



Inspire Medical Systems, Inc. Announces First Quarter 2026 Financial Results and Updates 2026 Guidance

- First quarter revenue growth of 1.6%
- First quarter diluted EPS of \$(0.39); adjusted diluted EPS of \$0.10
- First quarter operating cash flow of \$12.8 million

MINNEAPOLIS, MN - May 4, 2026 - Inspire Medical Systems, Inc. (NYSE: INSP) (Inspire, or the Company), a medical technology company focused on the development and commercialization of innovative, minimally invasive solutions for patients with obstructive sleep apnea, today reported financial results for the quarter ended March 31, 2026.

“Our first quarter results reflect revenue growth and improved adjusted operating income and cash flow,” said Tim Herbert, Chairman and CEO of Inspire Medical Systems. “We remain focused on the factors within our control, including prioritizing revenue-generating activities and maintaining disciplined cost management, while continuing targeted investments to support long-term growth and we believe these actions position the Company well in both the near and long term.”

“Despite disruption from the coding and reimbursement uncertainty that arose at the beginning of the year, as well as the implementation of the WISeR program, we continued to advance the adoption of Inspire V given its simplified procedure and advanced features. As previously discussed, the CPT code used for approximately 10,000 Inspire V cases in 2025 is no longer available for reimbursement of Medicare cases, requiring physicians, centers, and our team to navigate coding alternatives during the quarter. We are proud of the team for delivering solid results and helping physicians and customers navigate through this uncertainty.”

“We are continuing to work with key stakeholders to implement solutions that will resolve the coding and reimbursement uncertainty for Inspire V,” continued Mr. Herbert. “We expect the challenges caused by this uncertainty to persist through the balance of 2026. That said, we believe that these challenges are temporary, and we expect to return to revenue growth in 2027 by leveraging the strength of the positive clinical outcomes of the Inspire V system.”

First Quarter 2026 Financial Results (First Quarter 2026 compared to First Quarter 2025)

- Revenue increased 1.6% to \$204.6 million, primarily driven by increased market penetration, offset by the adverse effects of reimbursement disruption and the Wasteful and Inappropriate Service Reduction (WISeR) program.
- Gross margin increased 180 bps to 86.5%, primarily due to increased sales mix of the Inspire V system, which has a higher gross margin than the Inspire IV system.
- Operating expenses increased \$5.9 million, or 3.4%, to \$178.0 million, primarily driven by higher marketing expenses, legal fees and employee-related costs, partially offset by lower R&D expenses.
- Operating loss decreased \$0.4 million to \$1.1 million, and operating margin was (0.5)%. Adjusted operating income was \$0.3 million, and adjusted operating margin was 0.2%.
- Interest and dividend income decreased by \$1.3 million, primarily due to lower average interest rates and lower average cash, cash equivalents, and investment balances.
- The effective tax rate was 571.2% compared to 28.1%. The increase in the effective tax rate was primarily driven by shortfalls related to stock-based compensation, which were driven by a decline in our stock price

at award vesting and exercise compared to grant-date fair value (tax shortfall). For the three months ended March 31, 2025, we maintained a full valuation allowance against federal and state deferred tax assets, which was subsequently released at December 31, 2025.

- Net loss was \$11.3 million and adjusted net earnings were \$2.8 million.
- Diluted EPS was \$(0.39) and adjusted diluted EPS was \$0.10.

Financial Condition

- Net cash provided by operating activities was \$12.8 million, compared to \$6.7 million of net cash used in operating activities in the prior year period. The change was primarily driven by improved working capital, primarily in payables and receivables, partially offset by a higher net loss in the current period.
- As of March 31, 2026, cash, cash equivalents, and investments decreased \$4.9 million to \$399.7 million as compared to December 31, 2025.

Full Year 2026 Guidance

The Company is revising its previously announced revenue outlook to be in the range of \$825 million to \$875 million, which represents a decline of 4% to 10% compared to 2025. Additionally, the Company now expects annual adjusted operating margin in the range of 2% to 4%, diluted EPS in the range of \$0.07 to \$0.62 and adjusted diluted EPS in the range of \$0.75 to \$1.25.

The Company's outlook assumes an effective tax rate of approximately 65% to 70% and an adjusted effective tax rate of 27% to 29%, estimated weighted average diluted shares outstanding of approximately 29.4 million, and capital expenditures between \$40 million to \$45 million.

Webcast and Conference Call

The Company's management will host a conference call after market close today, Monday, May 4, 2026, at 5:00 p.m. Eastern Time to discuss these results and answer questions.

To access the conference call, please preregister on <https://register-conf.media-server.com/register/BI80068d1aa5514c28aa12bcfcf4f128d8>. Registrants will receive confirmation with dial-in details.

A live webcast of the event can be accessed on <https://edge.media-server.com/mmc/p/rm8dfkqw/>. A replay of the webcast will be available on <https://investors.inspiresleep.com> starting approximately two hours after the event and archived on the site for two weeks.

About Inspire Medical Systems

Inspire Medical Systems is a medical technology company focused on the development and commercialization of innovative, minimally invasive solutions for patients with obstructive sleep apnea. Inspire's proprietary Inspire therapy is the first FDA, EU MDR, and PDMA-approved neurostimulation technology that provides a safe and effective treatment for moderate to severe obstructive sleep apnea.

For additional information about Inspire, please visit www.inspiresleep.com.

Use of Non-GAAP Financial Measures

This press release includes non-GAAP financial measures, including without limitation, adjusted operating income, adjusted operating margin, adjusted earnings before income taxes, adjusted income tax expense, adjusted effective tax rate, adjusted net earnings, adjusted net earnings per diluted share ("EPS"), adjusted EBITDA, and adjusted EBITDA margin, which differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP").

We define adjusted operating income as operating income or loss adjusted for items that are not indicative of our ongoing operations. Operating income is the most directly comparable GAAP financial measure to adjusted operating income. We define adjusted operating margin in this release as adjusted operating income divided by revenue. Operating margin is the most directly comparable GAAP financial measure to adjusted operating margin. Adjusted earnings before income taxes is defined as earnings before income taxes, adjusted for items that are not indicative of our ongoing operations. Earnings before income taxes is the most directly comparable GAAP financial measure. Adjusted income tax expense is defined as income tax expense, adjusted for items that are not indicative of our ongoing operations. Adjusted effective tax rate is adjusted income tax expense divided by adjusted earnings before income taxes. Income tax expense is the most directly comparable GAAP financial measure. Adjusted net earnings is defined as net earnings or loss, adjusted for items that are not indicative of our ongoing operations. Net earnings or loss is the most directly comparable GAAP financial measure to adjusted net earnings. Adjusted net earnings per diluted share is calculated as adjusted net earnings divided by the diluted weighted average shares outstanding. Net earnings or loss per diluted share is the most directly comparable GAAP financial measure to adjusted net earnings per diluted share. We define adjusted EBITDA as net earnings or loss, less interest and dividend income, net, plus income tax expense, plus depreciation and amortization, plus stock-based compensation expense, adjusted for items that are not indicative of our ongoing operations. Net earnings or loss is the most directly comparable GAAP financial measure to adjusted EBITDA. We define adjusted EBITDA margin in this release as adjusted EBITDA divided by revenue. Net earnings or loss margin is the most directly comparable GAAP measure to adjusted EBITDA margin. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures are included in this press release.

These non-GAAP financial measures are presented because we believe they are useful indicators of our operating performance and facilitate a more meaningful trend analysis without the distortion of various adjustment items. Management uses these measures principally as measures of our underlying operating performance, trends, and for planning purposes, including the preparation of our annual operating plan and financial projections. We believe these measures are useful to investors as supplemental information and because they are frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. We also believe these non-GAAP financial measures are useful to our management and investors as a measure of comparative operating performance from period to period.

These non-GAAP financial measures should not be considered as an alternative to, or superior to, the most directly comparable GAAP financial measures, as measures of financial performance or cash flows from operations, as a measure of liquidity, or any other performance measure derived in accordance with GAAP, and they should not be construed to imply that our future results will be unaffected by unusual or non-recurring items. In addition, Adjusted EBITDA is not intended to be a measure of cash flow for management's discretionary use, as it does not reflect certain cash requirements such as tax payments, capital expenditures, and certain other cash costs that may recur in the future. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs, and cash costs to replace assets being depreciated and amortized. In evaluating our non-GAAP financial measures, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of non-GAAP financial measures should not be construed to imply that our future results will be unaffected by any such adjustments. Management compensates for these limitations by primarily relying on our GAAP results in addition to using non-GAAP financial measures on a supplemental basis. These measures and their definitions are discussed in more detail below and our definition of these non-GAAP financial measures is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts are forward-looking statements, including, without limitation, statements regarding potential impacts to our business (including potential actions and solutions as well as timing of these impacts) associated with coding and reimbursement and our expectations regarding our full year 2026 financial outlook (including without limitation expectations for the impacts of coding and reimbursement, revenue, expected growth, adjusted operating margin, net earnings or loss per diluted share, adjusted net earnings per diluted share, effective tax rate, adjusted effective tax rate, weighted average diluted shares outstanding and capital expenditures). In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "future," "outlook," "guidance," "intend,"

“target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” “continue,” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words.

These forward-looking statements are based on management’s current expectations and involve known and unknown risks and uncertainties that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others: our dependency on our Inspire system for revenues; our ability to achieve and maintain adequate and clear levels of coverage or reimbursement for our Inspire system or any future products we may seek to commercialize; fluctuations in our financial results and the market price of our common stock; our ability to sustain or increase our profitability and our history of operating losses; commercial success and market acceptance of our Inspire therapy; competitive companies, technologies, and pharmaceuticals in our industry; our ability to expand our indications and develop and commercialize additional products and enhancements to our Inspire system; future needs for additional financing; our ability to forecast demand and manage our inventory; our dependence on third-parties; 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; risks related to product liability claims and warranty claims; our ability to address quality issues that may arise with our Inspire system; any failure of key information technology systems, processes, or sites or damage to or inability to access our physical facilities; our ability to timely commercialize or obtain regulatory approvals or certifications for our Inspire therapy and system; any violations of anti-bribery, anti-corruption, and anti-money laundering laws; risks related to our tax assets and changes in tax laws; U.S. Food and Drug Administration (FDA) or other United States or foreign regulatory actions affecting us or the healthcare industry generally; and our ability to establish and maintain intellectual property protection for our Inspire therapy and system or avoid claims of infringement.

Other important factors that could cause actual results, performance or achievements to differ materially from those contemplated in this press release can be found under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and as such factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC’s website at www.sec.gov and the Investors page of our website at www.inspiresleep.com. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, unless required by applicable law, we disclaim any obligation to do so, even if subsequent events cause our views to change. Thus, one should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. These forward-looking statements should not be relied upon as representing our views as of any date after the date of this press release.

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Inspire Medical Systems, Inc.
Consolidated Statements of Operations (unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended	
	March 31,	
	2026	2025
Revenue	\$ 204,583	\$ 201,317
Cost of goods sold	27,671	30,709
Gross profit	176,912	170,608
Operating expenses:		
Research and development	25,826	27,803
Selling, general and administrative	152,204	144,290
Total operating expenses	178,030	172,093
Operating (loss)	(1,118)	(1,485)
Interest and dividend (income), net	(3,741)	(5,066)
Other expense (income), net	226	(578)
Earnings before income taxes	2,397	4,159
Income tax expense	13,691	1,167
Net (loss) earnings	\$ (11,294)	\$ 2,992
Basic (loss) earnings per share	\$ (0.39)	\$ 0.10
Diluted (loss) earnings per share	\$ (0.39)	\$ 0.10
Weighted average shares outstanding:		
Basic	28,700,525	29,702,358
Diluted	28,700,525	30,311,476

Inspire Medical Systems, Inc.
Consolidated Balance Sheets (unaudited)
(in thousands, except share and per share amounts)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 98,932	\$ 104,813
Investments, short-term	184,902	203,455
Accounts receivable, net of allowance for credit losses of \$1,266 and \$1,080, respectively	105,088	119,692
Inventories, net	166,235	145,293
Prepaid expenses and other current assets	11,662	10,399
Total current assets	566,819	583,652
Investments, long-term	115,882	96,330
Property and equipment, net	100,692	97,872
Operating lease right-of-use assets	23,068	23,532
Other non-current assets	17,250	17,264
Total assets	<u>\$ 911,376</u>	<u>\$ 907,317</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 41,849	\$ 36,565
Accrued expenses	47,569	59,490
Total current liabilities	89,418	96,055
Operating lease liabilities, non-current portion	29,552	29,998
Other non-current liabilities	66	104
Total liabilities	119,036	126,157
Stockholders' equity:		
Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, \$0.001 par value; 200,000,000 shares authorized; 28,802,039 and 28,579,015 issued and outstanding at March 31, 2026 and December 31, 2025, respectively	29	29
Additional paid-in capital	950,449	927,159
Accumulated other comprehensive (loss) income	(352)	464
Accumulated deficit	(157,786)	(146,492)
Total stockholders' equity	792,340	781,160
Total liabilities and stockholders' equity	<u>\$ 911,376</u>	<u>\$ 907,317</u>

Inspire Medical Systems, Inc.

GAAP to Non-GAAP Reconciliations (unaudited)

(in thousands, except per share amounts)

Three Months Ended March 31, 2026

	Gross Profit	Operating Expenses	Operating (Loss) Income	Operating Margin	Other (Income)	Earnings Before Income Taxes	Income Tax Expense	Effective Tax Rate	Net (Loss) Earnings	Diluted EPS
Reported	\$ 176,912	\$ 178,030	\$ (1,118)	(0.5)%	\$ (3,515)	\$ 2,397	\$ 13,691	571.2 %	\$ (11,294)	\$ (0.39)
Non-GAAP adjustments:										
Legal fees ¹	—	(1,436)	1,436	0.7 %	—	1,436	380	16.3 %	1,056	0.04
Tax impact of stock-based compensation ²	—	—	—	— %	—	—	(13,087)	(561.8)%	13,087	0.45
Adjusted	\$ 176,912	\$ 176,594	\$ 318	0.2 %	\$ (3,515)	\$ 3,833	\$ 984	25.7 %	\$ 2,849	\$ 0.10

Three Months Ended March 31, 2025

	Gross Profit	Operating Expenses	Operating (Loss)	Operating Margin	Other (Income)	Earnings Before Income Taxes	Income Tax Expense	Effective Tax Rate	Net Earnings	Diluted EPS
Reported	\$ 170,608	\$ 172,093	\$ (1,485)	(0.7)%	\$ (5,644)	\$ 4,159	\$ 1,167	28.1 %	\$ 2,992	\$ 0.10
Adjusted³	\$ 170,608	\$ 172,093	\$ (1,485)	(0.7)%	\$ (5,644)	\$ 4,159	\$ 1,167	28.1 %	\$ 2,992	\$ 0.10

¹ These costs represent legal-related expenses related to (a) a civil investigative demand from the Department of Justice, (b) a patent infringement suit that we filed against Nyxoah S.A. and its wholly-owned subsidiary, Nyxoah, Inc. ("Nyxoah"), and (c) a patent infringement suit brought against us by Nyxoah. These costs do not reflect costs associated with our normal ongoing operations.

² The accounting standards codification guidance governing employee stock-based compensation requires that any excess or deficient tax deduction for stock-based compensation be immediately recorded within income tax expense. Employee stock-based compensation activity, including the exercise of stock options, can be unpredictable and can significantly impact our net earnings, net earnings per diluted share, and effective tax rate. These amounts represent the discrete tax expense recorded as excess tax expense for stock-based compensation.

³ There were no non-GAAP adjustments for the three-month period ended March 31, 2025.

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

	Three Months Ended	
	March 31,	
	2026	2025
Net (loss) earnings	\$ (11,294)	\$ 2,992
Interest and dividend income, net	(3,741)	(5,066)
Income tax expense	13,691	1,167
Depreciation and amortization	5,110	3,044
EBITDA	3,766	2,137
Stock-based compensation expense ¹	30,689	31,056
Legal fees ²	1,436	—
Adjusted EBITDA	\$ 35,891	\$ 33,193

¹ Total stock-based compensation expense.

² These costs represent legal-related expenses related to (a) a civil investigative demand from the Department of Justice, (b) a patent infringement suit that we filed against Nyxoah S.A. and its wholly-owned subsidiary, Nyxoah, Inc. ("Nyxoah"), and (c) a patent infringement suit brought against us by Nyxoah. These costs do not reflect costs associated with our normal ongoing operations.

Reconciliation of GAAP Net (Loss) Earnings Margin and Non-GAAP Adjusted EBITDA Margin

	Three Months Ended	
	March 31,	
	2026	2025
Net (loss) earnings margin ¹	(5.5)%	1.5 %
Interest and dividend income, net	(1.8)%	(2.5)%
Income taxes	6.7 %	0.6 %
Depreciation and amortization	2.5 %	1.5 %
Stock-based compensation expense ²	14.9 %	15.4 %
Legal fees ³	0.7 %	— %
Adjusted EBITDA margin⁴	17.5 %	16.5 %

¹ Net (loss) earnings margin is calculated as net (loss) earnings divided by total revenue.

² Total stock-based compensation expense.

³ These costs represent legal-related expenses related to (a) a civil investigative demand from the Department of Justice, (b) a patent infringement suit that we filed against Nyxoah S.A. and its wholly-owned subsidiary, Nyxoah, Inc. ("Nyxoah"), and (c) a patent infringement suit brought against us by Nyxoah. These costs do not reflect costs associated with our normal ongoing operations.

⁴ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenue.

Full Year 2026 Outlook

Reconciliation of Full Year 2026 Outlook of Estimated Net Earnings per Diluted Share to Adjusted Net Earnings per Diluted Share

	Outlook Full Year 2026		Tax Rate Outlook Full Year 2026	
	Low Range	High Range	Low Range	High Range
Net earnings per diluted share	\$0.07	\$0.62	70.0%	65.0%
Legal fees ¹	0.22	0.20	(9.0)%	(9.0)%
Tax impact of stock-based compensation ²	0.46	0.43	(32.0)%	(29.0)%
Adjusted net earnings per diluted share	\$0.75	\$1.25	29.0%	27.0%

¹ These costs represent legal-related expenses related to (a) a civil investigative demand from the Department of Justice, (b) a patent infringement suit that we filed against Nyxoah S.A. and its wholly-owned subsidiary, Nyxoah, Inc. ("Nyxoah"), and (c) a patent infringement suit brought against us by Nyxoah. These costs do not reflect costs associated with our normal ongoing operations.

² Represents the estimated tax impact of permanent differences that arise between the expense recognized for financial reporting of stock-based compensation awards and the tax deduction the Company receives (tax windfall or shortfall). Accounting standards codification guidance requires that any excess or deficient tax deduction for stock-based compensation be immediately recorded within income tax expense. These amounts represent the estimated discrete tax impact for stock-based compensation during the period presented.