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DELTA REPORT

10-Q

INSP - INSPIRE MEDICAL SYSTEMS,

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1343
CHANGES	215
DELETIONS	582
ADDITIONS	546

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38468

Inspire Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-1377674**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5500 Wayzata Blvd., Suite 1600 **Golden Valley, MN**	**55416**
(Address of principal executive offices)	(Zip Code)

(844) 672-4357
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	INSP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2023 May 1, 2024, the registrant had 29,524,189 29,711,048 shares of common stock, $0.001 par value per share, outstanding.

Table of Contents

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts fact contained in this Quarterly Report are forward-looking statements, including, without limitation, statements regarding our future results of operations and financial position, business strategy, the impact of COVID-19 macroeconomic trends on our business, financial results and financial position, prospective products, international product approvals and commercialization, commercializations, our expectations regarding the final reimbursement levels for Inspire therapy procedures, research and development costs, timing and likelihood of success, other insurance providers' plans to begin approving our Inspire therapy, human capital our sales and marketing initiatives, environmental, social, and governance reporting, potential supply chain disruptions, and the plans and objectives of management for future operations.

In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “can,” “continue,” “could,” “designed,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would,” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. The forward-looking statements in this Quarterly Report 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 Quarterly Report and are subject to a number of known and unknown risks, uncertainties, and assumptions, including, but not limited to:

- our history of operating losses and dependency on our Inspire system for revenues;
- 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;
- the impact on our business, financial condition, and results of operation from COVID-19, or any other pandemic, epidemic or outbreak of an infectious disease; public health crises and pandemics;
- our ability to expand our indications and develop and commercialize additional products and enhancements to our Inspire system;

- future results of operations, financial position, research and development costs, capital requirements, and our needs for additional financing;
- our ability to forecast customer demand for our Inspire system and manage our inventory;
- our dependence on third-party suppliers, vendors, and contract manufacturers;
- risks related to 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 United States;
- our ability to manage our growth;
- our ability to hire and retain our senior management and other highly qualified personnel;
- risks related to product liability claims and warranty claims;
- our ability to address quality issues that may arise with our Inspire system;
- our ability to successfully integrate any acquired business, products, or technologies;
- changes in global macroeconomic conditions;
- any failure of key information technology systems, processes, or sites or damage to or inability to access our physical facilities;
- our ability to commercialize or obtain regulatory approvals or certifications for our Inspire therapy and system, including our next generation Inspire therapy system, or the effect of delays in commercializing or obtaining regulatory approvals or certifications;
- any violations of anti-bribery, anti-corruption, and anti-money laundering laws;
- our ability to use our net operating losses and research and development carryforwards;
- the risk that we may be deemed to be an investment company under the Investment Company Act of 1940;
- risks related to the increasing and evolving focus on sustainability and environmental, social, and governance initiatives;
- U.S. Food and Drug Administration ("FDA") or other United States or foreign regulatory actions affecting us or the healthcare industry generally, including risks associated with regulatory approvals, certifications, or healthcare reform measures in the United States and international markets;
- our ability to establish and maintain intellectual property protection for our Inspire therapy and system or avoid claims of infringement;
- changes in U.S. and foreign tax laws;
- risks related to our common stock; and
- other important factors that could cause actual results, performance, or achievements to differ materially from those contemplated that are found in "Part I, Item 1. Business," "Part I, Item 1A. Risk Factors," and "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, as updated by “Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. Report.

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.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. 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.

Unless the context requires otherwise, references to “Inspire,” the “Company,” “we,” “us,” and “our,” refer to Inspire Medical Systems, Inc.

PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

Inspire Medical Systems, Inc.

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	September 30, 2023	December 31, 2022
	(unaudited)	
	March 31, 2024	March 31, 2024	December 31, 2023
	(unaudited)		
Assets			
Assets			
Assets	**Assets**		
Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$ 329,897	$441,592
Investments, short-term	Investments, short-term	134,317	9,821
Accounts receivable, net of allowance for credit losses of $1,376 and $36, respectively		71,460	61,228
Accounts receivable, net of allowance for credit losses of $256 and $1,648, respectively			
Inventories, net	Inventories, net	26,115	11,886
Prepaid expenses and other current assets	Prepaid expenses and other current assets	7,802	5,505
Total current assets	Total current assets	569,591	530,032
Investments, long-term	Investments, long-term	2,961	—
Property and equipment, net	Property and equipment, net	32,249	17,249
Operating lease right-of-use assets	Operating lease right-of-use assets	23,081	6,880
Other non-current assets	Other non-current assets	11,612	10,715
Total assets	Total assets	$ 639,494	$564,876
Liabilities and stockholders' equity	**Liabilities and stockholders' equity**		

Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 40,031	$ 26,847
Accrued expenses	Accrued expenses	29,964	34,339
Total current liabilities	Total current liabilities	69,995	61,186
Total current liabilities			
Total current liabilities			
Operating lease liabilities, non-current portion			
Operating lease liabilities, non-current portion			
Operating lease liabilities, non-current portion	Operating lease liabilities, non-current portion	25,173	7,536
Other non-current liabilities	Other non-current liabilities	146	146
Total liabilities	Total liabilities	95,314	68,868
Stockholders' equity:	Stockholders' equity:		
Preferred Stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	Preferred Stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, $0.001 par value per share; 200,000,000 shares authorized; 29,403,189 and 29,008,368 issued and outstanding at September 30, 2023 and December 31, 2022, respectively		29	29
Preferred Stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding			
Preferred Stock, $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding			

Common Stock, $0.001 par value per share; 200,000,000 shares authorized; 29,676,095 and 29,560,464 issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	904,293	820,335
Accumulated other comprehensive income (loss)		44	(86)
Accumulated other comprehensive income			
Accumulated deficit	Accumulated deficit	(360,186)	(324,270)
Total stockholders' equity	Total stockholders' equity	544,180	496,008
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 639,494	$564,876

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Inspire Medical Systems, Inc.

Consolidated Statements of Operations and Comprehensive Loss (unaudited)

(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	Three Months Ended March 31,	**Three Months Ended March 31,**	**Three Months Ended March 31,**	
	2024	**2024**	**2024**	
Revenue				
Revenue				

Revenue	Revenue	$ 153,302	$ 109,188	$ 432,291	$ 269,956
Cost of goods sold	Cost of goods sold	24,382	19,786	68,522	43,963
Cost of goods sold					
Cost of goods sold					
Gross profit					
Gross profit					
Gross profit	Gross profit	128,920	89,402	363,769	225,993
Operating expenses:	Operating expenses:				
Operating expenses:					
Operating expenses:					
Research and development					
Research and development					
Research and development	Research and development	29,144	20,993	85,484	47,397
Selling, general and administrative	Selling, general and administrative	113,247	85,603	327,853	225,853
Selling, general and administrative					
Selling, general and administrative					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	142,391	106,596	413,337	273,250
Operating loss	Operating loss	(13,471)	(17,194)	(49,568)	(47,257)
Operating loss					
Operating loss					
Other (income) expense:					
Other (income) expense:					
Other (income) expense:	Other (income) expense:				
Interest and dividend income	Interest and dividend income	(5,495)	(1,350)	(14,690)	(1,681)
Interest expense		—	656	—	1,677
Other expense, net		224	101	268	290
Total other (income) expense		(5,271)	(593)	(14,422)	286
Interest and dividend income					
Interest and dividend income					
Other expense (income), net					
Other expense (income), net					
Other expense (income), net					
Total other income					
Total other income					
Total other income					
Loss before income taxes					
Loss before income taxes					
Loss before income taxes	Loss before income taxes	(8,200)	(16,601)	(35,146)	(47,543)
Income taxes	Income taxes	340	246	770	488
Income taxes					
Income taxes					
Net loss					
Net loss					
Net loss	Net loss	(8,540)	(16,847)	(35,916)	(48,031)

Other comprehensive loss:	Other comprehensive loss:				
Foreign currency translation loss		(181)	(148)	(4)	(106)
Unrealized gain (loss) on investments		122	(14)	134	(202)
Other comprehensive loss:					
Other comprehensive loss:					
Foreign currency translation (loss) gain					
Foreign currency translation (loss) gain					
Foreign currency translation (loss) gain					
Unrealized (loss) gain on investments					
Unrealized (loss) gain on investments					
Unrealized (loss) gain on investments					
Total comprehensive loss	Total comprehensive loss	$ (8,599)	$ (17,009)	$ (35,786)	$ (48,339)
Total comprehensive loss					
Total comprehensive loss					
Net loss per share, basic and diluted					
Net loss per share, basic and diluted					
Net loss per share, basic and diluted	Net loss per share, basic and diluted	$ (0.29)	$ (0.60)	$ (1.23)	$ (1.73)
Weighted average common shares used to compute net loss per share, basic and diluted	Weighted average common shares used to compute net loss per share, basic and diluted	29,365,968	28,226,345	29,229,626	27,782,093
Weighted average common shares used to compute net loss per share, basic and diluted					
Weighted average common shares used to compute net loss per share, basic and diluted					

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Inspire Medical Systems, Inc.

Consolidated Statements of Stockholders' Equity (unaudited)

(in thousands, except share amounts)

	Nine Months Ended September 30, 2023					
	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2022	29,008,368	$ 29	$ 820,335	$ (86)	$ (324,270)	$ 496,008
Stock options exercised	142,167	—	7,377	—	—	7,377

Vesting of restricted stock units	18,852	—	—	—	—	—
Withholding taxes on net share settlement of restricted stock units	(6,750)	—	(1,746)	—	—	(1,746)
Issuance of common stock	364	—	90	—	—	90
Stock-based compensation expense	—	—	18,225	—	—	18,225
Other comprehensive income	—	—	—	118	—	118
Net loss	—	—	—	—	(15,424)	(15,424)
Balance at March 31, 2023	29,163,001	29	844,281	32	(339,694)	504,648
Stock options exercised	143,693	—	13,113	—	—	13,113
Vesting of restricted stock units	9,349	—	—	—	—	—
Withholding taxes on net share settlement of restricted stock units	(3,237)	—	(971)	—	—	(971)
Issuance of common stock	390	—	91	—	—	91
Issuance of common stock for employee stock purchase plan	12,983	—	2,792	—	—	2,792
Stock-based compensation expense	—	—	21,567	—	—	21,567
Other comprehensive income	—	—	—	71	—	71
Net loss	—	—	—	—	(11,952)	(11,952)
Balance at June 30, 2023	29,326,179	29	880,873	103	(351,646)	529,359
Stock options exercised	72,632	—	4,016	—	—	4,016
Vesting of restricted stock units	6,272	—	—	—	—	—
Issuance of common stock	279	—	91	—	—	91
Withholding taxes on net share settlement of restricted stock units	(2,173)	—	(516)	—	—	(516)
Stock-based compensation expense	—	—	19,829	—	—	19,829
Other comprehensive loss	—	—	—	(59)	—	(59)
Net loss	—	—	—	—	(8,540)	(8,540)
Balance at September 30, 2023	29,403,189	$ 29	$ 904,293	$ 44	$ (360,186)	$ 544,180

The accompanying notes are an integral part of these unaudited consolidated financial statements.

	Three Months Ended March 31, 2024					
	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2023	29,560,464	$ 30	$ 917,107	$ 800	$ (345,423)	$ 572,514
Stock options exercised	88,276	—	3,616	—	—	3,616
Vesting of restricted stock units	41,185	—	—	—	—	—
Shares held for tax withholdings	(14,373)	—	(2,848)	—	—	(2,848)
Issuance of common stock	543	—	101	—	—	101
Stock-based compensation expense	—	—	26,322	—	—	26,322
Other comprehensive loss	—	—	—	(676)	—	(676)
Net loss	—	—	—	—	(10,005)	(10,005)
Balance at March 31, 2024	29,676,095	$ 30	$ 944,298	$ 124	$ (355,428)	$ 589,024

Inspire Medical Systems, Inc.

Consolidated Statements of Stockholders' Equity (unaudited)

(in thousands, except share amounts)

	Three Months Ended March 31, 2023						Three Months Ended March 31, 2023
	Common Stock						
	Shares						
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity	
Balance at December 31, 2022							
Stock options exercised							
Vesting of restricted stock units							
Shares held for tax withholdings							
Issuance of common stock							
Stock-based compensation expense							
Other comprehensive income							
Net loss							
Balance at March 31, 2023							

	Nine Months Ended September 30, 2022					
	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2021	27,416,106	$ 27	$508,465	$ (55)	$ (279,389)	$ 229,048
Stock options exercised	151,186	1	3,086	—	—	3,087
Vesting of restricted stock units	569	—	—	—	—	—
Withholding taxes on net share settlement of restricted stock units	(205)	—	(43)	—	—	(43)
Issuance of common stock	348	—	79	—	—	79

Stock-based compensation expense	—	—	9,721	—	—	9,721
Other comprehensive loss	—	—	—	(143)	—	(143)
Net loss	—	—	—	—	(16,694)	(16,694)
Balance at March 31, 2022	27,568,004	28	521,308	(198)	(296,083)	225,055
Stock options exercised	52,383	—	1,549	—	—	1,549
Issuance of common stock	314	—	80	—	—	80
Issuance of common stock for employee stock purchase plan	13,743	—	2,134	—	—	2,134
Stock-based compensation expense	—	—	12,659	—	—	12,659
Other comprehensive loss	—	—	—	(3)	—	(3)
Net loss	—	—	—	—	(14,490)	(14,490)
Balance at June 30, 2022	27,634,444	28	537,730	(201)	(310,573)	226,984
Stock options exercised	35,826	—	1,760	—	—	1,760
Issuance of common stock	410	—	79	—	—	79
Sale of common stock from follow-on public offering, net of offering expenses	1,150,000	1	243,800	—	—	243,801
Stock-based compensation expense	—	—	14,589	—	—	14,589
Other comprehensive loss	—	—	—	(162)	—	(162)
Net loss	—	—	—	—	(16,847)	(16,847)
Balance at September 30, 2022	28,820,680	$ 29	$797,958	$ (363)	$ (327,420)	$ 470,204

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Inspire Medical Systems, Inc.

Consolidated Statements of Cash Flows (unaudited)

(in thousands)

		Nine Months Ended September 30,			Three Months Ended March 31,	
		2023	2022		2024	2023
Operating activities	**Operating activities**			**Operating activities**		
Net loss	Net loss	$ (35,916)	$ (48,031)			
Adjustments to reconcile net loss:	Adjustments to reconcile net loss:			Adjustments to reconcile net loss:		
Depreciation and amortization	Depreciation and amortization	2,029	1,289			
Accretion of investment discount						
Non-cash lease expense	Non-cash lease expense	986	778			
Stock-based compensation expense	Stock-based compensation expense	59,621	36,969			
Non-cash stock issuance for services rendered	Non-cash stock issuance for services rendered	272	238			
Other, net		1,271	(553)			
Provision (benefit) for estimated credit losses						
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	(11,588)	(14,395)			
Inventories	Inventories	(14,228)	2,086			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(2,947)	(1,712)			
Accounts payable	Accounts payable	11,075	8,601			
Accrued expenses and other liabilities	Accrued expenses and other liabilities	(3,189)	7,030			
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	7,386	(7,700)			
Investing activities	**Investing activities**			**Investing activities**		

Purchases of property and equipment	Purchases of property and equipment	(15,596)	(6,146)
Purchases of investments	Purchases of investments	(137,253)	—
Proceeds from sales or maturities of investments	Proceeds from sales or maturities of investments	10,000	—
Purchases of strategic investments		(250)	(10,500)
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	Net cash used in investing activities	(143,099)	(16,646)
Financing activities	**Financing activities**		**Financing activities**
Payments on long-term debt obligation		—	(24,500)
Proceeds from sale of common stock		—	243,801
Proceeds from the exercise of stock options	Proceeds from the exercise of stock options	24,506	6,396
Taxes paid on net share settlement of restricted stock units		(3,233)	(43)
Proceeds from issuance of common stock from employee stock purchase plan		2,792	2,134
Proceeds from the exercise of stock options			
Proceeds from the exercise of stock options			
Payment of taxes on net share settlement of equity awards			
Net cash provided by financing activities			
Net cash provided by financing activities			
Net cash provided by financing activities	Net cash provided by financing activities	24,065	227,788
Effect of exchange rate on cash	Effect of exchange rate on cash	(47)	(101)

(Decrease) increase in cash and cash equivalents	(Decrease) increase in cash and cash equivalents	(111,695)	203,341
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	441,592	214,467
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$329,897	$417,808
Supplemental cash flow information	**Supplemental cash flow information**		**Supplemental cash flow information**
Cash paid for interest		$ —	$ 2,321
Property and equipment included in accounts payable and accrued expenses	Property and equipment included in accounts payable and accrued expenses	3,499	1,332
Property and equipment included in accounts payable and accrued expenses			
Property and equipment included in accounts payable and accrued expenses			

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(Table amounts in thousands, except share and per share amounts)

1. Organization

Description of Business

Inspire Medical Systems, Inc. is a medical technology company focused on the development and commercialization of innovative, minimally invasive solutions for patients with obstructive sleep apnea ("OSA"). Our proprietary Inspire system is the first and only United States ("U.S.") Food and Drug Administration ("FDA") approved neurostimulation technology that provides a safe and effective treatment for moderate to severe OSA. Inspire therapy received premarket approval ("PMA") from the FDA in 2014 and has been commercially available in certain European markets since 2011. Japan's Ministry of Health, Labour 2011 and Welfare ("MLHW") approved Inspire therapy to treat moderate to severe OSA in 2018 and was formally added to the Japan National Health Insurance Payment Listing in certain Asia Pacific markets since 2021. In 2020, the Australian Therapeutic Goods Administration approved Inspire therapy to treat moderate to severe OSA, and we are currently seeking reimbursement coverage in Australia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim financial reporting and as required by the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (including those which are normal and recurring) considered necessary for a fair presentation of the interim financial information have been included. When preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the date of the financial statements. Actual results could differ

from those estimates. Additionally, the results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future periods. All intercompany accounts and transactions have been eliminated in consolidation.

For a complete discussion of our significant accounting policies and other information, the unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

Follow-On Public Offering

On August 15, 2022, we completed a follow-on offering that included our offer and sale of 1,150,000 shares of common stock at a public offering price of $215.00 per share. We received net proceeds of $243.8 million after deducting underwriting discounts, commissions, and offering expenses.

Cash and Cash Equivalents

We consider all highly liquid securities, readily convertible to cash, that have original maturities of 90 days or less from the date of purchase to be cash equivalents. Cash is carried at cost, which approximates fair value, and cash equivalents, which consist of money market funds, and corporate debt securities, are stated at fair value.

Foreign Currency

Our functional and reporting currency is the U.S. dollar. Our subsidiaries have functional currency in Euro and Yen. The consolidated financial statements are translated to U.S. dollars. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Sales and expenses denominated in foreign currencies are translated at exchange rates

in effect on the date of the transaction. Foreign currency transaction gains and losses and the impacts of foreign currency remeasurement are recognized in other expense, net in the consolidated statements of operations and comprehensive loss. For the three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, we recognized $0.2 million $0.1 million and $0.1 million $0.0 million of gains, loss, net, respectively. For both of the nine-month periods ended September 30, 2023 and 2022, we recognized $0.3 million of gains, net. Any unrealized gains and losses due to translation adjustments are included in accumulated other comprehensive income (loss) within stockholders' equity in the consolidated balance sheets. We had $0.1 million and $0.2 million of unrecognized gain in our accumulated other comprehensive income (loss) balance as of both September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively.

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

Investments

Our investments are classified as available-for-sale and consisted of the following:

		September 30, 2023			
		Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Aggregate Fair Value
		March 31, 2024			March 31, 2024
		Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Aggregate Fair Value
Short-Term:	Short-Term:				
Commercial paper	Commercial paper				
Commercial paper	Commercial paper	$ 2,907	$ —	$ (1)	$ 2,906
Corporate debt securities	Corporate debt securities	29,182	1	(25)	29,158

Certificates of deposit	Certificates of deposit	2,953	—	—	2,953
U.S. treasury debt securities	U.S. treasury debt securities	99,317	1	(18)	99,300
U.S. treasury debt securities					
U.S. treasury debt securities					
Short-term investments	Short-term investments	$ 134,359	$ 2	$ (44)	$134,317
Long-Term:	Long-Term:				
Corporate debt securities	Corporate debt securities	$ 1,930	$ —	$ (1)	$ 1,929
Corporate debt securities					
Corporate debt securities					
Certificates of deposit					
Asset-backed securities	Asset-backed securities	1,031	1	—	1,032
U.S. treasury debt securities					
Long-term investments	Long-term investments	$ 2,961	$ 1	$ (1)	$ 2,961

	December 31, 2022			
	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Aggregate Fair Value
Short-Term:				
U.S. treasury debt securities	$ 9,998	$ —	$ (177)	$ 9,821
Short-term investments	$ 9,998	$ —	$ (177)	$ 9,821

As of September 30, 2023 and December 31, 2022, we had no investments with a contractual maturity of greater than three years.

	December 31, 2023			
	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Aggregate Fair Value
Short-Term:				
Commercial paper	$ 2,950	$ 1	$ —	$ 2,951
Corporate debt securities	30,154	61	—	30,215
Certificates of deposit	2,953	15	—	2,968
U.S. treasury debt securities	238,237	467	—	238,704
Short-term investments	$ 274,294	$ 544	$ —	$ 274,838
Long-Term:				
Corporate debt securities	$ 3,109	$ 13	$ —	$ 3,122
Asset-backed securities	1,170	1	—	1,171
U.S. treasury debt securities	4,838	12	—	4,850
Long-term investments	$ 9,117	$ 26	$ —	$ 9,143

Investments are classified as available-for-sale and are reported at their estimated fair market values which are based on quoted, active or inactive market prices when available. Any unrealized gains and losses due to interest rate fluctuations and other external factors are reported as a separate component of accumulated other comprehensive loss within stockholders' equity. We had $0.0 million and $0.2 million $0.6 million of unrecognized loss gain in our accumulated other comprehensive income (loss) balance at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Any realized gains and losses are calculated on the specific identification method and reported net in other expense, net in the consolidated statements of operations and comprehensive loss. For both of the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, we recognized $0 of realized losses, net. gain or loss.

As of March 31, 2024 and December 31, 2023, we had no investments with a contractual maturity of greater than three years. Currently, we do not intend to sell the investments, and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases, which may be maturity. We do not consider those investments to be other-than-temporarily impaired as of March 31, 2024. Each reporting period, we evaluate whether declines in fair value below carrying value are due to expected credit losses, as well as our ability and intent to hold the investment until a forecasted recovery occurs. Expected credit

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

losses, not to exceed the amount of the unrealized loss, are recorded as an allowance through other expense, net in the consolidated statements of operations and comprehensive loss. The total allowance for credit losses was $0 at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Fair Value of Financial Instruments

We measure certain financial assets and liabilities at fair value on a recurring basis, including cash equivalents and investments. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1: Observable inputs, such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs that are supported by little or no market activities, which would require us to develop our own assumptions.

We classify instruments within Level 1 if quoted prices are available in active markets for identical assets, which include our money market funds and U.S. treasury securities. We classify instruments in Level 2 if the instruments are valued using observable inputs to quoted market prices, benchmark yields, reported trades, broker/dealer quotes or an income approach, such as a discounted cash flow pricing model that calculates values from observable inputs such as quoted interest rates, yield curves and other observable market information. These instruments include our commercial paper, certificates of deposit, corporate debt securities and asset-backed securities. The available-for-sale securities are held by a custodian who obtains investment prices from a third-party pricing provider that uses standard inputs (observable in the market) to models which vary by asset class.

The following tables set forth by level within the fair value hierarchy our assets that are measured on a recurring basis and reported at fair value as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

	Fair Value Measurements as of March 31, 2024			
	Estimated Fair Value	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds				
Money market funds				
Money market funds				
	Fair Value Measurements as of			
Total cash equivalents				
	September 30, 2023			

	Estimated Fair Value	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	$ 284,353	$284,353	$ —	$ —
Corporate debt securities	2,923	—	2,923	—
Total cash equivalents				
Total cash equivalents	287,276	284,353	2,923	—
Investments:				
Commercial paper				
Commercial paper	2,906	—	2,906	—
Corporate debt securities	31,087	—	31,087	—
Certificates of deposit	2,953	—	2,953	—
Asset-backed securities	1,032	—	1,032	—
U.S. government securities	99,300	99,300	—	—
Total investments	137,278	99,300	37,978	—
Total cash equivalents and investments	$ 424,554	$383,653	$40,901	$ —

	Fair Value Measurements as of December 31, 2022			
	Estimated Fair Value	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds				
Money market funds	$ 390,846	$390,846	$ —	$ —
Total cash equivalents	390,846	390,846	—	—
Total cash equivalents				
Investments:				
Commercial paper				
Commercial paper				

	Fair Value Measurements as of December 31, 2023			
	Estimated Fair Value	Level 1	Level 2	Level 3

(Table amounts in thousands, except share and per share amounts)

Corporate debt securities					
Certificates of deposit					
Asset-backed securities					
U.S. government securities	U.S. government securities	9,821	9,821	—	—
Total investments	Total investments	9,821	9,821	—	—
Total cash equivalents and investments	Total cash equivalents and investments	$ 400,667	$400,667	$ —	$ —

There were no transfers between levels during the periods ended September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Concentration of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash equivalents, investments, and accounts receivable. We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all.

Our investment policy limits investments to certain types of debt securities issued by the U.S. government and its agencies, corporations with investment-grade credit ratings, or commercial paper and money market funds issued by the highest quality financial and non-financial companies. We place restrictions on maturities and concentration by type and issuer. We are exposed to credit risk in the event of a default by the issuers of these securities to the extent recorded on the consolidated balance sheets. However, as of September 30, 2023 and December 31, 2022, we limited our credit risk associated with cash equivalents by placing investments with banks we believe are highly creditworthy.

extent recorded on the consolidated balance sheets. However, as of March 31, 2024 and December 31, 2023, we limited our credit risk associated with cash equivalents by placing investments with banks we believe are highly creditworthy.

We believe that the credit risk in our accounts receivable is mitigated by our credit evaluation process, relatively short collection terms, and dispersion of our customer base. We generally do not require collateral, and losses on accounts receivable have historically not been significant.

Accounts Receivable and Allowance for Expected Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Customer credit terms are established prior to shipment with the general standard being net 30 days. Collateral or any other security to support payment of these receivables generally is not required.

Each reporting period, we estimate the credit loss related to accounts receivable based on a migration analysis of accounts grouped by individual receivables delinquency status and apply our historic loss rate adjusted for management's assumption of future market conditions. Any change in the allowance from new receivables acquired or changes due to credit deterioration on previously existing receivables is recorded in selling, general and administrative expenses. Write-offs of receivables considered uncollectible are deducted from the allowance. Specific accounts receivable are written-off once a determination is made that the amount is uncollectible. The write-off is recorded in the period in which the account receivable is deemed uncollectible. Recoveries are recognized when received and as a direct credit to earnings or as a reduction to the allowance for credit losses (which would indirectly reduce the loss by decreasing bad debt expense).

The following table presents the changes in the allowance for credit losses related to accounts receivable:

	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	$ 1,648	$ 36
Charges (credits) to the allowance, net	76	—
Accounts written off, net of recoveries	(1,468)	—
Balance at the end of the period	$ 256	$ 36

The increase in accounts written off, net of recoveries during the three months ended March 31, 2024 related primarily to accounts receivable with two healthcare systems.

Inventories

Inventories are valued at the lower of cost or net realizable value, computed on a first-in, first-out basis and consisted of the following:

		September 30, 2023	December 31, 2022
		March 31, 2024	December 31, 2023
Raw materials	Raw materials	$ 4,381	$ 5,645
Finished goods	Finished goods	21,734	6,241
Total inventories, net of reserves	Total inventories, net of reserves	$ 26,115	$ 11,886

We expense prelaunch inventory as research and development expense in the period incurred unless objective and persuasive evidence exists that regulatory approval and subsequent commercialization of a product candidate is probable and where we also expect the future economic benefit from the sales of the product candidate to be realized. At both September 30, 2023 and December 31, 2022, there was $0 included in The balance of inventory related to prelaunch inventory. our next generation Inspire system was $2.6 million and $0.9 million as of March 31, 2024 and December 31, 2023, respectively.

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

We regularly review inventory quantities on-hand for excess and obsolete inventory and, when circumstances indicate, incur charges to write down inventories to their net realizable value. The determination of a reserve for excess and obsolete inventory involves management exercising judgment to determine the required reserve, considering future demand, product life cycles, introduction of new products, and current market conditions. The reserve for excess and obsolete inventory was $3.5 million $3.1 million and $2.7 million $2.4 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and consisted of the following:

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

		September 30, 2023	December 31, 2022
		March 31, 2024	December 31, 2023
Computer equipment and software	Computer equipment and software	$ 2,152	$ 1,729
Manufacturing equipment	Manufacturing equipment	7,105	5,974
Other equipment	Other equipment	1,847	535
Leasehold improvements	Leasehold improvements	2,136	2,064
Construction in process	Construction in process	25,948	11,857

Property and equipment, cost	Property and equipment, cost	39,188	22,159
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(6,939)	(4,910)
Property and equipment, net	Property and equipment, net	$ 32,249	$ 17,249

Construction in process is comprised primarily of production equipment. Depreciation is determined using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the term of the lease. Depreciation and amortization expense was $0.8 million and $0.5 million $0.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2.0 million and $1.3 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Strategic Investments

For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These securities are presented within other non-current assets on the consolidated balance sheets. The balance of equity securities without readily determinable fair values was $10.8 million and $10.5 million $10.4 million as of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, respectively. There were no adjustments to the carrying amount during either of the nine three months ended September 30, 2023 March 31, 2024 or 2022. 2023.

Impairment of Long-lived Assets

Long-lived assets consist primarily of property and equipment, and operating lease right-of-use asset assets, and strategic investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that an asset be tested for possible impairment, we compare the undiscounted cash flows expected to be generated by the asset to the carrying amount of the asset. If the carrying amount of the asset is not recoverable on an undiscounted cash flow basis, we determine the fair value of the asset and recognize an impairment loss to the extent the carrying amount of the asset exceeds its fair value. We determine fair value using the income approach based on the present value of expected future cash flows or other appropriate measures of estimated fair value. Our cash flow assumptions consider historical and forecasted revenue and operating costs and other relevant factors. We did not record any impairment charges on long-lived assets during either of the nine three months ended September 30, 2023 March 31, 2024 or 2022.

Accrued Expenses

Accrued expenses consisted of the following:

	September 30, 2023	December 31, 2022
Payroll related	$ 26,218	$ 30,398
Product warranty liability	805	920
Operating lease liabilities, current portion	—	1,336
Other accrued expenses	2,941	1,685
Total accrued expenses	$ 29,964	$ 34,339

2023.

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2024	December 31, 2023
Payroll related	$ 20,956	$ 33,875
Product warranty liability	1,388	1,100
Other accrued expenses	6,026	4,291
Total accrued expenses	$ 28,370	$ 39,266

The following table shows the changes in our estimated product warranty liability accrual, included in accrued liabilities:

(Table amounts in thousands, except share and per share amounts)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	$ 760	$ 488	$ 920	$ 468
Provisions for warranty	Provisions for warranty	174	201	457	322
Provisions for warranty					
Provisions for warranty					
Settlements of warranty claims					
Settlements of warranty claims					
Settlements of warranty claims	Settlements of warranty claims	(129)	(61)	(572)	(162)
Balance at the end of the period	Balance at the end of the period	$ 805	$ 628	$ 805	$ 628
Balance at the end of the period					
Balance at the end of the period					

Revenue Recognition

We derive our revenue from sales of our products in the U.S. and internationally. Customers are primarily comprised of hospitals and ambulatory surgery centers, with distributors being used in certain international locations where we do not have a direct commercial presence.

Revenues from product sales are recognized when the customer obtains control of the product, which occurs at a point in time, either upon shipment of the product or receipt of the product, depending on shipment terms. Our standard shipping terms are free on board shipping point, unless the customer requests that control and title to the inventory transfer upon delivery. In those cases where shipping and handling costs are billed to customers, we classify the amounts billed as a component of cost of goods sold.

Revenue is measured as the amount of consideration we expect to receive, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, which is based on the invoiced price, in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. The majority of our contracts have a single performance obligation and are short term in nature.

Sales taxes and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of goods sold.

Variable consideration related to certain customer sales incentives is estimated based on the amounts expected to be paid based on the agreement with the customer using probability assessments.

We offer customers a limited right of return for our product in case of non-conformity or performance issues. We estimate the amount of our product sales that may be returned by our customers based on historical sales and returns. As our historical product returns to date have been immaterial, we have not recorded a reduction in revenue related to variable consideration for product returns.

See Note 87 for disaggregated revenue by geographic area.

Cost of Goods Sold

Cost of goods sold consists primarily of acquisition costs for the components of the Inspire system, overhead costs, scrap and inventory obsolescence, warranty replacement costs, as well as distribution-related expenses such as logistics and shipping costs, net of shipping costs charged to customers. The overhead costs include the cost of material procurement, depreciation expense for production equipment, and operations supervision and management personnel, including employee compensation, stock-based compensation, supplies, and travel.

Research and Development

Research and development expenses consist primarily of product development, clinical and regulatory affairs, quality assurance, consulting services, and other costs associated with products and technologies in development. These expenses include employee compensation, including stock-based compensation, supplies, materials, prelaunch inventory, consulting, and travel expenses related to research and development programs. Clinical expenses include clinical study design, clinical site reimbursement, data management, travel expenses, and the cost of manufacturing products for clinical studies.

We expense prelaunch inventory as research and development expense in the period incurred unless objective and persuasive evidence exists that regulatory approval and subsequent commercialization of a product candidate is probable and where we also expect the future economic benefit from the sales of the product candidate to be realized. Prelaunch inventory expenses were $1.7 million and $0.0 million during the three months ended September 30, 2023 and 2022, respectively and $4.7 million and $0.0 million during the nine months ended September 30, 2023 and 2022, respectively.

Stock-Based Compensation

We maintain an equity incentive plan to provide long-term incentives for eligible employees, consultants, and members of the board of directors. The plan allows for the issuance of restricted stock units ("RSUs"), performance stock units ("PSUs"), and non-statutory and incentive stock options to employees, and RSUs, PSUs, and non-statutory stock options to consultants and directors. We also offer an employee stock purchase plan ("ESPP") which allows participating employees to purchase shares of our common stock at a discount through payroll deductions.

We recognize equity-based compensation expense for awards of equity instruments based on the grant date fair value of those awards as expense in the consolidated statements of operations and comprehensive loss. We estimate the fair value of stock options using the Black-Scholes option pricing model and the fair value of RSUs and PSUs is equal to the closing price of our common stock on the grant date. The fair value of each purchase under the employee stock purchase plan is estimated at the beginning of the offering period using the Black-Scholes option pricing model.

Stock-based compensation expense is recognized on a straight-line basis over the vesting term for stock options and RSUs, and over the vesting and performance period based on the probability of achieving the performance objectives for PSUs. We account for award forfeitures as they occur.

Advertising Expenses

We expense the costs of advertising, including promotional expenses, as incurred. Advertising expenses were $25.5 million $25.6 million and $20.1 million $23.6 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $74.3 million and $53.6 million during the nine months ended September 30, 2023 and 2022, 2023, respectively.

Leases

Operating leases are included in operating lease right-of-use ("ROU") asset, assets, accrued expenses, and operating lease liability liabilities – non-current portion in our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, we use our incremental borrowing rate based on the information available at the lease commencement date as the

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

rate implicit in the lease is not readily determinable. The determination of our incremental borrowing rate requires management judgment based on information available at lease commencement. The operating lease ROU assets also include adjustments for prepayments, accrued lease payments, and exclude lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. Operating lease cost is recognized on a straight-line basis over the expected lease term. Lease

Inspire Medical Systems, Inc.
Notes to Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

agreements that include lease and non-lease components are accounted for as a single lease component. Lease agreements with a noncancelable term of less than 12 months are not recorded on our consolidated balance sheets.

Income Taxes

We account for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. Valuation allowances against deferred tax assets are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized. As we have historically incurred operating losses, we have recorded a full valuation allowance against our net deferred tax assets, and there is no provision for income taxes other than minimal state and foreign taxes, which includes a foreign tax provision relating to uncertain tax positions. Our policy is to record interest and penalties expense related to uncertain tax positions as other expense in the consolidated statements of operations and comprehensive loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net loss and changes in unrealized gains and losses due to interest rate fluctuations and other external factors on investments classified as available-for-sale, and foreign currency translation adjustments. Accumulated other comprehensive income (loss) is presented in the accompanying consolidated balance sheets as a component of stockholders' equity.

Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock and dilutive potential shares of common stock outstanding during the period. Because we have reported a net loss for all periods presented, diluted net loss per share is the same as basic net loss per share as all potentially dilutive shares consisting of outstanding stock options, unvested RSUs and PSUs, and shares issuable under our employee stock purchase plan were antidilutive in those periods.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The standard requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. This authoritative guidance will be effective for us in fiscal 2025 for annual periods and in the first quarter of fiscal 2026 for interim periods, with early adoption permitted. We are currently evaluating the effect of this new guidance on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"). The guidance is intended to improve income tax disclosure requirements by requiring (i) consistent categories and greater disaggregation of information in the rate reconciliation and (ii) the disaggregation of income taxes paid by jurisdiction. The guidance makes several other changes to the income tax disclosure requirements. The amendments in ASU 2023-09 are effective for us in fiscal 2025, with early adoption permitted, and is required to be

applied prospectively with the option of retrospective application. We are evaluating the impact of the standard on our income tax disclosures.

In March 2024, the SEC issued climate-related disclosure rules that will require disclosure of material climate-related risks and material direct greenhouse gas emissions from operations owned or controlled (Scope 1) and/or material indirect greenhouse gas emissions from purchased energy consumed in owned or controlled operations (Scope 2). Additionally, the rules require disclosure in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. As a large accelerated filer, we may be required to begin complying with climate-related disclosures as early as with respect to the fiscal year beginning in 2025. We are in the process of analyzing the impact of the rules on our related disclosures.

We have reviewed and considered all other recent accounting pronouncements that have not yet been adopted and believe there are none that could potentially have a material impact on our business practices, financial condition, results of operations, or disclosures.

3. Leases

We lease office space for our corporate headquarters under a non-cancelable operating lease. The corporate office leases were amended in May 2023 to increase the total space leased to approximately 106,000 square feet and to extend the noncancellable lease term through May 31, 2035, resulting in a non-cash increase in the associated right-of-use asset and lease liability of $15.1 million. We entered into an additional warehouse and office space lease for our corporate headquarters under a non-cancelable operating lease in August 2023. This space includes approximately 22,000 square feet and a noncancellable lease term through May 31, 2035, resulting in an associated right-of-use asset and lease liability of $2.3 million. Each lease includes options to renew for up to two additional periods of five years each at the then-prevailing market rates. The exercises of the lease renewal options are at our sole discretion and were not included in the lease term for the calculation of the ROU assets and lease liabilities as of the lease modification date as they were not reasonably certain of exercise.

(Table amounts commence in thousands, except share January 2025. This amendment provides for approximately 18,000 square feet of additional space and per share amounts)
(Table amounts in thousands, except share and per share amounts)

follows the lease term and renewal options in the original lease described above.

In addition to base rent in these leases, we also pay our proportionate share of the operating expenses, as defined in the leases. These payments are made monthly and adjusted annually to reflect actual charges incurred for operating expenses, such as common area maintenance, taxes, and insurance.

The following table presents the lease balances within the consolidated balance sheets:

	September 30, 2023	December 31, 2022
Right-of-use assets:		
Operating lease right-of-use assets	$ 23,081	$ 6,880
Operating lease liabilities:		
Accrued expenses	—	1,336
Operating lease liabilities, non-current portion	25,173	7,536
Total operating lease liabilities	$ 25,173	$ 8,872

Maturities of our lease liability for our operating lease are as follows as of September 30, 2023:

2023 (remaining)	$ 633
2024	(3,582)
2025	3,056
2026	3,313
2027	3,416
Thereafter	28,887
Total undiscounted lease payments	35,723
Less: imputed interest	(10,550)
Present value of lease liability	$ 25,173

	March 31, 2024	December 31, 2023
Right-of-use assets:		
Operating lease right-of-use assets	$ 22,248	$ 22,667
Operating lease liabilities:		
Operating lease liabilities, non-current portion	$ 24,500	$ 24,846

As of September 30, 2023 March 31, 2024, the remaining lease terms were 11.7 11.2 years and the weighted average discount rate was 4.9%. The operating cash outflows from our operating leases were $0.6 million and $0.2 million $0.4 million for the three-month periods ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1.5 million and $0.3 million for the nine-month periods ended September 30, 2023 and 2022, 2023, respectively.

4. Long-Term Debt

In March 2019 we amended our $24.5 million term loan and security agreement, which we refer to as our former credit facility. The debt was interest only until April 1, 2022 and was scheduled to mature on March 1, 2024. The basic interest rate was the 30-day U.S. LIBOR rate, subject to a floor of 7.60%. In addition to the principal and interest payments, we were required to pay a final payment fee of 3.50% on all amounts outstanding, which was accreted using the effective interest rate method over the term of the credit facility and was to be due at the earlier of maturity or prepayment. Borrowings were prepayable in whole at our option, subject to a prepayment fee of 1.00%.

In August 2022, we prepaid the outstanding principal balance of $19.4 million, the final payment fee of $0.9 million, and the prepayment fee of $0.2 million. As of September 30, 2023 and December 31, 2022, we had no remaining amounts outstanding under our former credit facility.

5. Employee Retirement Plan

We sponsor a defined contribution employee retirement plan covering all of our full-time employees. The plan allows eligible employees to defer a portion of their eligible compensation up to the maximum allowed by IRS Regulations. Beginning January 1, 2022, we elected

Inspire Medical Systems, Inc.
Notes to begin making Consolidated Financial Statements (unaudited)
(Table amounts in thousands, except share and per share amounts)

We make voluntary matching contributions to the plan. We match of 50% of the first 6% of each participating employee's contribution, up to 3% of eligible earnings. Our match contributions are made to funds designated by the participant, none of which are based on Inspire common stock. Discretionary Our matching contributions to the plan totaled $0.8 million $1.5 million and $0.6 million $1.2 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $3.0 million and $1.9 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

6. 5. Stock-Based Compensation

As of September 30, 2023 March 31, 2024, there were 4,259,385 4,879,073 shares authorized reserved for issuance under our equity incentive plan, of which 1,537,529 1,538,340 shares were available for future awards. issuance.

Stock-based compensation expense is recognized on a straight-line basis over the vesting term for stock options and RSUs, and over the performance period based on the probability of achieving the performance objectives for PSUs, and is reduced by actual forfeitures as they occur. If there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate, increase, or cancel any remaining unearned stock compensation expense. Future stock-based compensation expense and unearned stock-based compensation will increase to the extent that we grant additional stock-based awards.

Stock Options

Options are granted at the with an exercise price, which is equal to the closing price of our stock on the date of grant. The stock Stock options granted to employees include a four-year service period and 25% vest after the first year of service and the remainder vest in equal installments over the next 36 months of service. The stock options granted to the board of directors vest in one or three equal annual installments, in each case subject to the director's continuous service through the applicable vesting date. The stock options have a contractual life of ten years.

The fair value per share of options is estimated on the date of grant using the Black-Scholes option pricing model.

Option Value and Assumptions

		Nine Months Ended September 30,						
		2023	2022					
		Three Months Ended March 31,					Three Months Ended March 31,	
		2024					2024	2023
Weighted average fair value	Weighted average fair value	$153.59	$119.23	Weighted average fair value	$124.70		$151.88	
Assumptions:	**Assumptions:**							
Expected term (years)	Expected term (years)							
Expected term (years)	Expected term (years)	6.25	5.50 - 6.25			6.25		
Expected volatility	Expected volatility	56.4 - 57.4%	56.2 - 57.0%	Expected volatility	59.0 - 59.4%		57.2 - 57.4%	
Risk-free interest rate	Risk-free interest rate	3.49 - 4.61%	1.75 - 4.06%	Risk-free interest rate	3.95 - 4.28%		3.55 - 4.07%	
Expected dividend yield	Expected dividend yield	0.0%	0.0%	Expected dividend yield		0.0%		

Expected Term — Due to our limited amount of historical exercise, forfeiture, and expiration activity, we have opted to use the "simplified method" for estimating the expected term of options, whereby the expected term equals the arithmetic average of the vesting terms and the original contractual term of the option. We will continue to analyze our expected term assumption as more historical data becomes available.

Expected Volatility — Due During the three months ended March 31, 2024, we based expected volatility on the historic volatility of our common stock. In prior periods, due to our limited company specific historical and implied volatility data, we have incorporated our historical stock trading volatility with those of a group of similar companies that are publicly traded for the calculation of volatility. When selecting this peer group, of public companies on which we have based our expected stock price volatility, we generally selected companies with comparable characteristics, including enterprise value, stages of clinical development, risk profiles, position within the industry, and those with historical share price information sufficient to meet the expected life of the stock-based awards. We will continue

Risk-Free Interest Rate — The risk-free rate assumption is based on the U.S. government Treasury instruments with maturities similar to the expected term of our stock options.

Expected Dividend Yield — The expected dividend assumption is based on our history of not paying dividends and our expectation that we will not declare dividends for the foreseeable future.

Stock Option Activity

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2022	2,660,734	$112.19	6.9	$372,068
Granted	409,977	$264.13		
Exercised	(358,492)	$ 68.64		$72,896
Forfeited/expired	(40,404)	$206.10		
Outstanding at September 30, 2023	2,671,815	$139.93	6.8	$196,553
Exercisable at September 30, 2023	1,699,560	$ 90.47	5.7	$188,465

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	2,447,141	$ 152.17	7.0	$160,691
Exercised	(88,310)	$ 41.03		$13,707
Outstanding at March 31, 2024	2,501,573	$ 158.47	7.0	$166,795
Exercisable at March 31, 2024	1,636,818	$ 122.86	6.1	$157,645

The aggregate intrinsic value of options exercised is the difference between the estimated fair market value of our common stock at the date of exercise and the exercise price for those options. The aggregate intrinsic value of outstanding options is the difference between the closing price as of the date outstanding and the exercise price of the underlying stock options. As of September 30, 2023 March 31, 2024, the amount of unearned stock-based compensation to be expensed from now through the year 2027 2028 related to unvested employee and non-employee director stock options is $111.1 million $105.9 million, which we expect to recognize over a weighted average period of 2.5 years.

Restricted Stock Units

RSUs are share awards that entitle the holder to receive freely tradable shares of our common stock upon vesting. The RSUs cannot be transferred and the awards are subject to forfeiture if the holder's employment service terminates prior to the release of the vesting restrictions. The RSUs granted to employees include three- or four-year service periods and vest in equal installments on each anniversary of the date of grant, provided grant. The RSUs granted to the employee remains continuously employed with board of directors include one-or three-year service periods and vest in equal installments on each anniversary of the Company. date of grant. The fair value of the RSUs is equal to the closing price of our common stock on the grant date. A summary of RSUs and related information is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested at December 31, 2022	124,680	$ 213.97	$ 31,404
Granted	112,076	$ 262.87	
Vested	(34,473)	$ 211.04	$ 9,168
Forfeited	(8,940)	$ 237.12	
Unvested at September 30, 2023	193,343	$ 241.77	$ 38,367

Inspire Medical Systems, Inc.

Notes to Consolidated Financial Statements (unaudited)

(Table amounts in thousands, except share and per share amounts)

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested at December 31, 2023	201,070	$ 235.47	$ 40,904
Granted	405,239	$ 195.73	
Vested	(41,185)	$ 247.56	$ 8,157
Forfeited	(10,510)	$ 207.74	
Unvested at March 31, 2024	554,614	$ 206.06	$ 119,126

The aggregate intrinsic value of unvested RSUs was based on our closing stock price on the last trading day of the period. The aggregate intrinsic value of vested RSUs was based on our closing stock price on the date of vest. As of September 30, 2023 March 31, 2024, there was $37.1 million the amount of unrecognized unearned stock-based compensation expense currently estimated to be expensed from now through the year 2027 related to unvested RSUs that is expected was $103.4 million which we expect to be recognized recognize over a weighted average period of 2.0 2.6 years.

Inspire Medical Systems, Inc.

Notes to Consolidated Financial Statements (unaudited)

(Table amounts in thousands, except share and per share amounts)

Performance Stock Units

During each of the quarters ended March 31, 2022 2022, 2023, and 2023, 2024, we granted PSUs to officers and key employees. The number of PSUs that will ultimately be earned is based on our performance relative to pre-established goals for the three-year periods ending December 31, 2024, 2025, and December 31, 2025, 2026, respectively. The expense is recorded on a straight-line basis over the requisite service periods based on an estimate of the number of PSUs expected to vest. Management expectations related to the achievement of the performance goals associated with PSU grants are assessed each reporting period. The number of shares earned at the end of each of the three-year periods will vary based on actual performance, from 0% to 200% of the number of PSUs granted. If the performance conditions are not met or not expected to be met, any compensation expense recognized associated with the grants grant will be reversed.

A summary of PSUs and related information is as follows:

	Performance Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested at December 31, 2022	77,472	$227.53	$ 19,514

Performance Stock Units	Performance Stock Units	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)

(Table amounts in thousands, except share and per share amounts)

Unvested at December 31, 2023				
Granted	Granted	95,994	$264.59	
Forfeited	Forfeited	(2,897)	$241.54	
Unvested at September 30, 2023		170,569	$248.15	$ 33,848
Forfeited				
Forfeited				
Unvested at March 31, 2024				
Unvested at March 31, 2024				
Unvested at March 31, 2024				

The fair value of the PSUs is equal to the closing price of our common stock on the grant date. The aggregate intrinsic value of unvested PSUs was based on our closing stock price on the last trading day of the period. As of September 30, 2023 March 31, 2024, there was $31.1 million $51.1 million of unrecognized stock-based compensation expense related to outstanding PSUs that is expected to be recognized over a weighted-average period of approximately 2.0 2.2 years.

Employee Stock Purchase Plan

Employees may participate in our ESPP provided they meet certain eligibility requirements. The purchase price for our common stock under the terms of the ESPP is defined as 85% of the lower of the closing market price per share of our common stock on the first or last trading day of each stock purchase period. There were 1,077,720 1,248,131 shares available for future issuance under the ESPP as of September 30, 2023 March 31, 2024. The current purchase period under the ESPP began on July 1, 2023 January 1, 2024 and ends December 31, 2023 June 30, 2024.

7. 6. Income Taxes

At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, a valuation allowance was recorded against all deferred tax assets due to our cumulative net loss position. We recorded income tax expense of $0.3 $0.7 million and $0.2 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $0.8 million and $0.5 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The nominal income Income tax expense reflects consists of minimal state and foreign income tax expense taxes in both of the nine months three-month periods ended September 30, 2023, March 31, 2024 and minimal state income tax expense and an accrual for uncertain tax positions in the three and nine months ended September 30, 2022. 2023.

We filed our 2022 U.S. federal income tax return during the third quarter As of 2023. Considering the provision to return true-ups, December 31, 2023, our gross federal net operating loss carryforward as of December 31, 2022 was $274.4 million carryforwards were $226.1 million, which will expire at various dates beginning in 2031. 2034. In addition, net operating loss carryforwards for state income tax purposes of $173.5 million that include net operating losses will begin to expire in 2024. We also have gross research and development credit carryforwards of $14.7 million as of December 31, 2023, which will expire at various dates beginning in 2033.

Utilization of the net operating loss carryforwards and research and development ("R&D") credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by Section 382 and Section 383 of the Code and similar state provisions. During 2023, we finalized a detailed analysis to determine whether an ownership change has occurred through December 31, 2022, and if a limitation exists. It was determined that December 11, 2018 was the only date that we experienced an ownership change. The study concluded that none of

purposes of $183.3 million that include net operating losses will begin to expire in 2028. We also have gross research and development credit carryforwards of $9.7 million as of December 31, 2022, which will expire at various dates beginning in 2033.

Utilization of the net operating loss carryforwards and R&D credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by Section 382 and Section 383 of the Internal Revenue Code of 1986 and similar state provisions. During the three months ended March 31, 2023, we finalized a detailed analysis to determine whether an ownership change has occurred and if a limitation exists. It was determined that December 11, 2018 was the only date that we experienced an ownership change. The study concluded that none of the $126.5 million of federal net operating losses and nor the $1.7 million of federal R&D credits that were accumulated on December 11, 2018, will expire unused solely due to the limitations under Section Sections 382 and 383. 383 of the Code. We are in the process of updating the analysis through December 31, 2023. Although unexpected, if we experienced an ownership change during 2023 or 2024, the timing of our ability to utilize the tax attributes may be affected.

Realization of the deferred tax assets is dependent upon the generation of future taxable income, if any, the amount and timing of which are uncertain. Based on available objective evidence and cumulative losses, we believe it is more likely than not that the deferred tax assets are not recognizable and will not be recognizable until we have sufficient book

(Table amounts in thousands, except share and per share amounts)

income. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance.

We had $0.1 million of tax payable on unrecognized tax positions as of each of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023.

We file income tax returns in the applicable jurisdictions. The 2019 2020 to 2022 tax years remain open to examination by the major taxing authorities to which we are subject. We do not expect a significant change to our unrecognized tax positions over the next 12 months.

8. 7. Segment Reporting and Revenue Disaggregation

We operate our business as one operating segment. An operating segment is defined as a component of an enterprise for which separate discrete financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance.

We sell our Inspire system to hospitals and ambulatory surgery centers in the U.S. and in select countries in Europe and Japan through a direct sales organization, and in Singapore and Hong Kong through distributors. Revenue by geographic region is as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
		2024			
		2024			
		2024			
United States					
United States					
United States	United States	$ 147,514	$ 106,279	$ 416,748	$ 260,581
All other countries	All other countries	5,788	2,909	15,543	9,375
All other countries					
All other countries					
Total revenue	Total revenue	$ 153,302	$ 109,188	$ 432,291	$ 269,956
Total revenue					
Total revenue					

All of our long-lived Long-lived tangible assets are located in the U.S. by geographic location were as follows:

	March 31, 2024	December 31, 2023
United States	$ 52,099	$ 39,916
All other countries	182	68
Total long-lived tangible assets	$ 52,281	$ 39,984

9. 8. Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock and dilutive potential shares of common stock outstanding during the

period. Because we have reported a net loss for all periods presented, diluted net loss per share is the same as basic net loss per share as all of the following potentially dilutive shares were antidilutive in those periods.

(Table amounts in thousands, except share and per share amounts)

The following common stock-based awards were excluded from the computation of diluted net loss per common share for the periods presented because including them would have been anti-dilutive: antidilutive:

		September 30,	
		2023	2022
		March 31,	
		2024	
Common stock options outstanding	Common stock options outstanding	2,671,815	2,788,306
Unvested restricted stock units	Unvested restricted stock units	193,343	107,930
Shares issuable under the ESPP	Shares issuable under the ESPP	6,319	5,706
Shares issuable under the ESPP			
Shares issuable under the ESPP			
Total	Total	2,871,477	2,901,942

	March 31,	
	2024	2023
Common stock options outstanding	2,671,815	2,788,306
Unvested restricted stock units	193,343	107,930
Shares issuable under the ESPP	6,319	5,706
Shares issuable under the ESPP		
Total	2,871,477	2,901,942

9. Related Party Transaction

In December 2023, we entered into an agreement with an entity controlled by our Chief Executive Officer (the "Entity"), pursuant to which we agreed to share the costs of a corporate suite at a sports and entertainment venue (the "Venue") (the “Suite”) (the “Cost Sharing Agreement”). In August 2023, the Entity entered into an agreement with the Venue, pursuant to which the Entity acquired certain rights to use the Suite for specified sporting and other events at the Venue through August 2026. Pursuant to this agreement, the Entity agreed to pay $0.2 million per year, with each year beginning September 1 and ending August 31, and the fee increasing by 5% for each succeeding year. Under the Cost Sharing Agreement, we will reimburse the Entity 50% of the cost of the Suite in exchange for the right to use the Suite for 50% of the specified events at the Venue through August 2026.

10. Commitments and Contingencies

As previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, Inspire and two of its executive officers were named as defendants in a purported federal securities law class action filed in the United States District Court for the District of Minnesota, captioned *City of Hollywood Firefighters’ Pension Fund v. Inspire Medical Systems, Inc., et. al.*, Court File No. 0:23-cv-03884. The plaintiff filed an amended complaint on April 19, 2024, which alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5, which alleged violations relate to certain prior disclosures of Inspire about the effectiveness of a program intended to help certain customers establish independence in seeking prior authorization from payors for our Inspire therapy. The plaintiff seeks to represent a class of shareholders who purchased or otherwise acquired Inspire common stock between May 3, 2023 and November 7, 2023. The plaintiff seeks damages and other relief, including attorneys' fees and costs. The defendants intend to vigorously defend this lawsuit.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes to those statements included elsewhere in this Quarterly Report, on Form 10-Q, as well as the audited financial statements and the related notes thereto, and the discussion under “Management’s "Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” “Part I, Item 1. Business” sections included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 (the "Annual Report"). Some of the information contained in

this discussion and analysis or set forth elsewhere in this Quarterly Report, on Form 10-Q, such as information with respect to our plans and strategy for our business and the impact of macroeconomic factors on our business, financial results and financial condition includes forward-looking statements that involve risks and uncertainties. As a result of many important factors, including those set forth in the "Risk "Part I, Item 1A. Risk Factors" section of our Annual Report, on Form 10-K for the fiscal year ended December 31, 2022, our actual results could differ materially from the results described in, or implied by, these forward-looking statements.

Overview

We are a medical technology company focused on the development and commercialization of innovative, minimally invasive solutions for patients with OSA. obstructive sleep apnea ("OSA"). Our proprietary Inspire system is the first and only FDA-approved neurostimulation technology that provides a safe and effective treatment for moderate to severe OSA. We have developed a novel, closed-loop solution that continuously monitors a patient's breathing and delivers mild hypoglossal nerve stimulation to maintain an open airway. Inspire therapy is indicated for patients with moderate to severe OSA who do not have significant central sleep apnea and do not have a complete concentric collapse of the airway at the soft palate level. In addition, patients in the U.S., Japan, Singapore, and Hong Kong must have been confirmed to fail or be unable to tolerate positive airway pressure treatments, such as CPAP, and be 18 years of age or older, though there are no similar requirements for patients in Europe.

We sell our Inspire system to hospitals and ambulatory surgery centers ("ASCs") in the U.S. and in select countries in Europe and Japan through a direct sales organization and we sell our Inspire system in Singapore and Hong Kong through distributors. Our direct sales force engages in sales efforts and promotional activities primarily focused on ENT physicians and sleep centers. In addition, we highlight our compelling clinical data and value proposition to increase awareness and adoption amongst referring physicians. We build upon this top-down approach with strong direct-to-consumer marketing initiatives to create awareness of the benefits of our Inspire system and drive interest through patient empowerment. This We believe this outreach helps to educate thousands of patients on our Inspire therapy.

Although our sales and marketing efforts are directed at patients and physicians because they are the primary users of our technology, we consider the hospitals and ASCs where the procedure is performed to be our customers, as they are the purchasing agents of our Inspire system. Our customers are reimbursed the cost required to treat each patient through various third-party payors, such as commercial payors and government agencies. Our Inspire system is currently reimbursed primarily on a per-patient prior authorization basis for patients covered by commercial payors, under Local Coverage Determinations for patients covered by Medicare, and under U.S. government contract for patients who are treated by the Veterans Health Administration. As of November 7, 2023 May 7, 2024, we have secured positive coverage policies with many U.S. commercial payors, including virtually all large national commercial insurers, covering approximately 260 million lives in the U.S. In addition, all seven Medicare Administrative Contractors published final policies in 2020 that provide coverage of Inspire therapy when certain coverage criteria are met.

Reimbursement in other countries can often be established through a combination of private (commercial insurance) and public funding sources, or at the hospital level through innovation budgets.

In November 2023, the final 2024 Medicare reimbursement payments were announced. The 2024 rate for our hospital customers is $29,617 per implantation of a hypoglossal nerve stimulator, an increase of 1% over the 2023 rate. The ASC reimbursement for 2024 is $24,870 per implantation, a decrease of 1% over the 2023 rate. The 2024 physician payment is $823 for implantation, a 6% decrease over the 2023 payment. The 2024 national average drug-induced sleep endoscopy ("DISE") procedure reimbursement to ASCs increased 714% to $757 per procedure over the 2023 rate, while the reimbursement to hospitals for the DISE procedure increased by 806% to $1,619.

For the nine three months ended September 30, 2023 March 31, 2024, 96.4% 95.0% of our revenue was derived in the U.S. and 3.6% 5.0% was derived outside of the U.S. No single customer accounted for more than 10% of our revenue during the nine three months ended September 30, 2023 March 31, 2024.

We rely on third-party suppliers to manufacture our Inspire system and its components. Many of these suppliers are currently single source suppliers. We have experienced and continue to experience supply disruptions that began during the COVID-19 pandemic, but to date we have managed to avoid any delay major delays in implant procedures due to those issues. During the third quarter of 2023, we began experiencing experienced an inventory supply issue related to our polyurethane-based stimulation leads, one component of the Inspire system currently used only in the European market. In 2022, the FDA approved our silicone-based stimulation and sensing leads in the U.S., which replaced the polyurethane versions of the leads, and we stopped manufacturing polyurethane leads. We applied for European Union ("EU") Medical Devices Regulation ("MDR") certification in December 2021, which we expect to obtain in the first quarter of 2024, following industry-wide delays in the process. In the interim, we received a derogation pursuant to Article 59 of the EU MDR from the Dutch, German, Swiss, Belgian, and Austrian competent authorities, and the British equivalent, i.e. exceptional use authorization, from the United Kingdom national competent authority allowing authority. Article 59 derogation is granted when the member state determines that it is in the best interests of patient health and safety, and that there is no adequate alternative to the device. It allows us to place the silicone-based leads on the market in those countries until April 1, 2024 various dates in 2024 or until we receive certification under the EU MDR, whichever occurs first. We are also pursuing may continue to pursue derogation in several other EU member states. However, such derogations are granted at the national level only and states, however, we cannot be certain that other national competent authorities of the other EU member states will grant a derogation similar to the Dutch authority. above-mentioned authorities. However, to date, all of our derogation applications have been approved. Until we obtain certification under the EU MDR, or these derogations are received, we silicone leads may only sell our polyurethane-based leads be sold in the EU where member states that have granted derogation. Polyurethane-based leads are the only leads that may be sold in the EU member states that have not granted derogation, and the polyurethane stimulation lead is in low supply. During the fourth quarter of 2023 and possibly extending into early 2024, we expect that the delay in certification and the shortage of polyurethane-based stimulation leads may cause caused delays to implant procedures which may adversely affect affected our business in the EU, Europe, including a reduction in our European revenue, and thereby our consolidated revenue, of up to $4 million revenue. We estimate the impact during the fourth quarter of 2023. 2023 was approximately $4.0 million in lost revenue opportunity, some

of which we believe was recovered during the first quarter of 2024. However, if we do not receive EU MDR certification or derogation extensions, we may again experience delays to implant procedures, and therefore adverse impacts to our revenue.

We typically seek to maintain higher levels of inventory to protect ourselves from supply interruptions, and, as a result, we are subject to the risk of inventory obsolescence and expiration, which could lead to inventory impairment charges. For example, during the three months ended September 30, 2022, we recorded a charge of $2.8 million for obsolete inventory and component parts related to product introductions which were completed in October 2022, including the new silicone leads and the Bluetooth®-enabled patient remote.

In the U.S., our products are shipped directly to our U.S. customers and are shipped to our Singapore and Hong Kong distributors on a purchase order basis, primarily by a third-party vendor with a facility in Tennessee, although we do ship some products from our facility in Minnesota. Warehousing and shipping operations for our European customers are handled by a third-party vendor with a facility located in the Netherlands, and warehousing and shipping operations for our Japanese customers are handled by a third-party with a facility in Japan. Customers do not have the right to return a non-defective product, nor do we place product on consignment. Our sales representatives do not maintain trunk stock.

Since our inception in 2007, we have financed our operations primarily through sales of our Inspire system, private placements of our convertible preferred securities, amounts borrowed under our former credit facility, and equity offerings of our common stock. We have devoted significant resources to research and development activities related to our Inspire system, including clinical and regulatory initiatives to obtain marketing approval, and sales and marketing activities. For the three months ended September 30, 2023 March 31, 2024, we generated revenue of $153.3 million $164.0 million with a gross margin of 84.1% 84.9% and had a net loss of $8.5 million $10.0 million compared to revenue of $109.2 million $127.9 million with a gross margin of 81.9% 84.4% and a net loss of $16.8 million $15.4 million for the three months ended September 30, 2022. For the nine months ended September 30, 2023, we generated revenue of $432.3 million with a gross margin of 84.1% and had a net loss of $35.9 million compared to revenue of $270.0 million with a gross margin of 83.7% and a net loss of $48.0 million for the nine months ended September 30, 2022 March 31, 2023. Our accumulated deficit as of September 30, 2023 March 31, 2024 was $360.2 million $355.4 million.

We have invested heavily in product development. Our research and development activities have been centered on driving continuous improvements to our Inspire therapy. We have also made significant investments in clinical studies to demonstrate the safety and efficacy of our Inspire therapy and to support regulatory submissions. We continue to make investments in research and development efforts to develop our next generation Inspire systems and support our future regulatory submissions for expanded indications and for new markets such as additional

European countries and the Asia Pacific region. For example, in June 2023, we submitted a premarket approval ("PMA") supplement to the FDA for our next generation Inspire system. Also in June 2023, we received approval

from the FDA on an expanded indication which includes an increase on the upper limit of the Apnea Hypopnea Index to 100 events per hour from 65, and raises the Body Mass Index ("BMI") warning in the labeling to 40 from 32, and we also received FDA approval of our new physician programmer, called the SleepSync™ programmer, which we expect to formally launch in the U.S. in early the second half of 2024. In March 2023, we received FDA approval to offer Inspire therapy to certain pediatric patients with Down syndrome, and in 2022, we received FDA approval for additional magnetic resonance imaging ("MRI") scan conditions for use with Inspire therapy. This full-body MRI approval expands the Inspire use labeling that previously allowed only head, neck, and extremity MRI scans. Also in 2022, the FDA approved silicone-based stimulation and sensing leads, which provides improved manufacturability, easier system implantation, increased long-term performance, and enhanced reliability. syndrome.

Our direct-to-consumer marketing includes the use of social media platforms such as Facebook, Google ad placements, and radio and television commercials. In January 2022, we purchased our first national television advertising spots and began airing new TV commercials, and in March 2023, we began airing additional new television commercials. The objective of this outreach is to bring patients to our website, where they can find educational materials and videos on sleep apnea and the use and benefits of our Inspire therapy, contact information for physicians and clinical sites, and information regarding community awareness events. Further, our team leverages the Inspire Sleep app for patient education. We plan to continue to refine our approach to direct-to-consumer outreach, including increasing attention to digital advertising directed towards qualified patients. We expect to maintain or increase our level of direct-to-consumer activities.

We have a call center which we refer to as the Inspire Advisor Care Program ("ACP"). The primary purpose of this program is to assist patients with making a connection with a qualified healthcare provider based on their specific needs. In 2022, we initiated a digital scheduling pilot program to facilitate and streamline patient access to care. We plan intend to continue to expand enhance this scheduling capability during the remainder of 2023 and 2024.

We also continue to make significant investments to build our sales and marketing organization by increasing the number of U.S., European, and European Japanese sales representatives and continuing our direct-to-consumer marketing efforts in existing and new markets throughout the U.S. and in Europe. markets. During the three months ended September 30, 2023 March 31, 2024, we created 13 added 11 new U.S. sales territories, bringing the our total to 274 298 U.S. sales territories as of September 30, 2023 March 31, 2024. During that same period, we activated 62 66 new U.S. medical centers, bringing the total to 1,107 1,246 U.S. medical centers implanting Inspire therapy as of September 30, 2023 March 31, 2024. At both of September 30, 2023 and December 31, 2022, ASCs made up 23% of our total U.S. implanting centers.

During 2023 and into the first quarter of 2024, glucagon-like peptide 1 ("GLP-1s"), a class of drug indicated for diabetes and obesity, continued to gain popularity as a weight-loss drug. OSA is a multifactorial disease with many independent factors including age, gender, weight, and neck circumference. Inspire is designed to address anteroposterior airway collapse, also known as tongue-based collapse. Patients Additionally, patients with a higher BMI are subject to a larger neck circumference and present predominantly with lateral-wall collapse. A combination of tongue-based collapse and lateral-wall collapse is identified as a complete concentric collapse of the upper airway which is detected during a DISE

procedure. airway. Inspire is contraindicated for complete concentric collapse. On April 17, 2024, Eli Lilly and Company published results from its SURMOUNT-OSA trial demonstrating a 50.7% reduction in Apnea-Hypopnea Index ("AHI") for patients in the therapy arm of the study using tirzepatide, a GLP-1 injection. Given a baseline AHI of 50.3, we believe these results suggest most patients enrolled in the study will continue to have residual moderate OSA that will require treatment and fall within Inspire's FDA-approved indication. While weight loss may help reduce a patient's Apnea-Hypopnea Index AHI and other OSA symptoms, we numerous other studies have seen from numerous studies shown that weight loss alone will not resolve OSA for the vast majority of patients. We expect GLP-1s will may help patients address their lateral wall collapse, potentially bringing making them into our indication. As shown in a potential candidate for Inspire therapy to the extent they also have tongue-based collapse. Based on our ongoing ADHERE patient registry, the average BMI of patients treated with Inspire therapy is 29 and the American Academy of Sleep Medicine guidelines recommend weight loss prior to surgery for patients with BMI over 35 and nonsurgical solutions for patients with BMI over 40. Therefore, we believe there is not a significant notable overlap in in between the Inspire patient population and the patient population being treated with the GLP-1s today. While we cannot quantify the impact, we believe that there could be a benefit to our business as a result of the GLP-1s, although there can be no assurance of such benefit.

Because of these and other factors, we may incur net losses for the next several years and require substantial additional funding, which may include future equity and debt financings.

benefit at this time.

Macroeconomic Environment

The global economy is experiencing continues to experience increased inflationary pressures in part due to global supply chain disruptions, labor shortages, and other impacts from COVID-19 and the current macroeconomic environment which we anticipate will continue. pressures. Higher interest rates and capital costs, higher shipping costs, increased costs of labor, international conflicts and terrorism, and weakening foreign currency exchange rates are creating additional economic challenges. These conditions may cause our customers to decrease or delay orders for our products.

Our operations have been adversely impacted by the inflationary pressures primarily related to labor, raw materials, and component parts.

Our inventory on-hand has been constrained by the continuing supply chain challenges and component shortages, although the supply chain constraints eased somewhat throughout 2023. 2023 and into 2024. As mentioned above, the delay on not having received EU MDR approval of our silicone-based leads and the shortage which resulted in shortages of polyurethane-based stimulation leads, we have experienced and may continue experience to cause delays to implant procedures and a reduction in our European revenue.

COVID-19 Update

Our business, operations, and financial condition and results have been and may continue to be impacted by COVID-19. During the first quarter of 2022, resurgences of COVID-19 in various U.S. and international regions impacted our revenue slightly, although surgical volumes had generally returned to pre-pandemic levels by the end of the first quarter, and therefore the impact on the remainder of 2022 was less significant. As discussed above, we have also experienced, and continue to experience, COVID-19-related supply chain issues which has negatively impacted our inventory levels. The extent to which COVID-19 continues to impact our results of operations and financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity and longevity of COVID-19 and its variants, the resurgence of COVID-19 in regions that have begun to recover from the initial impact of the pandemic, the impact of COVID-19 on economic activity, and the actions to contain its impact on public health and the global economy.

Components of Our Results of Operations

Revenue

We derive primarily all of our revenue from the sale of our Inspire system to hospitals and ASCs in the U.S., and in select countries in Europe Japan, Singapore, and Hong Kong. the Asia Pacific region. We recognize revenues from sales of our Inspire system when the customer obtains control of the product, which occurs at a point in time, either upon shipment of the product or receipt of the product, depending on shipment terms.

Our revenue has fluctuated, and may continue to fluctuate, from quarter to quarter due to a variety of factors. For example, we have historically experienced seasonality in our first and fourth quarters, and have experienced adverse impacts on our revenue due to the COVID-19 pandemic delay in obtaining EU MDR approval of our silicone-based leads and foreign currency exchange rates. In addition, in the three months ended September 30, 2023, we believe our revenue growth was has been adversely impacted by certain changes to our prior authorization support, as well as lack of ENT surgeon capacity. While we believe the impact of the prior authorizations support has improved, the ENT surgeon capacity challenges remain. If such impacts continue, our revenue growth may be further adversely impacted.

Our business has grown rapidly in recent years, resulting in substantially increased revenues, and we expect that our business will continue to grow. However, our revenue growth rate has generally declined recently, in recent periods, and it may continue to do so as a result of the difficulty of maintaining growth rates as our revenues increase to higher levels.

Cost of Goods Sold and Gross Margin

Cost of goods sold consists primarily of acquisition costs for the components of the Inspire system, overhead costs, scrap, and inventory obsolescence, warranty replacement costs, as well as distribution-related expenses such as logistics and shipping costs, net of shipping costs charged to customers. The overhead costs include the cost of material procurement, depreciation expense for production equipment, and operations supervision and

management personnel, including employee compensation, stock-based compensation, supplies, and travel. We expect cost of goods sold to increase or decrease in absolute dollars primarily as, and to the extent, our revenue grows or declines, respectively.

We calculate gross margin as gross profit divided by revenue. Our gross margin has been and we expect it will continue to be affected by a variety of factors, including manufacturing costs, the average selling price of our Inspire system, the implementation of cost-reduction strategies, inventory obsolescence costs, which generally occur when new generations of our Inspire system are introduced, and to a lesser extent the sales mix between the U.S. and countries outside of the U.S., as our average selling price in the U.S. tends to be higher than in other countries. Our gross margin may increase slightly to the extent our production volumes increase and we receive discounts on the costs charged by our contract manufacturers, thereby reducing our per unit costs, and when we implement price increases on our products, thereby increasing our revenue. On the other hand, our gross margin may decrease slightly to the extent our yields decrease, or materials and labor prices increase due to supply chain issues and inflation, thereby increasing our per unit costs. However, our gross margin may also fluctuate from quarter to quarter due to seasonality and foreign currency exchange rates.

Our gross margin in the second half of 2022 was lower than in previous periods primarily due to inventory obsolescence charges associated with product introductions, additional costs associated with the transition of manufacturing lines to produce our new silicone-based leads, and higher costs of certain component parts which were impacted by inflation and supply chain issues. In 2023, we expect gross margins to be in the range of 83% to 85%.

Research and Development Expenses

Research and development ("R&D") expenses consist primarily of product development, engineering, clinical studies to develop and support our products, regulatory expenses, quality assurance, testing, consulting services, prelaunch inventory, and other costs associated with the next generation versions of the Inspire system and SleepSync™, a cloud-based patient management system. These expenses include employee compensation,

including stock-based compensation, supplies, materials, consulting, and travel expenses related to research and development programs. Additionally, these expenses include clinical study management, payments to clinical investigators, data management and travel expenses for our various clinical studies.

We expense prelaunch inventory as research and development R&D expense in the period incurred unless objective and persuasive evidence exists that regulatory approval and subsequent commercialization of a product candidate is probable and we also expect future economic benefit from the sales of the product candidate to be realized.

We expect research and development R&D expenses to increase in the future as we develop next generation versions of our Inspire system and SleepSync™ and continue to expand our clinical studies to further expand positive coverage policies from private commercial payors in the U.S. and enter into new markets including additional European countries and the Asia Pacific region. We expect research and development R&D expenses as a percentage of revenue to vary over time depending on the level and timing of initiating new product development efforts and new clinical development activities.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses consist primarily of compensation for personnel, including base salaries, stock-based compensation expense and commissions related to our sales organization, finance, information technology, human resource, and legal functions, as well as spending related to marketing, sales operations, and training and reimbursement personnel. Other SG&A expenses include training physicians, travel expenses, advertising, direct-to-consumer promotional programs, conferences, trade shows and consulting services, professional services fees, audit fees, insurance costs and general corporate expenses, including facilities-related expenses.

We expect SG&A expenses to continue to increase as we expand our commercial infrastructure to both drive and support our planned growth in revenue and as we increase our headcount and expand administrative personnel to

support our growth and operations as a public company including finance, legal, and human resources personnel and information technology services. Additionally, we anticipate an increase in our stock-based compensation expense with grants of stock options, restricted stock units, performance stock units, and shares of our common stock purchased pursuant to our employee stock purchase plan.

Other (Income) Expense

Other (income) expense consists primarily of interest and dividend income, interest expense under our former credit facility, the impacts of foreign currency transactions and remeasurements, and gains and losses on investments.

Seasonality

Historically, we have experienced seasonality in our first and fourth fiscal quarters, and we expect this trend to continue. In the U.S., we have experienced, and may in the future experience, higher sales in the fourth quarter as a result of patients having paid their annual insurance deductibles in full, thereby reducing their out-of-pocket costs. Conversely, in the first quarter, many U.S. patients' insurance deductibles reset, requiring more out-of-pocket costs, which negatively impacts our sales during this period.

Results of Operations

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Revenue	$ 153,302	$ 109,188	$ 44,114	40.4 %	$ 432,291	$ 269,956	$ 162,335	60.1 %
Cost of goods sold	24,382	19,786	4,596	23.2 %	68,522	43,963	24,559	55.9 %
Gross profit	128,920	89,402	39,518	44.2 %	363,769	225,993	137,776	61.0 %
Gross margin	*84.1%*	*81.9%*			*84.1%*	*83.7%*		
Operating expenses:								
Research and development	29,144	20,993	8,151	38.8 %	85,484	47,397	38,087	80.4 %
Selling, general and administrative	113,247	85,603	27,644	32.3 %	327,853	225,853	102,000	45.2 %
Total operating expenses	142,391	106,596	35,795	33.6 %	413,337	273,250	140,087	51.3 %
Operating loss	(13,471)	(17,194)	3,723	(21.7)%	(49,568)	(47,257)	(2,311)	4.9 %
Other (income) expense, net	(5,271)	(593)	(4,678)	789 %	(14,422)	286	(14,708)	(5,143)%
Loss before income taxes	(8,200)	(16,601)	8,401	(50.6)%	(35,146)	(47,543)	12,397	(26.1)%
Income taxes	340	246	94	38.2 %	770	488	282	57.8 %
Net loss	$ (8,540)	$ (16,847)	$ 8,307	(49.3)%	$ (35,916)	$ (48,031)	$ 12,115	(25.2)%

Comparison of the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Revenue	$ 164,010	$ 127,897	$ 36,113	28.2 %
Cost of goods sold	24,757	19,888	4,869	24.5 %
Gross profit	139,253	108,009	31,244	28.9 %
Gross margin	*84.9%*	*84.4%*		
Operating expenses:				
Research and development	28,850	25,519	3,331	13.1 %
Selling, general and administrative	125,621	101,988	23,633	23.2 %
Total operating expenses	154,471	127,507	26,964	21.1 %
Operating loss	(15,218)	(19,498)	4,280	(22.0)%
Other income, net	(5,863)	(4,290)	(1,573)	36.7 %
Loss before income taxes	(9,355)	(15,208)	5,853	(38.5)%
Income taxes	650	216	434	200.9 %
Net loss	$ (10,005)	$ (15,424)	$ 5,419	(35.1)%

Revenue

Revenue increased $44.1 million $36.1 million, or 40.4% 28.2%, to $153.3 million $164.0 million for the three months ended September 30, 2023 March 31, 2024 compared to $109.2 million $127.9 million for the three months ended September 30, 2022 March 31, 2023. These results reflect an increase in sales of our Inspire system of $41.2 million $31.3 million in the U.S. and an increase of $2.9 million $4.8 million outside of the U.S. Overall

revenue growth was primarily due to increased utilization, increased market penetration in existing territories, expansion into new territories, increased physician and patient awareness of our Inspire system, and to a lesser extent, a list price increase that began to impact some U.S. customers in May 2022, partially offset by the factors described under "Components of our Results of Operations - Revenue" above.

Revenue information by region is summarized as follows:

	Three Months Ended September 30,					
	2023		2022		Change	
	Amount	% of Revenue	Amount	% of Revenue	$	%
	(in thousands, except percentages)					
United States	$ 147,514	96.2 %	$ 106,279	97.3 %	$ 41,235	38.8 %
All other countries	5,788	3.8 %	2,909	2.7 %	2,879	99.0 %
Total revenue	$ 153,302	100.0 %	$ 109,188	100.0 %	$ 44,114	40.4 %

Revenue generated in the U.S. was $147.5 million for the three months ended September 30, 2023, an increase of $41.2 million, or 38.8%, compared to the three months ended September 30, 2022. same prior year period. Overall revenue growth was primarily due to increased utilization, increased market penetration in existing territories, expansion into new territories, increased physician and patient awareness of our Inspire system, and to a lesser extent, a list price increase that began to impact some U.S. customers in May 2022.

Revenue generated outside of the U.S. was $5.8 million in the three months ended September 30, 2023, an increase of $2.9 million, or 99.0%, compared to the three months ended September 30, 2022. Revenue growth was primarily due to increased market penetration in existing centers, expansion into new territories, and, we believe, increased physician and patient awareness of our Inspire system, partially offset by ENT surgeon capacity constraints.

Revenue information by region is summarized as follows:

	Three Months Ended March 31,					
	2024		2023		Change	
	Amount	% of Revenue	Amount	% of Revenue	$	%
	(in thousands, except percentages)					
United States	$ 155,771	95.0 %	$ 124,485	97.3 %	$ 31,286	25.1 %
All other countries	8,239	5.0 %	3,412	2.7 %	4,827	141.5 %
Total revenue	$ 164,010	100.0 %	$ 127,897	100.0 %	$ 36,113	28.2 %

Revenue generated in the U.S. was $155.8 million for the three months ended March 31, 2024, an increase of $31.3 million, or 25.1%, compared to the three months ended March 31, 2023. Revenue growth in the U.S. was primarily due to increased market penetration in existing centers, the expansion into new territories, and, we believe, increased physician and patient awareness of our Inspire system.

Revenue generated outside of the U.S. was $8.2 million in the three months ended March 31, 2024, an increase of $4.8 million, or 141.5%, compared to the three months ended March 31, 2023. As noted above, during the fourth quarter of 2023, not having received EU MDR certification of our silicone-based stimulation lead and the resulting shortage of polyurethane-based stimulation leads had an estimated adverse impact on European revenue during

that period of approximately $4.0 million. The revenue increase experienced during the first quarter of 2024 was primarily due to the recovery of some of the $4.0 million of revenue opportunity from the fourth quarter of 2023. Other factors contributing to revenue growth were increased market penetration in existing centers, the expansion of our European sales representatives into new territories, increased sales in the Asia Pacific region, and, we believe, increased physician and patient awareness of our Inspire system.

Cost of Goods Sold and Gross Margin

Cost of goods sold increased $4.6 million $4.9 million, or 23.2% 24.5%, to $24.4 million $24.8 million for the three months ended September 30, 2023 March 31, 2024 compared to $19.8 million $19.9 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to product costs associated with the higher sales volume

of our Inspire system and experienced during the first quarter of 2024. Cost of goods sold for the three months ended March 31, 2023 was negatively impacted by additional costs associated with an isolated production issue at a supplier which has since been resolved. the transition of manufacturing lines to produce our new silicone-based leads.

Gross margin increased to 84.1% 84.9% for the three months ended September 30, 2023 March 31, 2024 from 81.9% 84.4% for the three months ended September 30, 2022 March 31, 2023. This increase was primarily due to increased sales volume and manufacturing efficiencies. Gross margin for the three months ended September 30, 2023 March 31, 2023 was higher primarily due to $2.8 million of inventory obsolescence charges taken during the third quarter of 2022 negatively impacted by additional costs associated with the transition of manufacturing lines to produce our new product introductions, which lowered the gross margin during that period. silicone-based leads.

Research and Development Expenses

Research and development expenses increased $8.2 million $3.3 million, or 38.8% 13.1%, to $29.1 million $28.9 million for the three months ended September 30, 2023 March 31, 2024 compared to $21.0 million $25.5 million for the three months ended September 30, 2022 March 31, 2023. This change was primarily due to an increase of $3.9 $5.1 million of compensation and employee-related expenses, mainly as a result of increased headcount and stock-based compensation expense. The change also includes expense, and an increase of $4.6 million for incremental ongoing research $0.1 million in clinical studies expenses and development costs, including ongoing development of the SleepSync™ platform, the next generation Inspire neurostimulator and physician programmer, and $1.7 million of prelaunch inventory related to our next generation Inspire neurostimulator. These increases were quality compliance audit fees, partially offset by a decrease of $0.3 million for clinical $1.9 million in ongoing research and regulatory submissions expenses. development costs compared to the prior year period, primarily with respect to our SleepSync™ platform.

Selling, General and Administrative Expenses

SG&A expenses increased $27.6 million $23.6 million, or 32.3% 23.2%, to $113.2 million $125.6 million for the three months ended September 30, 2023 March 31, 2024 compared to $85.6 million $102.0 million for the three months ended September 30, 2022 March 31, 2023. The primary driver of this change

was an increase of $16.3 million $15.4 million in compensation, including salaries, commissions, stock-based compensation, and other employee-related expenses, mainly as a result of increased headcount. In addition, marketing expenses increased $7.0 million $3.3 million, primarily consisting of direct-to-consumer initiatives, including new national TV advertisements, which began airing in the first quarter of 2023, and the expansion of our ACP call center. initiatives. Other drivers of the change to SG&A expenses included an increase in travel expenses of $1.4 million and an increase in general corporate costs of $2.9 million $3.0 million primarily due to consulting fees, legal fees, bank fees, computer equipment and software expense, and office rent expense. expense, as well as an increase in travel expenses of $1.9 million.

Other (Income) Expense Income

Other (income) expense changed income increased by $4.7 million $1.6 million, or 788.9% 36.7%, to $5.3 million of income, net $5.9 million for the three months ended September 30, 2023 March 31, 2024 compared to $0.6 million of expense, net $4.3 million for the three months ended September 30, 2022 March 31, 2023. The change was primarily due to an increase of $4.1 million $1.7 million in interest and dividend income due to higher interest rates on our higher cash, cash equivalents, and investment balances, a decrease of $0.7 million in interest expense due to the August 2022 early termination of our credit facility, and partially offset by an increase of $0.1 million in foreign currency translation and remeasurement losses due to exchange rates.

Income Taxes

We recorded a provision for incomes taxes of approximately $0.3 million $0.7 million and $0.2 million for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

Comparison of the Nine Months Ended September 30, 2023 and 2022

Revenue

Revenue increased $162.3 million, or 60.1%, to $432.3 million for the nine months ended September 30, 2023 compared to $270.0 million for the nine months ended September 30, 2022. The increase was attributable to a $156.2 million increase in sales of our Inspire system in the U.S and an increase of $6.2 million outside of the U.S. Overall revenue growth was primarily due to increased market penetration in existing territories, expansion into new territories, and increased physician and patient awareness of our Inspire system, and to a lesser extent, a list price increase that began to impact some customers in May 2022, partially offset by the factors described under "Components of our Results of Operations - Revenue" above.

Revenue information by region is summarized as follows:

	Nine Months Ended September 30,					
	2023		2022		Change	
	Amount	% of Revenue	Amount	% of Revenue	$	%
	(in thousands, except percentages)					
United States	$ 416,748	96.4 %	$ 260,581	96.5 %	$ 156,167	59.9 %
All other countries	15,543	3.6 %	9,375	3.5 %	6,168	65.8 %
Total revenue	$ 432,291	100.0 %	$ 269,956	100.0 %	$ 162,335	60.1 %

Revenue generated in the U.S. was $416.7 million for the nine months ended September 30, 2023, an increase of $156.2 million, or 59.9%, compared to the nine months ended September 30, 2022.Revenue growth in the U.S. was primarily due to increased market penetration in existing territories, the expansion into new territories, and, we believe, increased physician and patient awareness of our Inspire system, and to a lesser extent, a list price increase that began to impact some U.S. customers in May 2022. As noted above, U.S. revenue during the three months ended March 31, 2022 was slightly negatively impacted by COVID-19.

Revenue generated outside of the U.S. was $15.5 million for the nine months ended September 30, 2023, an increase of $6.2 million, or 65.8%, compared to the nine months ended September 30, 2022. Revenue growth was primarily due to increased market penetration in existing territories, the expansion of our European sales representatives into new territories, increased sales in the Asia Pacific region, and, we believe, increased physician and patient awareness of our Inspire system. As noted above, revenue generated outside the U.S. during the three months ended March 31, 2022 was slightly negatively impacted by COVID-19.

Cost of Goods Sold and Gross Margin

Cost of goods sold increased $24.6 million, or 55.9%, to $68.5 million for the nine months ended September 30, 2023 compared to $44.0 million for the nine months ended September 30, 2022. The increase was primarily due to product costs associated with higher sales volume of our Inspire system, additional costs associated with the transition of manufacturing lines to produce our new silicone-based leads, and higher costs of certain component parts that were impacted by inflation and supply chain issues.

Gross margin increased to 84.1% for the nine months ended September 30, 2023 from 83.7% for the nine months ended September 30, 2022. Gross margin for the nine months ended September 30, 2023 was higher primarily due to $2.8 million of inventory obsolescence charges taken during the third quarter of 2022 associated with new product introductions, which lowered the gross margin during that period. Gross margin for the nine months ended September 30, 2023 was negatively impacted by additional manufacturing costs of sensors and lower yields prior to process enhancements, additional costs associated with an isolated production issue at a supplier, and higher costs of certain component parts, partially offset by the price increase that began taking effect for some U.S. customers in May 2022.

Research and Development Expenses

Research and development expenses increased $38.1 million, or 80.4%, to $85.5 million for the nine months ended September 30, 2023 compared to $47.4 million for the nine months ended September 30, 2022. This change was primarily due to an increase of $21.0 million of incremental ongoing research $0.4 million in state and development costs, including ongoing development of the SleepSync™ platform, the next generation Inspire neurostimulator and physician programmer. The change also includes an increase of $17.1 million of compensation and employee-related expenses, mainly local taxes, as a result of increased headcount and stock-based compensation expense, and $4.7 million of prelaunch inventory related to our next generation Inspire neurostimulator. well as $0.1 million in foreign taxes.

Selling, General and Administrative Expenses

SG&A expenses increased $102.0 million, or 45.2%, to $327.9 million for the nine months ended September 30, 2023 compared to $225.9 million for the nine months ended September 30, 2022. The primary driver of this change was an increase of $59.1 million in compensation, including salaries, commissions, stock-based compensation, and other employee-related expenses, mainly as a result of increased headcount. In addition, marketing expenses increased $28.5 million, primarily consisting of direct-to-consumer initiatives, including new national TV advertisements, which began airing in March 2023, and the expansion of our Advisor Care Program call center. Other drivers of the change to SG&A expenses included an increase in travel expenses of $6.3 million and an increase in general corporate costs of $8.1 million primarily due to bank fees, consulting fees, legal fees, computer equipment and software, and office rent expense.

Other (Income) Expense, Net

Other (income) expense, net changed by $14.7 million, to $14.4 million of income, net for the nine months ended September 30, 2023 compared to $0.3 million of expense for the nine months ended September 30, 2022. This change was primarily due to an increase of $13.0 million in interest and dividend income due to higher interest rates on our higher cash, cash equivalents and investment balances, somewhat offset by a decrease of $1.7 million in interest expense due to the early termination of our credit facility.

Income Taxes

We recorded a provision for income taxes of $0.8 million and $0.5 million for the nine months ended September 30, 2023 and September 30, 2022, respectively.

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had cash, cash equivalents, and available-for-sale debt securities of $467.2 million $469.2 million, an increase a decrease of $15.8 million $0.4 million from $451.4 million $469.5 million as of December 31, 2022 December 31, 2023. Working capital totaled $499.6 million $500.0 million as of September 30, 2023 March 31, 2024, an increase a decrease of $30.8 million $15.6 million from December 31, 2022 December 31, 2023. We define working capital as current assets less current liabilities. The increase decrease in working capital was primarily due to the following factors:

- an increase of $124.5 million in short-term investments;
- an increase of $14.2 million in inventory balances which increased as supply chain issues ease;
- an increase of $10.2 million a $17.6 million decrease in accounts receivable due to higher lower sales which occurred during the third first quarter of 2024 versus the fourth quarter of 2023;
- a decrease of $4.4 million in accrued expenses which decreased primarily due to the payment of year-end bonuses and commissions; and
- an increase of $2.3 million in prepaid expense and other current assets which increased primarily due to prepaid insurance and other prepaid expenses.

The increase in working capital was partially offset by the following factors:

- a $111.7 million $10.1 million decrease in cash and cash equivalents, primarily due to the purchase of short- long-term available-for-sale investments and long-term available for sale investments, cash to support operations, offset somewhat partially by sales of the Inspire system and proceeds from the exercise of stock options;
- an $8.9 million decrease in short-term available-for-sale investments, the proceeds of which were used to purchase long-term available-for-sale investments; and
- a $13.2 million $5.0 million increase in accounts payable, generally due to our business volume and headcount growth from the prior year.

The decrease in working capital was partially offset by the following factors:

- a $15.1 million increase in inventory balances, which increased as supply chain issues eased; and
- a $10.9 million decrease in accrued expenses, which decreased primarily due to the payment of year-end bonuses and commissions.

We proactively manage our access to capital to support liquidity and continued growth. Our sources of capital include sales of our Inspire system and registered offerings of our common stock. In August 2022, we completed a follow-on offering that included our offer and sale of 1,150,000 shares of common stock at a public offering price of $215.00 per share. We received net proceeds of approximately $243.8 million after deducting underwriting discounts, commissions, and offering expenses. During the quarter ended September 30, 2022, we repaid all amounts outstanding under our former credit facility. See Note 4 in this Quarterly Report on Form 10-Q for additional information on our previous credit facility.

The primary objective of our investment activities is to preserve our capital for the purpose of funding operations while at the same time maximizing the income we receive from our investments without significantly increasing risk or decreasing availability. To achieve these objectives, our investment policy allows us to maintain a portfolio of certain types of debt securities issued by the U.S. government and its agencies, corporations with investment-grade credit ratings, or commercial paper and money market funds issued by the highest quality financial and non-financial companies. At September 30, 2023 March 31, 2024, we had $284.4 million $141.5 million in money market funds, $99.3 million $246.9 million in U.S. government securities, and $40.9 million $46.9 million in corporate debt securities, certificates of deposit, commercial paper, and asset-asset-backed asset-backed securities. See Note 2 to our unaudited consolidated financial statements in this Quarterly Report on Form 10-Q for additional information on our investments.

In the nine three months ended September 30, 2023 March 31, 2024, our R&D and SG&A expenditures increased significantly over the prior year levels, and we anticipate further increases during the remainder of 2023 and 2024. Our SG&A expenditures, primarily for increasing headcount and advertising, may exceed any associated increases in revenues, and therefore would reduce our cash flow from operations. We also anticipate R&D expenses will continue to be significant in 2023 and 2024, primarily related to the ongoing development of the SleepSync™ platform and the next generation Inspire neurostimulator. products.

We spent $15.6 million $11.7 million on purchases of property and equipment in the nine three months ended September 30, 2023 March 31, 2024, mainly on testing systems and production equipment for our next generation Inspire system, as well as our SleepSync™ platform. platform, computer hardware and software, and leasehold improvements. We anticipate further capital expenditures in 2023 and 2024, primarily for additional production equipment and to a lesser extent, our SleepSync™ platform, computer hardware and software, and leasehold improvements on our corporate office buildings.

As of September 30, 2023 March 31, 2024, we did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

We believe that our existing cash and cash equivalents and investments, which totaled $467.2 million $469.2 million as of September 30, 2023 March 31, 2024, together with cash flow flows from operations, will provide liquidity sufficient to meet our cash needs and fund

our operations and planned capital expenditures for at least the next 12 months. There can be no assurance, however, that our business will continue to generate cash flows at the same levels achieved in prior periods.

Beyond the next 12 months, our cash requirements will depend extensively on the timing of market introduction, and extent of market acceptance of, our Inspire system. Our long-term cash requirements also will be significantly impacted by the level of our investment in commercialization, entry and expansion into new markets such as Hong Kong and Australia, whether we make strategic acquisitions, and competition. We cannot accurately predict our long-term cash requirements at this time. An extended period of global supply

chain and economic disruption could materially affect our business, results of operations, access to sources of liquidity, and financial condition. We may seek additional sources of liquidity and capital resources through equity or debt financings, such as additional securities offerings or through borrowings under a new credit facility. There can be no assurance that such transactions will be available to us on favorable terms, if at all.

Cash Flows

The following table presents a summary of our cash flow for the periods indicated:

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Net cash provided by (used in):		
Operating activities		
Operating activities	$ 7,386	$ (7,700)
Investing activities	(143,099)	(16,646)
Financing activities	24,065	227,788
Effect of exchange rate on cash	(47)	(101)
Net (decrease) increase in cash and cash equivalents	$ (111,695)	$203,341

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash provided by (used in):		
Operating activities		
Operating activities	$ 7,386	$ (7,700)
Investing activities	(143,099)	(16,646)
Financing activities	24,065	227,788
Effect of exchange rate on cash	(47)	(101)
Net (decrease) increase in cash and cash equivalents	$ (111,695)	$203,341

Operating Activities

The net cash provided by operating activities was $7.4 million $8.9 million for the nine three months ended September 30, 2023 March 31, 2024 and consisted of a net loss of $35.9 million $10.0 million, non-cash charges of $64.2 million $23.8 million, and a decrease in net operating assets of $20.9 million $5.0 million. The non-cash charges consisted primarily of stock-based compensation, which increased mainly as a result of granting more stock options, restricted stock units, and performance stock units equity awards to a greater number of employees at a higher fair market value. as compared to the same prior-year period. The remainder of the non-cash charges included accretion of investment discount due to higher investment balances, depreciation and amortization expense which increased with additional purchases of property and equipment, non-cash lease expense, stock issued for services rendered, and other, net. Operating assets include inventories, which increased as supply chain constraints eased, and accounts receivable, which decreased due to collections on the higher sales volume we typically experience late in the fourth quarter. Operating assets also include prepaid expenses and other current assets, which increased decreased slightly compared to the same prior-year period, primarily due to various prepaid insurance expenses and other prepaid expenses. Operating assets also include accounts receivable, which increased due to higher sales volume. insurance. Operating liabilities include accounts payable, which increased generally due to our increased business volume year-over-year and the costs to support the growth of our operations, and accrued expenses, which decreased primarily due to the payment of year-end bonuses and commissions.

The net cash used in operating activities was $7.7 million $1.3 million for the nine three months ended September 30, 2022 March 31, 2023 and consisted of a net loss of $48.0 million $15.4 million, non-cash charges of $38.7 million $19.2 million, and a decrease in net operating assets of $1.6 million $5.1 million. The non-cash charges consisted primarily of stock-based compensation, which increased mainly as a result of granting more stock options, and restricted stock units, and performance stock units to a greater number of more employees at a higher fair market

value, as well as the introduction of performance stock unit grants. value. The remainder of the non-cash charges included depreciation and amortization expense, non-cash lease expense, and stock issued for services rendered, and other, net. rendered. Operating assets include accounts receivable which increased decreased due to collections on the higher sales and prepaid expenses and other current assets which increased primarily due to prepaid insurance. volume we typically experience late in the fourth quarter. Operating assets also include inventories, which decreased primarily due increased as supply chain constraints eased, and to sales demand. a lesser extent prepaid expenses and other current assets. Operating liabilities include includes accounts payable, which increased generally due

to our increased business volume year-over-year and the costs to support the growth of our operations, and accrued expenses, which increased decreased primarily due to compensation the payment of year-end bonuses and personnel-related costs and the accrual of R&D and inventory related costs. commissions.

Investing Activities

Net cash used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 was $143.1 million $19.5 million and consisted primarily of the purchase of investments of $137.3 million $55.7 million, the purchases of property and equipment of $15.6 million $11.7 million, mainly for testing systems and the purchase of strategic investments of $0.3 million, production equipment for our next generation Inspire system, our SleepSync™ platform, computer hardware and software, and leasehold improvements, partially offset by the proceeds from sales or maturities of investments of $10.0 million $47.9 million.

Net cash used in investing activities for the nine three months ended September 30, 2022 March 31, 2023 was $16.6 million $3.8 million and consisted of purchases of property and equipment of $6.1 million and the purchase of strategic investments of $10.5 million. equipment.

Financing Activities

Net cash provided by financing activities was $24.1 million $0.8 million for the nine three months ended September 30, 2023 March 31, 2024 and consisted of $24.5 million $3.6 million in proceeds from the exercise of stock options, and $2.8 million in proceeds from the issuance of common stock from our ESPP, somewhat partially offset by $3.2 million $2.8 million of taxes paid on net share settlement of RSUs. equity awards.

Net cash provided by financing activities was $227.8 million $5.6 million for the nine three months ended September 30, 2022 March 31, 2023 and consisted primarily of proceeds from the offering of common stock of $243.8 million, as well as $7.4 million in proceeds from the exercise of stock options, of $6.4 million, and proceeds from the issuance of common stock from our ESPP of $2.1 million, partially offset by $24.5 million in payments on our long-term debt obligation, which we prepaid in August 2022, and less than $0.1 million $1.7 million of taxes paid to on net share settlement of RSUs. equity awards.

Contractual Obligations and Commitments

There have been no material changes to our short-term and long-term anticipated cash requirements under contractual obligations other than as described in Note 3 in this Quarterly Report on Form 10-Q, from those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Report.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described in "Management's "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" contained in our Annual Report. We have reviewed and determined that those critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Other than the addition of prelaunch inventory described in Note 2 in this Quarterly Report on Form 10-Q and below, no material changes were made to remain our critical accounting policies from those disclosed in our Annual Report on Form 10-K and estimates as of and for the fiscal year three months ended December 31, 2022 March 31, 2024.

Prelaunch inventory

We capitalize prelaunch inventory prior to receiving regulatory approval if regulatory approval and subsequent commercialization of a product is probable and we also expect future economic benefit from the sales of the product to be realized. Prior to this, we expense prelaunch inventory as research and development expense in the period incurred. For prelaunch inventory that is capitalized, we consider a number of specific facts and circumstances, including the product's historical shelf life, the product's current status in the development and regulatory approval

process, results from related clinical trials, results from meetings with relevant regulatory agencies prior to the filing of regulatory applications, potential obstacles to the approval process, historical experience, viability of commercialization and market trends. If either the regulatory approval or market acceptance post-approval do not occur at all or on a timely basis prior to the inventory shelf-life expiration, we may be required to write-off some or all prelaunch inventory, which could affect our financial condition and financial results.

Recent Accounting Pronouncements

We have reviewed all recently issued standards and have determined that such standards will not have a significant impact on A discussion of recent accounting pronouncements is included in Note 2 to our unaudited consolidated financial statements or do not otherwise apply to our operations. contained in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

The risk associated with fluctuating interest rates is primarily limited to our cash equivalents which are carried at quoted market prices and our short-term investments. We do not currently use or plan to use financial derivatives in our investment portfolio. A hypothetical 1% increase change in interest rates during the nine months ended September 30, 2023 would have impacted interest and dividend income on our consolidated financial statements by approximately $16.2 million. $1.1 million and $1.0 million during the three months ended March 31, 2024 and 2023, respectively.

Credit Risk, Foreign Currency Risk, and Inflation Risk

For market risks related to changes in credit, foreign currency, and inflation, reference is made refer to Item 7A "Quantitative and Qualitative Disclosures About Market Risk" contained in Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Report. Our exposure to these risks has not materially changed from those disclosed in our Annual Report, on Form 10-K for the fiscal year ended December 31, 2022, other than as described below.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our cash, cash equivalents, and investments were maintained with financial institutions which we believe have sufficient assets and liquidity to conduct their operations in the ordinary course of business with little or no credit risk to us, us; however, our cash balances were in excess of insured limits. Market conditions can impact the viability of where our cash is held. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and other procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Report. Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and

procedures were effective, at the reasonable assurance level, as of the end of the period covered by this Quarterly Report on Form 10-Q. Report.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time we may be involved in claims and proceedings arising in the ordinary course of our business. The outcome of any such claims or proceedings, regardless of the merits, is inherently uncertain. We are not party

The information contained in "Note 10 — Commitments and Contingencies" in the Notes to any material legal proceedings. the Consolidated Financial Statements is incorporated by reference into this Item 1 of this Quarterly Report.

Item 1A. Risk Factors.

For a discussion of our potential risks and uncertainties, see the information in "Part I, Item 1A. 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Report. There have been no material changes to the risk factors disclosed in our Annual Report, on Form 10-K for the fiscal year ended December 31, 2022, other than the following:

We may not receive currently compete and will in the necessary approvals or certifications for our future continue to compete against other companies, some of which have longer operating histories, more established products or expanded indications, greater resources than we do, which may prevent us from achieving increased market penetration and failure improved operating results.

The medical technology industry is highly competitive, subject to timely obtain necessary approvals or certifications for our future change and significantly affected by new product introductions and other activities of industry participants. Our competitors have historically dedicated and will continue to dedicate significant resources to promoting their products or expanded developing new products or methods to treat moderate to severe OSA. We consider our primary competition to be other neurostimulation technologies designed to treat OSA. Though we are currently the only such technology approved for commercialization in the U.S. by the FDA, LivaNova, which produces an open-loop neurostimulation device designed to treat OSA, recently announced completion of clinical trials of its device in the U.S. We compete outside the U.S. with Nyxoah, which markets a bilateral hypoglossal nerve stimulation device in certain countries outside the U.S. and recently announced early conclusion of enrollment in its first pivotal trial as it seeks FDA approval in the U.S. We believe other emerging businesses are in the early stages of developing neurostimulation devices designed to treat OSA. In addition, we also compete, both within and outside of the U.S., with invasive surgical treatment options such as UPPP and MMA and, to a lesser extent, oral appliances, which are primarily used in the treatment of mild to moderate OSA.

In addition, our Inspire therapy is approved for use as a second-line therapy in the treatment of moderate to severe OSA in patients who cannot use or obtain consistent benefit from CPAP. If one or more CPAP device manufacturers successfully develop a CPAP device that is more effective, better tolerated or otherwise results in better compliance by patients, or if improvements in other first or second-line therapies make them more effective, cost effective, easier to use or otherwise more attractive than our Inspire therapy, sales of our Inspire system could be significantly and adversely affected, which could have a material adverse effect on our business and financial condition and results of operations. In addition, if other companies are successful in developing neurostimulation devices that are approved for a broader range of indications would adversely than our Inspire system, we will be at a further competitive disadvantage, which could also affect our ability business, financial condition and results of operations.

During 2023 and into the first quarter of 2024, glucagon-like peptide 1 ("GLP-1s"), a class of drug indicated for diabetes and obesity, continued to grow gain popularity as a weight-loss drug.Use of GLP-1s, or similar treatments, for these clinical indications may directly or indirectly treat OSA.Additionally, GLP-1s are currently being clinically evaluated as a potential treatment for OSA.Although we believe that there could be a benefit to our business.

An element business as a result of our strategy GLP-1s, there can be no assurance of such benefit at this time.If GLP-1s are successful in treating OSA in an indication for which Inspire therapy is to continue to upgrade our products, add new features and expand the indications and uses for our current products. In the U.S., before we can market a new medical device, or a new use of, or claim for, or significant modification to, an existing product, we must first receive PMA from the FDA. In the process of obtaining PMA, which was required approved, demand for our Inspire system could be reduced.

Many of the FDA must determine that a proposed device is safe and effective companies against which we compete may have competitive advantages with respect to primary competitive factors in the OSA treatment market, including, for its intended use based, in part, on extensive data, including, but not limited to, technical, pre-clinical, clinical study, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices.

Modifications to products that are approved through a PMA application generally require FDA approval. PMA can be expensive, lengthy and uncertain. The process of obtaining a PMA is costly and more uncertain than the 510(k) clearance process used for lower risk devices. Despite the time, effort and cost, a device may not be approved by the FDA. Any delay or failure to obtain necessary regulatory approvals could harm our business. Furthermore, even if we are granted regulatory approval, it may include significant limitations on the indicated uses for the device, which may limit the market for the device.

The FDA and other regulatory authorities or notified bodies outside the U.S. can delay, limit or deny approval or certification of a device for many reasons, including: example:

- our inability to demonstrate to the satisfaction of the FDA or the applicable foreign regulatory entity or notified body that our products are safe or effective for their intended uses; greater company, product, and brand recognition;
- the disagreement of the FDA or the applicable foreign regulatory authority or notified body with the design or implementation of our clinical studies or the interpretation of data from pre-clinical studies or clinical studies; superior product safety, reliability, and durability;
- serious better quality and unexpected adverse device effects experienced by participants in our larger volume of clinical studies; data;
- more effective marketing to and education of patients, physicians, and sleep centers;
- greater product ease of use and patient comfort;

- the data from our pre-clinical studies more sales force experience and clinical studies may be insufficient to support approval or certification, where required; greater market access;
- our inability to demonstrate that the clinical better product support and other benefits of the device outweigh the risks; service;
- the manufacturing process or facilities we use may not meet applicable requirements; more advanced technological innovation, product enhancements, and speed of innovation;
- more effective pricing and revenue strategies;
- lower procedure costs to patients;
- more effective reimbursement teams and strategies;
- dedicated practice development; and
- the potential for approval policies or regulations more effective clinical training teams.

Most of the FDA or applicable foreign regulatory authorities other OSA treatments against which we compete have a greater penetration into the OSA treatment market. Oral appliances and other surgical treatments are better known to change significantly in a manner rendering ENT physicians, sleep centers, and the other physicians on whom we rely for referrals.

We also compete with other medical technology companies to recruit and retain qualified sales, training, and other personnel, including members of our clinical data or regulatory filings insufficient for clearance, approval or certification. in-house prior authorization team.

In addition, though there are currently no pharmacologic therapies approved to treat OSA, we may in the FDA or future face competition from pharmaceutical companies that develop such therapies. We also expect to experience increased competition in the future as other regulatory authorities or notified bodies outside companies develop and commercialize competing neurostimulation devices. Any of these companies may also have the U.S. competitive advantages described above.

We are involved, and may change their approval or certification policies, adopt additional regulations or revise existing regulations, or take become involved in the future, in disputes and other actions, which may prevent or delay approval or certification of our future products under development or impact our ability to modify our currently cleared or certified products on a timely basis. Such policy legal or regulatory changes proceedings that, if adversely decided or settled, could impose additional requirements or time delays upon us that could delay our ability to obtain new approvals or certifications, increase the costs of compliance, adversely impact our revenues or inventory forecasting or restrict our ability to maintain our current approval or certification.

Subject to the transitional provisions, in order to sell our products in EU member states, our products must comply with the general safety materially and performance requirements of the EU Medical Devices Regulation, which repeals and replaces EU Medical Devices Directive and the AIMDD. Compliance with these requirements is a prerequisite to be able to affix the European Conformity ("CE") mark to our products, without which they cannot be sold or marketed in the EU. To demonstrate compliance with the general safety and performance requirements, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. Except for low risk medical devices (Class I), where the manufacturer can self-assess the conformity of its products with the general safety and performance requirements (except for any parts which relate to sterility, metrology or reuse aspects), a conformity assessment procedure requires the intervention of a notified body. The notified body would typically audit and examine the technical file and the quality system for the manufacture, design and final inspection of our devices. If satisfied that the relevant product conforms to the relevant general safety and performance requirements, the notified body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE mark to the device, which allows the device to be placed on the market throughout the EU. If we fail to comply with applicable laws and regulations, we would be unable to affix the CE mark to our products, which would prevent us from selling them within the EU. The aforementioned EU rules are generally applicable in the EEA, and non-compliance with the above requirements would also prevent us from selling our products in these three countries.

Once devices are certified under the EU Medical Devices Regulation, we must inform the notified body that carried out the conformity assessment of the medical devices that we market or sell in the EU and the EEA of any planned substantial changes to our quality system or substantial changes to our medical devices that could affect compliance with the general safety and performance requirements laid down in Annex I to the EU Medical Devices Regulation or cause a substantial change to the intended use for which the device has been CE marked. The notified body will then assess the planned changes and verify whether they affect the products' ongoing conformity with the EU Medical Devices Regulation. If the assessment is favorable, the notified body will issue a new certificate of conformity or an addendum to the existing certificate attesting compliance with the general safety and performance requirements and quality system requirements laid down in the Annexes to the EU Medical Devices Regulation. The notified body may disagree with our proposed changes or take more time than anticipated to review and assess applications resulting in regulatory delays (See Part I., "Item 1A. Risk Factors — Risks Related to Government Regulation" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for additional information regarding disruptions faced by notified bodies). As a consequence, product introductions or modifications could be delayed or canceled, which could adversely affect our ability business, financial condition, and results of operations.

We are, and may in the future become, party to grow litigation, regulatory proceedings or other disputes. In general, claims made by or against us in disputes and other legal or regulatory proceedings can be expensive and time-consuming to bring or defend against, requiring us to expend significant resources and divert the efforts and attention of our business. For example, management and other personnel from our business operations. These potential claims may include but are not limited to personal injury and class action lawsuits, intellectual property claims and regulatory investigations relating to the advertising and promotional claims about our products and services, and employee claims against us based on, among other things, discrimination, harassment or wrongful termination. Any one of these claims, even those without merit, may divert our financial and management

resources that would otherwise be used to benefit the future performance of our operations. Any adverse determination against us in these proceedings, or even the allegations contained in the claims, regardless of whether they are ultimately found to be without merit, may also result in settlements, injunctions or damages that could have a material adverse effect on our business, financial condition and results of operations.

Additionally, securities class action litigations are often brought against companies following periods of volatility in the overall market and in the market price of a company's securities. On December 22, 2023, we applied for certification and certain of silicone-based leads under the EU Medical Devices Regulation our executive officers were named in December 2021 in order to replace the polyurethane-based leads, two components a putative class action lawsuit. The plaintiff filed an amended complaint on April 19, 2024, which alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5, which alleged violations relate to certain prior disclosures of Inspire system currently used only about the effectiveness of a program intended to help certain customers establish independence in the European market. However, designated notified bodies currently have severe capacity constraints, and review times have lengthened significantly, including seeking prior authorization from payors for our certification application. We forecasted our polyurethane-based leads inventory based on our notified body's original lead-time for certification Inspire therapy. The plaintiff seeks to represent a class of the silicone-based leads, shareholders who purchased or otherwise acquired Inspire common stock between May 3, 2023 and we now expect November 7, 2023. This lawsuit and any future lawsuits to obtain certification of our silicone-based leads in the first quarter of 2024. Because of these which

unanticipated delays, we began experiencing an inventory issue related to our polyurethane-based stimulation leads during the third quarter of 2023. In the interim, we received a derogation from the Dutch national competent authority allowing us to place the silicone-based leads on the market until April 1, 2024 or until we receive certification under the EU Medical Devices Regulation, whichever occurs first. We are also pursuing similar derogations in several other EU member states. However, such derogations are only granted at the national level, and we cannot be certain that national competent authorities of the other EU member states will grant a derogation similar to the Dutch authority. Until we obtain certification under the EU Medical Devices Regulation or these derogations are received, we may only sell become a party are subject to inherent uncertainties and could result in very substantial costs, divert our polyurethane-based leads in the EU where the stimulation lead is in low supply. During the fourth quarter of 2023 management's attention and possibly extending into early 2024, we expect that the delay in certification resources and the shortage of polyurethane-based stimulation leads may cause delays to implant procedures which may adversely affect materially harm our business, in the EU, including a reduction in our European operating results and thereby, our consolidated revenue. financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds, and Issuer Purchases of Equity Securities. Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) On August 10, 2023***Adoption or Termination of Trading Arrangements by Directors and Executive Officers***

During the three months ended March 31, 2024, Philip J. Ebeling, Chief Operating Officer, no director or "officer" (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a Rule "Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 21,600 shares of the Company's common stock until August 9, 2024.
On August 15, 2023, Randall Ban, Chief Commercialization Officer, adopted a Rule arrangement" or "non-Rule 10b5-1 trading arrangement, that " as each term is intended to satisfy the affirmative defense defined in Item 408(a) of Rule 10b5-1(c) for the sale of up to16,339 shares of the Company's common stock until February 22, 2024.

On August 17, 2023, Steven Jandrich, Vice President, Human Resources, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 10,000 shares of the Company's common stock until March 29, 2024.

On August 28, 2023, Timothy P. Herbert, Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 40,000 shares of the Company's common stock until June 30, 2024. This trading arrangement was adopted by the Timothy P. Herbert 2018 Family Continuation Trust, of which Mr. Herbert is a trustee.

On August 29, 2023, Georgia Garinois-Melenikiotou, Director, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 3,225 shares of the Company's common stock until August 29, 2024.

On August 31, 2023, Richard J. Buchholz, Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 15,000 shares of the Company's common stock until August 30, 2024.

There were no other Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements adopted, modified or terminated by the Company's directors and executive officers during the quarter ended September 30, 2023.

Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith	Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
3.1	3.1	Seventh Amended and Restated Certificate of Incorporation of Inspire Medical Systems, Inc.	8-K	001-38468	3.1	5/7/2018								
3.2	3.2	Amended and Restated Bylaws of Inspire Medical Systems, Inc.	8-K	001-38468	3.2	5/7/2018								
	3.2													
	3.2													
10.1	10.1	Employment Agreement between the Company and Charisse Sparks dated July 27, 2023					*							
	10.1													
	10.1													
	31.1													
	31.1													

31.1	31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*		Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			*
31.2	31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*							
	31.2									
	31.2						Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			*
	32.1									
	32.1									

32.1	32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	**		Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			**
32.2	32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	**							
	32.2									
	32.2						Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			**
	101.INS									
	101.INS									
101.INS	101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	*		Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*

101.SCH	101.SCH	Inline XBRL Taxonomy Extension Schema Document	*					
	101.SCH							
	101.SCH					Inline XBRL Taxonomy Extension Schema Document		*
	101.CAL							
	101.CAL							
101.CAL	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*			Inline XBRL Taxonomy Extension Calculation Linkbase Document		*
101.DEF	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*					
	101.DEF							
	101.DEF					Inline XBRL Taxonomy Extension Definition Linkbase Document		*
	101.LAB							
	101.LAB							
101.LAB	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*			Inline XBRL Taxonomy Extension Label Linkbase Document		*
101.PRE	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*					
	101.PRE							
	101.PRE					Inline XBRL Taxonomy Extension Presentation Linkbase Document		*
104	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*					
	104							
	104					Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Inspire Medical Systems, Inc.

Date: November May 7, 2023 2024

By: /s/ TIMOTHY P. HERBERT

Timothy P. Herbert

President, Chief Executive Officer, and Director Chairperson

(principal executive officer)

Date: November May 7, 2023 2024

By: /s/ RICHARD J. BUCHHOLZ

Richard J. Buchholz

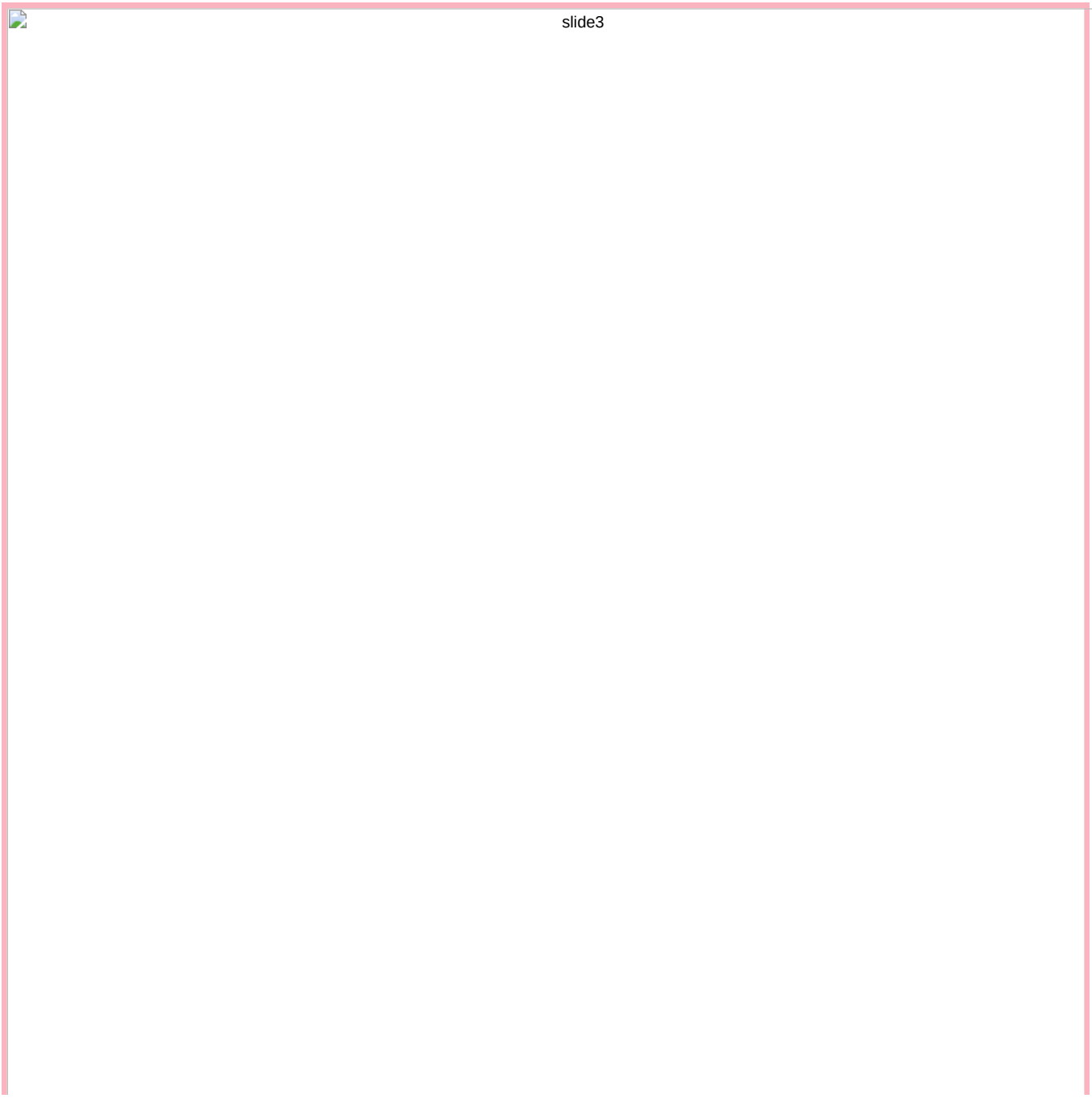
Chief Financial Officer

(principal financial officer and principal accounting officer)

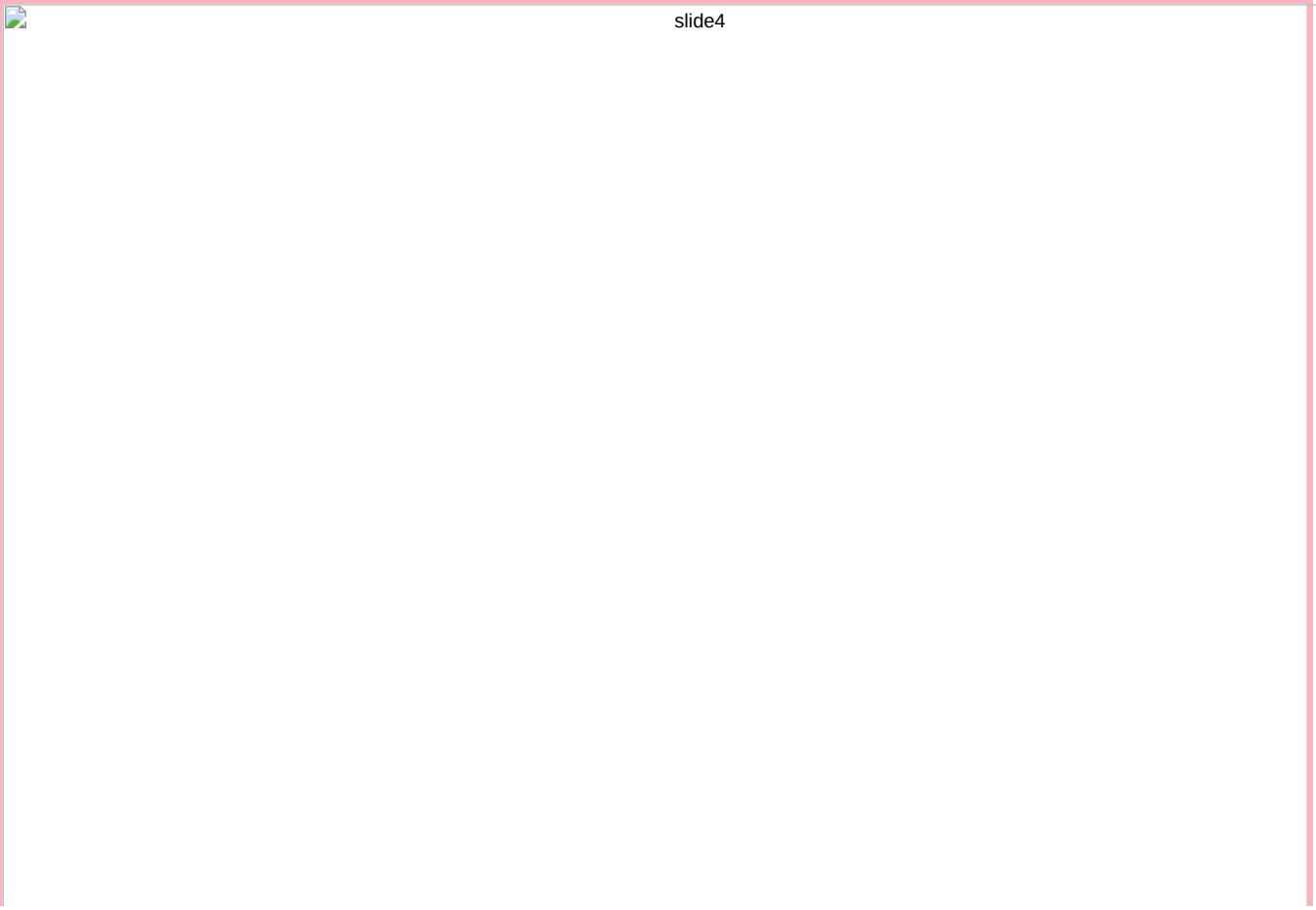
US.358543369.01 Exhibit 10.1 EXECUTIVE EMPLOYMENT AGREEMENT This EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement" NON-EMPLOYEE DIRECTOR COMPENSATION POLICY INSPIRE MEDICAL SYSTEMS, INC. (Last Amended: May 2, 2024 is made and entered into as Non-employee members July 27, 2023 the board of directors "Effective Date" "Board" , by and between of "Inspire" (the "Company") shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this "Policy"). The cash and equity compensation described in this Policy shall be paid be made, as applicable, automatically and without further action of "Company"), a Delaware corporation, and Charisse Y. Sparks, M.D. ("Executive"). WHEREAS, Executive currently serves as a Board, to each Company's who is not an employee Directors (the "Board"); WHEREAS, desires or any parent or subsidiary of the Company (each, a "Non-Employee Director") who may be eligible employ Executive as its Chief Medical Officer and to enter into this Agreement to set forth receive such cash or equity compensation unless such Non-Employee Director declines terms and conditions receipt employment. WHEREAS, Executive desires to accept such employment pursuant cash or equity compensation by written notice terms Company. This Policy shall become effective after the effectiveness of the Company's initial public offering (the "IPO") conditions set forth herein; immediately prior to the establishment of the IPO price of the shares of common stock of the Company (the "Effective Time"). WHEREAS, as a condition to Executive's acceptance shall remain in effect until it is revised or rescinded by further action such employment, Executive agrees that she shall resign from the Board. This Policy may be amended, modified or terminated by which resignation shall be effective simultaneous with the commencement of her employment under this Agreement. NOW, THEREFORE, at any time consideration of the foregoing premises and the mutual covenants and obligations of this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: 1. Employment; Resignation from Board. Subject to the its sole discretion. The Agreement, Inspire agrees to employ Executive, and Executive agrees to accept employment with Inspire, as the Company's Chief Medical Officer, reporting to the Company's President and Chief Executive Officer. Except as otherwise specifically provided in this Agreement, it is understood that Executive's employment with Inspire will be subject to the Company's policies and such other terms (as they may be amended from time to time by Inspire) as may be adopted by the Board, including without limitation, Inspire's employee handbook and other policies in effect Policy shall supersede any prior cash and/or equity compensation arrangements salaried employees of Inspire. Executive's employment with the Company shall commence immediately upon the signing of this Agreement, and simultaneously therewith, Executive shall, and hereby does, resign from the Board and from any and all committees of the Board on which Executive serves (such that there is no lapse in service to the Company as she will simultaneously commence employment after such resignation and any outstanding stock awards previously granted to Executive during her will continue to vest in accordance with between terms Company conditions set forth in the applicable agreement governing each such award). 2. Duties. The services any Executive shall be exclusive to Inspire, except as otherwise agreed to in writing by Inspire. Executive shall assume primary responsibility for its Non-Employee Directors perform the duties between any subsidiary Executive's position Company any of its non-employee directors. No Non-Employee Director shall have any rights hereunder, except with respect to equity awards granted pursuant to this Policy. 1.0 Cash Compensation. (a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of $50,000 for service on the Board. (b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers: (i) Chairperson of the Board. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $50,000 for other duties service. (ii) Independent Director. A Non-Employee Director serving may be mutually agreed upon by Executive Lead Director of the Board shall receive an additional annual retainer of $32,000 for such service. (iii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $20,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of $10,000 for such service. (iv) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of $7,500 for such service. (v) Nominating Corporate Governance Committee. A Non-Employee Director serving as Chairperson of Company's President Nominating Chief Executive Officer Corporate Governance Committee exert Executive's energy receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member of the Nominating full business time to Corporate Governance Committee (other than prosecution Chairperson) shall receive an additional annual retainer Executive's duties, and shall promptly and faithfully perform all these duties which pertain to that employment. Executive $7,500 for such service. Exhibit 10.1

2 will perform Executive's obligations Non-Employee Director Compensation Policy Inspire Medical Systems, Inc. (c) Payment of Retainers. (i) Timing. The annual retainers described Sections 1(a) and 1(b) shall be earned on competent quarterly basis based on a calendar quarter professional manner, consistent with shall be paid by expectations Company in arrears on the tenth business day following the end Inspire's each calendar quarter. (ii) Form. The annual retainers shall be paid in the form of cash; provided that the and may, in President and Chief Executive Officer. Executive may serve on outside boards discretion, permit a Non-Employee Director to elect to receive any portion directors or committees the annual retainer in the form public or private organizations if shares of common stock of outside

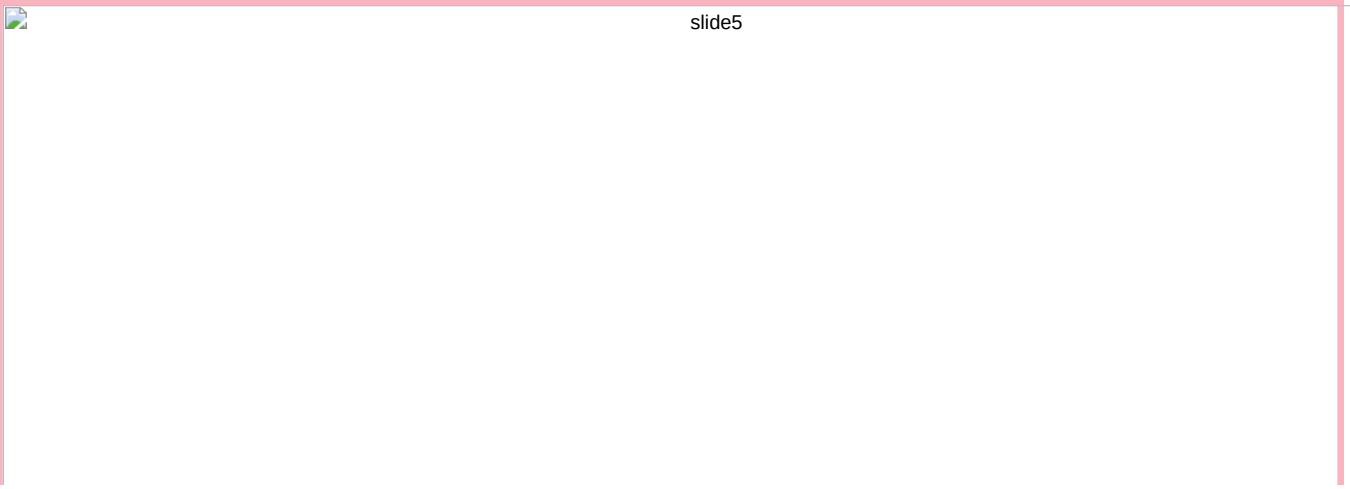
activities are first disclosed to and approved Company ("Common Stock") writing by Inspire's Board or its President and Chief Executive Officer. That approval will not be granted if the outside activities are deemed lieu of cash. If such an election is permitted or Inspire's President Chief Executive Officer made by a Non-Employee Director, the number of shares of Common Stock conflict in any way with be paid shall be determined by dividing provisions portion this Agreement, to impair Executive's ability to perform Executive's duties under this Agreement, or to otherwise conflict in any way with business interests of Inspire. Notwithstanding foregoing, the Executive may participate annual retainer payable activities set forth on Exhibit A and may without advance approval participate form of Common Stock by the Fair Market Value (as defined charitable activities (including, but not limited to, service on the boards of charitable or nonprofit organizations), and engage in personal investment activities, in each case, to the extent that such activities, individually or in the aggregate, do not materially interfere with the performance of the Executive's duties under this Agreement, create a conflict of interest or violate any provision of this Agreement. 3. Term of Employment. This Agreement is not intended to establish any minimum or maximum period for Executive's employment. Executive and Inspire have an "at-will" employment relationship, which means that either party has the right to terminate the employment relationship at any time and for any reason, with or without Cause. The reason for and timing of the termination, as set forth in Paragraph 5, will determine the amount of post- termination payments and benefits, if any, as set forth in Paragraph 6. 4. Compensation, Reimbursement and Benefits. As compensation for all of Executive's services under this Agreement, the Company agrees to provide Executive the following compensation, reimbursements and benefits: a. Base Salary. The Company will pay Executive a base salary, payable in accordance with Inspire's standard payroll practices. The annualized Base Salary shall be in the gross amount of $450,000. The Base Salary shall be subject to annual performance review and possible adjustments as determined by Inspire's Compensation Committee or Board in its discretion (as increased, from time to time, the "Base Salary"). b. Incentive Awards. As additional compensation, Executive will be eligible to receive discretionary annual bonuses and/or long term incentive compensation ("Incentive Awards") pursuant to the terms and conditions of Inspire's management incentive program (the "MIP") and/or Inspire's long term incentive plan (jointly, "Incentive Plans") which may be adopted, amended, supplemented, terminated and/or replaced by Inspire from time to time. With reference to the Incentive Plans, the parties understand as follows: i. Annual Bonus Compensation. For each fiscal year completed during the Executive's employment under this Agreement, Executive will be eligible to earn an annual bonus (each, an "Annual Bonus") under the MIP, or such other successor plan or program as may be in effect from time to time. The Executive's target Annual Bonus shall be 50% of the Base Salary (the "Target Bonus Amount"), provided that Executive and Inspire have achieved certain performance goals and objectives. Any Annual Bonus for the Executive's initial year of employment with the Company shall be prorated based on the Effective Date. Except as



3 otherwise set forth in Paragraph 6(c), to be eligible for an Incentive Award, the employee must be employed on the last day of the calendar year. ii. Initial Equity Awards. On the last trading date in the month of following the commencement of Executive's employment with the Company (the "Grant Date"), Executive will be granted the following stock awards: (A) an option to acquire shares of the Company's common stock (the "Option") having a fair value of $800,000 (determined using the Company's black- scholes valuation methodology). The Option (i) will have an exercise price equal to the fair market value of the Company's common stock on the Grant Date, (ii) will vest over four years, with 25% of the Option vesting on the first anniversary of the Grant Date and the remaining 75% vesting on a pro rata monthly basis thereafter, subject to Executive's continuous employment through such dates, and (iii) shall be subject to the terms and conditions of (the "2018 Plan") and the applicable standard form of award agreement. (B) an award of performance stock units ("PSUs") under the Company's fiscal 2023-25 performance stock unit program (the "2023 PSP"), the target number of shares provided in such award having a value equal to $800,000 (based on the fair market value of the Company's common stock on the Grant Date). Vesting under the 2023 PSP will occur following the completion of the three-year period ending on December 31, 2025, and will be based on the Company's achievement during such three-year period of certain performance objectives that were approved by the Board's Organization and Compensation Committee. The number of shares that may vest under the plan, if any, can range from 50% to 200% of the target number of shares. iii. General Terms. (A) Executive's eligibility to receive Incentive Awards will be determined by the Board or such other committee as may have responsibility for making that determination, in its sole discretion. (B) The Initial Equity Awards set forth in Section 4(b)(ii) shall be subject to change of control provisions as set forth in the applicable form of award agreement for each such award. (C) The Incentive Plans are not necessarily all-inclusive because circumstances which Inspire has not anticipated may arise. Inspire may interpret or vary from the Incentive Plans if, in its opinion, the circumstances warrant it. Further, Executive's eligibility to receive Incentive Awards may be affected in the event Inspire has determined that such Incentive Awards would be in violation of law or reasonably create an adverse effect on Inspire or its obligations or agreements including, without limitation, leaving Inspire with insufficient liquidity (including adequate reserves) to carry on its business and pay its debt in the ordinary course. (D) Inspire reserves the right to make any changes at any time to the Incentive Plans by adding to, deleting from or otherwise amending any portion of them.

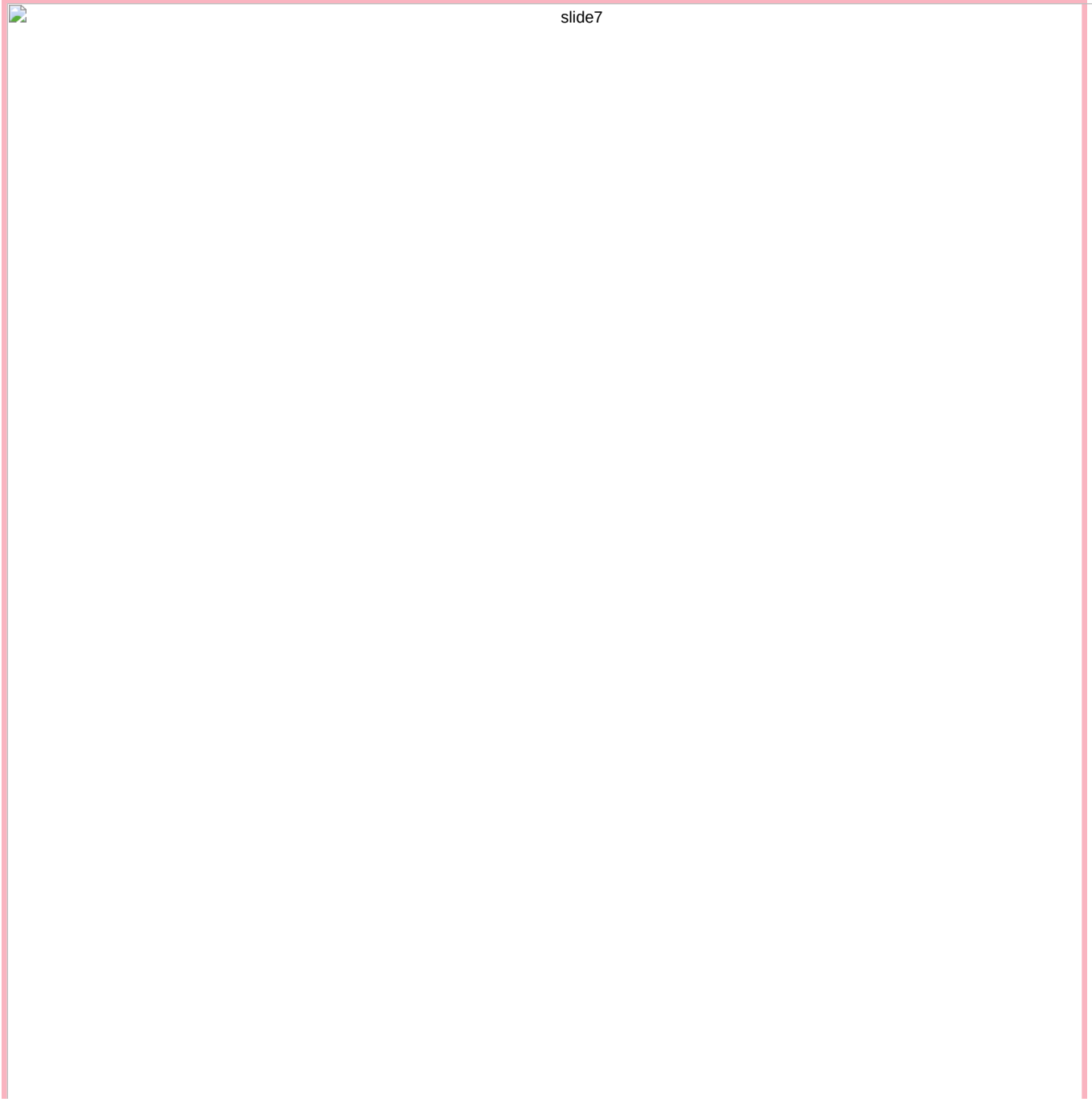


4 with or without notice to Executive, provided, however, that if Executive has been awarded non- cash compensation pursuant to such plans, then Executive shall receive notice of any changes to the plan as may be required by applicable law, and provided, further, that any such changes are applicable to participants in the Incentive Plans generally and not specific to Executive. (E) Any questions regarding the computation of Incentive Awards under the Incentive Plans will be conclusively determined by the Incentive Plan administrator, as defined therein, pursuant to the terms and conditions of the Incentive Plans. c. Expenses. Inspire will reimburse Executive for any and all ordinary, necessary and reasonable business expenses that Executive incurs in connection with the performance of Executive's duties under this Agreement, including entertainment, telephone, travel and miscellaneous expenses. Executive must obtain proper approval for such expenses pursuant to the Company's policies and procedures and Executive must provide the Company with documentation for such expenses in a form sufficient to sustain Inspire's deduction for such expenses under the Internal Revenue Code of 1986, as amended (the "Code"). d. Time Off. Executive will be entitled to time off with or without pay in accordance with Inspire's policies in effect at any particular time. e. Principal Work Location. During the term of Executive's employment, Executive's "Principal Work Location" will be defined as the Company's Corporate Office Headquarters located in the Golden Valley, Minneapolis. Executive will be allowed to work remotely from Executive's primary residence or in other locations as agreed to by the Company's Chief Executive Officer; provided, that Executive will be expected to be present in the Corporate Office Headquarters as requested by the CEO or the Board to meet business needs, but in no event, less than one time per month. Executive hereby acknowledges and agrees that such remote work is available based upon business needs and conditions and is not guaranteed. f. Health, Disability and Life Insurance, and Other Executive Benefit Plans. Inspire will provide Executive with the same health, disability, and life insurance coverage provided generally to other full-time salaried employees of Inspire, and with other employee benefit plans which are presently existing or which may be established in the future by Inspire for its full-time salaried employees, subject to the terms and conditions of the applicable benefit plans. g. Indemnification. Inspire will defend, indemnify and hold Executive harmless from costs, expenses, damages and other liability incurred by Executive as a result of performing services to Inspire, subject to the limitations and other terms and conditions of applicable Delaware statutes and Inspire's Articles of Incorporation or Bylaws. h. Changes in Benefit Plans. It is understood that no references in this Agreement to particular employee benefit plans established or maintained by Inspire are intended to change the terms and conditions of these plans or to preclude Inspire from amending or terminating any such benefit plans.

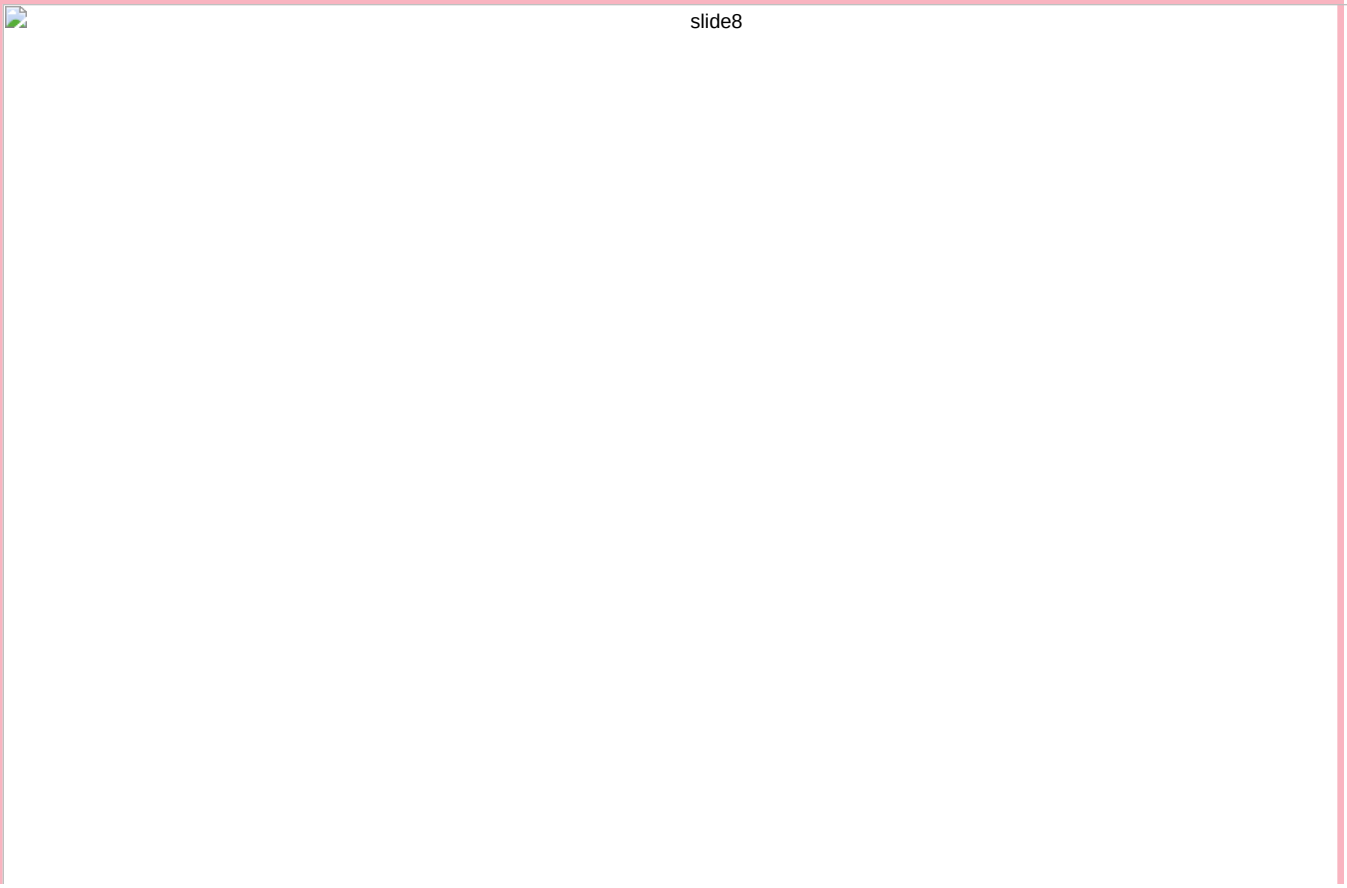


5 i. Withholding; Taxes. Inspire may withhold from any compensation, reimbursements and benefits payable to Executive all federal, state, city and other taxes as shall be required pursuant to any law or governmental regulation or ruling, as well as other standard withholdings and deductions. Executive recognizes that some of the payments and some of the benefits which Executive receives under this Agreement will constitute compensation, and will be fully taxable to Executive. Executive agrees to properly report such payments and benefits on Executive's applicable income tax returns and to pay all appropriate taxes. 5. Termination. Executive's employment may be terminated at any time as follows: a. Death. Executive's employment shall automatically terminate upon Executive's death. b. Disability. Either party may terminate Executive's employment at any time, upon written notice to the other party if Executive sustains a disability which precludes Executive from performing the essential functions of Executive's job, with or without reasonable accommodations, as defined by applicable state and federal disability laws. Executive shall be presumed to have such a disability for purposes of this Agreement if Executive qualifies, because of illness or incapacity, to begin receiving disability income insurance payments under any long term disability income insurance policy that Inspire maintains for the benefit of Executive. If Executive does not qualify for such payments, Executive shall nevertheless be presumed to have such a disability if Executive is substantially incapable of performing the essential functions of Executive's job for a period of more than twenty six (26) consecutive weeks, with or without a reasonable accommodation, or for shorter non-consecutive periods aggregating thirty six (36) weeks in any twelve (12) month period. c. With Cause. Inspire may terminate Executive's employment at any time, with "Cause", upon written notice to Executive. "Cause" shall be defined as: i. Executive's material breach of any of Executive's obligations under this Agreement, or Executive's repeated failure or refusal to perform or observe Executive's duties, responsibilities and obligations as an Executive of Inspire, for reasons other than disability; ii. Any material dishonesty or other breach of the duty of loyalty of Executive affecting Inspire customer, vendor or employee of Inspire; iii. Use of alcohol or drugs in a manner which affects the performance of Executive's duties, responsibilities and obligations as an employee of Inspire; iv. Conviction of, or a plea of guilty or nolo contendere to, a charge of commission of a felony or of any crime involving misrepresentation, moral turpitude or fraud; v. Commission by Executive of any other willful or intentional act which injures the reputation, business or business relationships of Inspire; or

6 vi. The existence of any court order or settlement agreement prohibiting Executive's continued employment with Inspire. A matter of the type described in this Paragraph 5(c) shall be "material" if such matter, alone or together with other such matters, is material. d. Without Cause. Inspire may terminate Executive's employment at any time, without Cause, upon one (1) month's written notice to Executive. Inspire may, in its sole discretion, opt not to have Executive provide active employment services during some or all of the notice period, and place Executive on a paid leave of absence for some or all of the notice period. e. Voluntary Resignation. Executive may, upon two (2) weeks' written notice to Inspire, terminate Executive's employment at any time for no reason. In addition, Executive may terminate Executive's employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean: i. A material reduction, without Executive's consent, in Executive's duties or responsibilities; ii. A material reduction, without Executive's consent, of the Base Salary, unless such reduction is part of an overall reduction in salary for executive employees and Executive's reduction is proportionate to the overall reduction in salary; iii. The Company's moving Executive's place of employment, without Executive's consent, more than fifty (50) miles from the place of Executive's employment prior to such move, although business travel shall not be deemed to be a move of Executive's place of employment; or iv. The Company's material breach of this Agreement. Notwithstanding the foregoing, Executive may only terminate Executive's employment for Good Reason following the occurrence of one or more of the foregoing conditions, subject to Executive first providing written notice of Executive's claimed Good Reason to the applicable within ninety (90) days after the initial existence of such condition and the Company failing to cure the basis for such claimed Good Reason within thirty (30) days following such notice. 6. Payments and Benefits Upon Termination. Upon the termination of Executive's employment, Executive shall only be entitled to the following payments and benefits: a. Disability; Death. If Executive's employment is terminated due to the disability or death of Executive, regardless of the date of termination, Executive or Executive's estate or heirs, as appropriate, shall be paid (i) any portion of Base Salary through the date of termination not theretofore paid; (ii) any cash bonus either accrued in accordance with the terms of the relevant equity or previously awarded but not yet paid to Executive at the time of Executive's death or disability; (iii) any benefits payable under any disability or life insurance policy then by Inspire for the benefit of Executive at the time of the termination of employment.

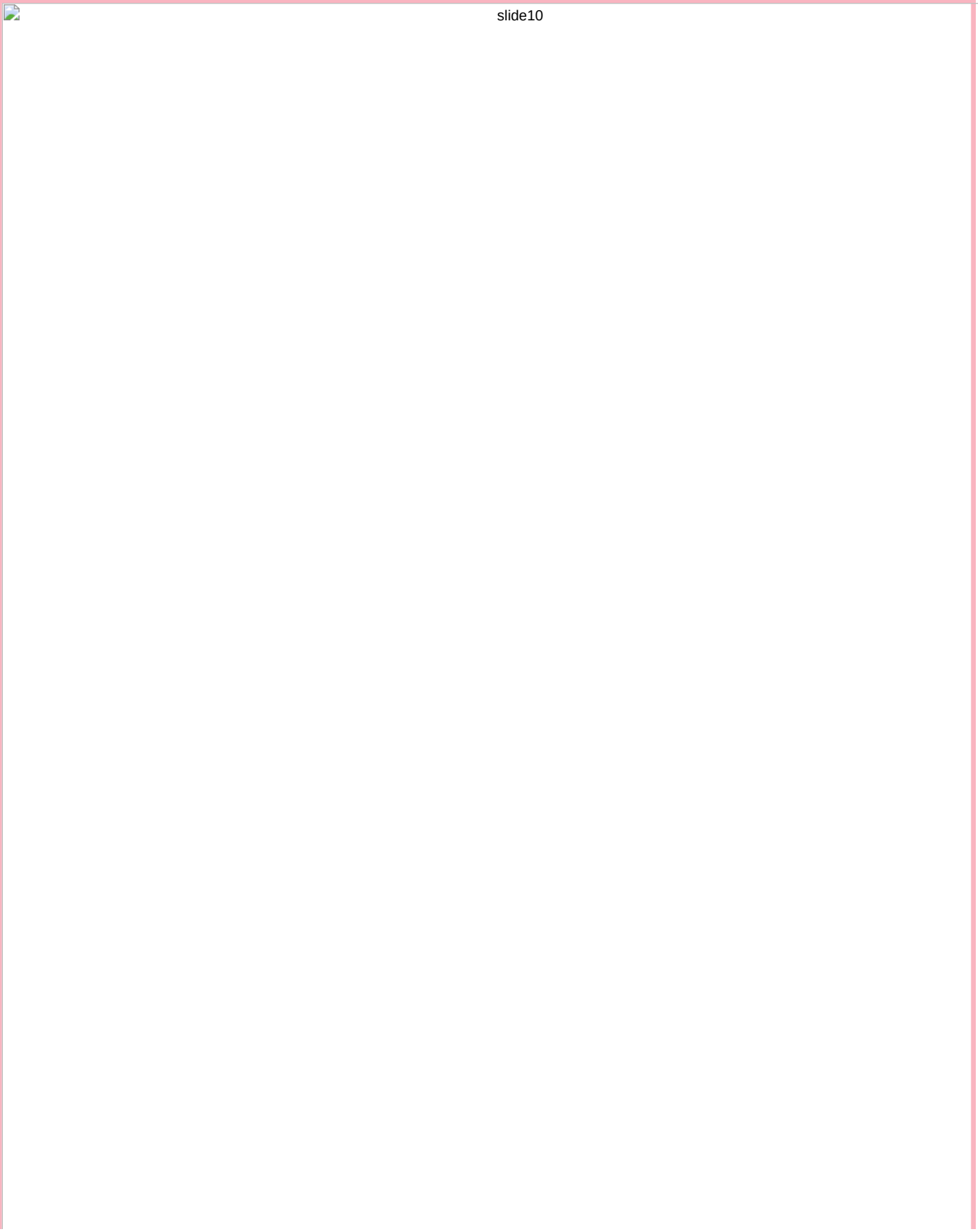


7 subject to the terms and conditions of such policies; (iv) any unpaid expense reimbursement; and (v) Executive's or Executive's estate or heirs, as appropriate, other vested benefits, if any, under any of Inspire's Incentive Plans or any of Inspire's other employee benefit plans (e.g., 401(k) plan), subject to the terms and conditions of those plans. b. Termination by Inspire For Cause; Voluntary Resignation. If Inspire terminates Executive's employment for Cause, or if Executive resigns without Good Reason, regardless of the date of termination, Executive shall be paid (i) any portion of Base Salary through the date of termination not theretofore paid; (ii) any unpaid expense reimbursement; and (iii) Executive's other vested benefits, if any, under any of Inspire's Incentive Plans or any of Inspire's other employee benefit plans (e.g., 401(k) plan), subject to the terms and conditions of those plans. c. Termination by Inspire Without Cause. In the event of any termination of Executive's employment without Cause under Section 5(d) or by Executive for Good Reason under 5(e), regardless of the date of termination, Executive shall be paid the same payments and benefits as set forth in Paragraph 6(a) above. In addition, Inspire shall, subject to Paragraph 10 and subject to Executive's execution and non-revocation of a release of claims, to the full extent permitted by law, in a form reasonably satisfactory to Inspire in accordance with Paragraph 10(c) (the "Release"), which assures, among other things, that Executive will not commence any type of litigation or assert other claims as a result of the termination (except to enforce Executive's rights under this Agreement): i. Pay to the Executive an amount equal to the sum of (A) nine (9) months of the Base Salary as of the date of termination and (B) a prorated portion of the Target Bonus Amount based on the ratio of the number of days during the period commencing on the first day of the fiscal year and ending on the date of termination to 365, in substantially equal installments during the period beginning on the date of termination and ending on the nine (9)- month anniversary of the date of termination in accordance with the Company's regular payroll practice as of the date of termination; provided that, notwithstanding anything to the contrary in this Paragraph 6(c)(i), if such termination of employment occurs within the twelve (12)-month period immediately following a Change of Control (as defined below) period, the "COC Period"), then, in lieu of the foregoing payments set forth in this Paragraph 6(c)(i), Inspire shall pay to the Executive the sum of (A) twelve (12) months of the Base Salary and (B) the Target Bonus Amount, in substantially equal installments during the period beginning on the date of termination and ending on the (12) twelve-month anniversary of the date of termination in accordance with the Company's regular payroll practice as of the date of termination; ii. Continue to provide, subject to the Executive's valid election to continue healthcare coverage under COBRA, the Executive and the Executive's eligible dependents with payment of premiums for any COBRA benefits during the period commencing on the date of termination and ending on the nine (9)-month anniversary of the date of termination (if such termination of employment occurs within the COC Period, the twelve (12)- month anniversary of the date of termination). iii. In the event that such termination of employment occurs within the COC Period, cause each of Executive's equity awards that are granted on or following the

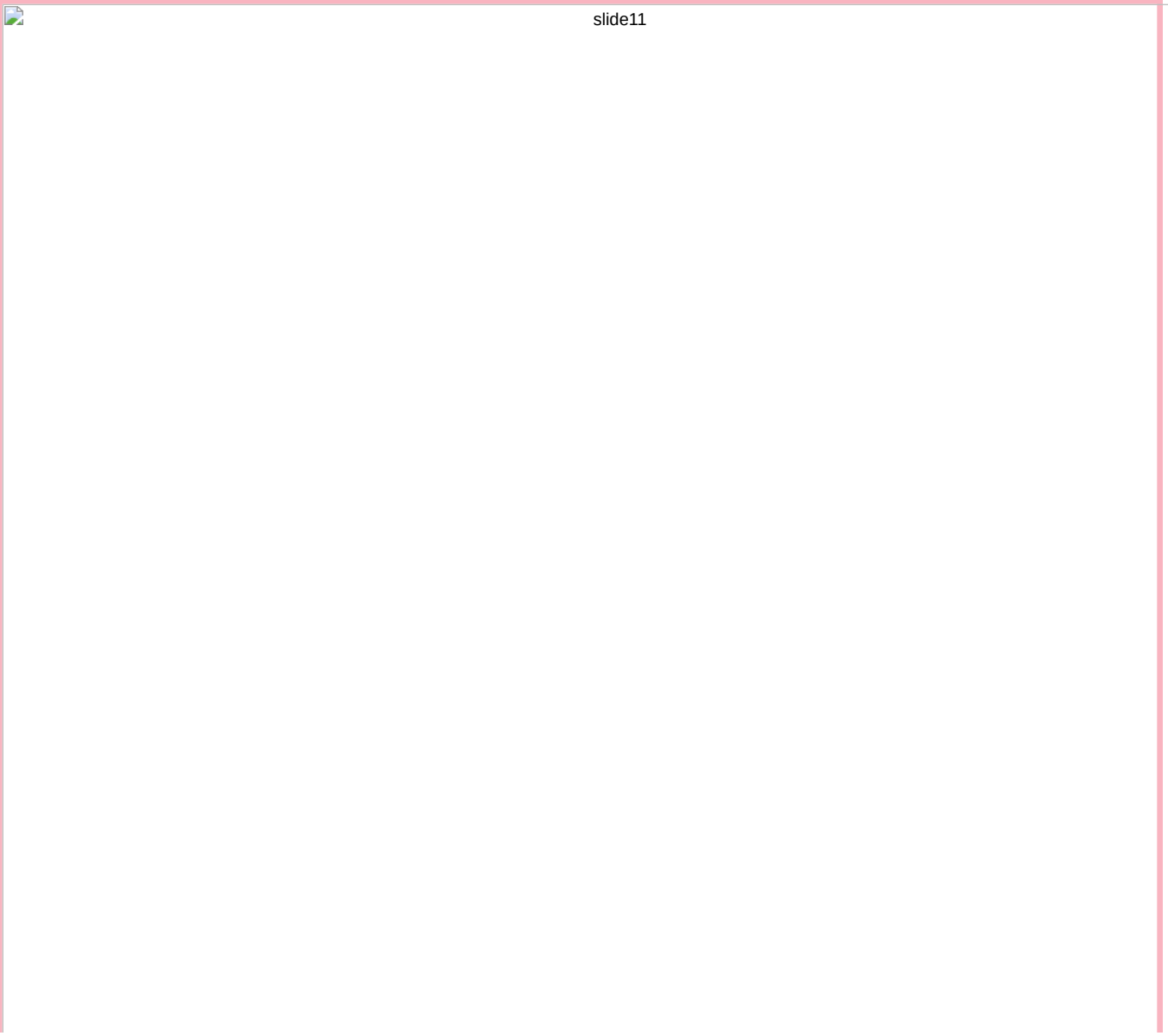


8 Effective Date shall immediately become fully vested. For the avoidance of doubt, the foregoing shall not apply to any of Executive's equity awards that were granted prior to the Effective Date. iv. Change of Control Definition. For purposes of this Agreement, "Change of Control" means the occurrence of any of the following: (1) a sale by shareholders of the Company of a substantial portion of their stock in the Company, or a merger, reorganization or consolidation, whereby the Company's equity holders existing immediately prior to such sale, merger, reorganization or consolidation do not, immediately after consummation of such sale, reorganization, merger or consolidation, own more than fifty percent (50%) of the combined voting power of the surviving entity's then outstanding voting securities entitled to vote generally in the election of directors, but only if such event results in a change in Board composition such that the directors immediately preceding such events do not comprise a majority of the Board following such event; or (2) the sale or other disposition of all or substantially all of the Company's assets to an entity in which the Company, any subsidiary of the Company, or the Company's equity holders existing immediately prior to such sale beneficially own less than fifty percent (50%) of the combined voting power of such acquiring entity's then outstanding voting securities entitled to vote generally in the election of directors but only if such event results in a change in Board composition such that the directors immediately preceding such events do not comprise a majority of the Board following such event. 7. Business Protections. Inspire has many confidential and proprietary business interests and other information relating to its products, services and customers, which it needs to adequately protect. For this reason, its willingness to enter into this Agreement is contingent upon Executive's acceptance of the covenants set forth in Paragraph 8 below. Executive understands that the business protections in Paragraph 8 will apply throughout Executive's employment, and will continue to apply thereafter even if Executive's employment is terminated under Paragraph 5 of this Agreement, regardless of the reason for or timing of the termination. 8. Restrictive Covenants. a. Restrictions on Competition. Executive agrees that while employed by Inspire, Executive will not be employed by or otherwise perform services for an organization which is engaged in the research and development, marketing, or distribution of a product or treatment which is the same as or which competes with any product or treatment offered or being developed by Inspire during, or as of the date of termination of, Executive's employment with Inspire. b. Prohibition on Solicitation of Inspire Employees. Executive agrees that at all times while employed by Inspire, and for twelve (12) months thereafter, Executive will not solicit, cause to be solicited, or participate in or promote the solicitation of any person to terminate that person's employment with Inspire or to breach that person's employment agreement with Inspire. c. Prohibition on Interference With Relationships. Executive agrees that at all times while employed by Inspire, and for twelve (12) months thereafter, Executive will not (A) call on or solicit any customers of Inspire, including but not limited to any customers of

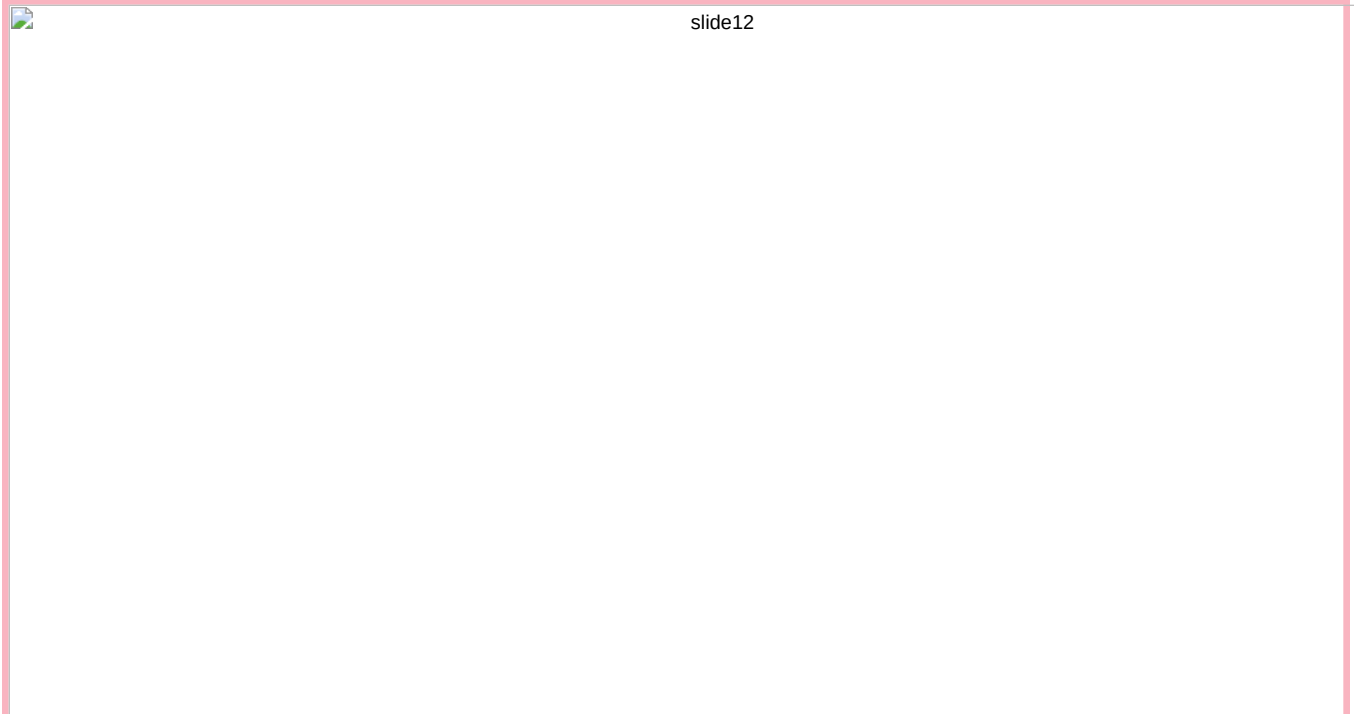
9 Inspire with which Executive had contact during the then-prior twenty-four (24) month period or about which Executive had Confidential Information, for the purpose of marketing or selling any products or services competitive with or otherwise substantially similar to the then-current businesses of Inspire, or for the purpose of diverting any business away from Inspire; (B) persuade or attempt to persuade, or induce or attempt to induce, any actual or prospective customer, client, vendor, service provider, supplier, contractor or any other person having business dealings with Inspire to cease doing business or otherwise transacting business with Inspire or to reduce the amount of business it conducts or will conduct with Inspire; (C) call on or solicit any suppliers or vendors of Inspire in any manner adverse to Inspire's business interests; (D) accept business from any actual or prospective customer, client, vendor, service provider, supplier, contractor or any other person having business dealings with Inspire; or (E) otherwise disrupt, damage or interfere in any manner with the relationship between Inspire and any of their actual or prospective customers, clients, vendors, service providers, or suppliers. d. Post-Employment Disclosure. In the event Executive's employment with Inspire terminates, Executive agrees that during the term of the restrictions described in Paragraphs 8(b) and 8(c) above, Executive will promptly inform any new employer of Executive's restrictions under this Agreement. In addition, Executive agrees that during the term of the restrictions described in Paragraphs 8(b) and 8(c) above Executive will respond within ten (10) days to any written request from Inspire for further information concerning Executive's work activities sufficient to provide Inspire with assurances that Executive is not violating any of the obligations Executive has undertaken in this Agreement. e. Prohibition on Disclosure of Confidential Information. Executive shall hold the "Confidential Information", as defined in Paragraph 8(f), including trade secrets and/or data, in the strictest confidence and will never, without prior written consent of the Company, directly or indirectly disclose, assign, transfer, convey, communicate to or use for Executive's own or another's benefit, or directly or indirectly disclose, assign, transfer, convey, communicate to or use by a competitor of the Company or any other person or entity, including, but not limited to, the press, other professionals, corporations, partnerships or the public, at any time during Executive's employment with the Company or at any time after Executive's termination of employment with the Company, regardless of the reason for the Executive's termination, whether voluntary or involuntary. Executive further promises and agrees that she will faithfully abide by any rules, policies, practices or procedures existing or which may be established by the Company for insuring the confidentiality of the Confidential Information, including, but not limited to, rules, policies, practices or procedures: i. Limiting access to authorized personnel; ii. Limiting copying of any writing, data or recording; iii. Requiring storage of property, documents or data in secure facilities provided by the Company and limiting safe or vault lock combinations or keys to authorized personnel; and/or iv. Checkout and return or other procedures promulgated by the Company from time to time.



10 The Executive acknowledges that the Company has provided the Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act of 2016: (A) the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Confidential Information that is made in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (B) the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Confidential Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (C) if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Confidential Information to the Executive's attorney and use the Confidential Information in the court proceeding, if the Executive files any document containing the Confidential Information under seal, and does not disclose the Confidential Information, except pursuant to court order. f. Definition of Confidential Information. For the purposes of this Agreement, "Confidential Information" means any information not generally known to the public and proprietary to or in the possession of the Company and includes, without limitation, trade secrets, inventions, and information pertaining to research, development, purchasing, marketing, selling, accounting, licensing, business systems, business techniques, customer lists, prospective customer lists, price lists, business strategies and plans, pending patentable materials and/or designs, design documentation, documentation of meetings, tests and/or test standards, or manuals whether in document, electronic, computer or other form. For example, Confidential Information may be contained in the Company's customer lists, prospective customer lists, the particular needs and requirements of customers, the particular needs and requirements of prospective customers, and the identity of customers or prospective customers. Information shall be treated as Confidential Information irrespective of its source and any information which is labeled or marked as being "confidential" or "trade secret" shall be presumed to be Confidential Information. The definition of "Confidential Information" as set forth in this paragraph is not intended to be complete. From time to time during the term of Executive's employment, Executive may gain access to other information not generally known to the public and proprietary to or in the possession of the Company concerning the Company's businesses that is of commercial value to the Company, which information shall be included in the definition in this paragraph, even though not specifically listed above. The definition of Confidential Information applies to any form in which the subject information, trade secrets, or data may appear, whether written, oral, or any other form of recording or storage. g. Restrictions. The restrictions herein provided shall not apply with respect to "Confidential Information" which: (A) is or becomes a part of the public domain without breach of this Agreement by the Executive; or (B) is disclosed pursuant to judicial action or government regulations, provided the Executive notifies the Company prior to such disclosure and cooperates with the Company in the event the Company elects to legally contest and avoid such disclosure. h. Certain Company Remedies. The Executive acknowledges that the Company will suffer irreparable harm if the Executive breaches Paragraphs 8(a), 8(b), 8(c) and/or 8(e). Accordingly, the Company shall be entitled to equitable relief, including but not



11 limited to, an injunction, enjoining or restraining Executive from any violation of Paragraphs 8(a), 8(b), 8(c) and/or 8(e) of this Agreement, in addition to any other remedies the Company is entitled to at law or in equity. In the event the Company pursues any remedies pursuant to this Paragraph 8(h) and prevails in such a proceeding, the Executive shall pay the Company's reasonable attorneys' fees in connection with such proceeding. Should the Company not prevail in such a proceeding, the Company shall pay the Executive's reasonable attorneys' fees in connection with such proceeding. Furthermore, should a court of competent jurisdiction determine that the Executive has breached Paragraphs 8(a), 8(b), 8(c) and/or 8(e), the restrictions in such Paragraphs will be extended by the period during which the Executive was in breach. 9. Parachute Payments. a. Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit by the Company or otherwise to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Paragraph 6 above, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (in the order provided in Paragraph 9(b) below) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). b. The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A of the Code ("Section 409A"), (ii) reduction on a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, (iii) reduction on a pro-rata basis of any other payments or benefits that are exempt from Section 409A, and (iv) reduction of any payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of subclauses (ii), (iii) and (iv), that reduction of any payments attributable to the acceleration of vesting of Company equity awards shall be first applied to Company equity awards that would otherwise vest last in time. c. The Company will select an adviser with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax, provided that the adviser's determination shall be made based upon "substantial authority" within the meaning of Section 6662 of the Code, (the "Independent Advisors") to make determinations regarding the application of this Paragraph 9. The Independent Adviser shall provide its determination, together with detailed supporting calculations and documentation, to



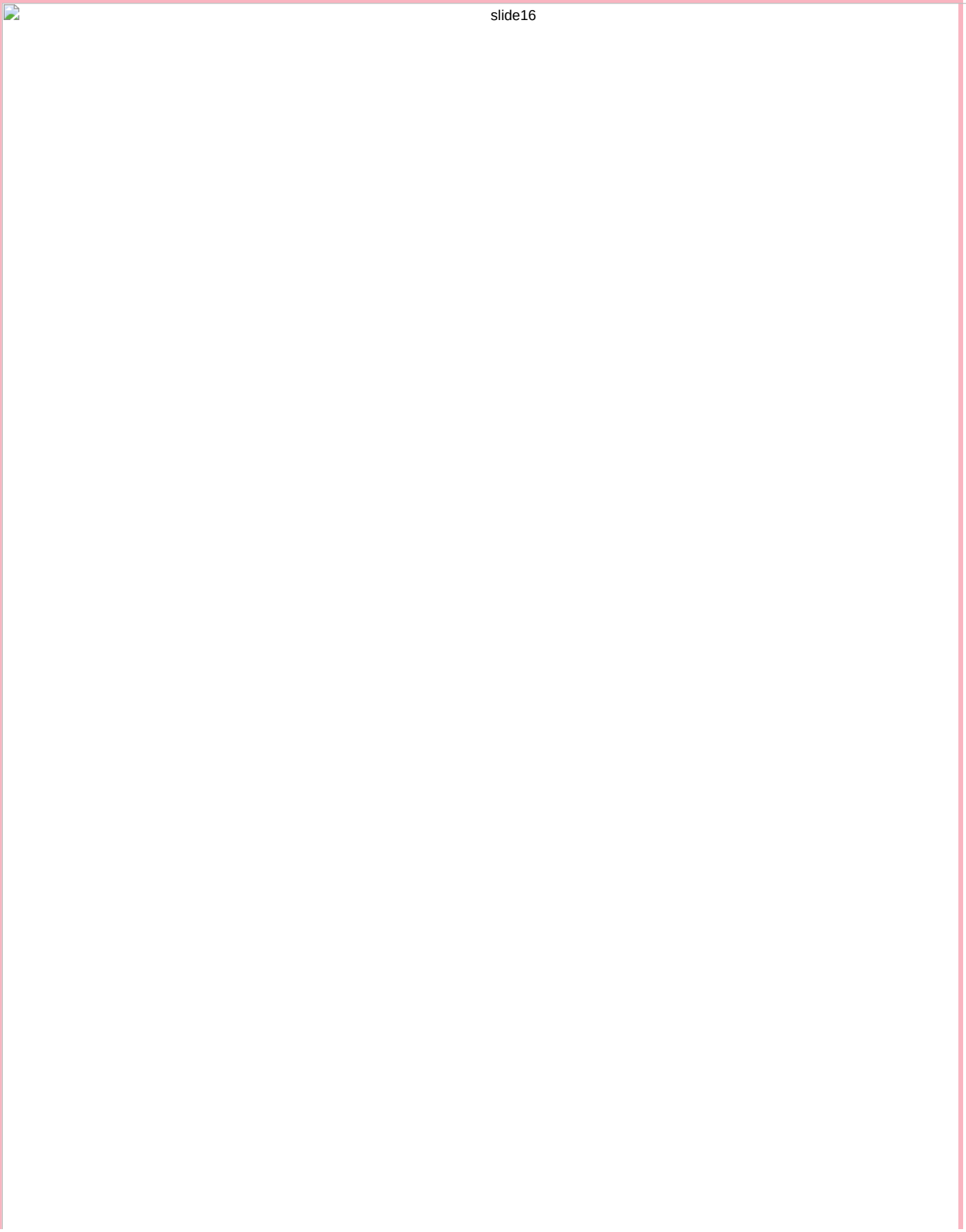
12 the Executive and the Company within fifteen (15) business days following the date on which the Executive's right to the Total Payments is triggered, if applicable, or such other time as requested by the Executive (provided, that the Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax) or the Company. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company. Any good faith determinations of the Independent Adviser made hereunder shall be final, binding and conclusive upon the Company and the Executive. d. In the event it is later determined that to implement the objective and intent of this Paragraph 9, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by the Executive to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess amount shall be paid or provided promptly by the Company to the Executive, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A. 10. Section 409A. a. General. The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be immediately taxable to the Executive under Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Executive for failure to do so) to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement and to avoid less favorable accounting or tax consequences for the Company and/or (ii) take such other actions as the Company determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder. No provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from the Executive or any other individual to the Company or any of its affiliates, employees or agents. b. Separation from Service under Section 409A. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes "nonqualified deferred compensation" under Section 409A shall be payable pursuant to Paragraph 6 unless the termination of the Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (ii) for purposes of Section 409A, any right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses

13 reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in- kind benefits provided in any other year. Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed at the time of Executive's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the termination benefits to which the Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Executive's termination benefits shall not be provided to the Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (B) the date of the Executive's death; upon the earlier of such dates, all payments deferred pursuant to this sentence shall be paid in a lump sum to the Executive, and any remaining payments due under the Agreement shall be paid as otherwise provided herein. c. Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments of "nonqualified deferred compensation" (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are subject to the Executive's execution and delivery of a Release, (i) the Company shall

deliver the Release to the Executive within seven (7) days following the date of termination, and (ii) if the Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes Executive's acceptance of the Release thereafter, the Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release. For purposes of this Paragraph 10(c), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to the Executive, or, in the event that the Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are delayed pursuant to this Paragraph 10(c), such amounts shall be paid in a lump sum on the first payroll date to occur on or after the 60th day following the date of Executive's termination of employment, provided that Executive executes and does not revoke the Release prior to such 60th day (and any applicable revocation period has expired). 11. Compensation Recovery. The Executive acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy in connection with or otherwise as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and any rules and regulations promulgated thereunder (including, without limitation, any listing rules or standards resulting therefrom), he or she shall, during the Executive's term of employment and thereafter, take all action necessary or appropriate to comply with such policy, plan the "Equity Plan")) per share of Common Stock on the date the retainer is payable. If the number of shares of Common Stock to be issued from this election is not a whole number of shares, any remaining portion shall be paid in cash on the date the retainer is payable. Shares issued in lieu of cash shall be fully vested and unrestricted shares of Common Stock. Any election by a Non-Employee Director to receive a portion of the annual retainer in shares of Common Stock must be made prior to the applicable payment date for such portion of the annual retainer and pursuant to an election form to be provided by the Company. An election must comply with all rules established from time to time by the Board, including any insider trading policy or similar policy. A Non-Employee Director may not make an election pursuant to this Section 1(c)(ii) during a Company blackout period or when the Non-Employee Director is otherwise in possession of material non-public information. (iii) Termination of Service. In the event a Non-Employee Director does not serve as a Non-Employee Director, or applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Section 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter. 2.0 Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Equity Plan and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan. (a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the sole discretion (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate Stockholders (an "Annual Meeting") after the Effective Time and (ii) will continue implement and/or enforce serve as a Non-Employee Director immediately following policy). The Executive's obligations under this Paragraph 11 Annual Meeting survive be automatically granted, on termination date this Agreement. such Annual Meeting, an award of restricted stock units ("RSUs") having an aggregate fair value on the date of grant of $180,000 (as determined in accordance with FASB

14 12. Inventions. "Inventions" Non-Employee Director Compensation Policy. Inspire Medical Systems, Inc. Accounting Codification Topic 718 ("ASC 718") and subject to adjustment as provided in the Equity Plan). If the number of shares of Common Stock subject to an RSU award granted under this Section 2(a) would include a fractional share of Common Stock, the value of that fractional share mean any and all inventions, discoveries, ideas, processes, writings, works instead be paid in cash at the date authorship, designs, developments and improvements, whether or not protectable under the applicable patent, trademark or copyright statutes, generated, conceived or reduced to practice by the Executive, alone or grant. The awards described conjunction with others, while employed by Inspire. a. Disclosure. Executive agrees to promptly disclose to Inspire in writing all Inventions. b. Ownership, Assignment and Recordkeeping. All Inventions this Section 2(a) referred to as exclusive property ("Annual Awards." For the avoidance Inspire. Executive hereby assigns all Inventions doubt, a Non-Employee Director elected for the first time Inspire. Executive agrees the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well. (b) Initial Awards. Each Non-Employee Director who is initially elected or appointed keep accurate, complete and timely records the Board after the date the IPO price Executive's Inventions, which records the shares of Common Stock is established in connection with the IPO, on any date other than the date of an Annual Meeting, automatically granted, on property date Inspire such Non-Employee Director's initial election or appointment (such Non-Employee Director's "Start Date"), an award of RSUs having an aggregate fair value on such Non-Employee Director's Start Date equal to $270,000 (as determined in accordance with ASC 718 subject to adjustment as provided in the Equity Plan). If the number of shares of Common Stock subject to an RSU award granted under this Section 2(b) would include a fractional share of Common Stock, the value of that fractional share shall instead be paid in cash at the date of grant. The awards described in this Section 2(b) retained on Inspire's premises. c. Cooperation. During and after referred to as "Initial Awards." For termination avoidance Executive's employment, Executive agrees to give Inspire all cooperation and assistance necessary to perfect, protect, and use its rights to Inventions. Without limiting the generality doubt, no Non-Employee Director shall be granted more than one Initial Award. (c) Termination of Employment of Employee Directors. Members foregoing, Executive agrees to sign all documents, do all things, and supply all information that Inspire may deem necessary to (i) transfer or record Board who are employees of transfer of Executive's entire right, title and interest in Inventions, and (ii) enable Inspire to obtain patent, copyright or trademark protection for Inventions anywhere in the world. d. Attorney-in-Fact. Executive irrevocably designates and appoints Inspire and its duly authorized officers and agents as attorney-in-fact to act for and in Executive's behalf and stead to execute and file any lawful and necessary documents, and to do all other lawfully permitted acts, required for the assignment of, application for, or prosecution of any United States or foreign application for letters patent, copyright or trademark with the same legal force and effect as if executed by Executive. e. Waiver. Executive hereby waives and quitclaims to Inspire any and all claims, Company nature whatsoever, which Executive may now have parent may hereafter have for infringement subsidiary any patent, copyright, or trademark resulting from any Inventions. f. Future Patents. Any Invention relating to business of Inspire Company who subsequently terminate their employment respect to which Executive files a patent application within one (1) year following termination of Executive's employment shall be presumed to cover Inventions conceived by Executive during the term of Executive's employment, subject to proof to the contrary by Executive by good faith, contemporaneous, written and duly corroborated records establishing that such Invention was conceived and made following termination of employment and without using Confidential Information. g. Release or License. If an Invention does not relate to the existing or reasonable foreseeable business interests of Inspire, Inspire may, in its sole and unreviewable discretion, release or license the Invention to the Executive upon written request by the Executive. No release or license shall be valid unless in writing signed by Inspire's general counsel.

15 h. Notice. Executive is hereby notified that this Agreement and this Paragraph 12 do not apply to any Invention for which no equipment, supplies, facility or trade secret information of Inspire was used and which was developed entirely on the Executive's own time, and (1) which does not relate (i) directly to the business of Inspire or (ii) to Inspire's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the Executive for Inspire. 13. Miscellaneous. a. Entire Agreement. The terms of this Agreement (together with any other agreements and instruments contemplated by this Agreement or referred to herein) is intended by the parties hereto to be the final expression of their agreement with respect to the employment of Executive by supersedes any parent or subsidiary of the Company may remain on the Board will be contradicted by evidence of any prior or contemporaneous agreement. The parties hereto further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative or other legal proceeding receive an Initial Award pursuant vary the terms of this Agreement. b. Construction. Each provision of this Agreement shall be interpreted so that it is valid and enforceable under applicable law. If any provision of this Agreement is to any extent invalid or unenforceable under applicable law, that provision will still be effective Section 2(d) above, but it remains valid that they are otherwise eligible will be eligible to receive, after termination from service with the Company enforceable. The remainder of this Agreement also will continue to be valid and enforceable, and the entire Agreement will continue to be valid and enforceable in other jurisdictions. In the event that a court of competent jurisdiction determines that parent or subsidiary provisions Company, Annual Awards as described in Section 2(a) above. (d) Vesting Paragraphs 8 or 12 Awards Granted to Non-Employee Directors. Each Annual Award shall vest and become exercisable on the first anniversary this Agreement are not enforceable for any reason, such court the date of grant and each Initial Award reform such provisions vest and become exercisable in three equal annual installments following the date of grant (such that the Initial Award shall vest and become exercisable in full on the third anniversary of the date of grant), in each case subject minimum extent necessary to make them enforceable, it being Non-Employee Director continuing in service through intention applicable vesting dates. No portion an Annual Award or Initial Award that is unvested or unexercisable at parties that such provisions be enforced time of a Non-Employee Director's termination of service on the Board shall become vested and exercisable thereafter. All of a Non- Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior maximum extent permitted by applicable law. c. Waivers. No term or condition occurrence this Agreement shall be deemed to have been waived, nor shall there be any estoppel to enforce any provisions of this Agreement, except by statement Change writing signed by Control (as defined in party against who enforcement of the waiver or estoppel is sought. A waiver shall operate only as to the specific term or condition waived. No waiver shall constitute a continuing waiver or a waiver of such term or condition for the future unless specifically stated. No single or partial exercise of any right or remedy under this Agreement shall preclude any party from otherwise or further exercising such rights or remedies, or any other rights or remedies granted by law or any other document. d. Captions. The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement. e. Modifications. This Agreement may not be altered, modified or amended except by an instrument in writing signed by each of the parties hereto. f. Governing Law. The laws of the State of Minnesota shall govern the validity, construction and performance of this Agreement. Equity Plan"). not pre-empted by



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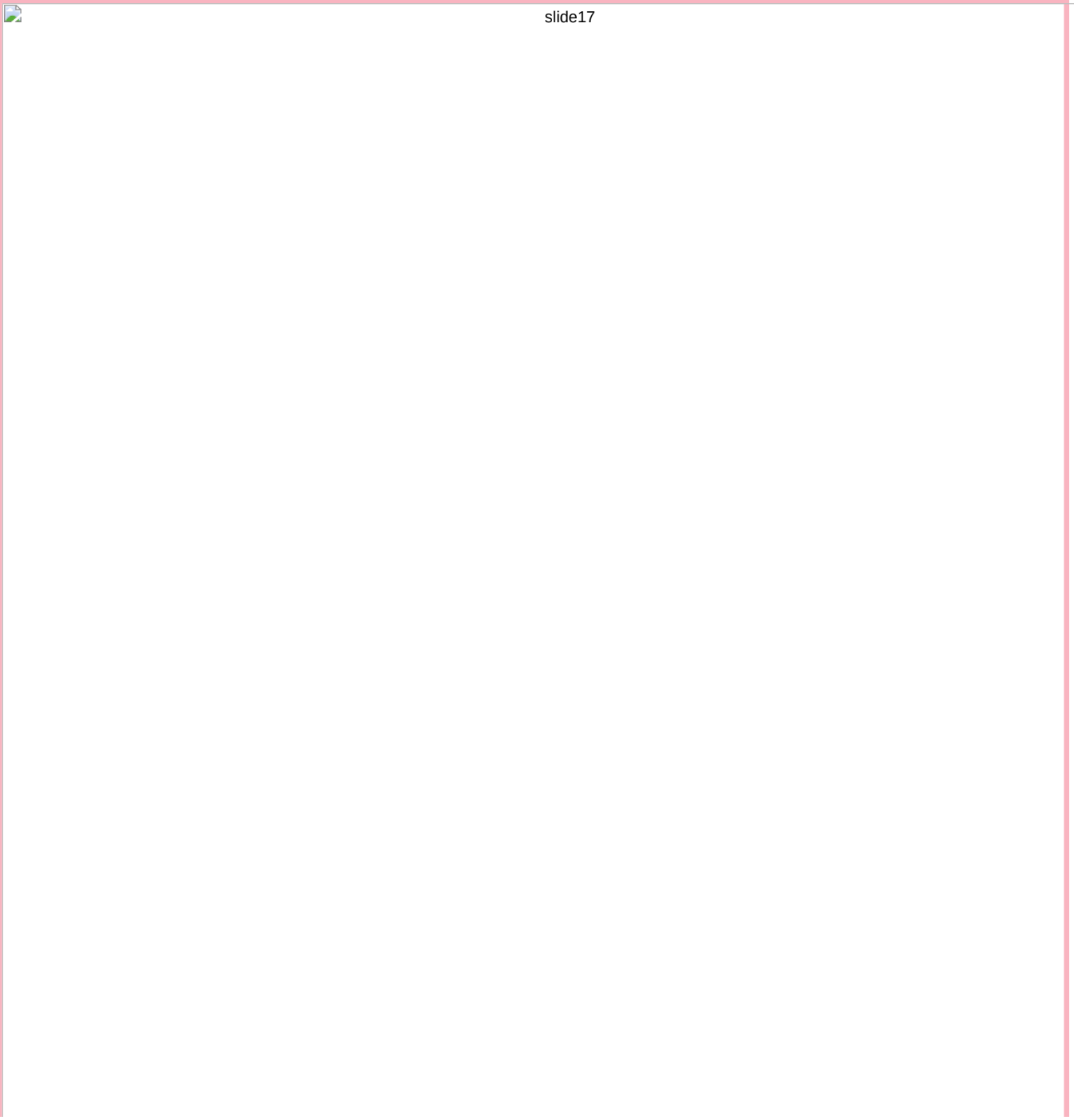
16 federal law. Any legal proceeding related to this Agreement shall be brought in an appropriate Minnesota court, and each of the parties hereto hereby consents to the exclusive jurisdiction of the courts of the State of Minnesota for this purpose. g. Notices. All notices and other communications required or permitted under this Agreement shall be in writing and provided to the other party either in person, by fax, or by certified mail. Notices to Inspire must be provided or sent to its President and Chief Executive Officer; notices to Executive must be provided or sent to Executive in person or outstanding Executive's home. h. Survival. Notwithstanding the termination of Executive's employment and the termination of this Agreement, the terms of this Agreement which relate to periods, activities, obligations, rights or remedies of the parties upon or subsequent to termination shall survive such termination and shall govern all rights, disputes, claims or causes of action arising out of or in any way related to this Agreement. i. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of Inspire's successors and assigns. IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date. INSPIRE MEDICAL SYSTEMS, INC. /s/ Charisse Y. Sparks, M.D. /s/ Timothy P. Herbert By: Charisse Y. Sparks, M.D. By: Timothy P. Herbert President and Chief Executive Officer



17 Exhibit A: Outside Activities Board Advisor NuShores Biosciences Board Advisor Digital Health Portugal Board member non-profit (unpaid) Sparkle Peach, Inc. Steering Committee Chair – AvaMed, MedTech Color Collaborative Community time.

Exhibit 31.1

CERTIFICATION

I, Timothy P. Herbert, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inspire Medical Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 7, 2023 2024 By: /s/ TIMOTHY P. HERBERT

Timothy P. Herbert
President, Chief Executive Officer, and Director Chairperson
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Richard J. Buchholz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inspire Medical Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 7, 2023 2024 By: /s/ RICHARD J. BUCHHOLZ

Richard J. Buchholz
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Inspire Medical Systems, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November May 7, 2023 2024

By: /s/ TIMOTHY P. HERBERT
Timothy P. Herbert
President, Chief Executive Officer, and Director Chairperson
(principal executive officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Inspire Medical Systems, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November May 7, 2023 2024

By: /s/ RICHARD J. BUCHHOLZ
Richard J. Buchholz
Chief Financial Officer
(principal financial officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

DISCLAIMER

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