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The forward-looking statements in this presentation are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this presentation and are subject to a number of known and unknown risks, uncertainties and assumptions. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. The forward-looking statements contained in this presentation are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act.
Inspire Medical is an Innovative Neurostimulation Solution for Patients with Moderate to Severe OSA

First and only FDA-approved neurostimulation technology for OSA

More than 2,500 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 ~775 patients across > 10 studies

Strong customer base, growing salesforce and scalable reimbursement infrastructure

Proven management team leading our 116 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

2009: Phase I feasibility trial is completed

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; announced 5-year STAR results; 2,000th implant milestone; revenues of $28.6mm
Strong Management Team and High Quality Investors

Tim Herbert
President, CEO & Founder
- 30+ Years of Experience

Rick Buchholz
CFO
- 15+ Years of Experience

Randy Ban
SVP, Global Sales and Marketing
- 20+ Years of Experience

Other Key Management
- Steve Jandrich – Chief Compliance Officer, VP, Human Resources
- Kathy Sherwood – VP, Global Market Access
- Howard Green – VP, Marketing
- Andreas Henke – VP, Commercial Operations, Europe
- John Rondoni – VP, Product Development, Ops & QA
- Quan Ni – VP, Research

Investors
- USVP
- OrbiMed
- SYNERGY
- KPCB
- AMZAK
- Medtronic
- Medtronic
- Aperture Venture Partners, LLC
- Johnson & Johnson
- TGap
- EY
- Vascular Solutions
- Guidant
- Boston Scientific
- superDimension
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

**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)

Source: Company Website
(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


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**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

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**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 presented at the American Stroke Association’s International Stroke Conference 2018.

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**CBS This Morning**

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

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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%)**

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)*

The effectiveness of CPAP has been limited by low patient compliance as many patients find the mask or treatment cumbersome, uncomfortable and loud

A Strong Market Opportunity Exists for an Alternative to CPAP & Invasive Surgery

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

Adults with Moderate to Severe OSA Prescribed CPAP (2) = ~2 million

- Less: 65% CPAP Compliant
- 35% of CPAP Non-Compliant Adults = ~700,000
  - Less: 30% Anatomy Challenges
- 70% Inspire Anatomy Eligible = ~500,000
  - Multiplied by: our ASP

Inspire U.S. Market = ~$10 billion

Published literature estimates CPAP non-compliance rates of 35% - 65%

Note: ASP constitutes abbreviation for average selling price.
(1) Source: World Health Organization.
(2) Company estimates.
Our Inspire Therapy is a Disruptive Solution for Patients with OSA

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

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 Overcomes Many of These Limitations with a Safe and Effective Solution

Mild Stimulation is a Clear Mechanism of Action

No Stimulation

Mild Stimulation

Palate
Tongue Base
Obstructed Airway

Palate
Tongue Base
Open Airway

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 short-falls of current treatments
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.
### Significant Body of Clinical Evidence Evaluating Inspire in ~775 Patients Across 10 Studies

<table>
<thead>
<tr>
<th>Clinical Studies</th>
<th>Number of Patients Evaluated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company Sponsored</strong></td>
<td></td>
</tr>
<tr>
<td>Stimulation Therapy for Apnea Reduction (STAR)</td>
<td>126</td>
</tr>
<tr>
<td>German Post Market Study</td>
<td>60</td>
</tr>
<tr>
<td>ADHERE Patient Registry</td>
<td>301</td>
</tr>
<tr>
<td>Pediatric / Down Syndrome</td>
<td>6</td>
</tr>
<tr>
<td><strong>Independent</strong></td>
<td></td>
</tr>
<tr>
<td>Cleveland Clinic Comparison Study of Inspire Therapy and UPPP</td>
<td>20</td>
</tr>
<tr>
<td>Thomas Jefferson University Hospital (TJUH) &amp; University of Pittsburgh Medical Center (UPMC)</td>
<td>97</td>
</tr>
<tr>
<td>TJUH Study of Inspire Therapy and UPPP</td>
<td>90</td>
</tr>
<tr>
<td>University of Alabama-Birmingham</td>
<td>25</td>
</tr>
<tr>
<td>NewYork-Presbyterian Hospital &amp; Middlesex Hospital</td>
<td>27</td>
</tr>
<tr>
<td>Non-Academic Hospital in San Diego</td>
<td>22</td>
</tr>
</tbody>
</table>

**Total Patients Evaluated**: 774
# Overview of the STAR Trial

## Trial Design
- Multi-center, prospective, single-group, Phase III pivotal trial
  - Evaluated 126 patients who had difficulty either accepting or adhering to CPAP
  - 22 medical centers across the United States and Europe
- Randomized control therapy-withdrawal trial
  - 46 patients after 12 months
  - Patients randomized at a 1:1 ratio
  - Withdrawal group had device turned off for at least 5 days until a sleep study or polysomnogram was performed
  - Maintenance group continued nightly use of the device

## Primary Endpoints
- **AHI**: Reduction in AHI from baseline to 12 months of more than 50% along with final AHI being less than 20 events per hour
- **ODI**: Reduction in ODI of more than 50% from baseline to 12 months

## Secondary Endpoints
- Evaluation of impact to a patient’s quality of life using:
  - Functional Outcomes of Sleep Questionnaire (FOSQ)
  - Epworth Sleepiness Scale (ESS)

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Note: Oxygen desaturation index is abbreviated as “ODI.” It measures the number of times per hour of sleep that the blood’s oxygen level drops by a certain degree below baseline.
STAR Trial Met Both Primary End Points & Showed Statistically Significant Reductions in AHI & ODI

Significant Reduction in Severity of OSA

<table>
<thead>
<tr>
<th>Event per Hour</th>
<th>Baseline (N=126)</th>
<th>12 Month (N=124)</th>
<th>18 Month (N=123)</th>
<th>3 Year (N=98)</th>
<th>5 Year (N=71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apnea-Hypopnea Index (Median)</td>
<td>29.3</td>
<td>9.0</td>
<td>9.7</td>
<td>6.0</td>
<td>6.2</td>
</tr>
</tbody>
</table>

All p values <0.001 vs. baseline results in median

Meaningful Levels of Compliance Post-Implantation

<table>
<thead>
<tr>
<th>Event per Hour</th>
<th>Baseline (N=126)</th>
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<th>5 Year (N=71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxygen Desaturation Index (Median)</td>
<td>25.4</td>
<td>7.4</td>
<td>8.6</td>
<td>4.8</td>
<td>4.6</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Score (Events/hr)</th>
<th>Baseline</th>
<th>1 Year</th>
<th>Randomized, Therapy-withdrawal Trial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apnea-Hypopnea Index (Mean)</td>
<td>31.3</td>
<td>7.2</td>
<td>8.9 (Therapy-maintenance Group N=23) 8.9 (Therapy-withdrawal Group N=23)</td>
</tr>
</tbody>
</table>

<table>
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<th>Score (Events/hr)</th>
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<td>26.7</td>
<td>6.3</td>
<td>8.0 (Therapy-maintenance Group N=23) 8.0 (Therapy-withdrawal Group N=23)</td>
</tr>
</tbody>
</table>
Additional STAR Findings Showed Meaningful Improvement in Compliance and Quality of Life Metrics

Inspire has Substantial Positive Implications on Patient Compliance...

**Self-Reported Device Use**

- **Patients Reported Nightly Use (%)**
  - 12 Month: N=124 (86%)
  - 24 Month: N=117 (81%)
  - 3 Year: N=108 (81%)
  - 5 Year: N=92 (80%)

  **Normalized daytime sleepiness = 10.0**
  - Baseline: N=126 (14.6)
  - 12 Month: N=124 (18.2)
  - 18 Month: N=123 (18.4)
  - 3 Year: N=98 (18.8)
  - 5 Year: N=92 (18.7)

  **Epworth Sleepiness Scale (Median)**
  - Baseline: N=126 (11.0)
  - 12 Month: N=124 (6.0)
  - 18 Month: N=123 (6.0)
  - 3 Year: N=98 (6.0)
  - 5 Year: N=92 (6.0)

  All p values <0.001 vs. baseline results in median

**No or Soft Snoring (Median)**

- Baseline: N=108 (17%)
- 12 Month: N=103 (86%)
- 18 Month: N=103 (87%)
- 3 Year: N=100 (81%)
- 5 Year: N=80 (90%)

**Bed Partner Leaves Room (Median)**

- Baseline: N=108 (30%)
- 12 Month: N=103 (5%)
- 18 Month: N=103 (4%)
- 3 Year: N=100 (3%)
- 5 Year: N=80 (1%)

Published literature estimates that only approximately 35% to 65% of patients prescribed a CPAP device are compliant with the therapy

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

After 12 Months, 93% of patients used Inspire Therapy at least 5 days per week
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; ≥ 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 of Alabama-Birmingham: reported on the outcomes from their first twenty-five consecutive cases treated with Inspire therapy. The median AHI in these patients decreased significantly from 38.5 to 6.5 (p<0.0001)
  - Mean device use of 49.5 hours per week
- NewYork-Presbyterian Hospital and Middlesex Hospital: conducted a multi-center study reporting on 27 patients treated with Inspire therapy. Postoperative AHI was significantly reduced from 44.8 to 6.3 (p<0.001)
  - Mean device use of 50.3 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.
Recent Developments: Independent Cleveland Clinic Comparison Study of Inspire vs. 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 patient (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.”

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**Pre vs Post Operative AHI for UPPP vs HNS Groups (Mean)**

<table>
<thead>
<tr>
<th>Group</th>
<th>Pre Operative AHI</th>
<th>Post Operative AHI</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPPP (N=20)</td>
<td>40.3</td>
<td>28.8</td>
<td>29%</td>
</tr>
<tr>
<td>HNS (N=20)</td>
<td>38.9</td>
<td>4.5</td>
<td>88%</td>
</tr>
</tbody>
</table>

*P<0.001

**Pre vs Post Operative ESS for UPPP vs HNS Groups (Mean)**

<table>
<thead>
<tr>
<th>Group</th>
<th>Pre Operative ESS</th>
<th>Post Operative ESS</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPPP (N=16)</td>
<td>11.0</td>
<td>7.0</td>
<td>46%</td>
</tr>
<tr>
<td>HNS (N=15)</td>
<td>13.0</td>
<td>8.0</td>
<td>50%</td>
</tr>
</tbody>
</table>

*P=0.001

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 study designed to be retrospective and prospective
- 10 hospitals in the U.S. and Germany part of registry
- Registry enrolled 301 patients between October 2016 and September 2017
- Data was collected at the post-titration office visit, which occurred approximately 2 – 6 months after implant; median follow-up was 123 days after implant

### Registry Results from 301 Patients

<table>
<thead>
<tr>
<th></th>
<th>Apnea Hypopnea Index (Median)</th>
<th>Epworth Sleepiness Scale (Median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>32.5</td>
<td>12.0</td>
</tr>
<tr>
<td>2-6 Months</td>
<td>5.5</td>
<td>7.0</td>
</tr>
</tbody>
</table>

83% Reduction

42% Reduction

### Adherence Monitoring

- Mean home device use per night: 6.5 hours / night
- Median home device use per week: 46 hours / week
- 96% of patients had therapy use >20 hours per week

**Inspire is Better Experience than CPAP**

- 90%

**Overall Patient Satisfaction**

- 92%

**Patients would Choose Inspire Again**

- 96%

*Early results from the ADHERE registry show Inspire therapy is an effective treatment for OSA in a real world setting*
We are Committed to Continuous Product Development & Indication Expansion

**Indication Expansion**

- In discussions 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
  - 6-patient investigator-initiated trial demonstrated the safety and efficacy of Inspire therapy for treating Down syndrome patients\(^{(1)}\)

**Product Pipeline**

- 5\(^{th}\) generation neurostimulator is in the concept phase of development
- Inspire Cloud, which is still in development, is being designed to allow physicians to monitor patient compliance and therapy efficacy

\[(1)\] Published in JAMA Otolaryngology – Head & Neck Surgery.
Our Intellectual Property Portfolio

- Covers aspects of our current Inspire system and future product concepts
  - 19 issued U.S. patents (expire between 2018 and 2035) and 20 pending U.S. patent applications
  - 21 issued foreign patents and 27 pending foreign patent applications
- 8 pending and registered trademark filings worldwide
- Competitive position enhanced by trade secrets, proprietary know-how and continuing technological innovation
- Entered into an agreement with Medtronic in 2007 to make, use, import and sell products and practice methods in the field of electrical stimulation of the upper airway for the treatment of OSA
  - Royalty-free license agreement
  - Perpetual license (no right of termination)
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 Channels / Self Referred

- Cardiac Practice / EP Referrals
- Dental Practice Referrals
- Sleep Practice Refer and Manage

Inspire Program Core Team

Note: EP constitutes abbreviation electrophysiologists.
With Strong Coding & Payment in Place, We are Focused on Broadening Commercial Coverage

We have a Differentiated Approach to Reimbursement 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 actively working to convert to a Category I code

**Payment**
- Physician
- Facility

- National Medicare average payment of $27k
  - Covers the cost of the device and the procedure for implantation

**Coverage**
- Medicare
- Commercial

- Company very successful in driving prior authorization approvals
  - Approximately 230 commercial payors in the U.S. have paid for Inspire procedure
  - Medicare payment in most MACs
  - Government contract for VA / Military hospitals

Compelling and Robust Clinical Data
Support from Leading Medical Organizations and KOLs
Increased Demand from Patients
Economic Cost Savings Associated with Compliant OSA Treatment
Positive Coverage Policies
In parallel with broadening coverage, we intend to continue leveraging our 12 person market access team to support patients & providers as they seek reimbursement for our therapy from commercial payors.

Note: CSA constitutes abbreviation for Central Sleep Apnea.
(1) Reflects data submitted from January 2017 – December 2017.
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

- 30 Territory Managers (reps) in U.S. and 6 in Europe
  - Managed by Regional Sales Managers
  - Supported by Therapy Awareness Managers and Field Clinical Representatives
- Target for each rep to manage 5 – 8 active centers per territory
- Productivity measured by revenue per rep

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
Inspire Has Seen Significant Revenue Growth and Gross Margin Expansion

### Annual Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$8.0</td>
</tr>
<tr>
<td>2016</td>
<td>$16.4</td>
</tr>
<tr>
<td>2017</td>
<td>$28.6</td>
</tr>
</tbody>
</table>

2015 – 2017 CAGR: 88.8%

### Annual Gross Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>64.9</td>
</tr>
<tr>
<td>2016</td>
<td>76.2</td>
</tr>
<tr>
<td>2017</td>
<td>78.9</td>
</tr>
</tbody>
</table>

+1,400bps Improvement

### Quarterly Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q16</td>
<td>$3.0</td>
</tr>
<tr>
<td>2Q16</td>
<td>$3.6</td>
</tr>
<tr>
<td>3Q16</td>
<td>$4.7</td>
</tr>
<tr>
<td>4Q16</td>
<td>$5.2</td>
</tr>
<tr>
<td>1Q17</td>
<td>$5.3</td>
</tr>
<tr>
<td>2Q17</td>
<td>$6.0</td>
</tr>
<tr>
<td>3Q17</td>
<td>$7.3</td>
</tr>
<tr>
<td>4Q17</td>
<td>$10.0</td>
</tr>
</tbody>
</table>

YoY Revenue Growth:
- $3.0 to $3.6: 170%
- $3.6 to $4.7: 121%
- $4.7 to $5.2: 89%
- $5.2 to $5.3: 19%

### Quarterly Gross Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q16</td>
<td>73.8</td>
</tr>
<tr>
<td>2Q16</td>
<td>74.4</td>
</tr>
<tr>
<td>3Q16</td>
<td>79.0</td>
</tr>
<tr>
<td>4Q16</td>
<td>76.4</td>
</tr>
<tr>
<td>1Q17</td>
<td>77.4</td>
</tr>
<tr>
<td>2Q17</td>
<td>77.2</td>
</tr>
<tr>
<td>3Q17</td>
<td>78.5</td>
</tr>
<tr>
<td>4Q17</td>
<td>81.1</td>
</tr>
</tbody>
</table>

YoY Gross Margin Growth:
- 73.8% to 74.4%: 7%
- 74.4% to 79.0%: 6%
- 79.0% to 76.4%: -2%
- 76.4% to 77.4%: 1%
- 77.4% to 77.2%: -0.2%
- 77.2% to 78.5%: 1.3%
- 78.5% to 81.1%: 2.6%

Note: All revenue figures in millions of dollars. The revenue and gross margins for full year 2015 – 2017 are audited. The quarterly revenue and gross margins in 2016 and 2017 are unaudited.
Our Growth Strategies

- **Promote awareness among patients, ENT physicians, sleep centers and referring physicians**
- **Expand our U.S. sales and marketing organization to drive adoption of our Inspire therapy**
- **Leverage our prior authorization model while we work in parallel with payors to broaden coverage**
- **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...

Inspire Therapy is Strongly Positioned

**FDA PMA Approval Since 2014**
- More than 2,500 patients treated at over 150 medical centers across the U.S. and Europe

**Evidence of Safety and 5-Year Long-Term Sustained Efficacy**
- Consistent results across four sponsored and more than six independent clinical studies evaluating ~775 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**
- Continued focus on broadening payor coverage
- Highly effective prior authorization model
- Approvals from ~230 commercial payors to date
- Over 1,500 individual patient submissions in 2017

**Differentiated Product Built on Two Decades of Continuous Development**
- Closed loop system that leverages our 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

---

**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.
...and Delivers a Strong Value Proposition to All Key OSA Stakeholders

**Patients**
- ~80% reduction in sleep apnea events per hour
- 80% of patients use device nightly after 5 years

**Physicians**
- Ability to offer a safe and effective solution with meaningful therapeutic benefits to patients
- Growing OSA and Inspire awareness helping to increase patient volumes

**Payors**
- High compliance rate and strong clinical data
- Consistent and effective treatment of OSA shown to reduce the cost of care

**Future Opportunity: Leveraging Data Assets**
- Inspire Cloud is being designed to allow physicians to monitor patient compliance and therapy efficacy

Payors

Physicians

Patients
Appendix
# Summary of Selected Clinical Studies

<table>
<thead>
<tr>
<th></th>
<th>STAR Trial(^{(1)})</th>
<th>German Post-Market Study(^{(1)})</th>
<th>ADHERE Patient Registry(^{(1)})</th>
<th>TJUH and UPMC Evaluation(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># of Inspire Therapy Patients</strong></td>
<td>124</td>
<td>97</td>
<td>56</td>
<td>301</td>
</tr>
<tr>
<td><strong>Time Following Implantation</strong></td>
<td>12 Months</td>
<td>5 Years</td>
<td>12 Months</td>
<td>2 – 6 Months</td>
</tr>
<tr>
<td><strong>AHI - Baseline</strong></td>
<td>29.3</td>
<td>29.3</td>
<td>28.6</td>
<td>32.5</td>
</tr>
<tr>
<td><strong>AHI – Therapy</strong></td>
<td>9.0</td>
<td>6.2</td>
<td>9.5</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>ESS – Baseline</strong></td>
<td>11.0</td>
<td>11.0</td>
<td>13.0</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>ESS – Therapy</strong></td>
<td>6.0</td>
<td>6.0</td>
<td>6.5</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>FOSQ – Baseline</strong></td>
<td>14.6</td>
<td>14.6</td>
<td>13.7</td>
<td>*</td>
</tr>
<tr>
<td><strong>FOSQ – Therapy</strong></td>
<td>18.2</td>
<td>18.7</td>
<td>18.6</td>
<td>*</td>
</tr>
<tr>
<td><strong>Therapy Compliance</strong></td>
<td>86% daily; 93% 5+ days weekly</td>
<td>80% daily</td>
<td>Average 39 hours per week; 89% ≥20 hours per week</td>
<td>Average 6.5 hours per night; 96% ≥20 hours per week</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Represents median results. 
\(^{(2)}\) Represents mean results.
### Historical Financials: 2015 – 2017

<table>
<thead>
<tr>
<th>Fiscal Year Ended December 31,</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$8.0</td>
<td>$16.4</td>
<td>$28.6</td>
</tr>
<tr>
<td>% Growth</td>
<td>109.7%</td>
<td>105.0%</td>
<td>73.9%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$5.2</td>
<td>$12.5</td>
<td>$22.5</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>64.9%</td>
<td>76.2%</td>
<td>78.9%</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17.9</td>
<td>22.7</td>
<td>32.4</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>223.7%</td>
<td>138.1%</td>
<td>113.3%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.1</td>
<td>7.1</td>
<td>6.2</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>88.3%</td>
<td>43.2%</td>
<td>21.7%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$25.0</td>
<td>$29.8</td>
<td>$38.6</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>312.0%</td>
<td>181.2%</td>
<td>135.0%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($19.8)</td>
<td>($17.3)</td>
<td>($16.0)</td>
</tr>
<tr>
<td><strong>Other Expenses (Income)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>1.5</td>
<td>1.3</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Pretax Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($21.3)</td>
<td>($18.5)</td>
<td>($17.5)</td>
</tr>
<tr>
<td><strong>Tax Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($21.3)</td>
<td>($18.5)</td>
<td>($17.5)</td>
</tr>
</tbody>
</table>

*Note: All figures in millions, except percentages.*

(1) Includes interest income, interest expense, loss on foreign currency and other.
### Balance Sheet at December 31, 2017

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Cash Equivalents and Short-Term Investments</td>
<td>$16.1</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>8.0</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$25.1</strong></td>
</tr>
<tr>
<td>Total Current and Long-Term Liabilities</td>
<td>7.3</td>
</tr>
<tr>
<td>Total Long-Term Debt</td>
<td>16.5</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$23.8</strong></td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total Liabilities + Equity</strong></td>
<td><strong>$25.1</strong></td>
</tr>
</tbody>
</table>

**Note:** All figures in millions.

**Note:** Inspire borrowed an additional $8.0 million in February 2018, which is not reflected in the table above.