic Benefit, Further Demonstrating Inspire's Effectiveness

Apnea-Hypopnea Index (Mean)

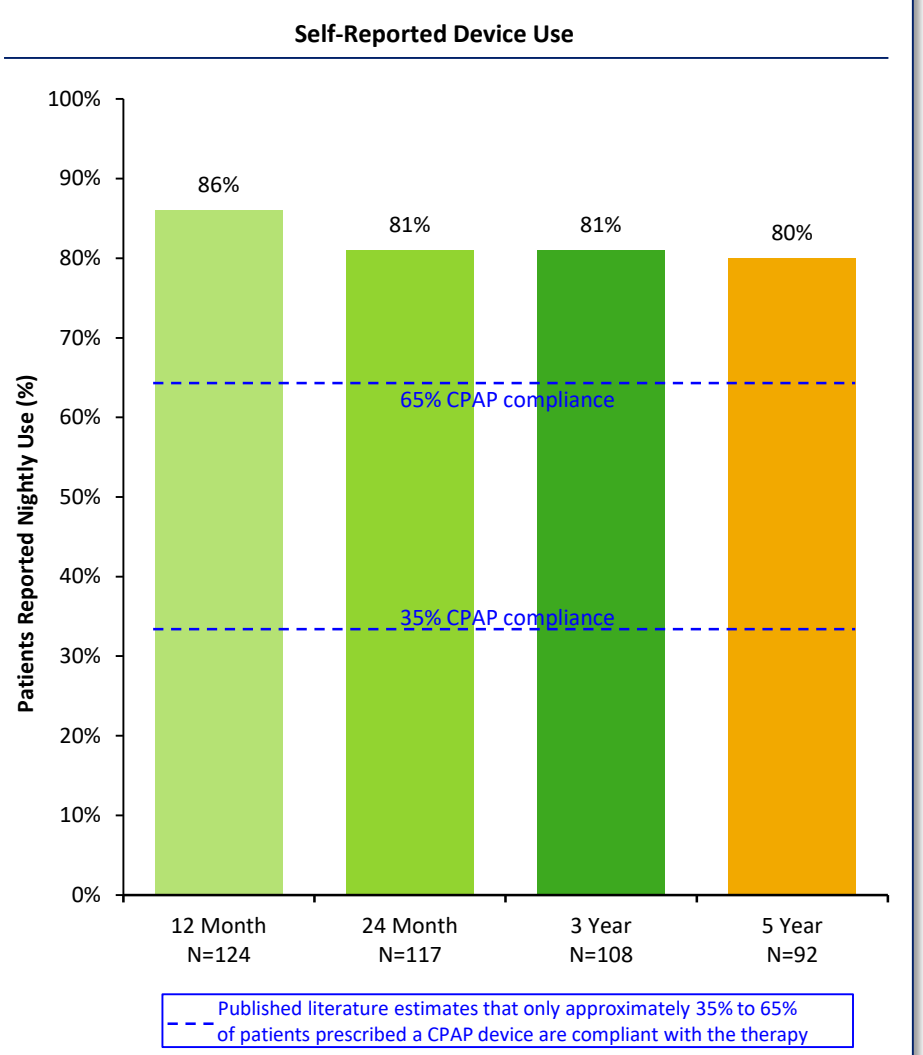


Oxygen Desaturation Index (Mean)

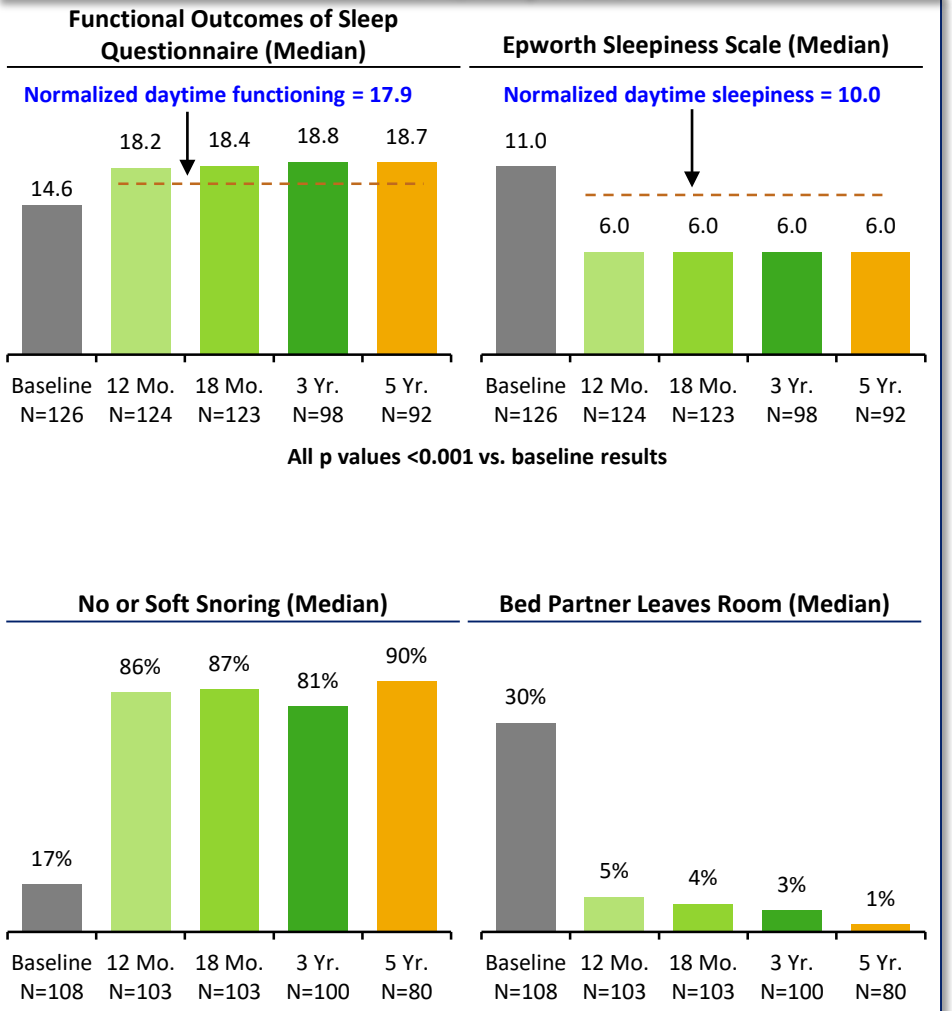


Additional STAR Findings Showed Meaningful Improvement in Compliance and Quality of Life Metrics

Inspire has Substantial Positive Implications on Patient Compliance…



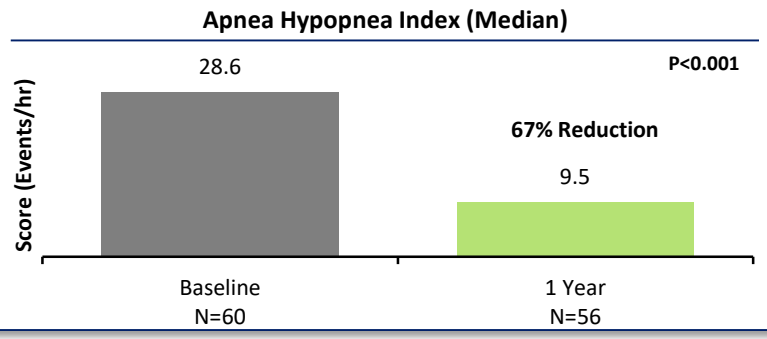
…and has Resulted in Meaningful Impact to Patients' Quality of Life



Inspire's Compelling Clinical Evidence has been Replicated Across Multiple Studies

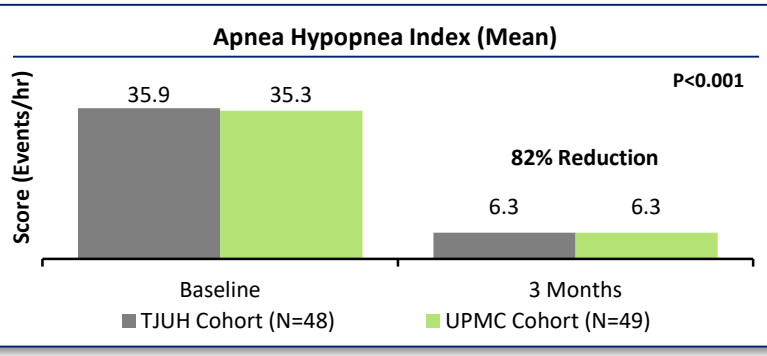
German Post-Market Study

- Company sponsored, multi-center post-approval study in Germany (N=60)
- Measurements: 2 months, 6 months and 1 year
- Publication: *The Laryngoscope* in 2017
- Therapy compliance: average 39 hours per week; 89% ≥ 20 hours per week



Independent Study by TJUH & UPMC

- Conducted by researchers at TJUH and UPMC (N=97)
- Measurements: 3 months
- Publication: *Journal of Clinical Sleep Medicine* in 2017
- Therapy compliance: average > 45 hours per week; >75% ≥ 40 hours per week



Other Independent Studies

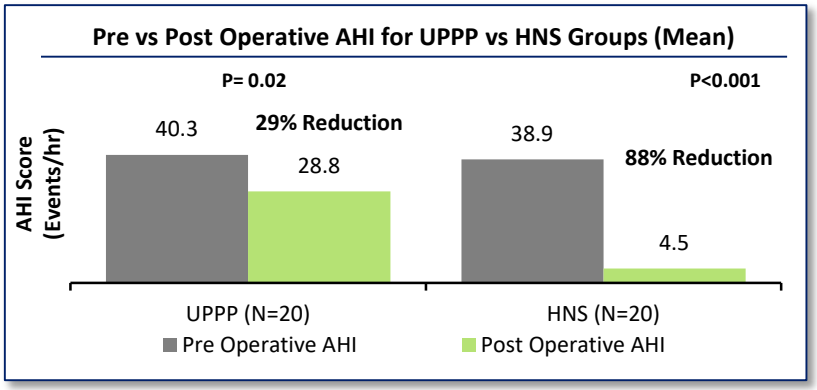
- University Hospitals-Cleveland: reported on the outcomes from twenty consecutive cases treated with Inspire therapy. The mean **AHI in these patients decreased significantly from 32 to 1.8 (p<0.001)**
  - Mean device use of 46 hours per week
- Technical University of Munich: reported on 31 patients treated with Inspire therapy. Postoperative **AHI was significantly reduced from 33 to 7 (p<0.001**)
  - Mean device use of 46 hours per week
- Non-academic hospital in San Diego: collected data on 22 consecutive patients treated with Inspire therapy. AHI reductions were consistent among patients, with **all patients measured achieving a titrated AHI < 5**
  - Mean device use of 7.0 hours per night

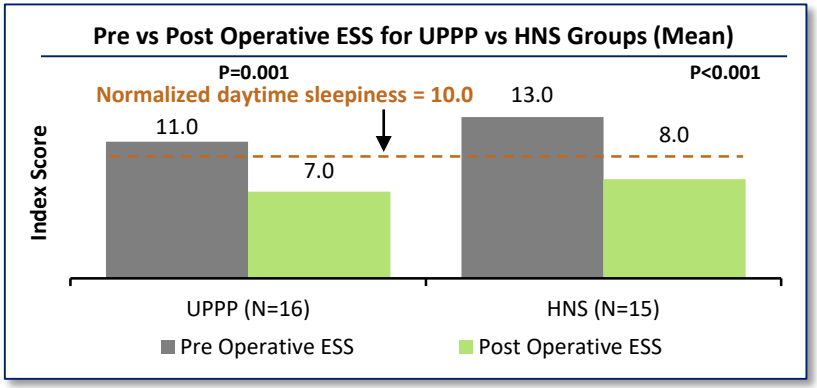
Note: Thomas Jefferson University Hospital abbreviated at TJUH. University of Pittsburgh Medical Center abbreviated as UPMC.

Independent Cleveland Clinic Comparison Study of Inspire vs. UPPP

Cleveland Clinic Comparison Study of Inspire Therapy and UPPP

- Independent retrospective study conducted by multi-disciplinary team of physicians from the Cleveland Clinic (N=40)
  - N=20 enrolled in HNS
  - N=20 enrolled in UPPP
- Publication: *American Journal of Otolaryngology* Mar. 2018
- Compared outcomes of Inspire Upper Airway Stimulation (HNS) vs UPPP in patients with moderate to severe OSA
- HNS: All patients who underwent HNS implantation at a single institution between Nov. 2015 and Nov. 2016 (N=20); all patients met STAR trial criteria
- UPPP: Utilized a pre-existing database of patients (N=116) who were intolerant to CPAP and underwent UPPP between 2003-2012. From this data, patients that matched STAR trial inclusion criteria were selected (N=20)





Conclusion

"The present study compares outcomes of the most well established upper airway surgery with outcomes of upper airway stimulation therapy in patients with OSA. Compared to uvulopalatopharyngoplasty, hypoglossal nerve stimulation therapy provides significant objective improvement in outcome measures for select patients with moderate to severe OSA with inability to tolerate CPAP. Although traditional upper airway surgery is effective in treating patients with OSA, ***our study suggests hypoglossal nerve stimulation is curative for many patients as it normalizes the AHI to < 5 and is an excellent option for second line therapy in select patients with OSA who are intolerant to CPAP.****"*

Note: Hypoglossal nerve stimulation abbreviated at HNS.

We Intend to Continue to Build the Depth of Our Clinical Data with Our ADHERE Patient Registry

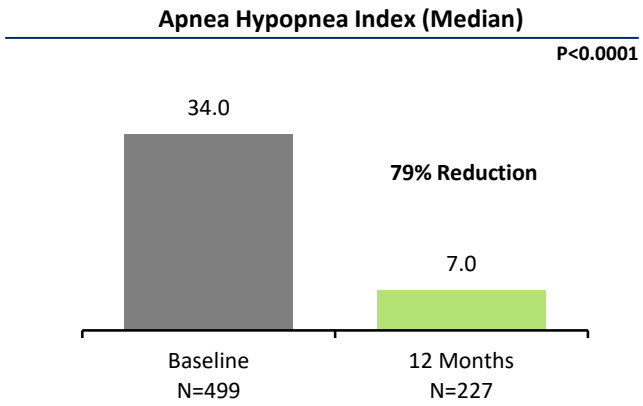
ADHERE Patient Registry

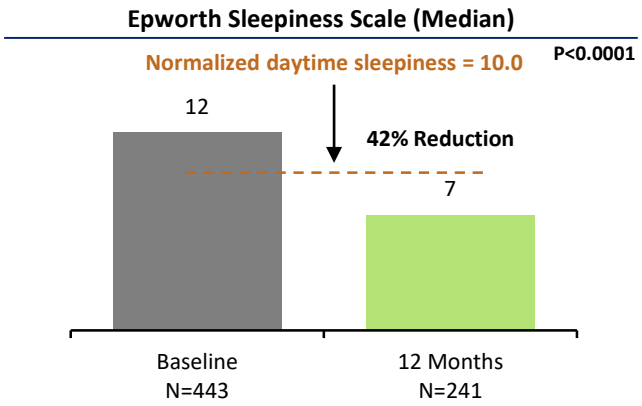
Our post-implantation study with the goal of collecting data on a group in excess of 2,500 patients

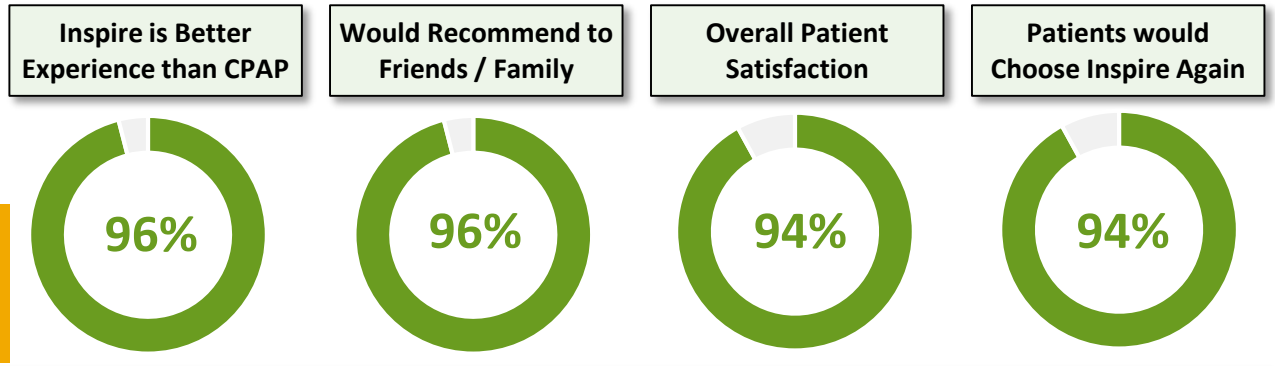
Registry Results from 508 Patients

- Registry study designed to be retrospective and prospective
- 14 centers were involved as part of registry
- Registry enrolled 508 patients between October 2016 and January 2018

Adherence Monitoring: Average home device use: 5.7 hours / night







Early results from the ADHERE registry show Inspire therapy is an effective treatment for OSA in a real world setting

Note: Latest registry data as of November 2018.

Product and Indication Expansion

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We are Committed to Continuous Product Development & Indication Expansion

Indication Expansion

- Working with the FDA to expand indication in the U.S. to patients as young as 12 years of age (including Down syndrome)
  - Patients born with Down syndrome have higher rates of OSA than the general pediatric population
  - 50-patient investigator-initiated trial in-process to demonstrate the safety and efficacy of Inspire therapy for treating Down syndrome patients [1]

Product Pipeline

- 5th generation neurostimulator is in the development phase
- Inspire Cloud, which has been launched, is being designed to allow physicians to monitor patient compliance and therapy efficacy

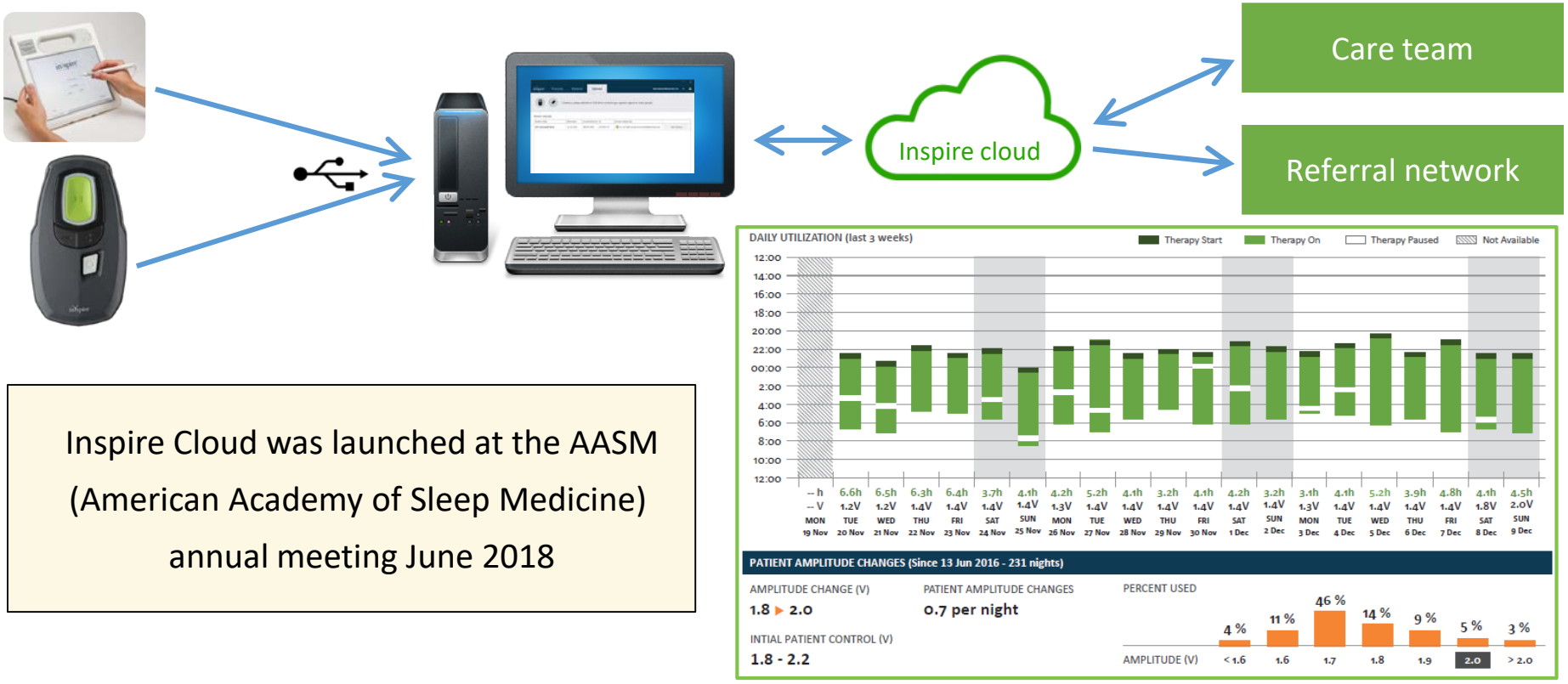
Illustrative Inspire Cloud Dashboard

Not actual data; for illustrative purposes only.

(1) *Published in JAMA Otolaryngology – Head & Neck Surgery.*

Inspire Cloud: Longitudinal Care

Longitudinal Care



Not actual data; for illustrative purposes only.

Inspire Cloud was launched at the AASM (American Academy of Sleep Medicine) annual meeting June 2018

- Monitors Adherence
- Generates Complete Patient Therapy Reports
- Insight into Center-Wide Therapy Outcomes
- Strengthens the Referral Network
- Creates Care Coordination Hub
- Fits into existing sleep clinic workflows

Reimbursement

inspire®
UPPER AIRWAY STIMULATION

Our Team is Focused on All Aspects of Reimbursement, which Include Coding, Payment and Coverage

Coding
- Physician
- Facility

- Neurostimulator and stimulation lead: CPT code 64568 for Cranial Nerve Stimulator
- Sensing lead: CPT code 0466T (Category III)
  - Physician society working to convert to a Category I code

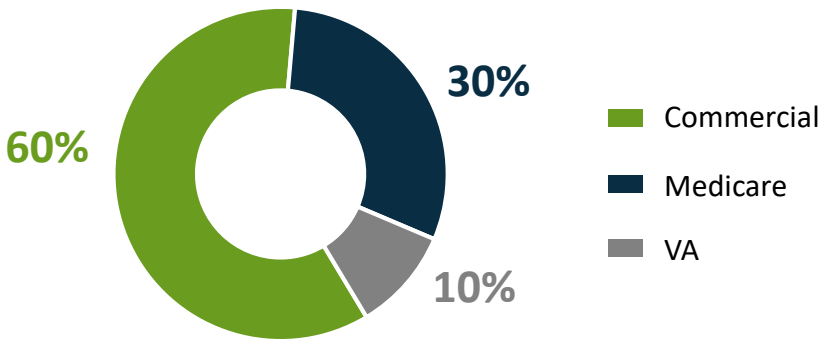
Payment
- Physician
- Facility

- National Medicare average facility payment of approximately $27,700
- Covers the cost of the device and the procedure for implantation

Coverage
- Medicare
- Commercial

- Over 350 commercial payors in the U.S. have paid for the Inspire procedure, mostly through prior authorization
- Medicare payment in most MACs
- Government contract for VA / Military hospitals

2018 U.S. Implant Mix

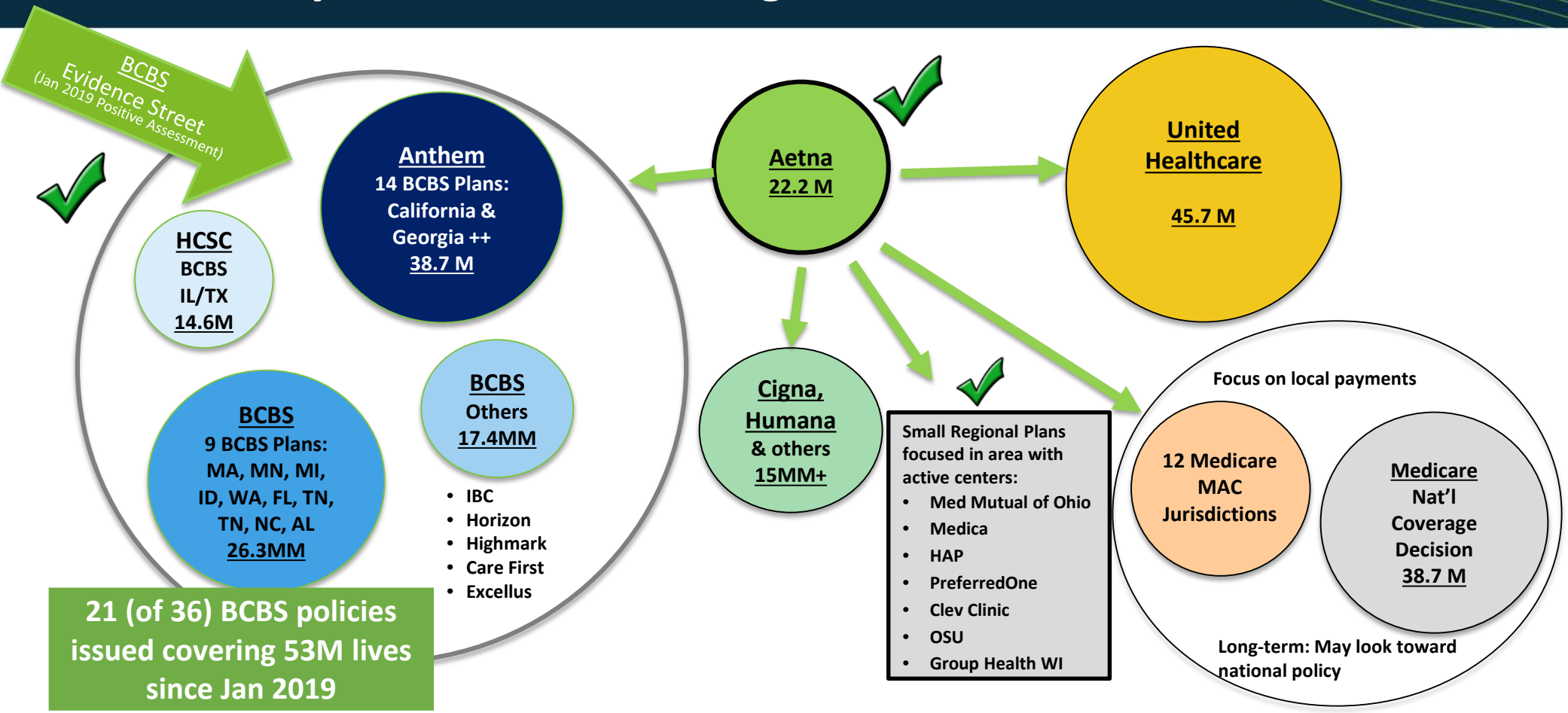


Two-pronged Approach to Reimbursement

Part 1: Work with all payers to educate on the therapy during annual and mid-cycle reviews to develop positive coverage policies (i.e., Aetna was a mid-cycle)

Part 2: Work with physicians and centers to obtain prior authorizations from payers as most have negative coverage policies today, yet approve procedures after appeal cycles

Developing Positive Coverage Policies – Currently, 32 Policies Covering 83 Million Lives



- Review Cycles – most major providers have a scheduled annual review for policies
- Focus is to provide updated dossier, guidelines, experiences to encourage a deep dive review
- Continue to build on already strong clinical dossier and physician support
- Leverage internal staff as well as multiple contractors with designated payers assigned to each
- Large Payors – most difficult to engage, and more accepting of the appeal (EMR) process
- Small Payors – less comfortable with EMR process and more agile to conduct internal reviews

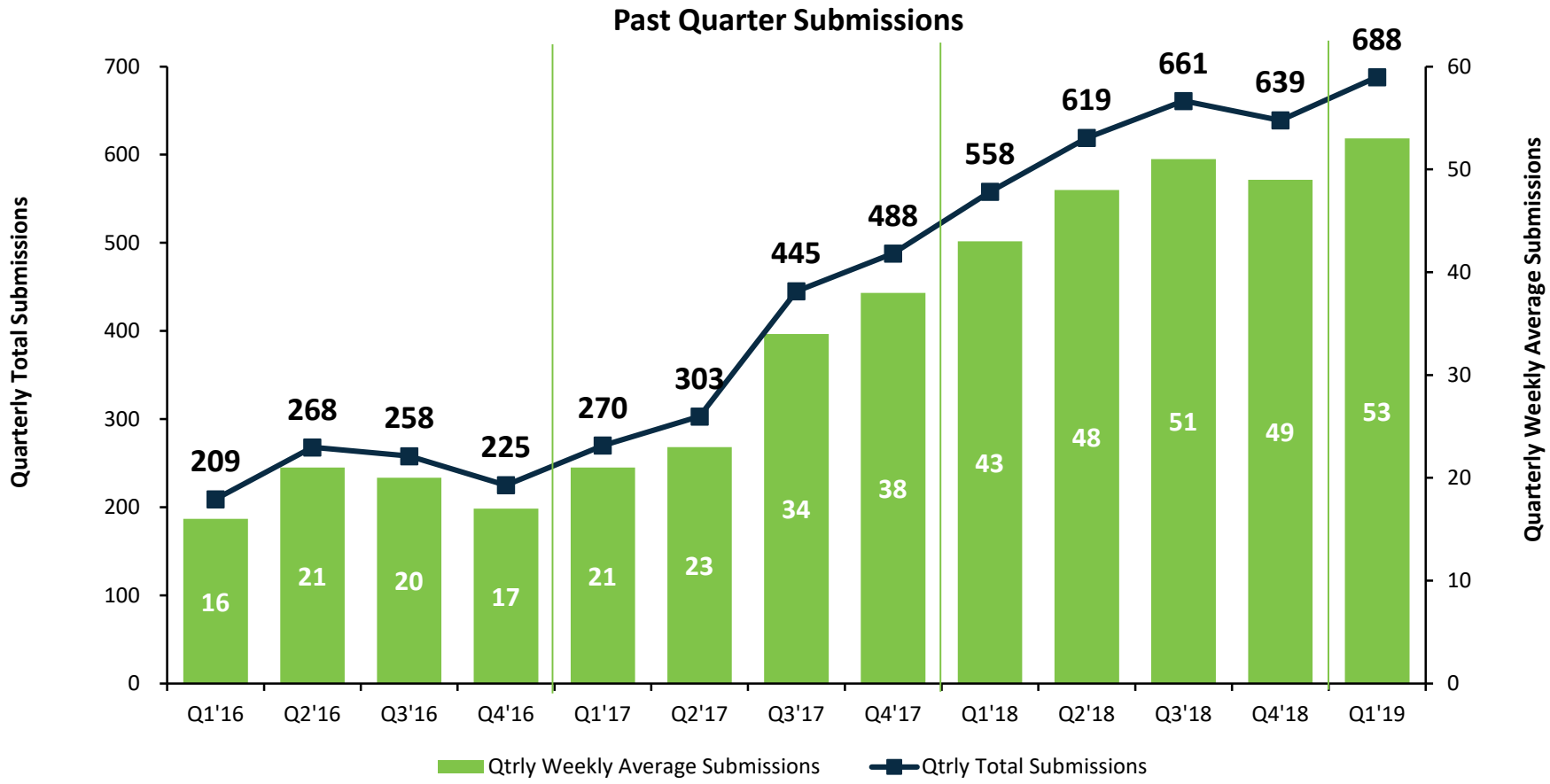
✓ Indicates Insurers with Positive Coverage Policies or positive technical assessments

U.S. Commercial Prior Authorization Submissions

Key focus is to continue to grow individual patient prior authorizations while working with payors to develop positive coverage policies longer term

- Q3 2018 included a bolus of Aetna resubmissions following the issuance of the national coverage policy

Total Submissions	
2019:	688 (Q1 '19)
2018:	2,477
2017:	1,506
2016:	960

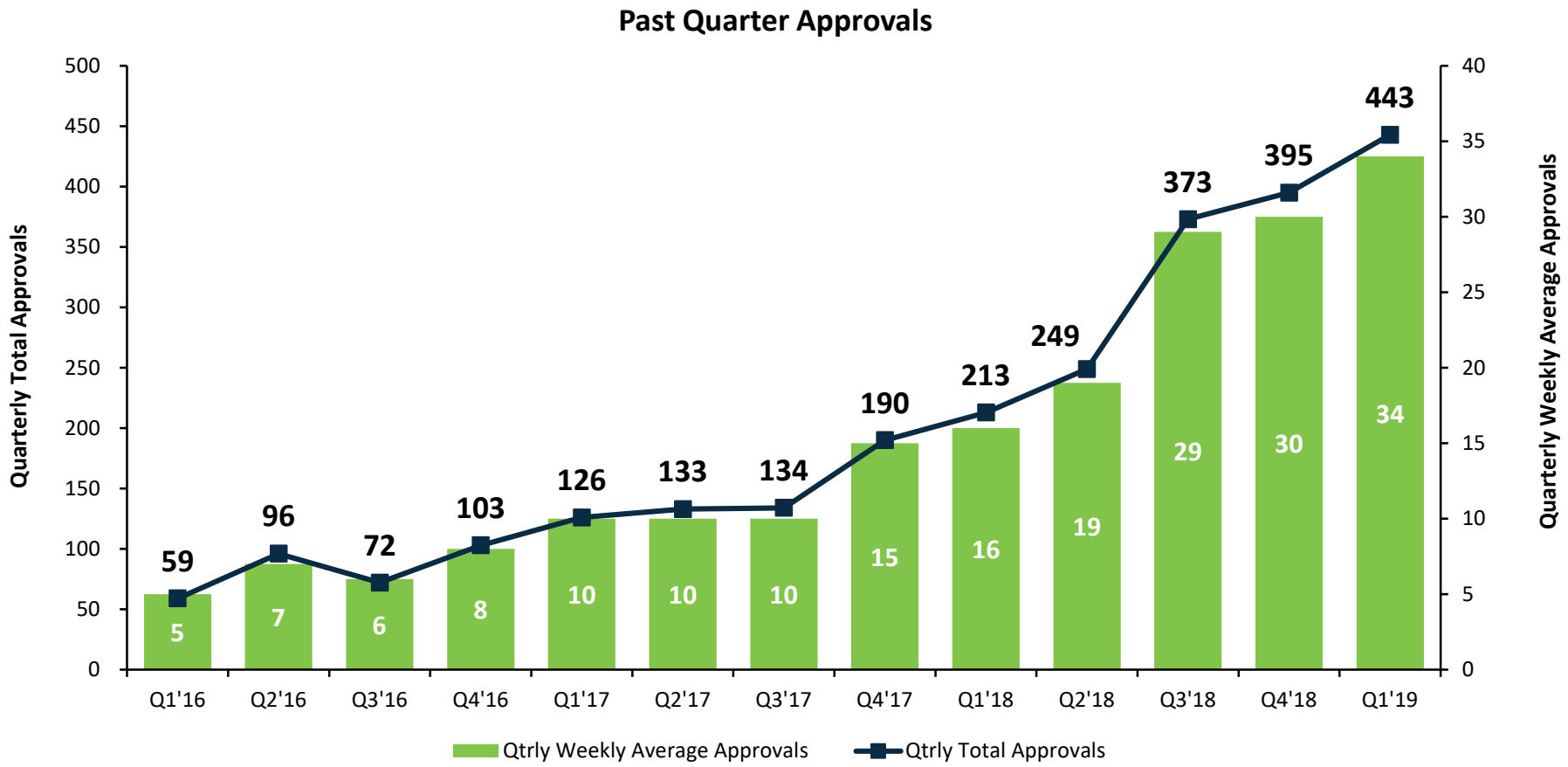


Process driven by 16 person market access team

U.S. Commercial Prior Authorization Approvals

Many patients who are willing to work through the process benefit from an approval; shortly after this approval, the process shifts to scheduling the placement of the Inspire system

Total Approvals	
2019:	443 (Q1 '19)
2018:	1,230
2017:	583
2016:	330



Our Market Access Team is Highly Effective in Working with Patients and Physicians

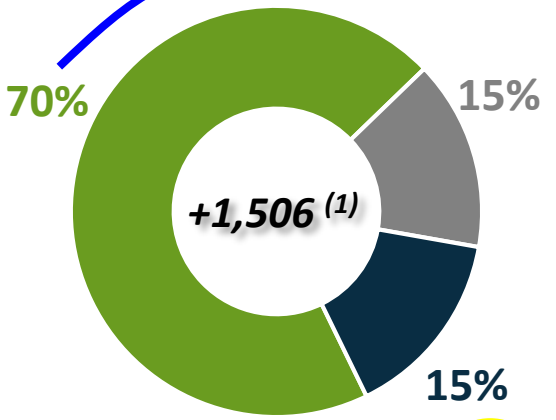
Case-by-Case Submissions, Reviews & Approvals Process

Prepare/Submit an Prior Authorization → If denied → Prepare/Submit an 1st level appeal → If denied → Prepare/Submit an 2nd level appeal → If denied → Prepare/Submit an EMR appeal (External Medical Review)

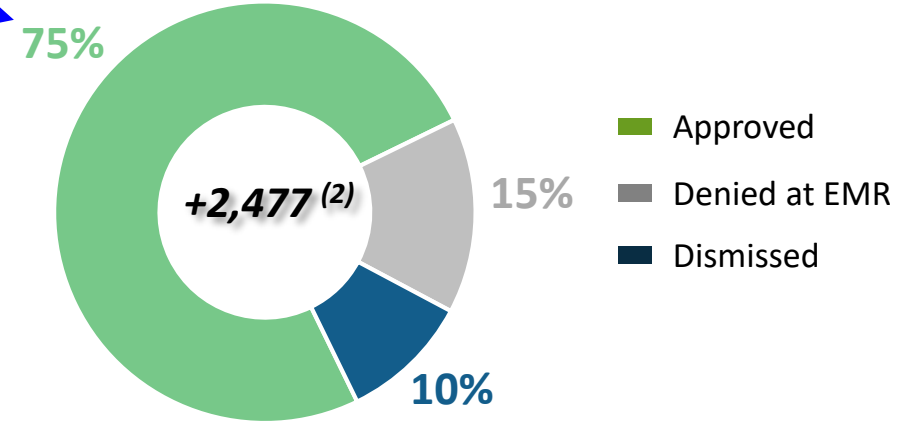
Approval typically takes approximately 2-3 months

Prior Authorization Approval Track Record following a complete appeal review cycle

Percentage of Patient Approvals – 2017



Percentage of Patient Approvals – 2018



Overall Approval Rates are ~50% as many patients do not receive a full review (drop out or blocked)

≈55% in 2018

(1) *Indicates number of patient submissions in 2017.*
(2) *Indicates number of patient submissions in 2018.*

Commercial Development

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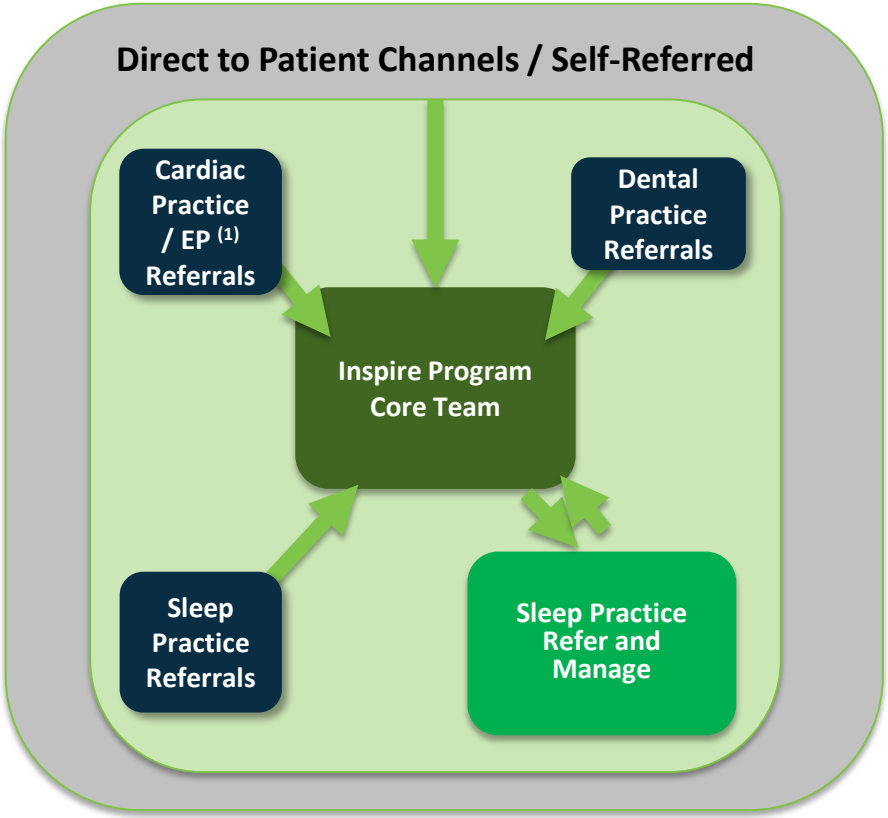
UPPER AIRWAY STIMULATION

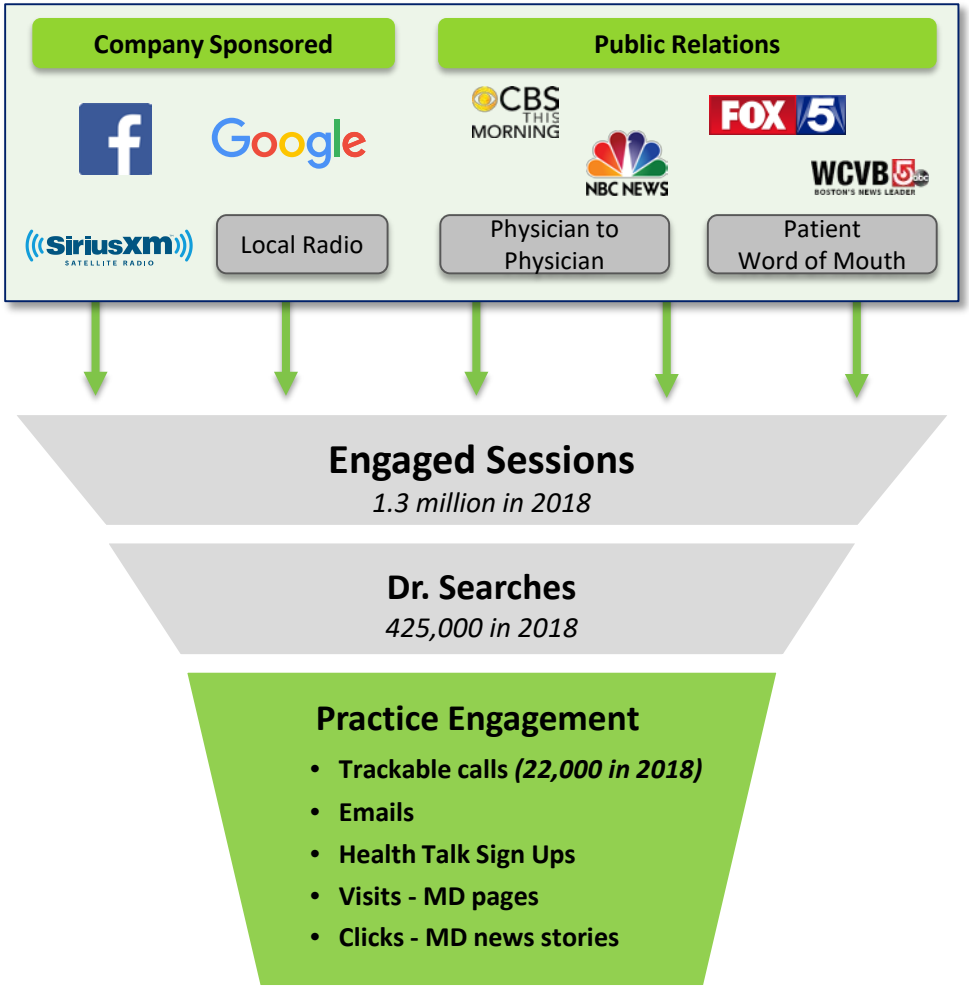
We have a Targeted Approach to Market Development

Inspire Approach to Market Development

- ✓ Inspire has built a referral network with physicians across the treatment continuum
- ✓ Differentiated marketing engine capable of generating demand through patient channels



Direct-to-Patient Outreach Machine



(1) *Electrophysiologists ("EP")*

Our Sales Strategy Engages All Key Stakeholders Across the OSA Treatment Paradigm

Holistic Approach to Engagement Across Key Stakeholders in the OSA Treatment Paradigm

Sales Organization

- 53 Territory Managers (reps) in U.S. and 8 in Europe
  - Managed by Regional Sales Managers (9)
  - Supported by Therapy Awareness Managers and Field Clinical Representatives
- Target for each rep to manage 5 – 8 active centers per territory

- Focus on building long-lasting physician relationships
- Support physicians through all aspects of a case
- Identify new regions with high volume medical centers
- Encourage & sponsor additional publications of clinical data
- Increase awareness through training and education
- Continue various direct-to-patient marketing initiatives

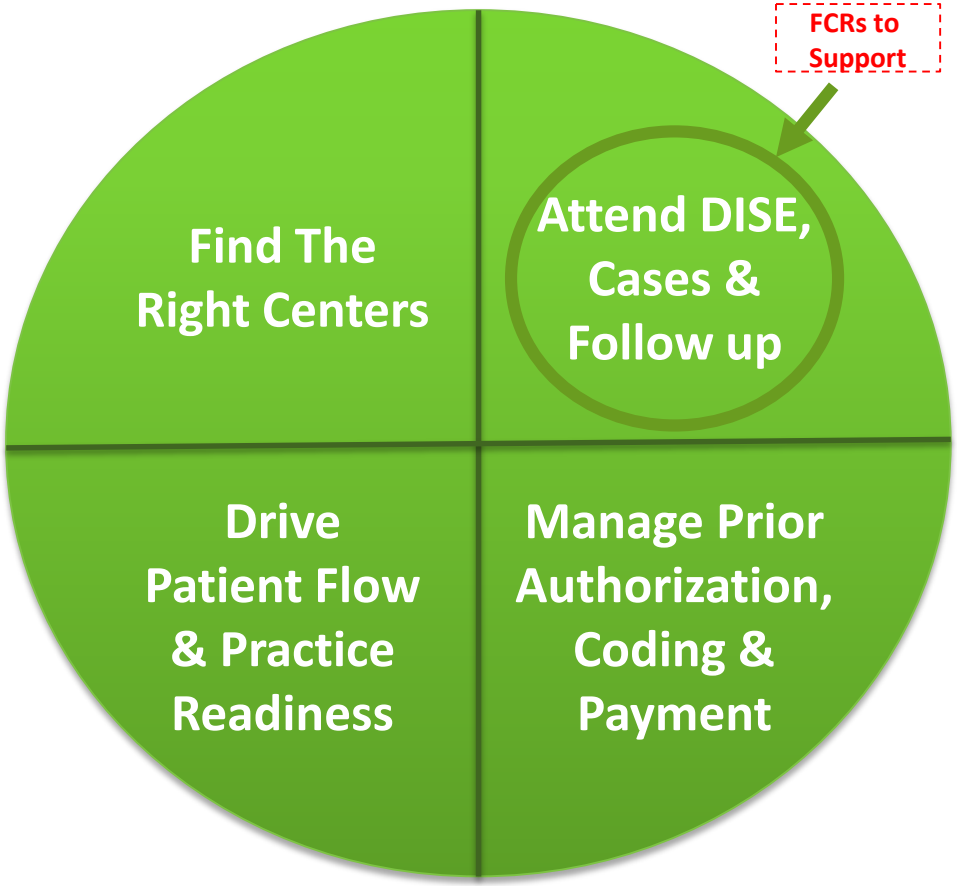
Summary: Continue to build on capacity to treat patients by adding centers, hiring Territory Managers, and adding support structure including Regional Managers and staff to cover implant cases and activations

Keys To Driving a Strong Territory

Territory Manager Strategy

- **New Centers and Territory Framing**
  - Building Regional Manager Team and currently have 9 RMs (added 2 in Q4 2018)
  - Adding Field Clinical Reps (FCRs) to support implants
- **Continue adding Territory Managers**
  - Ended Q1 2019 with 53 U.S. Territory Managers (added 7 in Q1 2019)
- **Sales Training**
  - Inspire University conducted quarterly for new employees
- **Free up selling time for tenured reps to focus on driving patient flow**
  - Invest in FCRs to cover cases and activations

How TMs Spend their Time



The Great Balancing Act

KEEPING CONTROL WHILE GROWING FAST

What does it take to start, then grow a business into a successful public company yet maintain total control of product performance?

The Inspire Control System

Prevalence Pool
17M people in the US with OSA of which ≈25% could be treated by using Inspire

Incidence Pool
500k new cases per year who could be treated using Inspire

End Goal: Strong Patient Outcomes!!!

Question 1: How to find these patients and connect them to the proper healthcare provider?

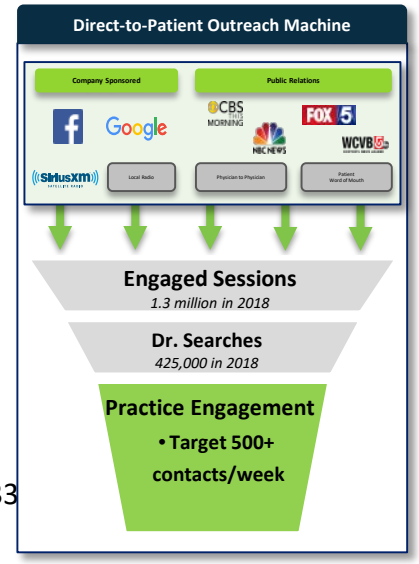
Question 2: How to improve the yield to increase contacts to healthcare providers?

Question 3: How to direct patients to the correct physician to prevent unnecessary visits?

Question 4: How to improve time and approval rates from insurance companies?

Question 5: How to scale the business without losing quality in patient outcomes?

Direct-to-Consumer Outreach Program



Patients make appointment to see doctor

Physician Appointment
- ≈50% are new sleep apnea patients and need to try CPAP first
- ≈25% of patients are not proper candidates
- ≈25% are good Inspire candidates

Patients proceed for insurance approval

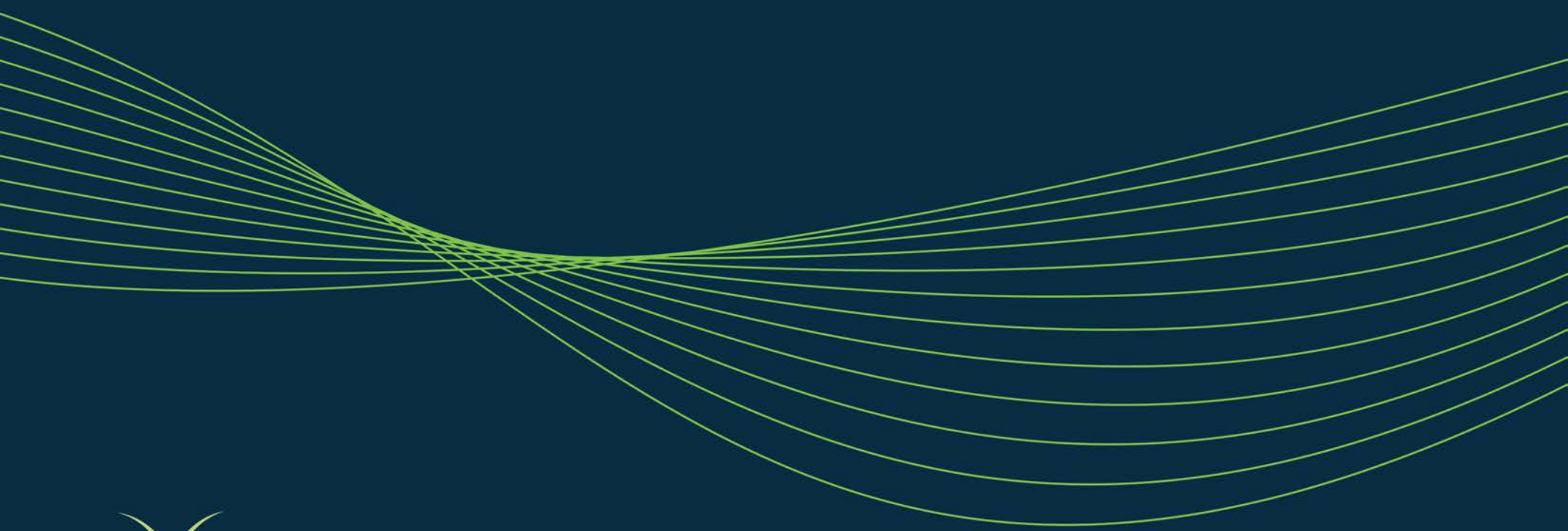
Insurance Approvals
- Requires 3-4 review cycles and averages 3-4 months
- ≈55% of patients are approved
- ≈60% of patients have to go thru this process

Patients scheduled for Inspire

Patient receives Inspire!

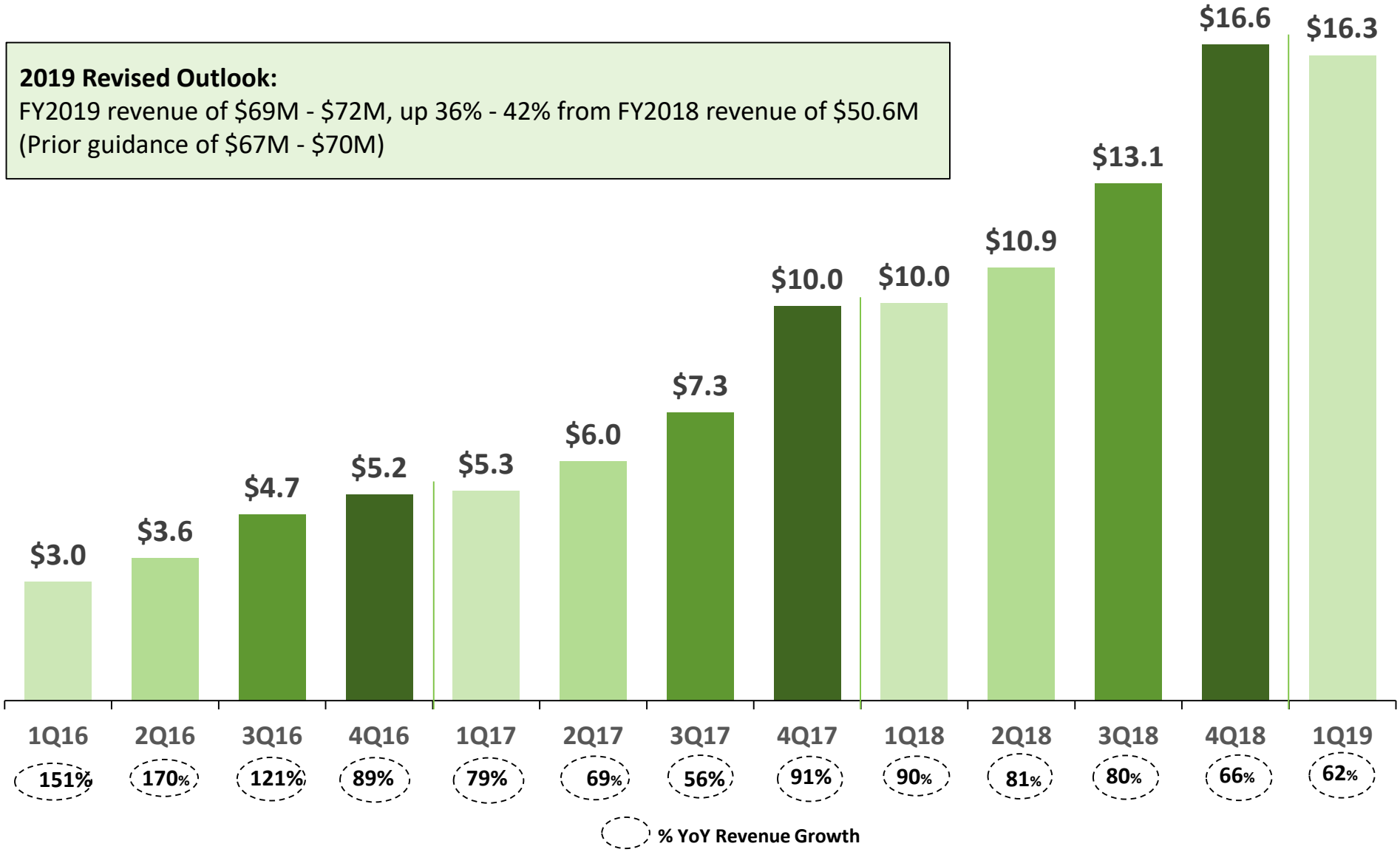
Continuous addition of new sales reps and opening new hospitals

Financials



Quarterly Revenue Since 2016 ($ in Millions)

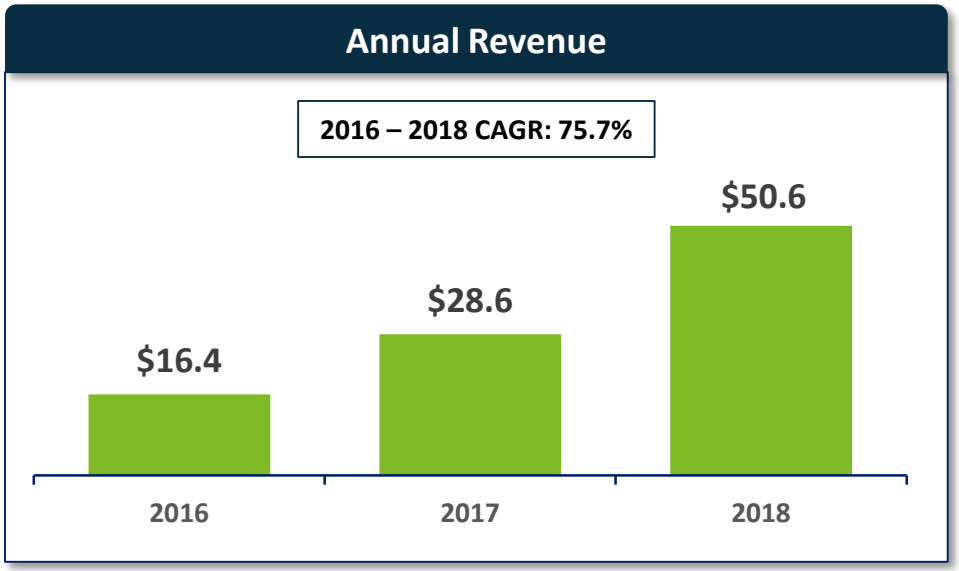
2019 Revised Outlook:
FY2019 revenue of $69M - $72M, up 36% - 42% from FY2018 revenue of $50.6M
(Prior guidance of $67M - $70M)



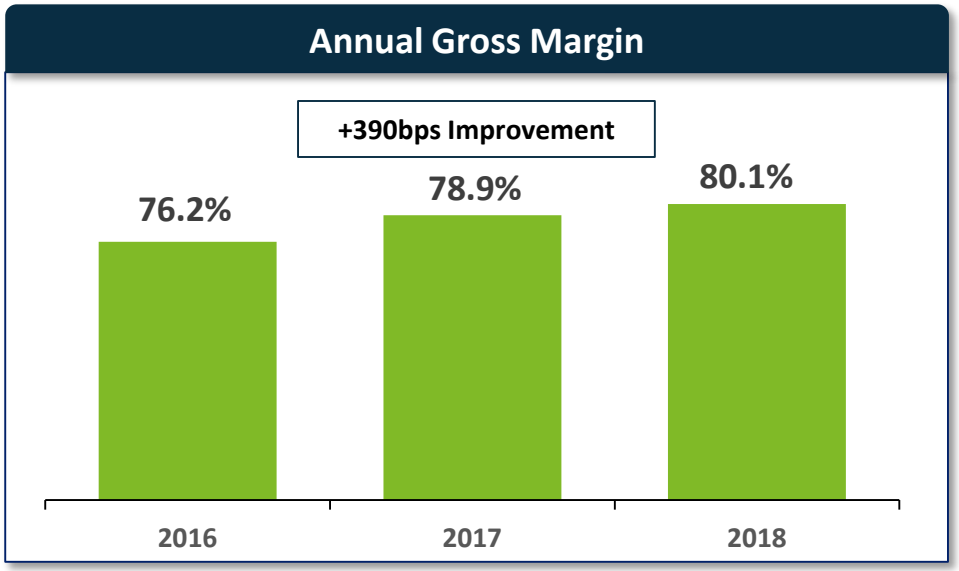
Quarterly amounts are unaudited

Revenue and Gross Margins ($ in Millions)

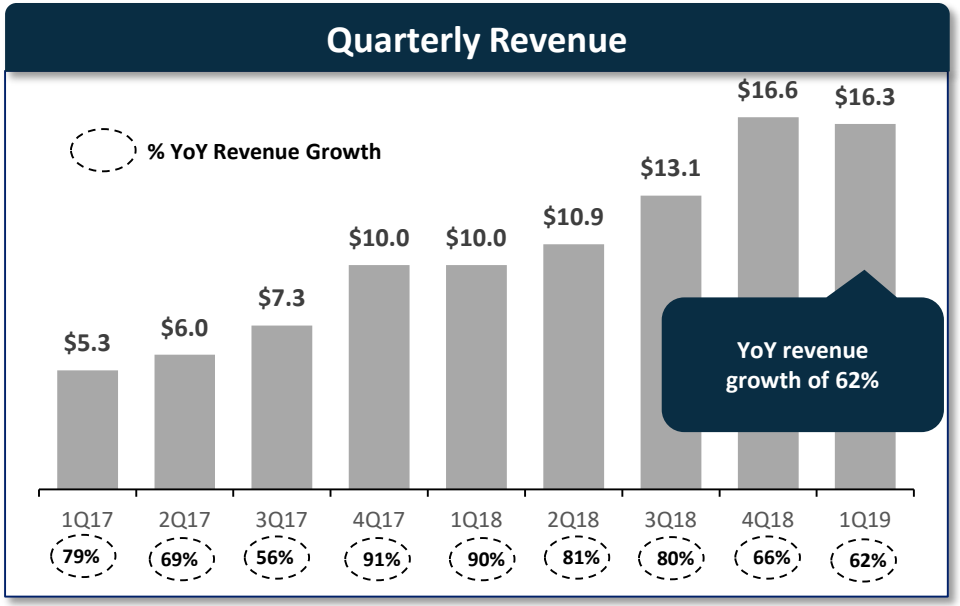
Annual Revenue



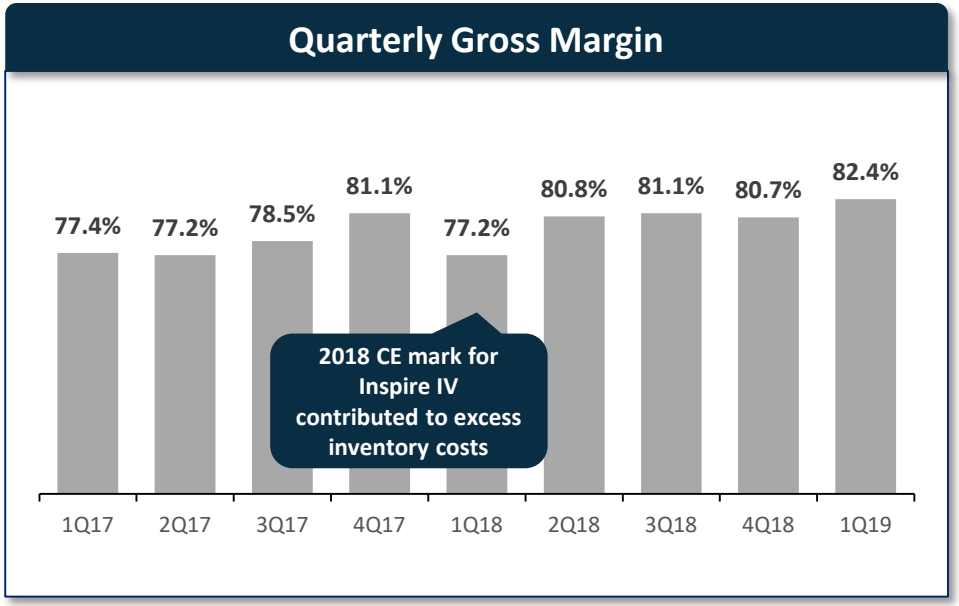
Annual Gross Margin



Quarterly Revenue



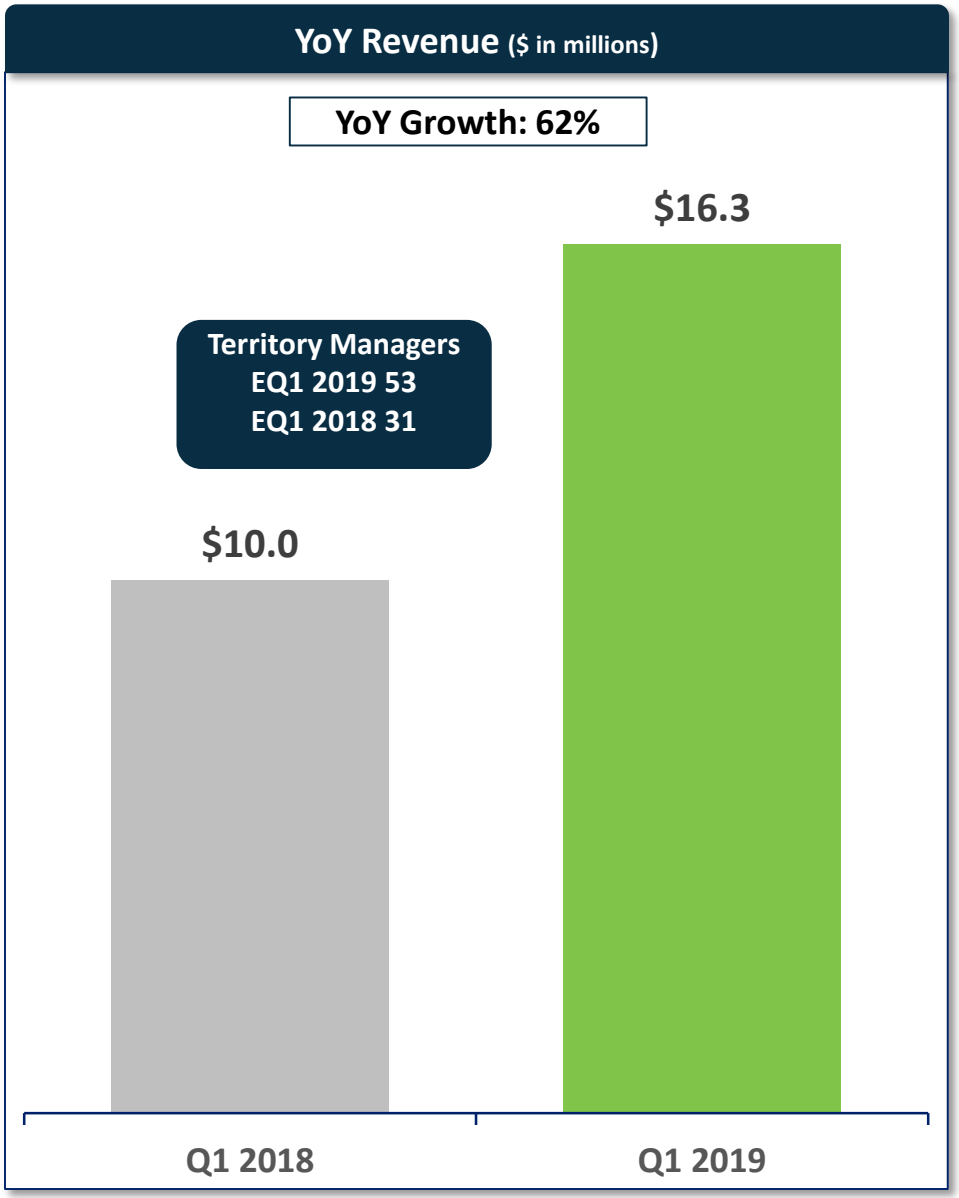
Quarterly Gross Margin



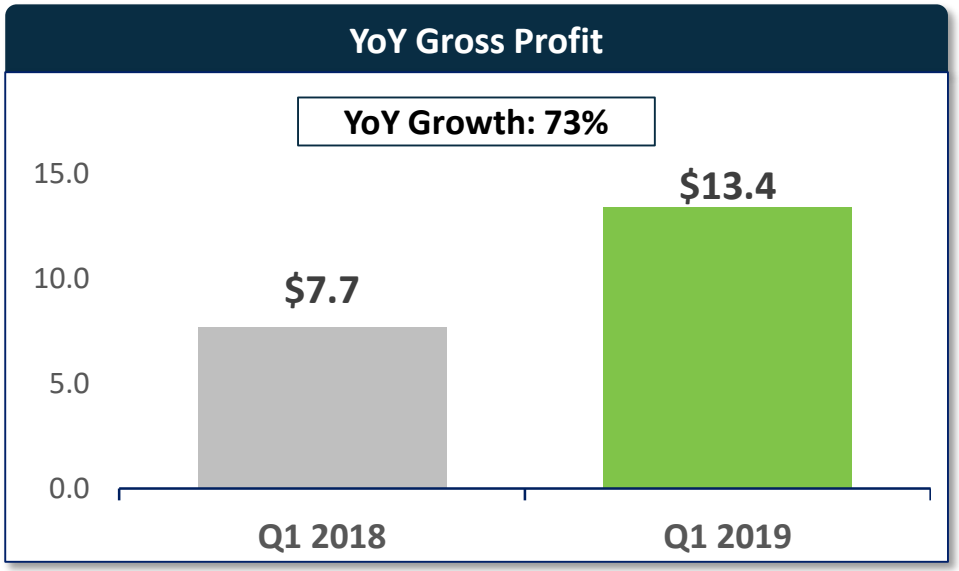
2019 Revised Outlook: FY2019 revenue of $69M - $72M, up 36% - 42% from FY2018 revenue of $50.6M (prior guidance of $67M - $70M)
FY2019 gross margin between 80% - 82% (prior guidance of 79% - 81%)

In Q1 2019, Inspire Experienced Meaningful YoY Growth

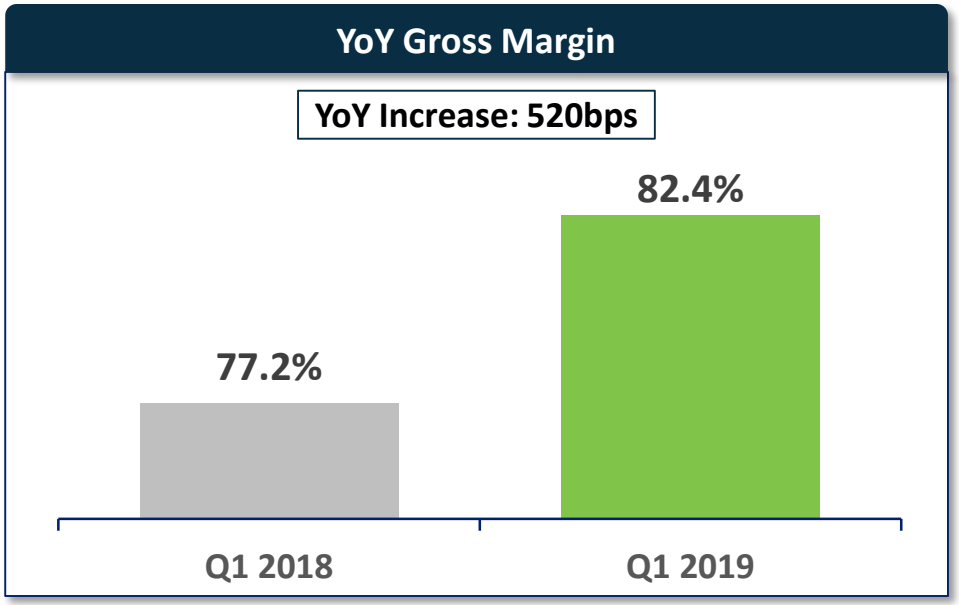
YoY Revenue ($ in millions)



YoY Gross Profit



YoY Gross Margin



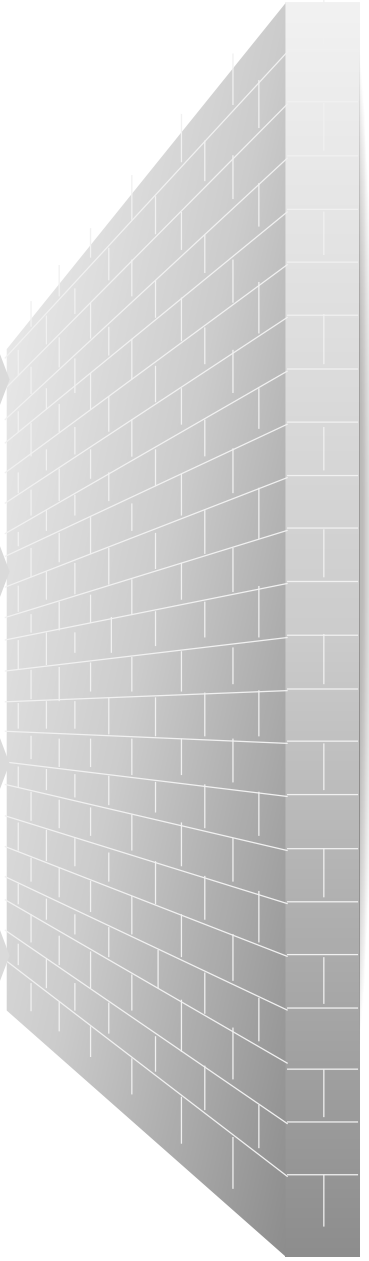
Our Growth Strategies

- **Ensure strong and consistent patient outcomes globally through planned and controlled expansion and robust training**
- **Promote awareness among patients, ENT physicians, sleep centers and referring physicians**
- **Expand U.S. sales and marketing organization to drive adoption of our Inspire therapy**
- **Leverage the prior authorization model while we work in parallel with payors to develop positive coverage policies**
- **Invest in research and development to drive innovation and expand indications**
- **Further penetrate and expand into existing and new international markets**

Our Innovative Inspire Solution has a Significant First Mover Advantage...

Compelling Market Opportunity

- **Large and growing prevalence of OSA**
- **Significant economic cost of untreated OSA**
- **Urgent clinical need for an effective alternative to CPAP**
- **~$10bn annual market opportunity in the U.S.**



Inspire Therapy is Strongly Positioned

FDA PMA Approval Since 2014
- More than 5,000 patients treated at over 270 medical centers across the U.S. and Europe

Evidence of Safety and 5-Year Long-Term Sustained Efficacy
- Consistent results across four sponsored and 13 independent clinical studies evaluating ~1,470 patients
- Ongoing enrollment of 2,500 patient ADHERE patient registry

Physician Society Support
- American Academy of Otolaryngology, American Academy of Sleep Medicine, Germany S-3 Guidelines and International Sleep Surgery Society

Significant Payor Experience
- Focus on payor coverage beyond Aetna & BCBS
- Leverage highly effective prior authorization model
- Approvals from ~350 commercial payors to date
- Over 1,500 individual patient submissions in 2017, over 2,400 in 2018, and over 680 in Q1 2019

Differentiated Product Built on 20 Years of Development
- Closed loop system that leverages our pressure sensing lead and proprietary algorithm
- Current device represents the 4th generation of our Inspire system, which has an ~11-year battery life and allows for MRI of head and extremities