Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021

☐ **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 001-33462

INSULET CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**04-3523891**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

100 Nagog Park	**Acton**	**Massachusetts**	**01720**
(Address of Principal Executive Offices)			(Zip Code)

Registrant's telephone number, including area code: (978) 600-7000

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	PODD	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No x

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 x 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 and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting 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 x	Non-accelerated filer ☐
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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the common stock held by non-affiliates of the registrant computed by reference to the last reported sale price of the Common Stock as reported on The NASDAQ Global Market on June 30, 2021 was approximately $18.8 billion.

The number of shares of common stock outstanding as of February 17, 2022 was 69,217,620.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2021. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

PART I

Item 1. Business

Overview

Insulet Corporation ("we" or the "Company") is primarily engaged in the development, manufacture and sale of its proprietary Omnipod® System, a continuous insulin delivery system for people with insulin-dependent diabetes, which we have been selling since 2005. The Omnipod System includes: the Omnipod Insulin Management System ("Omnipod"), the Omnipod DASH® Insulin Management System ("Omnipod DASH"), our digital mobile Omnipod platform and the Omnipod® 5 Automated Insulin Delivery System ("Omnipod 5"). In addition to the diabetes market space, we have partnered with pharmaceutical and biotechnology companies to tailor the Omnipod System technology platform for the delivery of subcutaneous drugs across other therapeutic areas. Most of our drug delivery revenue consists of sales of pods to Amgen for use in the Neulasta® Onpro® kit, a delivery system for Amgen's Neulasta to help reduce the risk of infection after intense chemotherapy.

Market Opportunity: Management of Diabetes

Diabetes is a chronic, life-threatening disease for which there is no known cure. It is caused by the body's inability to produce or effectively utilize the hormone insulin, which prevents the body from adequately regulating blood glucose levels. Glucose, the primary source of energy for cells, must be maintained at certain concentrations in the blood in order to permit optimal cell function and health. In people with diabetes, blood glucose levels fluctuate between very high levels, a condition known as hyperglycemia, and very low levels, a condition called hypoglycemia. Hyperglycemia can lead to serious short-term complications, such as confusion, vomiting, dehydration, and loss of consciousness and long-term complications, such as blindness, kidney disease, nervous system disease, occlusive vascular diseases, stroke, cardiovascular disease, or death. Hypoglycemia can lead to confusion, loss of consciousness, or death.

Diabetes is typically classified as either type 1 or type 2:

- Type 1 diabetes is characterized by the body's nearly complete inability to produce insulin. It is frequently diagnosed during childhood or adolescence. Individuals with type 1 diabetes require daily insulin therapy to survive. We estimate that approximately four to four and a half million people have type 1 diabetes in the countries we currently serve.
- Type 2 diabetes, the more common form, is characterized by the body's inability to either properly utilize insulin or produce enough insulin. Historically, type 2 diabetes has occurred in later adulthood, but its incidence is increasing among the younger population, due primarily to increasing obesity. Initially, many people with type 2 diabetes attempt to manage their diabetes with improvements in diet, exercise, and/or oral medications. As their diabetes advances, some individuals progress to multiple drug therapies, which often include insulin therapy. We estimate that approximately seven to seven and a half million people have insulin-requiring type 2 diabetes in the countries we currently serve.

We estimate that approximately one-third of the type 1 diabetes population in the United States and even less of the international type 1 diabetes population use insulin pump therapy. An even smaller portion of the U.S. and international insulin-requiring type 2 diabetes population use insulin pump therapy. We believe these factors present a significant available market for the Omnipod System globally.

Throughout this Annual Report on Form 10-K, we refer to both type 1 diabetes and insulin-requiring type 2 diabetes as insulin-dependent diabetes.

Diabetes Management Challenges

Diabetes is often frustrating and difficult for people to manage. Blood glucose levels can be affected by the carbohydrate and fat content of meals, exercise, stress, illness, impending illness, hormonal releases, variability in insulin absorption, and changes in the effects of insulin on the body. For people with insulin-dependent diabetes, many corrections, consisting of the administration of additional insulin or ingestion of additional carbohydrates, are needed throughout the day in order to maintain blood glucose levels within normal ranges. Achieving this result can be very difficult with multiple daily injections of insulin. Individuals with diabetes attempting to control their blood glucose levels tightly to prevent the long-term complications associated with fluctuations in blood glucose levels are at greater risk for overcorrection and hypoglycemia. As a result, many people have difficulty managing their diabetes. Additionally, the time spent managing fluctuations in blood glucose levels and the fear associated with hypoglycemia can be incredibly stressful for individuals with diabetes and their families.

Current Insulin Therapy

People with insulin-dependent diabetes need a continuous supply of insulin, known as basal insulin, to provide for background metabolic needs. In addition to basal insulin, people with insulin-dependent diabetes require supplemental insulin, known as bolus insulin, to compensate for carbohydrates ingested during meals or snacks or for a high blood glucose level caused by

other physiological reasons. There are two primary types of insulin therapy practiced today: multiple daily injections (“MDI”) therapy using syringes or insulin pens and pump therapy using insulin pumps.

MDI therapy involves the administration of fast-acting insulin before meals (bolus) to lower blood glucose levels to a healthy range. MDI therapy may also require a separate injection of a long-acting (basal) insulin, to control glucose levels between meals; typically, once or twice per day. By comparison, insulin pump therapy uses only fast-acting insulin to fulfill both mealtime (bolus) and background (basal) requirements. Insulin pump therapy allows individuals to customize their bolus and basal insulin doses to meet their insulin needs throughout the day and is intended to more closely resemble the physiologic function of a healthy pancreas.

Insulin pumps perform continuous subcutaneous insulin infusion and typically use a programmable device and an infusion set to administer insulin into the body. Insulin pump therapy has been shown to provide numerous advantages relative to MDI therapy. For example, insulin pump therapy eliminates individual insulin injections (approximately five per day), delivers insulin more accurately and precisely than injections, often improves HbA1c (a common measure of blood glucose levels) over time, provides greater flexibility with meals, exercise, and daily schedules, and can reduce severe low blood glucose levels. We believe that these advantages, along with technological advancements, including the use of continuous glucose monitoring technology and automated insulin device (“AID”) algorithms, and increased awareness of insulin pump therapy will continue to generate demand for insulin pump devices.

Our Solution: The Omnipod System

The Omnipod System is a continuous insulin delivery system that provides all the benefits of insulin pump therapy in a unique way. We believe the Omnipod System’s innovative proprietary design and differentiated features allow people with insulin-dependent diabetes to live their lives and manage their diabetes, with unprecedented freedom, comfort, convenience, and ease.

The Omnipod System features two discreet and easy-to-use devices that eliminates the need for the external tubing required with conventional pumps:

- a small, lightweight, self-adhesive disposable tubeless Omnipod device (“Pod”) that the user fills with insulin and wears directly on the body. It can be worn in multiple locations, including the abdomen, hip, back of upper arm, upper thigh, or lower back. The Pod delivers precise, personalized doses of insulin into the body through a small flexible tube (called a cannula); and
- the Personal Diabetes Manager (“PDM”) or Controller, a wireless, handheld device that programs the Pod with the user’s personalized insulin-delivery instructions and, wirelessly monitors the Pod’s operation.

Omnipod DASH was fully launched in the United States in 2019 and in our existing international markets in 2020 and 2021. It features a secure Bluetooth enabled Pod and PDM with a color touch screen user interface supported by smartphone connectivity, nightly automatic data uploads providing users and their clinicians with cloud access to data, and enhancements for pushing software updates wirelessly to users.

In January 2022, we received clearance from the U.S. Food and Drug Administration’s (“FDA”) for the commercial distribution of Omnipod 5, which builds on our Omnipod DASH mobile platform. Omnipod 5 includes an AID algorithm that is located on

the Pod. The Pod integrates with a third-party continuous glucose monitor ("CGM") to obtain glucose values. The embedded algorithm then predicts glucose levels into the future and automatically adjusts insulin dosing intended to reduce the occurrence of blood glucose highs and lows. The Pod is controllable by an Insulet-provided handheld device (Controller) or a user-downloaded Android app, which allows for full compatible smartphone control and currently integrates with a CGM manufactured by Dexcom, Inc. In February, we commenced a limited market release of Omnipod 5 in the U.S.

The Omnipod System provides continuous insulin delivery at preset rates, eliminating the need for individual insulin injections. In addition, insulin delivery can be changed with the press of a button to adapt to snacks or unexpected changes in daily routine.

The Omnipod System works like the pancreas of a person without diabetes by delivering insulin in two ways:

- A small, constant background supply of insulin is delivered automatically at a programmed rate, all day and night.
- An extra dose of insulin can be delivered when needed to match the carbohydrates in a snack or meal to correct high blood glucose.

We have designed the Omnipod System to fit within the normal daily routines of users. The Omnipod System communicates wirelessly, provides for virtually pain-free automated cannula insertion, and eliminates the need for MDI therapy or the use of pump and tubing. The Pod can be worn for up to three days at a time and, because it is waterproof up to 25 feet, there is no need to remove it when showering, swimming, or performing other activities. The Omnipod System consists of just two devices as opposed to up to seven for tubed insulin pumps. As a result, the Omnipod System is easy to use, which reduces the training burden on healthcare professionals and users. We believe that the Omnipod System's overall ease of use, flexibility, and substantially lower training burden make it very attractive to people with insulin-dependent diabetes and allows healthcare professionals to prescribe pump therapy to a broader group of people with diabetes.

Several publications over the past decade have found that compared to MDI therapy, the use of the Omnipod System by individuals with both type 1 and type 2 diabetes across all age groups is associated with good glycemic control and reduced frequency and severity of hypoglycemic episodes. These results are consistent with published literature of other continuous subcutaneous insulin infusion devices. In addition, research in adults with type 1 diabetes has found that compared to prior treatment modality, the use of the Omnipod System is associated with improved quality of life. We believe that this data is clinically meaningful to healthcare providers and provides support for the use of the Omnipod System in the treatment of both type 1 and type 2 diabetes.

Paramount to our ability to deliver full compatible smartphone control is our commitment to cybersecurity and information security. Omnipod DASH is the first FDA-cleared insulin pump certified under the Diabetes Technology Society's "Standard for Wireless Diabetes Device Security" cybersecurity assurance standard and program, known as DTSec. This certification is a cybersecurity standard intended to raise confidence in the security of network connected medical devices through independent expert evaluation. In addition, Insulet's information security management system is International Organization for Standardization ("ISO") 27001 certified, which is the international standard for best practice in an information security management system globally. With the DTSec and ISO 27001 certifications, Insulet is globally recognized for incorporating the highest standards for cybersecurity and information security and safety, including secure data transfer between the Pod and PDM, as well as secure cloud storage.

Insulet continues to advance the cybersecurity capabilities of our medical devices. Omnipod 5 is globally recognized for incorporating the highest standards for information and cyber security by design, which includes secure data transfer between the Pod and the Controller, as well as secure cloud storage. Omnipod 5 is certified by ISO 27001 and the U.K. Cyber Essentials. In addition, Omnipod 5 utilizes state-of-the-art authentication, encryption, and cybersecurity protection that enables the use of approved personal smartphone devices.

We have partnered with Glooko Inc. ("Glooko") to connect our Omnipod System user data with Glooko's comprehensive diabetes data management system (including Glooko and Diasend in selected regions). Glooko provides a cloud-based application for clinicians and users accessible through a kiosk, home computer, or a mobile application on the user's smartphone that provides users and their healthcare providers access to insulin delivery trends, blood glucose levels, and other integrated data.

Third-Party Reimbursement

In the United States, our products are sold directly to consumers, as well as wholesalers, private healthcare organizations, healthcare facilities, mail order pharmacies, and independent retailers. These entities, and the Company in some cases, seek reimbursement from health insurance companies and/or government administrative payors. In the United States, consumers generally have commercial insurance, Medicare or Medicaid coverage that pays for the product. The Omnipod System's unique patented design allow us to provide pump therapy at a relatively low or no up-front investment, which reduces the risk to third-

party payors in the U.S. In certain international locations in which we sell through a distributor or intermediary, our distribution partners and local intermediaries establish appropriate reimbursement contracts with healthcare systems in those countries and provinces.

Markets and Distribution Methods

The Omnipod System is currently available in the following countries:

Australia	Finland	Italy	Sweden
Austria	France	Kuwait	Switzerland
Belgium	Germany	Netherlands	Turkey
Canada	Greece	Norway	United Kingdom
Croatia	Iceland	Qatar	United States
Denmark	Israel		

We sell the Omnipod System directly to consumers, through distribution partners and in the U.S. also through the pharmacy channel. For the year ended December 31, 2021, 76% of our Omnipod System sales were through intermediaries. The Omnipod System is also marketed to physicians.

The percentages of total revenue for customers that represent 10% or more of total revenue was as follows:

	Years Ended December 31,		
	2021	2020	2019
Distributor A	10%	11%	*
Distributor B	12%	10%	11%

* Represents less than 10% of revenue for the period.

Our sales and marketing efforts are focused on customer acquisition and retention to meet the user, clinician, and payor demands for the Omnipod System. We have a comprehensive sales and marketing approach, which communicates the benefits of the Omnipod System to users, physicians and providers. This includes three areas of focus:

- Building consumer awareness about the features and benefits that the Omnipod System provides to simplify diabetes management.
- Strengthening physician support by demonstrating the clinical evidence of how the Omnipod system improves outcomes and quality of life, and providing data and insights to physicians offering diabetes care.
- Providing payors with the clinical and economic justifications for why the Omnipod System offers unique value to the people whom they insure.

Training

We believe that training consumers on how to use the Omnipod System is an important factor to promote successful outcomes and customer retention. We have streamlined and standardized our training by developing improved online resources and increased our field clinician team to directly train new Omnipod System users. With the launch of Omnipod DASH, we created an online training program for Omnipod customers transitioning to Omnipod DASH or Omnipod 5. In addition, due to the challenges COVID-19 has presented, we have also been using virtual training to onboard new Omnipod customers transitioning from MDI. Our virtual capabilities have allowed us to continue to onboard new customers despite COVID-19 in a cost-effective manner. Our distributors and intermediaries have also implemented virtual training programs.

Customer Support

We seek to provide our customers with high quality customer support, from product ordering to insurance investigation, order fulfillment and ongoing support. Our customer support systems are integrated with our sales, reimbursement and billing processes, allowing us to provide customers with seamless and reliable support by telephone and through our website.

Competition

The diabetes medical device market is highly competitive, subject to rapid change and significantly affected by new product introductions. The Omnipod System competes for consumers in the insulin delivery market. Because most new Omnipod System users come from MDI therapy, which currently is the most prevalent method of insulin delivery, we believe that we

primarily compete with companies that provide products and supplies for MDI therapy. We also compete with companies in the insulin pump market, which today consists of tubed pump companies, including Medtronic MiniMed, a division of Medtronic public limited company ("Medtronic"), and Tandem Diabetes Care Inc. ("Tandem"). Medtronic historically has held the majority share of the tubed insulin pump market. The competitive landscape in our industry continues to undergo significant change. In addition to the established insulin pump competitors, several companies are working to develop and market new insulin pumps and smart pens. These companies are at various stages of development and the number of such companies often changes as they enter or exit the market. Our non-insulin drug delivery product line competes with drug delivery device companies such as West Pharmaceutical Services, Inc.

Research and Development

Our research and development efforts are primarily focused on making improvements to the Omnipod System, including adding features and functionality that will deliver clinical outcomes, economic value, convenience, and simplicity to users.

Throughout 2021, we worked to receive FDA clearance for Omnipod 5 for individuals aged six years and older with type 1 diabetes, which was obtained in January 2022. In 2021, we also completed our Omnipod 5 clinical study of pediatric users ages two to six years old, and in 2022, we filed for clearance of this expanded indication. We have also filed for CE Mark approval of Omnipod 5.

During 2021, we completed our Omnipod 5 feasibility study for individuals with type 2 diabetes, and we plan to conduct additional studies with the goal of expanding Omnipod 5's indications. In addition, we have a development agreement to integrate Abbott Diabetes Care, Inc.'s CGM with Omnipod 5 in the future, and are also working on developing an iOS app that could be utilized to control Omnipod 5 Pods.

In addition to our focus on Omnipod 5, we are also working on innovation programs designed to drive:

- simplicity of user interaction with our systems;
- improved outcomes through algorithm advancements;
- insights and value from our growing datasets and analytics; and
- user choice of sensor and smartphone integrations.

Manufacturing and Quality Assurance

We believe a key contributing factor to the overall attractiveness and success of the Omnipod System is the disposable nature of the Pod. In order to manufacture sufficient volumes at high quality and achieve a cost-effective per unit production price for the Omnipod, we have designed the Omnipod System to be manufactured through automation.

In 2019, we began producing product at our highly automated manufacturing facility in Acton, Massachusetts and in 2020 and 2021, we began producing on additional lines in this facility. In addition to increasing supply redundancy and adding capacity closer to our North American customer base to support the growth of our business, we expect that once the Acton facility is operating at full capacity, the highly automated assembly process will be able to produce a globally cost competitive product.

We also produce our devices on manufacturing lines at a facility in Kunshan (Shanghai), China operated by a contract manufacturer. This contract manufacturing agreement expires in December 2022 and is subject to automatic renewal, unless canceled by either party under the terms of the contract. We have recently optimized our operations in China by consolidating our production in that region into this one location. Additionally, we plan to invest in a new manufacturing plant in another international location to further diversify globally and increase efficiency.

We also continue to invest in supply chain efficiencies, including automation improvements at our suppliers and contract manufacturer. In addition, in January 2022, we acquired one of our suppliers to bring key intellectual property and expertise in-house, strengthen our production capabilities and mitigate supply chain risks.

Raw Materials

We use a broad range of raw materials in the assembly and manufacturing of the Omnipod System. We purchase all our raw materials and select components used in the manufacturing of our products from external suppliers. We purchase some supplies from a single or limited number of sources for reasons of proprietary know-how, quality assurance, cost-effectiveness, or constraints resulting from regulatory requirements. We rely on a limited number of suppliers for a certain number of the components and sub-assemblies used in the manufacture of the Omnipod System, including application-specific integrated circuit chips, Bluetooth low-energy chips, and other specialized parts. The design of certain components and sub-assemblies (including, in some instances, the raw materials used to manufacture them) is proprietary and the intellectual property rights may be owned exclusively by one party. In such cases, we are sole sourced with the supplier controlling the intellectual property rights. These sole sourced components are critical to the design and functionality of the Omnipod System. In the case

of sole sourced parts, we manage risk through holding inventory in-house and at the supplier to ensure continuity of supply and low risk of disruption. We purchase many of our components and sub-assemblies from manufacturers with whom we are at least dual sourced. We work closely with all suppliers to ensure continuity of supply while maintaining high quality and reliability.

Quality Assurance

We utilize outside vendors for the supply of components, sub-assemblies, and various services used in the manufacture of the Omnipod System. Our outside vendors produce the components to our specifications, and they are audited periodically by our Quality Assurance Department to confirm conformity with the specifications, policies, and procedures for the Omnipod System. Our Quality Assurance Department also inspects and tests the Omnipod System at various steps in the manufacturing cycle to facilitate compliance with our specifications. We have received our ISO and Medical Device Single Audit Program certifications for our Quality Management System from BSI Group, an accredited Notified Body for CE Marking. Processes utilized in the manufacture, test, and release of the Omnipod System have been verified and validated as required by the FDA and other regulatory bodies. As a medical device manufacturer and distributor, our manufacturing facilities and the facilities of our suppliers are subject to periodic inspection by the FDA, certain corresponding state agencies, and other regulatory bodies.

Intellectual Property

To maintain a competitive advantage, we believe we must develop and preserve the proprietary aspect of our technologies. We rely on a combination of copyright, patent, trademark, trade secret, and other intellectual property laws, non-disclosure agreements, and other measures to protect our proprietary rights. We require our employees, consultants, and advisers to execute non-disclosure agreements in connection with their employment, consulting, or advisory relationships with us, where appropriate. We also require employees, consultants, and advisers who work on our products to agree to disclose and assign to us all inventions conceived during their work with us that are developed using our property or relate to our business. Despite measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of the Omnipod System or obtain and use information that we regard as proprietary.

Patents

As of December 31, 2021, we had over 240 patents in the United States and in certain other countries, with expiration dates ranging from 2022 through 2041, and had over 240 patent applications pending. The issued patents and pending patent applications cover, among other things:

- the basic architecture of the Omnipod System, including the pump and the PDM/Controller;
- the Omnipod shape memory alloy drive system;
- the Omnipod System cannula insertion system;
- communication features between system components for the Omnipod System and next generation products;
- software, such as apps, for controlling the Omnipod System and next generation products; and
- various novel aspects of the Omnipod System, potential future generations of Omnipod Systems, and other mechanisms for the delivery of pharmaceuticals.

Trademarks

We have registered various trademarks associated with our business with the United States Patent and Trademark Office on the Principal Register and in other appropriate jurisdictions. Our trademarks include INSULET™, OMNIPOD®, OMNIPOD® 5 Automated Insulin Delivery System, SIMPLIFY LIFE™, Omnipod DASH®, Omnipod DISPLAY®, Omnipod VIEW™, SmartAdjust™, Pod Pals®, Podder® and PodderCentral®.

Government Regulation

United States FDA Regulation

The Omnipod System is a medical device subject to extensive and ongoing regulation by the FDA and other federal, state, and local regulatory bodies. FDA regulations govern, among other things, product design and development, preclinical and clinical testing, pre-market clearance or approval, manufacturing, labeling, product storage, advertising and promotion, sales and distribution, post-market adverse event reporting, post-market surveillance, complaint handling, repair or recall of products, and record keeping.

Unless an exemption applies, each medical device we seek to commercially distribute in the United States will require either prior 510(k) clearance or pre-market approval (“PMA”) from the FDA. Both the 510(k) clearance and PMA processes can be expensive and lengthy and entail significant user fees. We have obtained 510(k) clearance for the Omnipod, Omnipod DASH, and Omnipod 5 Systems and expect that regulatory approval will be needed for some of our future products. In addition, we

may be required to obtain a new 510(k) clearance or pre-market approval for significant post-market modifications to our products.

510(k) Clearance. To obtain 510(k) clearance for any of our potential future devices (or for certain modifications to devices that have previously received 510(k) clearance), we must submit a pre-market notification demonstrating that the proposed device is substantially equivalent to a previously cleared 510(k) device. The FDA's 510(k) clearance pathway generally takes three to 12 months from the date the application is completed but can take significantly longer. A 510(k) application must be supported by extensive data, including technical information, labeling, and potentially clinical data to meet any Special Controls and to demonstrate the safety and effectiveness of the device to the FDA's satisfaction. After a medical device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a significant change in its intended use, requires a new 510(k) clearance or, depending on the modification, could require a PMA application. The FDA requires each manufacturer to make this determination initially, but if the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or PMA is obtained and assess significant regulatory fines or penalties for failure to submit the requisite 510(k) or PMA application(s).

PMA. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, and devices deemed not substantially equivalent to a previously cleared 510(k) device generally require a PMA before they can be commercially distributed. A PMA application must be supported by extensive data, including technical information, pre-clinical and clinical trials, manufacturing information and labeling, to demonstrate the safety and effectiveness of the device to the FDA's satisfaction. After a PMA application is complete, the FDA begins an in-depth review of the submitted information, which generally takes between one and three years, but may take significantly longer. During this review period, the FDA may request additional information or clarification of information already provided. Also, during the review period, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. The FDA conducts a pre-approval inspection of the manufacturing facility to ensure compliance with Quality System Regulations ("QSR"), which impose elaborate design development, testing, control, documentation and other quality assurance procedures in the design and manufacturing process. The FDA may approve a PMA application with post-approval conditions intended to ensure the safety and effectiveness of the device including, among other things, restrictions on labeling, promotion, sale and distribution, and collection of long-term follow-up data from people in the clinical study that supported approval. Failure to comply with the conditions of approval can result in materially adverse enforcement action, including the loss or withdrawal of the approval. After PMA, a new PMA application or application supplement may be required in the event of modifications to the device, its labeling, intended use or indication, or its manufacturing process. PMA supplements often require submission of the same type of information as a PMA application, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA application, and may not require as extensive clinical data or the convening of an advisory panel.

Clinical Trials. Clinical trials are almost always required to support a PMA application and may also be required to support 510(k) submissions. If the device presents a "significant risk" to human health as defined by the FDA, the FDA requires the device sponsor to submit an investigational device exemption ("IDE") and obtain IDE approval prior to commencing human clinical trials. The IDE must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. Clinical trials for a significant risk device may begin once an IDE is approved by the FDA and the appropriate Institutional Review Board ("IRB") at each clinical trial site. If the product is deemed a "non-significant risk" device, IDE approval from the FDA would not be required, but the clinical trial would need to meet other requirements including IRB approval.

Our clinical trials must be conducted in accordance with FDA regulations and federal and state regulations concerning human subject protection, including informed consent and healthcare privacy. A clinical trial may be suspended by the FDA or at a specific site by the relevant IRB at any time for various reasons, including a belief that the risks to the trial participants outweigh the benefits of participation in the clinical trial. Even if a clinical trial is completed, the results of our clinical testing may not demonstrate the safety and efficacy of the device or may be equivocal or otherwise insufficient for us to obtain approval of our product.

Ongoing Regulation. After a device is placed on the market, numerous regulatory requirements apply, including:

- establishment registration and device listing;
- QSR, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation, and other quality assurance procedures during the development and manufacturing process;
- labeling regulations and prohibitions against the promotion of products for uncleared, unapproved or "off-label" uses, and other requirements related to promotional activities;

- medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury, or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and product recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the federal Food, Drug and Cosmetic Act that may present a risk to health. In addition, the FDA may order a mandatory recall if there is a reasonable probability that the device would cause serious adverse health consequences or death; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and efficacy data for the device.

Failure to comply with applicable regulatory requirements can result in enforcement actions by the FDA and other regulatory agencies, which may include any of the following sanctions: untitled letters or warning letters, fines, injunctions, consent decrees, civil or criminal penalties, recall or seizure of our current or future products, operating restrictions, partial suspension or total shutdown of production, refusal of or delay in granting 510(k) clearance or PMA of new products or modified products, rescinding previously granted 510(k) clearances or withdrawing previously granted PMAs, or refusal to grant import or export approval of our products.

We are subject to announced and unannounced inspections by the FDA, and these inspections may include the manufacturing facilities of our subcontractors. If, as a result of these inspections, the FDA determines that our equipment, facilities, laboratories, or processes do not comply with applicable FDA regulations and conditions of product approval, the FDA may seek civil, criminal, or administrative sanctions and/or remedies against us, including the suspension of our manufacturing operations. Since approval of the Omnipod System, we have been subject to FDA inspections of our facilities on multiple occasions.

Other Regulations

Licensure. Several states require that durable medical equipment ("DME") providers be licensed in order to sell products in that state. Certain of these states require, among other things, that DME providers maintain an in-state location. In order to sell our product through the pharmacy channel in the United States, we are required to work with intermediaries who have the appropriate pharmacy license for the applicable market.

In addition, we are subject to certain state laws regarding professional licensure. We believe that our certified diabetes educators are in compliance with all such state laws. However, if our educators or we were to be found non-compliant, we may need to modify our approach to providing education, clinical support and customer service.

Federal Anti-Kickback and Self-Referral Laws. The federal healthcare Anti-Kickback Statute prohibits the knowing and willful offer, payment, solicitation, or receipt of any form of remuneration (anything of value) in return for, or to induce:

- the referral of an individual;
- furnishing or arranging for the furnishing of items or services reimbursable under Medicare, Medicaid, or other federal healthcare programs; or
- the purchase, lease, or order of, or the arrangement or recommendation of the purchasing, leasing, or ordering of, any item or service reimbursable under Medicare, Medicaid, or other federal healthcare programs.

The federal Anti-Kickback Statute has been interpreted to apply to arrangements between drug and medical device manufacturers and suppliers on one hand and prescribers, patients, purchasers, and formulary managers on the other. Liability under the statute may be established without a person or entity having actual knowledge of the statute or specific intent to violate it. In addition, claims resulting from a violation of the federal Anti-Kickback Statute constitute false or fraudulent claims for purposes of the federal civil False Claims Act, which is addressed below. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common business practices from prosecution and administrative sanctions, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration that may be perceived as inducing the prescription, purchase, or recommendation of the Omnipod System may be subject to scrutiny under the law. For example, we provide the initial training to users necessary for appropriate use of the Omnipod System either through our own diabetes educators or by contracting with outside diabetes educators that have completed a Certified Pod Trainer course. We compensate outside diabetes educators for their services at contracted rates deemed to be consistent with the market. We have structured our arrangements with diabetes educators and other business practices to comply with statutory exemptions and regulatory safe harbors whenever possible, but our practices may be subject to scrutiny if they fail to strictly comply with the criteria in the exemption or regulatory safe harbor. Moreover, there are no safe harbors for many common practices such as

providing reimbursement assistance, coding and billing information, or other customer assistance and product support programs. If any of our practices, arrangements, or programs are found to violate the federal Anti-Kickback Statute, we could be subject to significant criminal, civil, and administrative penalties, including imprisonment, fines, damages, and exclusion from Medicare, Medicaid, or other governmental programs.

Federal law also includes a provision commonly known as the "Stark Law," which prohibits a physician from referring Medicare or Medicaid patients to an entity for the furnishing of certain "designated health services," including durable medical equipment, in which the physician has an ownership or investment interest or with which the physician has entered into a compensation arrangement. Violation of the Stark Law could result in denial of payment, disgorgement of reimbursements received for items and services referred by a physician with a noncompliant arrangement, civil damages and penalties, and exclusion from Medicare, Medicaid, or other governmental programs. Although there are statutory and regulatory exceptions protecting certain common business practices, and we have structured our arrangements with physicians and other providers to comply with these exceptions, these arrangements may not expressly meet the requirements for applicable exceptions from the Stark Law.

Federal Civil False Claims Act. The federal civil False Claims Act imposes penalties against any person or entity who, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment of government funds, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim. Actions under the False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. Violations of the False Claims Act are subject to the imposition of significant per claim penalties, three times the amount of damages that the federal government sustained and possible exclusion from participation in federal healthcare programs like Medicare and Medicaid. We believe that we are in compliance with the federal government's laws and regulations concerning the filing of claims for reimbursement. However, many drug and medical device manufacturers have been investigated or subject to lawsuits by whistleblowers and have reached substantial financial settlements with the federal government under the False Claims Act for a variety of alleged improper marketing activities, including providing free product to customers with the expectation that the customers would bill federal programs for the product; or causing submission of false claims by providing inaccurate coding or billing information to actual or prospective purchasers. Our business practices could be subject to scrutiny and enforcement under the federal False Claims Act. We also may be subject to other federal false claim laws, including federal criminal statutes that prohibit making a false statement to the federal government.

Civil Monetary Penalties Law. We are subject to the federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transferring of remuneration to a Medicare or Medicaid beneficiary that the person knows or should know is likely to influence the beneficiary's selection of a particular supplier of Medicare or Medicaid payable items or services. Noncompliance can result in significant civil monetary penalties for each wrongful act, assessment of three times the amount claimed for each item or service, and exclusion from the federal healthcare programs.

Federal Healthcare Fraud Statutes. We are also subject to a federal healthcare fraud statutes that, among other things, impose criminal and civil liability for executing a scheme to defraud any healthcare benefit program including non-governmental programs, and prohibit knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false or fraudulent statement or representation, or making or using any false writing or document with knowledge that it contains a materially false or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services. Violations of these statutes can result in significant civil, criminal, and administrative penalties, fines, damages, and exclusion from federal healthcare programs.

State Fraud and Abuse Laws and Marketing Restrictions. Many states have adopted anti-kickback, anti-referral laws, and false claims laws and regulations analogous to the federal civil Anti-Kickback Statute and federal False Claims Act. In some cases, these state laws apply regardless of the payor, including private payors. We believe that we are in compliance with such laws. Moreover, several states have imposed requirements to disclose payments to healthcare providers, restrictions on marketing and other expenditures, and requirements to adopt a code of conduct or compliance program with specific elements. Liability under such laws could result in fines and penalties and restrictions on our ability to operate in these jurisdictions.

Administrative Simplification of the Health Insurance Portability and Accountability Act of 1996. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") mandated the adoption of standards for the exchange of electronic health information to encourage overall administrative simplification and enhance the effectiveness and efficiency of the healthcare industry. Ensuring privacy and security of patient information is one of the key factors driving the legislation. HIPAA regulations have been amended under the Health Information Technology for Economic and Clinical Health Act of 2009. If we are found to be in violation of HIPAA, we could be subject to civil or criminal penalties.

Privacy Laws. Several states have enacted various privacy laws. For example, the California Consumer Privacy Act ("CCPA") is a consumer privacy law, which provides certain privacy rights and consumer protection for residents of the state of

California. These consumer rights include the right to know what personal information is collected, the right to know whether the data is sold or disclosed and to whom, the right to request a company to the delete personal information collected, the right to opt-out of the sale of personal information and the right to non-discrimination in terms of price or service when a consumer exercises a privacy right. The California Privacy Rights Act ("CPRA") amends and expands the CCPA and is to take effect in January 2023 with respect to personal data collected beginning in January 2022. If we fail to comply with these regulations, we could be subject to civil sanctions, including fines and penalties for noncompliance. Colorado and Virginia have enacted similar laws, also with effective dates in 2023. In addition, general privacy legislation has been filed in Congress, but the final form of the legislation and when it might be enacted is difficult to predict.

Patient Protection and Affordable Care Act. The Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010 ("ACA") enacted significant changes to the provision of and payment for healthcare in the United States. Under the ACA and related laws and regulations, federal and state government initiatives are focused on limiting the growth of healthcare costs and implementing changes to healthcare delivery structures. These reforms are intended in part to put increased emphasis on the delivery to patients of more cost-effective therapies and could adversely affect our business. Some of the provisions of the ACA have yet to be fully implemented, and certain provisions have been subject to judicial and Congressional challenges. In addition, there have been efforts to repeal or replace certain aspects of the ACA and to alter the implementation of the ACA and related laws. It is unclear how the ACA and its implementation, as well as efforts to repeal or replace, or invalidate, the ACA, or portions thereof, will affect our business. Additional legislative changes, regulatory changes, and judicial challenges related to the ACA remain possible. While some uncertainty exists regarding the future aspects of the ACA, we expect that the ACA will continue to have a significant impact on the delivery of healthcare in the United States and on our business in the near term.

Physician Payments Sunshine Act. The Physician Payments Sunshine Act, implemented as the Open Payments program, requires manufacturers of drugs and devices for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare & Medicaid Services ("CMS") information related to direct or indirect payments and other transfers of value provided to physicians and teaching hospitals, as well as ownership and investment interests held by physician and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report information regarding payments and transfers of value provided to physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists and certified nurse-midwives. Failure to disclose reportable payments could subject us to penalties and materially adversely impact our business and financial results. Certain states' laws require additional reporting of payments and transfers of value to healthcare providers.

Since these laws and regulations continue to evolve, we lack definitive guidance as to the application of certain key aspects of these laws and regulations as they relate to certain of our arrangements and programs, including those with providers with respect to user training. We cannot predict the final form of these federal and state regulations or the effect their application will have on us. As a result, our provider and training arrangements may ultimately be found not to be in compliance with applicable federal law. Moreover, these laws continue to evolve. The Bipartisan Budget Act of 2018 increased the criminal and civil penalties that can be imposed for violating certain federal healthcare laws, including the Anti-Kickback Statute. Additionally, in late 2020, the United States Department of Health and Human Services' Office of the Inspector General ("OIG") finalized a rule that will remove protection from the discount safe harbor to the federal healthcare Anti-Kickback Statute for manufacturers rebates to pharmacy benefit managers (or "PBMs"), Medicare Part D plans and Medicaid managed care organizations ("MCOs"), effective January 2022. The rule also includes a new safe harbor for point-of-sale reductions offered by manufacturers to Part D plans, Medicaid MCOs and their PBMs, and a new safe harbor for certain fees manufacturers pay to PBMs for services to the manufacturers. The rule was finalized consistent with an Executive Order issued by the President in 2020; with the change in Administrations, it is possible that the rule may be revised before it is fully effective. If it takes effect as written, the rule will be one of the most significant amendments to the Anti-Kickback Statute regulatory safe harbors in decades and likely will transform manufacturer interactions with Part D plans, Medicaid MCOs and their PBMs.

Ensuring that our business arrangements and interactions with healthcare professionals, third-party payors, customers and others comply with applicable healthcare laws and regulations requires substantial resources. Because of the breadth of these laws and the narrowness of the exceptions or safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws.

U.S. Foreign Corrupt Practices Act ("FCPA"). We are also subject to FCPA in the U.S. and to similar anti-bribery laws in other jurisdictions, which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Because of the predominance of government-sponsored healthcare systems around the world, our customer relationships outside of the United States may be with governmental entities and therefore subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. We operate in parts of the world that have experienced governmental corruption to some degree, and in certain circumstances strict compliance with

anti-bribery laws may conflict with local customs and practices. Despite our training and compliance programs, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees or agents.

International Regulations

International sales of medical devices are subject to foreign government regulations, which may vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA clearance or approval, and the requirements may differ. There is a trend towards harmonization of quality system standards among the European Union, United States, Canada and various other industrialized countries.

The primary regulatory body in Europe is that of the European Union, which includes most of the major countries in Europe. Other countries, such as Switzerland, have voluntarily adopted laws and regulations that mirror those of the European Union with respect to medical devices. The European Union has adopted numerous directives and standards regulating the design, clinical trials, manufacture, labeling and adverse event reporting for medical devices, including the Medical Device Directive ("MDD") and the Medical Device Regulation ("MDR"), which replaced MDD in May 2021. Devices that comply with the requirements of the MDD will be entitled to bear the CE conformity marking and, accordingly, can be commercially distributed until May 2024, at which time devices must comply with the MDR. The method of assessing conformity with the applicable directive varies depending on the class of the product, but normally involves a combination of self-assessment by the manufacturer and a third-party assessment by a "Notified Body". The latter is required in order for a manufacturer to commercially distribute the product throughout the European Union. This third-party assessment may consist of an audit of the manufacturer's quality system and specific testing of the manufacturer's product. Outside of the European Union, regulatory approval needs to be sought on a country-by-country basis for us to market our products.

We have obtained the right to affix the CE Mark to the Omnipod and Omnipod DASH Systems, which allows us to distribute these products throughout the European Union and in other countries that recognize the CE Mark. In addition, we have Health Canada approval to sell these products in Canada.

A range of anti-bribery and anti-corruption laws, as well as industry specific laws and codes of conduct, apply to the medical device industry and interactions with government officials and entities and healthcare professionals. These laws include the U.K. Bribery Act and similar antibribery laws in other jurisdictions in which we operate. Such laws generally prohibit U.S.-based companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business to foreign officials, or in the case of the U.K. Bribery Act, to any person.

General Data Protection Regulation. The General Data Protection Regulation ("GDPR") is a comprehensive update to the data protection regime in the European Economic Area that imposes requirements relating to, among other things, consent to process personal data of individuals, the information provided to individuals regarding the processing of their personal data, the security and confidentiality of personal data, notifications in the event of data breaches and use of third-party processors. If we fail to comply with these standards, we could be subject to criminal penalties and civil sanctions, including fines and penalties for noncompliance.

Human Capital Resources

Employees

Our people are our most valuable asset and are the source of our innovation and our success. We strive to attract and retain the best talent with competitive compensation and benefits, opportunities for growth and development, and a culture that emphasizes fair and equitable treatment. As of December 31, 2021, we had approximately 2,300 full-time employees, representing a 21% increase over the prior year. Approximately 80% of our employees are located in the United States and the remainder are located in 13 other countries.

To assess and improve employee retention and engagement, we survey employees with the assistance of third-party consultants, and take timely action to address key areas of employee concern. We regularly conduct engagement surveys to gain valuable insight into our employees' experience and identify areas for improvement. In 2021, we heard from employees through a variety of surveys focused on wellness, work-life balance, and the workplace of the future. In 2022, we implemented a new approach to engagement. Instead of conducting an engagement survey once per year, we will perform short pulse surveys three to four times per year to better understand opportunities to improve our talent management strategy and gain a more dynamic view of our employees' needs. Our senior leadership team assesses engagement to understand and identify potential opportunities for improvement.

Our executive leadership team conducts regular Town Hall meetings to ensure our global employees are highly engaged and receive timely business updates. To help our remote employees feel socially connected to their colleagues, we created our "Stay Connected" initiative, which includes video updates from leaders around the world. This initiative also includes virtual meetings with our executive team members. These virtual meetings are designed as casual conversations with our executives so

employees can talk about what is on their minds, get to know the executive leaders, and connect with colleagues from across the organization. We also utilize a social networking tool to ensure our global employees are engaged, motivated, and collaborating with one another.

Diversity, Equity, and Inclusion

Our success thrives on the diversity of perspective, thought, experience, and background within our workforce. We aspire to create a diverse and inclusive global culture that reflects the diversity of the customers we serve and fosters an environment where all employees feel welcomed, respected, and valued. Accordingly, we are committed to providing equal opportunity in all aspects of our Company culture and workplace. Our annual three-day leadership program includes instruction in unconscious bias and hiring behaviors that support diversity. We have talent programs that foster a diverse talent pipeline by recruiting candidates with a wide variety of backgrounds.

Our Employee Resource Groups (“ERG”) serve as a source of inclusion across seven categories: African Descent, Hispanic/Latin, LGBTQ+, Sustainability, Veterans and First Responders, Women, and Young Professionals. These ERG support the acquisition of diverse talent and are sponsored by senior leaders across our organization.

Training and Development

We are committed to fostering an environment in which our employees continuously learn and develop. We offer both leadership and professional skills development programs. All employees who join Insulet undergo a robust onboarding program called RITE Start that introduces our core values of respect, integrity, teamwork, and excellence, and educates new employees about diabetes, our Omnipod products, our business strategy, and other business topics designed to engage and connect employees to each other and our mission. Due to the COVID-19 pandemic, we transformed our regional on-boarding program for new hires to a global, virtual program. We also offer intensive Customer Care New Hire Training and Sales (Field and Inside Sales) New Hire Training. In addition, employees have access to monthly learning programs and virtual and online learning programs. Further, during our 2021 annual Compliance Week, employees logged over 6,000 training hours. We offer leadership development programs to support the growth of our future leaders. We also offer training for new managers and resources for experienced leaders. Additionally, we offer professional certification course reimbursement of up to $3,000 annually and tuition reimbursement of up to $5,250 annually for courses taken in pursuit of an undergraduate degree and up to $10,000 annually for courses taken in pursuit of a graduate degree. Finally, we offer virtual training programs and employee communications designed to support employees and leaders that take advantage of our flexible work policy, including programs on leading effective remote meetings, managing remotely, and how to leverage collaborative learning tools.

Competitive Pay and Benefits

Our compensation program is designed to align employee compensation with our performance and to provide the proper incentives to attract, retain, and motivate employees to achieve superior results. The structure of our compensation program balances incentive earnings for both short-term and long-term performance. Specifically,

- We provide employee wages that are competitive and consistent with employee positions, skill levels, experience, knowledge, and geographic location.
- We engage internationally recognized outside compensation and benefits consulting firms to independently evaluate the effectiveness of our executive compensation and benefit programs and to provide benchmarking.
- We align our executives’ long-term equity compensation with our shareholders’ interests.
- Annual increases and incentive compensation are based on our performance as well as each individual’s contribution to the results achieved and are documented through our talent management process as part of our annual review process.

We are committed to providing comprehensive benefit options that allow our employees and their families to live healthier and more secure lives. Our wide-ranging benefits include: health insurance, telehealth, prescription drug benefits, dental insurance, vision insurance, 80 hours of COVID-19 paid sick time, accident insurance, critical illness insurance, life insurance, disability insurance, health savings accounts, flexible savings accounts, retirement plans, legal services, identity theft protection, maternity/paternity leave, and employee assistance program. In addition, we offer a free online wellness program; subsidized child, senior care or pet services, and access to personal services; free virtual babysitting and tutoring services; Pod perks, which provides a free Omnipod System, including PDM and Pods to benefit eligible employees, interns, or dependents; summer hours; and a flexible work policy. In addition, our employee stock purchase plan is available to all full-time employees and has a participation rate of over 60%.

Health and Safety

We maintain an occupational health and safety management system that covers all our employees and contractors, because we are committed to the safety and well-being of our workforce. By minimizing risks at our factories and implementing training to enhance awareness of hazards, we are able to promote safe practices and preserve the health of our employees.

Modern manufacturing enables efficiency and automation, which reduces exposure to health and safety risks throughout the production process. At our facilities, the majority of our equipment is fully automated to minimize human involvement in the operations of machines and therefore reduce the risk of injury. We maintain high standards for workplace safety, and our orientation for technicians includes training about safe procedures, such as lockout/tagout. All employees working in our machine shop must also attend training to understand and comply with safety protocols.

We have a Health and Safety Compliance Manual to provide employees with the tools needed to identify and report hazards and reduce work related injuries. Our programs and policies are in compliance with applicable local, regional, and federal laws, including U.S. Occupational Safety and Health Administration requirements. In addition to hazard recognition, our workplace health and safety programs cover ergonomics, hearing conservation, fall protection, and accident and injury prevention. Furthermore, we added a detailed program on contractor safety in 2021 to support the health and well-being of the contractors who work with us on various aspects of our operations every day.

We also have formal plans in place to protect our employees safety in the event of an emergency. In addition, we have an Emergency Action Plan for our Acton, Massachusetts facility that outlines processes that our employees must follow during unexpected events. As part of this initiative, we trained certain employees to use automated external defibrillators, provide first aid, and perform cardiopulmonary resuscitation (CPR). We are also planning to schedule annual emergency evaluation drills to enhance the safety of our facility.

In response to COVID-19, we organized an internal cross-functional Coronavirus Task Force to manage our response to the pandemic and maintain business continuity while aligning with safety protocols recommended by the World Health Organization, the U.S. Centers for Disease Control and Prevention, and other local health agencies. In addition, to ensure the safety of our essential employees who work in our owned and contract manufacturing facilities during the pandemic, we implemented additional screening processes and provided masks, sanitizer, and other personal protective equipment. We also initiated contact tracing and offered COVID-19 testing for all employees in the U.S. and offered vaccination clinics at our principal U.S. office and manufacturing location.

Company Information

Insulet Corporation is a Delaware corporation formed in 2000. Our principal office is located at 100 Nagog Park, Acton, Massachusetts, 01720 and our website address is http://www.insulet.com. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the U.S. Securities and Exchange Commission ("SEC"). We have also posted the charters for our Audit Committee, Compensation Committee and Nominating, Governance and Risk Committee, as well as our Code of Business Conduct and Ethics, under the heading "Corporate Governance" in the Investors section of our website. The information on our website is not incorporated in this report by reference. In addition, the SEC maintains a website (http//www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

Risks Related to Our Business and Industry

We currently rely on sales of the Omnipod System, and tailored versions of the Omnipod System in our drug delivery product line, to generate nearly all our revenue.

Our main product is the Omnipod System, from which we expect to continue to derive nearly all our revenue. Accordingly, our ability to continue to generate revenue is highly reliant on our ability to market and sell the Omnipod System and to retain consumers who currently use the product. Our sales of the Omnipod System may be negatively impacted by many factors, including:

- the failure of the Omnipod System to achieve and maintain wide acceptance among opinion leaders in the diabetes treatment community, insulin-prescribing physicians, third-party payors, and people with insulin-dependent diabetes;
- manufacturing problems or capacity constraints;
- actual or perceived quality problems;
- reductions in reimbursement rates or coverage policies relating to the Omnipod System by third-party payors;

- claims that any portion of the Omnipod System infringes on intellectual property rights of others;
- adverse regulatory or legal actions relating to the Omnipod System;
- damage, destruction or loss of any of the facilities where our products are manufactured or stored or of the equipment therein;
- failure to successfully open or expand new facilities;
- the inability of users to continue paying for our products;
- attrition rates of consumers who cease using the Omnipod System;
- competitive pricing; and
- results of clinical studies relating to the Omnipod System or our competitors' products.

If any of these events occurs, our ability to generate revenue could be significantly reduced, which would adversely affect our business, financial condition and results of operations.

If we fail to expand and maintain an effective sales force or successfully develop our relationships with intermediaries, our business, prospects and brand may be materially and adversely affected.

In addition to promoting, marketing, and selling the Omnipod System through our own direct sales force, we also utilize domestic and international intermediaries to distribute our product to users. We need to expand our distribution network to maintain and grow our business and revenue. We cannot assure you that we will be able to successfully develop our relationships with third-party intermediaries. If we fail to do so, our sales could fail to grow or could decline, and our ability to grow our business could be adversely affected. Intermediaries that are in the business of selling other medical products may not devote a sufficient level of resources and the support required to generate awareness of our products and grow or maintain product sales. If our intermediaries are unwilling or unable to market and sell our products, or if they do not perform to our expectations, we could experience delayed or reduced market acceptance and sales of our products, which would adversely affect our business, financial condition, and results of operations.

Our ability to grow our revenue depends in part on our retaining a high percentage of our customers.

A key to driving our revenue growth is the retention of a high percentage of our customers. We have developed retention programs aimed at both healthcare professionals and consumers, which include appeals assistance, ongoing customer communications, newsletters, support, training and an automatic re-order program for certain customers. We have had a satisfactory customer retention rate; however, we cannot assure you that we will maintain this retention rate in the future. Current uncertainty in global economic conditions, competition, higher levels of unemployment, changes in insurance reimbursement levels, and negative financial news may negatively affect product demand. If demand for our products fluctuates as a result of economic conditions or otherwise, our ability to attract and retain customers could be harmed. The failure to retain a high percentage of our customers could negatively impact our revenue growth and may have a material adverse effect on our business, financial condition and results of operations.

If we do not effectively manage our growth, our business resources may become strained and we may not be able to deliver the Omnipod System in a timely manner, which could harm our results of operations.

As we continue to expand our sales, we expect to continue to increase our manufacturing capacity, our personnel and the scope of our sales and marketing efforts. This growth, as well as any other growth that we may experience in the future, will provide challenges to our organization and may strain our management and operations resources. In order to manage future growth, we will be required to improve existing, and implement new, sales and marketing efforts and distribution channels. The form and function of our enterprise information technology systems will need to change and be improved upon as our business needs change. For example, we are currently working to implement a new enterprise resource planning system and significantly upgrade our customer relationship management system. We will need to manage our supply chain effectively, including the continued development of our manufacturing and our relationships with our contract manufacturer and other suppliers. We may also need to partner with additional third-party suppliers to manufacture certain components of the Omnipod System and install additional manufacturing lines. A transition to new suppliers may result in additional costs or delays. We may misjudge the amount of time or resources that will be required to effectively manage any anticipated or unanticipated growth in our business, or we may not be able to manufacture sufficient inventory, or attract, hire and retain sufficient personnel to meet our needs. If we cannot scale our business appropriately, maintain control over expenses or otherwise adapt to anticipated and unanticipated growth, our business resources may become strained, we may not be able to deliver the Omnipod System in a timely manner and our results of operations may be adversely affected.

Failure to secure or retain adequate coverage or reimbursement for our products by third-party payors could adversely affect our business, financial condition and results of operations.

We expect that sales of the Omnipod System will be limited unless a substantial portion of the sales price of the Omnipod System is paid for by third-party payors, including private insurance companies, health maintenance organizations, preferred provider organizations, federal and state government healthcare agencies and other managed care providers. In the United States, we currently have contracts establishing reimbursement for the Omnipod System with national and regional third-party payors that provide reimbursement in all 50 states. While we anticipate entering into additional contracts with other third-party payors, we cannot assure you that our efforts will be successful. In addition, these contracts can generally be terminated by the third-party payor without cause. Healthcare market initiatives in the United States may also lead third-party payors to decline or reduce reimbursement for the Omnipod System. Moreover, compliance with administrative procedures or requirements of third-party payors may result in delays in processing approvals by those payors for consumers to obtain coverage for the use of the Omnipod System. Coverage decisions and rates of reimbursement increasingly require clinical evidence showing an improvement in user outcomes. Generating this clinical evidence requires substantial time and investment and there is no guarantee of a desired outcome.

We are an approved Medicare supplier and CMS has issued guidance clarifying that Medicare Part D Plan Sponsors may provide coverage for products such as the Omnipod System under the Medicare Part D prescription drug program. As a result, we must negotiate with third-party payors in order to provide our product through the pharmacy channel in the United States to users who are covered under Medicare Part D. Compliance with administrative procedures or requirements of these third-party payors may result in delays in processing approvals by those payors for consumers to obtain Medicare Part D coverage for the use of the Omnipod System. Medicaid coverage decisions are made by the governing authorities in each state. As the Medicaid coverage process and stakeholders are unique to each state, the timeline to gain coverage in each state may vary.

We began our full market release of Omnipod DASH in 2019, primarily through the pharmacy channel, which required negotiation of new or amended agreements with our intermediaries and payors. The availability of Omnipod DASH may be limited or restricted if we are unable to maintain these agreements and sustain an adequate level of reimbursement under these agreements. As we expand our Omnipod System sales and marketing efforts internationally, we face additional risks associated with obtaining and maintaining reimbursement from foreign healthcare payment systems on a timely basis or at all. Failure to secure or retain adequate coverage or reimbursement for the Omnipod System by third-party payors could have a material adverse effect on our business, financial condition and results of operations.

Healthcare reform laws could adversely affect our revenue and financial condition.

During the past several years, the U.S. healthcare industry has been subject to an increase in governmental regulation at both the federal and state levels. Efforts to control healthcare costs, including limiting access to care, alternative delivery models and changes in the methods used to determine reimbursement scenarios and rates, are ongoing at the federal and state government levels.

The ACA and related healthcare reform laws, regulations and initiatives have significantly increased regulation of managed care plans and decreased reimbursement to Medicare managed care. Some of these initiatives purport to, among other things, require that health plan members have greater access to drugs not included on a plan's formulary. Moreover, to alleviate budget shortfalls, states have reduced or frozen payments to Medicaid managed care plans.

It is unclear how the ACA and its implementation, as well as efforts to repeal or replace, or invalidate, the ACA, or portions thereof, will affect our business. Additional legislative changes, regulatory changes, and judicial challenges related to the ACA remain possible. It is possible that the ACA, as currently enacted or as it may be amended in the future, and other healthcare reform measures that may be adopted in the future, could have an adverse effect on our industry and on our ability to maintain or increase sales of any of our products.

Risks Related to Product Development, Market Access and Competition

We face competition from numerous competitors, many of whom have far greater resources than we have, and, as a result, we may not be able to compete effectively.

The medical device industry is intensely competitive, subject to rapid change resulting from technological advances and scientific discoveries as well as other market activities of industry participants. The Omnipod System competes with several existing insulin delivery devices as well as other methods for the treatment of diabetes. We also compete with Medtronic and Tandem, among others. Medtronic has been the insulin pump market leader for many years. The competitive landscape in our industry continues to undergo significant change. In addition to the established insulin pump competitors, several companies are working to develop and market new insulin "patch" pumps, smart pens, and other methods for the treatment of diabetes. These companies are at various stages of development and the number of such companies continuously changes as they enter or exit the market on an ongoing basis.

Some of our competitors are large, well-capitalized companies with more resources than we have. These companies may have competitive advantages over us, including:

- significantly greater name recognition;
- different and more complete reimbursement profiles;
- established relations with healthcare professionals, customers and third-party payors;
- larger and more established distribution networks;
- greater experience in conducting research and development, clinical trials, manufacturing, marketing and obtaining regulatory approval; and
- greater financial and human resources for product development, sales and marketing, and patent litigation.

As a result, we may not be able to compete effectively against these companies or their products, which may adversely impact our business.

We also compete with MDI therapy, including smart pens, which is substantially less expensive than pump therapy. While we believe that pump therapy, in general, and the Omnipod System, in particular, have significant competitive and clinical advantages over MDI therapy, improvements in the effectiveness of MDI therapy may result in fewer people with insulin-dependent diabetes converting from MDI therapy to pump therapy than we expect and may result in negative price pressure.

Our current competitors or other companies may at any time develop additional products for the treatment of diabetes. If an existing or future competitor develops a product that competes with or is superior to the Omnipod System, our revenue may decline. In addition, some of our competitors may compete by changing their pricing model or by lowering the price of their insulin delivery systems or ancillary supplies. If these competitors' products were to gain acceptance by healthcare professionals, people with insulin-dependent diabetes or third-party payors, we could experience pricing pressure. If prices were to fall, our results of operations could be materially adversely impacted.

Technological breakthroughs in diabetes monitoring, treatment or prevention could render the Omnipod System obsolete.

The diabetes treatment market is subject to rapid technological change and product innovation. The Omnipod System is based on our proprietary technology, but a number of companies, medical researchers and pharmaceutical companies are pursuing new delivery devices, delivery technologies, sensing technologies, procedures, drugs and other therapeutics for the monitoring, treatment and/or prevention of insulin-dependent diabetes. For example, FDA approval of a commercially viable "closed-loop" or "hybrid closed-loop" system that combines continuous "real-time" glucose sensing or monitoring and automatic continuous subcutaneous insulin infusion in a manner that delivers appropriate amounts of insulin on a timely basis with reduced user direction could have a material adverse effect on our revenue and future profitability. Medtronic commercially launched a "hybrid closed-loop" system in 2017, and in 2020 Tandem launched an AID system, which could negatively impact our business. In addition, the National Institutes of Health and other supporters of diabetes research are continually seeking ways to prevent, cure or improve the treatment of diabetes. Any technological breakthroughs in diabetes monitoring, treatment or prevention could render the Omnipod System obsolete, which would have a material adverse effect on our business, financial condition and results of operations.

Our own new product development initiatives may prove to be ineffective or not commercially successful.

We have ongoing initiatives to develop products to improve the treatment of type 1 and type 2 diabetes. We may be unable to effectively introduce and market new products or may fail to keep pace with advances in technology. The healthcare industry is characterized by continuous technological change, resulting in changing consumer preferences and requirements. The success of our business depends on our ability to introduce new products and adapt to these changing technologies and consumer demands. To compete in the marketplace, we must make substantial investments in new product development whether internally or externally through licensing or acquisitions. Even if we can develop, manufacture and obtain regulatory and reimbursement approvals for our new products, the success of those products depends on market acceptance. Market acceptance for our new products could be affected by several factors, including the availability of alternative products from our competitors, the price of our products, the timing of our market entry, and our ability to market and distribute our products effectively. Our failure to introduce new and innovative products in a timely manner could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If the third parties on which we rely to conduct our clinical trials and to assist us with pre-clinical development do not perform as contractually required or expected, we may not be able to obtain regulatory clearance or approval or commercialize our products.

We rely on third parties, such as contract research organizations, medical institutions, clinical investigators, contract laboratories and other third parties to conduct some of our clinical trials and pre-clinical investigations. If these third parties do

not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or if the quality or accuracy of the data they obtain is compromised due to failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our pre-clinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize, our products on a timely basis, or at all, and our business and operating results may be adversely affected. Furthermore, our third-party clinical trial investigators may be delayed in conducting our clinical trials for reasons outside of their control.

Future market or clinical studies may be unfavorable to the Omnipod System and its efficacy, which could hinder our sales efforts and have a material adverse effect on our business, results of operations, financial condition and cash flows.

To help improve, market and sell the Omnipod System, we have sponsored, and expect to continue to sponsor market studies to assess various aspects of the Omnipod System's functionality and its relative efficacy. The data obtained from the studies may be unfavorable to the Omnipod System or may be inadequate to support satisfactory conclusions. In addition, in the future we may sponsor clinical trials to assess certain aspects of the efficacy of the Omnipod System. If future clinical trials fail to support the efficacy of our current or future products, our sales may be adversely affected and we may lose an opportunity to secure clinical preference from prescribing clinicians, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, future clinical studies or articles regarding our existing products or any competing products may be published that either support a claim, or are perceived to support a claim, that a competitor's product is clinically more effective or easier to use than the Omnipod System or that the Omnipod System is not as effective or easy to use as we claim. Additionally, diabetes associations, healthcare providers that focus on diabetes, or other organizations that may be viewed as authoritative could endorse products or methods that compete with the Omnipod System or otherwise announce positions that are unfavorable to the Omnipod System. Any of these events may negatively affect our sales efforts and result in decreased revenue.

We may be unable to adequately protect our intellectual property rights.

Our success depends in part on our ability to maintain the proprietary nature of our technologies. We rely on a combination of patents, trade secrets, copyright and trademark laws, confidentiality, non-disclosure and assignment of invention agreements and other contractual provisions and technical measures to protect our intellectual property rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated.

Our ability to compete depends in part on our continued ability to develop or acquire commercially valuable intellectual property rights and to protect those rights adequately. We may not be able to develop additional proprietary technologies that are patentable. Further, we cannot ensure that our pending patent applications will result in the issuance of patents to us, that patents issued to or licensed by or to us in the past or in the future will not be challenged or circumvented by competitors or that these patents will be found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications. In addition, our ability to enforce and protect our intellectual property rights internationally may be limited in certain circumstances. For example, we may not be able to protect our intellectual property rights effectively in China, where we rely on a third-party contract manufacturer to produce our product. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our efforts to safeguard our unpatented and unregistered intellectual property rights, including requiring employees, consultants and other third parties to sign confidentiality, non-disclosure, or assignment of invention agreements, may not be successful. The agreements may be breached and trade secrets and other proprietary information could be disclosed to our competitors. Further, we may have inadequate remedies for any breach. In addition, others may independently develop substantially equivalent or superior proprietary information and techniques or gain access to our trade secrets or disclose such technologies. If we are unable to sufficiently protect our intellectual property rights and our intellectual property is disclosed or misappropriated, our competitiveness could be impaired, which would limit our growth and future revenue.

To protect our intellectual property, we may need to assert claims of infringement against third parties. Any lawsuits that we initiate could be expensive, take significant time, and divert management's attention from other business concerns. The outcome of litigation to enforce our intellectual property rights is highly unpredictable. A court could determine that some or all of our asserted intellectual property rights are not infringed, or are invalid, or unenforceable. Additionally, we may provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Claims that our current or future products infringe or misappropriate the proprietary rights of others could adversely affect our ability to sell those products and cause us to incur additional costs.

We operate in an industry characterized by extensive patent litigation. We have settled infringement suits in the past and as disclosed in Note 17 to the consolidated financial statements included in Item 8, we are currently subject to patent infringement litigation with Roche Diabetes Care, Inc. In addition, we expect that we could be increasingly subject to third-party infringement claims as our revenue increases, the number of competitors grows and the functionality of products and technology in different industry segments overlaps. Third parties may currently have, or may eventually be issued, patents on which our current or future products or technologies may infringe. Any of these third parties might make a claim of infringement against us.

Such litigation, regardless of its outcome, could result in the expenditure of significant financial resources and the diversion of management's time and resources. In addition, such litigation could cause negative publicity, adversely affect prospective users, cause product shipment delays, limit or prohibit us from manufacturing, marketing or selling our current or future products, and/or require us to develop non-infringing technology, make substantial payments to third parties, or enter into royalty or license agreements, which may not be available on acceptable terms or at all. If a successful claim of infringement were made against us and we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our revenue could decrease substantially, and we could be exposed to significant liability. A court could enter orders that temporarily, preliminarily or permanently enjoin consumers from using our products or us from manufacturing, selling, or importing our products, or could enter an order mandating that we undertake certain remedial activities.

Risks Related to Economic Conditions and Operating Internationally

Our financial condition and results of operations have been and may to continue to be adversely affected by the COVID-19 pandemic.

The COVID-19 pandemic has created significant volatility, uncertainty and economic disruption in the markets we sell our products into and operate in and negatively impacted business and healthcare activity globally. The pandemic and preventative measures taken to contain or mitigate the outbreak, including vaccine mandates, have caused, and are continuing to cause, business slowdown or shutdown in affected areas, supply chain disruptions, labor shortages, inflation and disruption in the financial markets globally. As a result, consumers may reduce their spending, new orders for our Omnipod System may decline and our user attrition rate may increase, which could have a material adverse effect on our business, sales, financial condition and results of operations.

The COVID-19 pandemic also has the potential to significantly impact our supply chain if the manufacturing plants that produce our products or product components, the distribution centers where we manage our inventory, or the operations of our logistics and other service providers, including third parties that sterilize our products, are disrupted, temporarily closed or experience worker shortages for a sustained period of time. Although China, where we manufacture a significant portion of our product, has experienced a recovery and we are currently producing at pre-COVID-19 levels, should China suffer a COVID-19 relapse, it could hinder our ability to produce product and have a material adverse effect on our business and results of operations.

As a result of the COVID-19 pandemic, many employees have transitioned to a remote or hybrid work environment, which has increased risks associated with our information technology systems and networks. These increased risks include cyber-attacks, computer viruses, disruptions, or shutdowns that could result in a failure to protect our information technology systems and data integrity.

The further spread of COVID-19, and the requirements to take action to help limit the spread of the illness, may impact our ability to carry out our business as usual. For example, the COVID-19 pandemic may divert healthcare resources away from the conduct of clinical trials and interrupt the operations of the FDA and comparable foreign regulatory agencies, which could delay product approval timelines, as it did for Omnipod 5.

Our financial condition or results of operations may be adversely affected by international business risks.

In addition to the United States, we sell the Omnipod System in Europe, Canada, the Middle East and Australia. Our international operations are subject to risks that are inherent in conducting business under foreign laws, regulations and customs. International sales made up one third of our revenues in 2021 and we expect international sales to contribute significantly to our future growth. If the U.S. dollar strengthens in relation to the currencies of other countries where we sell our products, such as the euro, our U.S. dollar reported revenue and income will decrease. Changes in the relative values of currencies occur regularly and, in some instances, may have a significant effect on our operating results. We also rely on third-party suppliers located in other countries. For example, a significant portion of our Omnipod Systems are manufactured at third-party contract manufacturer facilities in China.

Our efforts to introduce or expand our current or future products in international markets may not be successful, in which case we may have expended significant resources without realizing the expected benefit. Ultimately, the investment required for expansion into international markets could exceed the results of operations generated from this expansion.

In addition to the risks discussed elsewhere in this Item 1A, other risks associated with doing business internationally, include:

- political instability and actual or anticipated military or political conflicts;
- trade protection measures, such as tariff increases, and import and export licensing and control requirements;
- negative consequences from changes in or interpretations of tax laws;
- difficulty in establishing, staffing and managing international operations;
- difficulties associated with foreign legal systems, including increased costs associated with enforcing contractual obligations in foreign jurisdictions;
- changes in regulatory requirements;
- adapting to the differing laws and regulations, business and clinical practices, and consumer preferences in international markets;
- difficulties in managing international relationships, including any relationships that we establish with foreign partners, distributors or sales or marketing agents; and
- difficulty in collecting accounts receivable and longer collection periods.

In addition, in January 2020, the U.K. withdrew from the European Union, commonly referred to as “Brexit”. The effects of Brexit will depend on the terms of the U.K.’s future relationship with the European Union. Although it is unknown what those terms will be, it is possible that there could be greater restrictions on imports and exports and on the movement of people between the U.K. and European Union countries, and increased regulatory complexities.

Failure to comply with the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws could materially adversely affect our business and result in civil and/or criminal sanctions.

The FCPA, the U.K. Bribery Act and similar anti-bribery laws enacted in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Because of the predominance of government-sponsored healthcare systems around the world, most of our customer relationships outside of the United States are with governmental entities and are therefore subject to such anti-bribery laws. Because we do business in the U.K., the U.K. Bribery Act also extends to our interaction with public and private sector entities and persons outside the U.K., including in the U.S. Our policies mandate compliance with these anti-bribery laws. We operate in parts of the world that have experienced governmental corruption to some degree, and in certain circumstances strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance programs, our internal control policies and procedures may not always protect us from reckless or criminal acts committed by our employees or agents. Violations of anti-bribery laws, or allegations of such violations, could disrupt our business and have a material adverse effect on our results of operations, financial condition and cash flows.

Risks Related to Supply Chain, Operations and Third-Party Arrangements

Our Omnipod System inventory is produced and maintained in a limited number of locations.

Our manufacturing of the Omnipod System is conducted in two locations, at our U.S. manufacturing facility in Massachusetts and on manufacturing lines owned by us at a facility located in China that is operated by a third-party contract manufacturer. Political or financial instability, currency fluctuations, the outbreak of pandemics such as COVID-19, labor unrest, transport capacity and costs, port security, weather conditions, natural disasters, or other events that could slow or disrupt port activities and affect foreign trade are beyond our control and could materially disrupt our supply of product from China, increase our costs, and/or adversely affect our results of operations. Further, following the COVID-19 pandemic there may be increased pressure for U.S. medical device companies to reduce dependency on China for their supply chain. In addition, substantially all of our U.S. Omnipod System inventory is held at a single location in Massachusetts and our European Omnipod System inventory is maintained by a third-party logistics entity primarily in a single location in the Netherlands. We take precautions to ensure that our third-party contract manufacturer and logistics entity safeguard our assets, including insurance, health and safety protocols, and off-site storage of computer data. However, a natural or other disaster, such as a fire or flood, could cause substantial delays in our operations, damage or destroy our manufacturing equipment and/or inventory and cause us to incur additional expenses. The insurance we maintain may not be adequate to cover our losses in any particular case. With or without insurance, damage to our facility, manufacturing equipment, inventory or other property or to any of our suppliers, may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to obtain sufficient components or raw materials on a timely basis or if we experience manufacturing difficulties, including not effectively managing the start-up of new manufacturing lines, our business may be harmed.

The manufacture of our product requires the timely delivery of sufficient amounts of quality components and materials. We acquire our components and materials from many suppliers in various countries. We work closely with our suppliers to ensure the continuity of supply, but we cannot guarantee these efforts will always be successful. Further, while efforts are made to diversify our sources of components and materials, in certain instances we acquire components and materials from a sole supplier. In addition, due to the stringent regulations and requirements of the FDA and similar regulatory agencies in other countries regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for some components or materials. A reduction or interruption in supply, and an inability to develop alternative sources for such supply, could hinder our ability to manufacture our products in a timely or cost-effective manner, and have a material adverse effect on our business and results of operations.

The manufacture of our product is highly exacting and complex, due in part to strict regulatory requirements. Problems in the manufacturing process, including equipment malfunction, failure to follow specific protocols and procedures, defective raw materials and environmental factors, could lead to launch delays, product shortage, unanticipated costs, lost revenues and damage to our reputation. A failure to identify and address manufacturing problems prior to the release of products to our customers may also result in a quality or safety issue. Significant manufacturing problems or inability to obtain key components and materials could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, as we commence operation of new manufacturing lines, we could experience quality issues and unexpected operational delays that decrease our gross margins and cause a shortage of product supply.

We are dependent upon third-party suppliers, making us vulnerable to supply problems and price fluctuations.

We rely on suppliers who manufacture the components for and perform assembly of the Pods and PDMs. In addition, a third-party contract manufacturer in China performs assembly and supplies a significant portion of all finished Omnipod Systems. We do not have long-term supply agreements with all of our suppliers, and, in many cases, we, or our contract manufacturer, make purchases based on individual purchase orders. In some cases, our agreements with suppliers can be terminated by either party upon short notice. Additionally, our suppliers may encounter problems during manufacturing for a variety of reasons, including failure to follow specific protocols and procedures, failure to comply with applicable regulations, equipment malfunction, component part supply constraints and environmental factors, any of which could delay or impede their ability to meet our demand. Our reliance on these third-party suppliers also subjects us to other risks that could harm our business, including:

- our suppliers may give other customers' needs higher priority than ours affecting their ability to deliver products to us in a timely manner, as we are not a major customer of many of our suppliers;
- we may not be able to obtain an adequate supply in a timely manner or on commercially reasonable terms;
- our suppliers may make errors in manufacturing that could negatively affect the safety or efficacy of our products, cause delays in shipment or negatively affect our reputation;
- we may have difficulty locating and qualifying alternative suppliers for our sole-source supplies;
- switching components may require product redesign and submission to the FDA of a new 510(k);
- thefts of our trade secrets and intellectual property could occur with the third-party supply process;
- the occurrence of a fire, natural disaster or other catastrophe, impacting one or more of our suppliers, may affect their ability to deliver products to us in a timely manner;
- our suppliers may encounter financial hardships unrelated to our demand, which could inhibit their ability to fulfill our orders and meet our requirements, and
- our suppliers may fail to comply with conflict minerals, anti-slavery or other applicable laws, thus impairing our ability to source materials.

We may not be able to quickly establish additional or alternative suppliers, particularly for our sole-source suppliers, in part because of the FDA approval process and because of the custom nature of various parts. An interruption or delay in obtaining products from our third-party suppliers, or our inability to obtain products from alternate sources at acceptable prices in a timely manner, could impair our ability to meet the demand of our customers and cause them to cancel orders or switch to competing products.

We rely on agreements or licenses to intellectual property or other rights in order to sell our current product and commercialize new products.

We rely on agreements or licenses to intellectual property or other rights in order to sell our current product and commercialize new products. If we cannot retain or obtain these agreements, licenses, or other rights, we may not be able to sell, develop or commercialize our products. For example, our rights to incorporate the FreeStyle blood glucose meter into the Omnipod are governed by a license agreement with Abbott. In addition, we have a commercial agreement with Dexcom that allows us to sell Omnipod 5 with integration to Dexcom's CGM and have a development agreement with Abbott to integrate Abbott's CGM into Omnipod 5. The loss of any of these rights could impair the functionality of the Omnipod System or prevent us from selling our products without significant development and regulatory activities that may not be completed in time to prevent an interruption in the availability of the Omnipod System to consumers. This could result in a material adverse effect on our business, financial condition and results of operations.

We also have a partnership with Glooko that allows the Omnipod System to connect with Glooko's cloud-based diabetes data management system so that users and healthcare providers can monitor user data, including insulin delivery trends and blood glucose levels. Our agreement with Glooko expires in December 2025. If this agreement is not renewed in the future, our business could be materially adversely impacted.

Our non-insulin drug delivery product line faces challenges which, if not met, may impair its future success.

Our non-insulin drug delivery product line involves the development, manufacture and sale of a modified Omnipod System for delivery of a specific drug other than insulin. Most of our commercialized drug delivery revenue consists of sales of a customized version of our product for use in Amgen's Neulasta Onpro kit under an agreement that expires in December 2023. The marketing and sales initiatives driving this product line differ markedly from those on which we rely for our sales of Omnipod Systems to treat diabetes since the non-insulin drug delivery devices depend on marketing and sales to pharmaceutical companies, not to users and clinicians. We expect that the future results of our non-insulin drug delivery product line will face several challenges, including:

- our identification of drug delivery opportunities for a modified Omnipod System;
- our achievement of satisfactory development and pricing terms with the pharmaceutical companies that sell such drugs;
- our development of appropriate modifications to our Omnipod System technology to address the needs and parameters required for the respective drug-delivery opportunities;
- manufacturing issues relating to the modified Omnipod System;
- long lead-times associated with the development, regulatory approvals and ramp up applicable to the use of modified Omnipod Systems for the delivery of such drugs;
- relatively small number of modified Omnipod Systems needed to address each drug-delivery opportunity;
- uncertainties regarding the market acceptance of such drugs and the modified Omnipod System as appropriate delivery device;
- uncertainties relating to the success of the pharmaceutical companies in marketing and selling such drugs as well as the modified Omnipod Systems as the appropriate delivery devices;
- intense competition in the drug-delivery industry, including from competitors which have substantially greater resources;
- demand for non-insulin drugs, including the impact of generics and biosimilars;
- maintaining appropriate gross margins; and
- regulatory requirements and reimbursement rates associated with such drugs.

If we are unsuccessful in overcoming one or more of these challenges, or if our agreement with Amgen is terminated or not renewed, our financial results could be materially and adversely impacted.

Risks Related to Government Regulation and Litigation

We are subject to extensive government regulation, which could restrict the sales and marketing of our products and could cause us to incur significant costs.

Our medical device products and operations are subject to extensive regulation by the FDA and various other federal, state, local and foreign government authorities. Government regulation of medical devices is meant to assure their safety and effectiveness, and includes regulation of, among other things:

- design, development and manufacturing;
- testing, labeling, and content and language of instructions for use and storage;
- clinical trials;
- regulatory clearances and approvals including premarket clearance and approval;
- product safety;
- advertising and promotion;
- marketing, sales and distribution;
- conformity assessment procedures;
- product traceability and record keeping procedures;
- product complaints, complaint reporting, recalls and field safety corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- post-market studies; and
- product import and export.

Before a new medical device, or a significant modification of a medical device, including a new use of or claim for an existing product, can be marketed in the United States, it must first receive either 510(k) clearance or PMA from the FDA, unless an exemption applies. In December 2012, we received 510(k) clearance for our Omnipod Insulin Management System. We have since obtained clearance for modified versions of this device, including Omnipod DASH, which was cleared by the FDA in 2018 and Omnipod 5, which was cleared by the FDA in January 2022. We may be required to obtain a new 510(k) clearance or PMA for significant further post-market modifications to the Omnipod System. Obtaining 510(k) clearance or PMA for medical devices can be expensive and lengthy, and entail significant user fees. Further, we may not be able to obtain additional 510(k) clearances or PMAs for new products or for modifications to, or additional indications for, the Omnipod System in a timely fashion or at all. Delays in obtaining future clearances could adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn could harm our revenue and future profitability.

We also are subject to numerous post-marketing regulatory requirements, which include quality system regulations related to the manufacture of our devices, labeling regulations and medical device reporting regulations. The last of these regulations requires us to report to the FDA if our devices cause or contribute to a death or serious injury, or malfunction in a way that would likely cause or contribute to a death or serious injury if the malfunction recurred. If we fail to comply with present or future regulatory requirements that are applicable to us, we may be subject to enforcement action by the FDA, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notification, or orders for repair, replacement or refunds;
- voluntary or mandatory recall or seizure of our current or future products;
- administrative detention by the FDA of medical devices believed to be adulterated or misbranded;
- operating restrictions, suspension or shutdown of production;
- refusing our requests for 510(k) clearance or PMA of new products, new intended uses or modifications to the Omnipod System;
- rescinding 510(k) clearance or suspending or withdrawing PMAs that have already been granted; and
- criminal prosecution.

The occurrence of any of these events may have a material adverse effect on our business, financial condition and results of operations.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions that may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently approved or cleared products on a timely basis. The FDA is in the process of reviewing the 510(k) approval process and criteria and has announced initiatives to improve the current pre- and post-market regulatory processes and requirements associated with infusion pumps and other home use medical devices. As part of this effort, the FDA is reviewing the adverse event reporting and recall processes for insulin pumps. Any change in the laws or regulations that govern

the clearance and approval processes relating to our current and future products could make it more difficult and costly to obtain clearance or approval for new products, or to produce, market and distribute existing products.

The Omnipod System is also sold in Canada, Australia and certain countries in Europe and the Middle East. As a result, we are required to comply with additional foreign regulatory requirements. As we expand our sales efforts internationally, we may need to obtain additional foreign approval certifications. Failure to fulfill foreign regulatory requirements on a timely basis or at all could adversely affect our ability to grow our business.

If we, our contract manufacturer or our component suppliers fail to comply with the FDA's quality system regulations, the manufacturing and distribution of our devices could be interrupted, and our sales and operating results could suffer.

We, our contract manufacturer and our component suppliers are required to comply with the FDA's QSR, which is a complex regulatory framework that covers the procedures and documentation of the design, testing, production, control, quality assurance, sterilization, labeling, packaging, storage, shipping and servicing of our devices. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through periodic, sometimes unannounced, inspections by the FDA. We cannot assure you that our facilities or our contract manufacturer or component suppliers' facilities would pass any future quality system inspection. If our or our contract manufacturers' or component suppliers' facilities fails a quality system inspection, the manufacturing or distribution of our devices could be interrupted, and our operations disrupted. Failure to take adequate and timely corrective action in response to an adverse quality system inspection could force a suspension or shutdown of our labeling operations or the manufacturing operations of our contract manufacturer, or a recall of our devices.

If we, or our manufacturer, fail to adhere to QSR requirements, this could delay production of our products and lead to fines, difficulties in obtaining regulatory clearances, recalls, enforcement actions, including injunctive relief or consent decrees, or other consequences, which could have a material adverse effect on our financial condition or results of operations.

Malfunction of our products could lead to recalls or safety alerts and have a significant adverse impact on us.

The FDA and similar governmental bodies in other countries have the authority to require the recall of our products if we or our contract manufacturer fails to comply with relevant regulations pertaining to manufacturing practices, labeling, advertising or promotional activities, or if new information is obtained concerning the safety or efficacy of these products. A government-mandated recall could occur if the FDA finds that there is a reasonable probability that the device would cause serious, adverse health consequences or death. A voluntary recall by us could occur as a result of any material deficiency in a device, such as manufacturing defects, labeling deficiencies, packaging defects or other failures to comply with applicable regulations. Adverse events involving our products have been reported to us in the past, and we cannot guarantee that they will not occur in the future. Any corrective action, whether voluntary or involuntary, such as our voluntary Medical Device Corrections issued in February 2020 and January 2021, may require the dedication of our time and capital, could distract management from operating our business and potentially harm our reputation and financial results.

In the event of a recall, we may also be subject to liability claims, be required to bear other costs, or take other actions that may have a negative impact on our future sales and our ability to generate profits. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. We may initiate voluntary recalls involving our products in the future that we determine do not require notification to the FDA. If the FDA disagrees with our determinations, they could require us to report those actions as recalls. In addition, the FDA could take enforcement action for failing to report the recalls when they were conducted.

We may be subject to enforcement action if we engage in improper marketing or promotion of our products.

Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of unapproved, or off-label, use. Doctors may prescribe our products off-label, as the FDA does not restrict or regulate a doctor's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training constitutes promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an off-label use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged, and adoption of the products could be impaired. Although our policy is to refrain from statements that could be considered off-label promotion of our products, the FDA or another regulatory agency could disagree with our characterization of certain statements and conclude that we have engaged in off-label promotion. In addition, the off-label use of our products may increase the risk of product liability claims. Product liability claims are expensive to defend and could divert management's attention, result in substantial damage awards against us, and

harm our reputation.

If we were found to be noncompliant with state DME licensure rules, we could lose our licensure in that state, which could prohibit us from selling our current or future products directly to consumers in that state.

Several states require that DME providers be licensed in order to sell products to customers in that state. Certain of these states require, among other things, that DME providers maintain an in-state location. Although we believe we are in compliance with all applicable state regulations regarding licensure requirements, if we were found to be noncompliant, we could lose our licensure in that state, which could prohibit us from selling our current or future products directly to consumers in that state.

The medical device industry is heavily regulated. If we fail to comply with all applicable laws and government regulations, we could be subject to substantial penalties and/or be excluded from participation in government programs.

Our relationships with customers and third-party payors are subject to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs and certain customer and product support programs, we may have with hospitals, physicians, customers or other potential purchasers of medical devices. These laws include, among others, the federal healthcare Anti-Kickback Statute, the federal civil False Claims Act, other federal healthcare false statement and fraud statutes, the Open Payments program, the Civil Monetary Penalties Law, and analogous fraud and abuse and transparency laws in most states, as described in “Item 1—Business—Government Regulation”.

We conduct various marketing and product training activities that involve making payments to healthcare providers and entities. While we believe and make every effort to ensure that our business arrangements with third parties and other activities and programs comply with all applicable laws, these laws are complex and our activities may be found not to be compliant with one of these laws, which may result in significant civil, criminal and/or administrative penalties, fines, damages, and exclusion from participation in federal healthcare programs. Even an unsuccessful challenge or investigation into our practices could cause adverse publicity, and be costly to respond to, and thus could have a material adverse effect on our business, financial condition and results of operations. Our compliance with Medicare and Medicaid regulations may be reviewed by federal or state agencies, including the OIG, CMS, and the Department of Justice, or may be subject to whistleblower lawsuits under federal and state false claims laws. To ensure compliance with Medicare, Medicaid, and other regulations, government agencies conduct periodic audits of us to ensure compliance with various supplier standards and billing requirements.

Risks Related to Privacy and Security

We are subject to complex and evolving laws and regulations regarding privacy and data protection, many of which are subject to change and uncertain interpretation, which could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

We are subject to a variety of laws and regulations relating to privacy and data protection, data security, data retention and deletion, personal information, electronic contracts, and other communications. The introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. For example, data privacy laws at the federal and state levels protect the confidentiality of certain health information and restrict the use and disclosure of that protected information. In particular, the U.S. privacy rules under HIPAA protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. In California, the CCPA, which provides certain privacy rights and consumer protection for residents of the state became effective in 2020, and the CPRA, which amends and expands the CCPA, will take effect in 2023. These consumer rights include the right to know what personal information is collected, the right to know whether the data is sold or disclosed and to whom, the right to request a company to delete the personal information collected, the right to opt-out of the sale of personal information and the right to non-discrimination in terms of price or service when a consumer exercises a privacy right. Colorado and Virginia have enacted similar privacy laws that will also take effect in 2023. California and other states’ laws apply more broadly and now or in the future may reach data we hold that relates to employees and healthcare providers, not just customers. In addition, data security protection laws passed by the federal government and many states require notification to data subjects, including customers and others, when there is a security breach of personal data. If we fail to comply with these regulations, we could be subject to civil sanctions, including fines and penalties for noncompliance.

In addition, foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. Data localization laws in some countries generally mandate that certain types of data collected in a particular country be stored and/or processed within that country. We could be subject to audits in Europe and around the world, particularly in the areas of consumer and data protection, as we continue to grow and expand our operations. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that make our products less useful to users, require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices.

These changes or increased costs could negatively impact our business and results of operations in material ways. For example, the GDPR imposes requirements in the European Economic Area relating to, among other things, consent to process personal data of individuals, the information provided to individuals regarding the processing of their personal data, the security and confidentiality of personal data, notifications in the event of data breaches and use of third-party processors. If we fail to comply with these standards, we could be subject to criminal penalties and civil sanctions, including significant fines and penalties.

The increased scope of regulation around the world may require expanded compliance programs and resources. As our efforts to gain insights from data increase for the operation of our products and services and for the improvement of business processes, including sales and marketing, our exposure to increasingly complex privacy regulation may impede our ability to use data in this way.

We rely on the proper function, availability and security of our product and information technology systems and a successful cyber-attack or other breach or disruption of our product or these systems could have a material adverse effect on our business and results of operations.

We rely on information technology systems to process, transmit and store electronic information in our day-to-day operations. The nature of our business involves the receipt and storage of personal and financial information regarding our customers, including sensitive medical information. We use our information technology systems to manage or support a variety of business processes and activities, including sales, shipping, billing, customer service, procurement, and supply chain, manufacturing and accounts payable. In addition, we use enterprise information technology systems to record, process, and summarize transactions and other financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax regulatory requirements. Many of our information systems are cloud-hosted and managed by third-party vendors, some of which may have access to confidential business, employee, healthcare professional, and/or customer information. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. Any failure by us to maintain or protect our information technology systems and data integrity, including from cyber-attacks, intrusions, disruptions or shutdowns, could result in the unauthorized access to customer data and personally identifiable information, theft of intellectual property or other misappropriation of assets or the loss of key data and information, or otherwise compromise our confidential or proprietary information and disrupt our operations.

Additionally, the FDA has warned that insulin pumps may have cybersecurity vulnerabilities and could be manipulated by hackers, causing danger to people with diabetes. After extensive testing and research in conjunction with an independent third-party firm, a potential security vulnerability in the Omnipod was identified. (This vulnerability does not exist in Omnipod DASH or Omnipod 5.) Successful exploitation of this vulnerability may allow an attacker to gain access to the Pod to intercept, modify, or interfere with the wireless RF communications to or from the PDM. This may allow attackers to read sensitive data, change pump settings or control insulin delivery.

Insulet is aware of a specific group of people with diabetes who have been able to duplicate the Pod communication protocol using a smartphone and a bridge, which in turn allows the Pod to be controlled using an unauthorized device. This practice is commonly referred to as Do-It-Yourself (DIY) and is not the intended use for the Omnipod System. Insulet has not provided the DIY community with any type of information or input on the product, nor has Insulet been provided with any information proving that this form of off-label use is a safe use of the system. This practice does not exist with Omnipod 5.

If our product is breached or our information technology systems are breached or suffer severe damage, disruption or shutdown and we are unable to effectively resolve the issues in a timely manner, our reputation, business, and operating results may be materially adversely affected.

Failure to maintain the privacy and security of our customer, third-party payor, employee, supplier or Company information could result in substantial costs and/or subject us to litigation, enforcement actions and reputational damage.

Our business, like that of most medical device manufacturers, involves the receipt, storage and transmission of customer information and payment and reimbursement information, as well as confidential information about third-party payors, our employees, our suppliers and our Company. Our information systems are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to our systems or information through fraud or other means of deceiving our employees or third-party service providers. Hardware, software, or applications we develop or obtain from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information and device security. The methods used to obtain unauthorized access, disable, or degrade service or sabotage systems are also constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. We have implemented and regularly review and update processes and procedures to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever-evolving threats mean we must continually evaluate and adapt our

systems and processes, and our efforts may not be adequate to safeguard against all data security breaches, misuse of data, or sabotage of our systems. Any future significant compromise or breach of our data security, whether external or internal, or misuse of customer, third-party payor, employee, supplier, or Company data, could result in significant costs, lost sales, fines, lawsuits, and damage to our reputation. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs.

Risks Related to Our Debt

We may not be able to generate sufficient cash flow from operations to service our debt, which is substantial.

As of December 31, 2021, we had debt of $1.4 billion, including $800 million aggregate principal amount of Convertible Senior Notes, which mature in 2026. Our ability to make scheduled payments or to refinance the Convertible Senior Notes or other debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. If our cash flows and capital resources are insufficient to fund these obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the outstanding Convertible Senior Notes. We cannot assure you that we would be able to take any of these actions, that these actions would permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our future debt agreements. If we do not generate sufficient cash flow from operations, and additional borrowings, refinancings, or proceeds from asset sales are not available to us, we may not have sufficient cash to enable us to meet all of our obligations.

Our Credit Agreement imposes restrictions on us that may adversely affect our ability to operate our business.

Our Credit Agreement contains covenants that restrict our ability, and that of our subsidiaries, to engage in certain transactions, including, among other things, limitations on our ability to incur additional indebtedness, make asset dispositions, create or permit liens, sell, transfer or exchange assets, guarantee certain indebtedness and make acquisitions or other investments. These restrictions may impair our ability to respond to changing business and economic conditions and may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Conversion of any of our Convertible Senior Notes may dilute the ownership interest of existing stockholders or depress our stock price.

The conversion of some or all our Convertible Senior Notes may dilute the ownership interests of existing stockholders. Any sales in the public market of any of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, conversion of the Convertible Senior Notes could depress the price of our common stock.

Our ability to use net operating loss carryforwards may be subject to limitation.

Section 382 of the U.S. Internal Revenue Code imposes an annual limit on the amount of net operating loss carryforwards that may be used to offset taxable income when a corporation has undergone significant changes in its stock ownership or equity structure. Our ability to use net operating losses may be limited by prior changes in our ownership and may be further limited by the issuance of common stock in connection with the conversion of our Convertible Senior Notes, or by the consummation of other transactions. As a result, our ability to use net operating loss carryforwards to offset U.S. federal taxable income may become subject to limitations.

General Risks

Our success depends on our ability to attract, motivate, and retain key personnel.

Our success depends on our ability to retain our employees and to attract and retain additional qualified personnel in the future. We face intense competition for employees, particularly in light of recent labor shortages and as people are increasingly able to work remotely. We face challenges in maintaining employee well-being, recognizing that the additional financial, family, and health burdens that many employees may be experiencing due to the COVID-19 pandemic and related economic uncertainties may adversely impact job performance and employee retention. Losing members of our senior management, and other highly skilled personnel could prevent or delay the implementation and completion of our objectives or divert management’s attention to seeking qualified replacements and ensuring seamless transitions. Additionally, the sale and after-sale support of the Omnipod System is logistically complex, requiring us to maintain an extensive infrastructure of field sales personnel, diabetes educators, customer support, insurance specialists, and billing and collections personnel. We face considerable challenges in recruiting, training, managing, motivating, and retaining these employees, including managing geographically dispersed teams. If we fail to maintain and grow an adequate pool of trained and motivated personnel, our reputation could suffer, and our financial position could be adversely affected.

Acquisitions or investments in new businesses, products or technologies could disrupt our business.

If we are presented with appropriate opportunities, we may pursue acquisitions or investments in complementary businesses, products or technologies. For example, in January 2022, we acquired one of our suppliers. We may not complete the transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the expected benefits of any acquisition or investment. Even if we are successful in making an acquisition, the products and technologies that we acquire may not be successful or may require significantly greater resources and investments than we originally anticipated. We could also experience negative effects on our results of operations and financial condition from acquisition-related charges, amortization of intangible assets and asset impairment charges if the acquisitions are not as successful as we originally anticipate. Acquisitions present risks, uncertainties and disruptions associated with the integration process, including difficulties in the integration of the operations of any acquired company, integration of acquired technology with our products, and the potential loss of key employees, customers, distributors, or suppliers of the acquired businesses. In addition, integration of an acquired business may require management resources that otherwise would be available for development of our existing business. If an acquired business fails to operate as anticipated or cannot be successfully integrated into our existing business, our stock price, business, financial condition, and results of operations could be materially and adversely affected. Furthermore, we may have to incur debt or issue equity to pay for any future acquisitions or investments, the issuance of which could be dilutive to our existing stockholders.

We may need to raise additional funds in the future, and these funds may not be available on acceptable terms or at all.

Our capital requirements will depend on many factors, including:

- revenue generated by sales of our current products and any other future products that we may develop;
- costs associated with capital expenditures, including adding additional manufacturing capacity;
- costs associated with any expansion, including expanding our sales and marketing efforts globally;
- expenses we incur in manufacturing and selling our products;
- costs of developing new products or technologies and enhancements to our products;
- costs of complying with regulatory requirements, including obtaining and maintaining FDA approval or clearance of our current or future products;
- costs associated with litigation; and
- the number and timing of any acquisitions or other strategic transactions.

We may in the future seek additional funds from public and private stock offerings, borrowings under credit lines, or other sources, and we may need to raise additional debt or equity financing to repay our outstanding Senior Convertible Notes or other debt obligations. If we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our potential future products or proprietary technologies or grant licenses on terms that are not favorable to us.

Our ability to raise additional capital may be adversely impacted by current economic conditions, including any sustained disruption to the credit and financial markets from the COVID-19 pandemic. If the macro-economic disruption continues for pro-longed periods, we may need to raise additional capital and capital may not be available on acceptable terms, or at all. We cannot predict when the macro-economic disruption stemming from COVID-19 will ebb or when the economy will return to pre-COVID-19 levels, if at all.

If we are unable to raise additional capital due to these or other factors, we may need to further manage our operational expenses, including potentially curtailing planned product development activities. In addition, we may not be able to execute our business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements. If any of these events occur, it could adversely affect our business, financial condition, and results of operations.

The price of our common stock may be volatile.

The market price of our common stock is affected by a number of factors, including:

- failure to maintain and increase production capacity and reduce per unit production costs;
- changes in the availability of third-party reimbursement in the United States or other countries;
- volume and timing of orders for our products;
- developments in administrative proceedings or litigation related to intellectual property rights;
- issuance of patents to us or our competitors;

- the announcement of new products or product enhancements by us or our competitors;
- the announcement of technological or medical innovations in the treatment or diagnosis of diabetes;
- changes in governmental regulations or in the status of our regulatory approvals or applications;
- publication of clinical studies relating to our products or a competitor's product;
- quarterly variations in our or our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

At times, the fluctuations in the market price of our common stock have been unrelated or disproportionate to our operating performance. In particular, the U.S. equity markets have at times experienced significant price and volume fluctuations that have affected the market prices of equity securities of many technology companies. Broad market and industry factors such as these could materially and adversely affect the market price of our stock, regardless of our actual operating performance.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own a 350,000 square foot facility in Acton, MA, which houses both our headquarters and our U.S. manufacturing. As of December 31, 2021, we leased a total of 17 facilities in 8 countries consisting of approximately 320,000 square feet of office, research and development, and warehousing space and other related facilities, primarily in North America, Asia and Europe.

Item 3. Legal Proceedings

The information required by this Item is provided under "Legal Proceedings" in Note 17 to the consolidated financial statements included in Item 8 of this Form 10-K and is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on The NASDAQ Global Market ("NASDAQ") under the trading symbol PODD.

Holders of Record

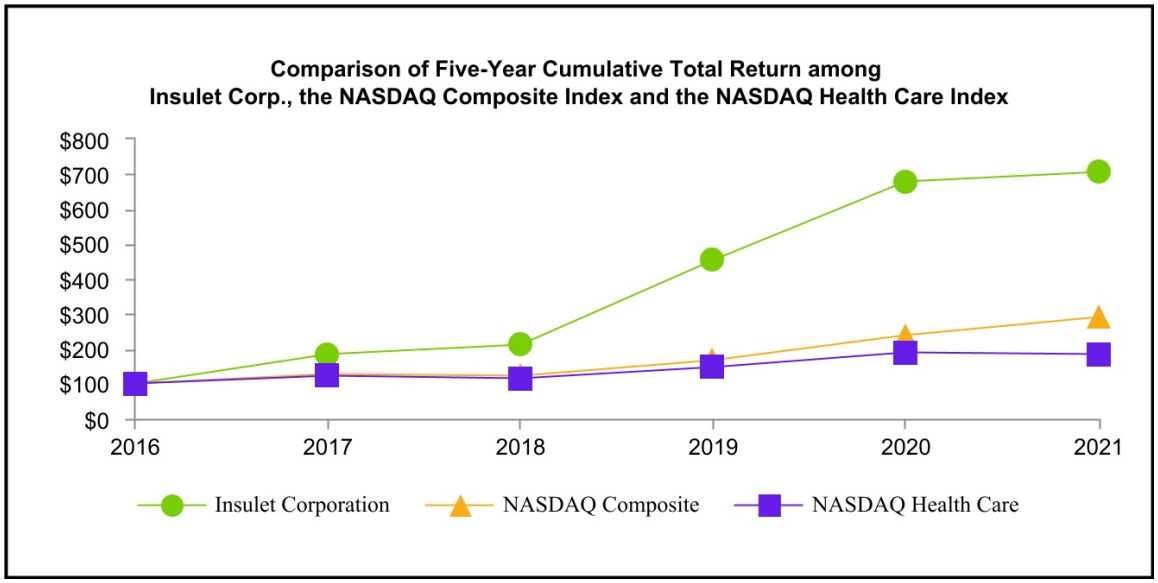
As of February 17, 2022, there were 8 registered holders of record of our common stock.

Recent Sales of Unregistered Securities

During the year ended December 31, 2021, we issued securities that were not registered under the Securities Act, which were issued in reliance on the exemption from registration under Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act"). We issued 2,586,133 shares of our common stock to certain holders of our 1.375% Convertible Senior Notes due 2024 (the "Notes") upon the conversion of $402.5 million aggregate principal amount of the Notes by such holders.

Stock Performance Graph

The following graph shows the cumulative total return on $100 invested in each of our common stock, the NASDAQ Composite Index and the NASDAQ Health Care Index for the five-year period beginning on December 31, 2016, and ending on December 31, 2021, assuming reinvestment of all dividends. The historical stock price performance on the graph below is not necessarily indicative of future stock price performance.



	2016	2017	2018	2019	2020	2021
Insulet Corporation	$ 100	$ 183	$ 211	$ 454	$ 678	$ 706
NASDAQ Composite	$ 100	$ 128	$ 123	$ 167	$ 239	$ 291
NASDAQ Health Care	$ 100	$ 121	$ 116	$ 146	$ 190	$ 183

The material in this performance graph shall not be deemed to be filed with the SEC and is not incorporated by reference in any filing of Insulet Corporation under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended, whether made on, before or after the date of this filing and irrespective of any general incorporation language in such filing.

Dividends

We currently intend to retain any earnings to finance research and development and the operation and expansion of our business and do not anticipate paying any cash dividends for the foreseeable future.

Issuer Purchases of Equity Securities

None.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item is provided under Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Item 6. Reserved

Item 7. 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 consolidated financial statements and the accompanying notes included in this annual report. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs, which are subject to risks, uncertainties and assumptions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed under the headings "Risk Factors" and "Forward-Looking Statements."

Overview

We are primarily engaged in the development, manufacture and sale of our proprietary Omnipod System, a continuous insulin delivery system for people with insulin-dependent diabetes. The Omnipod System features a small, lightweight, self-adhesive disposable tubeless Omnipod device that is worn on the body for up to three days at a time; and its wireless companion, the handheld PDM/Controller. The Omnipod System, which features discreet and easy-to-use devices, communicates wirelessly, provides for virtually pain-free automated cannula insertion and eliminates the need for MDI therapy or the use of pump and tubing. We believe that the Omnipod System's unique proprietary design and features allow people with insulin-dependent diabetes to manage their diabetes with unprecedented freedom, comfort, convenience and ease.

In addition to the diabetes market space, we have partnered with pharmaceutical and biotechnology companies to tailor the Omnipod System technology platform for the delivery of subcutaneous drugs across other therapeutic areas. Most of our drug delivery revenue currently consists of sales of pods to Amgen for use in the Neulasta® Onpro® kit, a delivery system for Amgen's Neulasta to help reduce the risk of infection after intense chemotherapy.

Our mission is to improve the lives of people with diabetes. To assist in achieving this mission, we are focused on the following key strategic imperatives:

- expanding access and awareness;
- delivering consumer-focused innovation;
- growing our global addressable market; and
- driving operational excellence.

Our long-term financial objective is to sustain profitable growth. To achieve this goal, our efforts have been focused on the launch of Omnipod 5, which recently received FDA clearance for individuals aged six years and older with type 1 diabetes. Our limited market release of Omnipod 5 is underway. Additionally, we have completed our FDA submission to expand Omnipod 5's indication down to age two, and are planning for an expanded indication in 2022. We have also recently completed our type 2 feasibility study and plan to conduct additional studies with the goal to further expand Omnipod 5's indication to type 2 users. In our efforts to bring Omnipod 5 to international markets, we have submitted for CE Marking in Europe under MDR.

In order to support our continued growth and the full commercial launch of Omnipod 5, we continue to focus on adding capacity to our U.S. manufacturing plant. During 2021, we began producing salable product on our third highly automated manufacturing line. We have also taken steps to strengthen our global manufacturing capabilities. We have optimized our operations in China by consolidating our production in that region into one location and we plan to invest in a new manufacturing plant in another international location to further diversify globally and increase efficiency to drive higher gross margins over time.

In 2021, we completed our full commercial launch of Omnipod DASH, our digital mobile Omnipod platform, in the countries we serve with our roll out in Canada. Over the long term, we expect the introduction of Omnipod DASH throughout our international markets to be a growth driver as we increase our presence within our existing markets and enter into new countries.

We are continuing to expand internationally in a targeted and strategic manner. During 2021, we increased our global footprint by expanding into Turkey and entered the Asia Pacific region with our launch in Australia. In 2022. we expect to enter additional countries in the Middle East. Further, we are working to bring Omnipod 5 to our international markets.

Finally, we plan to continue to expand awareness of and access to our products, while also focusing on our product development efforts. The latter includes enhancing the customer experience through digital product offerings. Achieving the above strategic imperatives is expected to require additional investments in certain initiatives and personnel, as well as enhancements to our supply chain operation capacity, efficiency and effectiveness.

Results of Operations

The discussion of our results of operations for 2019 has been omitted from this Form 10-K but can be found in Item 7. Management's Discussion and Analysis and Results of Operations in our Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission on February 24, 2021.

Factors Affecting Operating Results

Our Pods are intended to be used continuously for up to three days and then be replaced with a new disposable Pod. We recently achieved a milestone of approximately 300,000 global customers using Omnipod. As we grow our customer base, we generate an increasing portion of our revenue through recurring sales of our Pods, which provides consistent cash flow. Our recurring revenue business model, alongside the Omnipod System's unique patented design enables us to provide pump therapy at a low or no up-front investment in regions where reimbursement allows for it. Our pay-as-you-go pricing model also reduces the risk to third-party payors.

During 2020 and 2021, we were subject to challenging conditions stemming from the coronavirus pandemic ("COVID-19" or the "pandemic"). Containment efforts and responses to the pandemic have varied by individuals, businesses, state and local municipalities, and region. We believe people were less likely to change the way they manage their diabetes during the pandemic for a variety of reasons including temporary closure of doctors' offices or a general unwillingness to visit a doctor's office or hospital during the pandemic, particularly since those with diabetes are deemed at higher risk of suffering complications from COVID-19. While the pandemic had a negative impact on new customer starts and the effects will not be fully reflected in our results of operations and overall financial performance until future periods, we believe our overall recurring revenue model provides a solid financial foundation for strong cash flow generation. Further, the pandemic had a positive impact on our Drug Delivery revenue.

We have also experienced and may continue to experience challenges stemming from the global supply chain disruption; however, to date we have been able to successfully mitigate any disruption. See "Risk Factors" in Part I, Item 1A of this Annual Report for further discussion of the possible impact of the COVID-19 pandemic on our business.

Comparison of the Years Ended December 31, 2021 and December 31, 2020

Revenue

	Years Ended December 31,				
(In millions)	**2021**	**2020**	**% Change**	**Currency Impact**	**Constant Currency[1]**
U.S. Omnipod	$ 651.5	$ 526.9	23.6 %	— %	23.6 %
International Omnipod	359.9	308.0	16.9 %	5.3 %	11.6 %
Total Omnipod	1,011.4	834.9	21.1 %	1.9 %	19.2 %
Drug Delivery	87.4	69.5	25.8 %	— %	25.8 %
Total	$ 1,098.8	$ 904.4	21.5 %	1.8 %	19.7 %

[1] Constant currency revenue growth is a non-GAAP financial measure which should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with GAAP. See "Management's Use of Non-GAAP Measures."

Total revenue for 2021 increased $194.4 million, or 21.5%, to $1,098.8 million, compared with $904.4 million in 2020. Constant currency revenue growth of 19.7% was primarily driven by higher volume and, to a lesser extent, favorable sales channel mix. This increase was partially offset by the normalization of inventory levels at distributors, which were elevated in the prior year due to the launch of Omnipod DASH.

U.S. Omnipod

U.S. Omnipod revenue for 2021 increased $124.6 million, or 23.6%, to $651.5 million, compared with $526.9 million in 2020. This increase was primarily due to higher volumes driven by growing our customer base and, to a lesser extent, an increase due to growth through the pharmacy channel, where Pods have a higher average selling price from our pay-as-you-go pricing model in which we offer the PDM for no charge. This increase was partially offset by the impact of the pandemic on our recurring revenue. U.S. Omnipod revenue for 2021 includes $58.2 million of related party revenue that resulted from a shift in certain revenues from one distributor to another. Additional information regarding our related party transactions is provided in Note 5. In 2022, we expect strong Omnipod revenue growth driven by continued volume growth of Omnipod DASH, primarily in the pharmacy channel.

International Omnipod

International Omnipod revenue for 2021 increased $51.9 million, or 16.9%, to $359.9 million, compared with $308.0 million in 2020. Excluding the 5.3% favorable impact of currency exchange, the remaining 11.6% increase was primarily due to higher volumes as we continue to expand awareness and access to the Omnipod, partially offset by the normalization of inventory

levels at distributors, which were elevated in the prior year due to the launch of Omnipod DASH and the impact of the pandemic on our recurring revenue. In 2022, we expect higher International Omnipod revenue due to continued volume growth and market penetration aided by the ongoing adoption of Omnipod DASH throughout our international markets. We expect this revenue growth to be partially offset by competition from AID systems and the impact of the pandemic on our recurring revenue.

Drug Delivery

Drug Delivery revenue for 2021 increased $17.9 million, or 25.8%, to $87.4 million, compared with $69.5 million in 2020. This increase was primarily driven by increased production volume due to higher demand from our partner. In 2022, we expect Drug Delivery revenue to decline as production levels that were elevated during the pandemic normalize.

Operating Expenses

	Years Ended December 31,			
	2021		2020	
(In millions)	Amount	Percent of Revenue	Amount	Percent of Revenue
Cost of revenue	$ 346.7	31.6 %	$ 322.1	35.6 %
Research and development expenses	$ 160.1	14.6 %	$ 146.8	16.2 %
Selling, general and administrative expenses	$ 466.0	42.4 %	$ 384.0	42.5 %

Cost of Revenue

Cost of revenue for 2021 increased $24.6 million, or 7.6%, to $346.7 million, compared with $322.1 million in 2020. Gross margin was 68.4% in 2021, compared with 64.4% in 2020. The 400 basis point increase in gross margin was primarily driven by improved manufacturing efficiencies, higher average selling price due to growth in the pharmacy channel and a decrease in COVID-19 related costs, as the prior year included a period expense for two months of depreciation for under-utilized plant capacity, recruiting and screening expenses, expedited shipping costs and manufacturing incentives totaling $8.5 million, primarily associated with our contract manufacturer in Shenzhen, China. These increases were partially offset by higher production costs as we continue to scale U.S manufacturing.

We expect gross margin for 2022 to be in the range of 67% to 68%. We anticipate gross margin will be negatively impacted by unfavorable product mix, higher costs associated with Omnipod 5 production, and continued higher production costs as we further scale U.S. manufacturing, and contend with inflation and global supply chain disruptions. We believe these higher costs will be partially offset by the benefits of continued improvements in global manufacturing and supply chain operations and increased volumes in the pharmacy channel.

Research and Development

Research and development expenses for 2021 increased $13.3 million, or 9.1%, to $160.1 million, compared with $146.8 million in 2020. This increase was primarily due to year-over-year headcount additions to support our continued investment in development of Omnipod products. We expect research and development spending in 2022 to increase compared with 2021 as we continue to invest in advancing our innovation and clinical pipeline and contend with inflation.

Selling, General and Administrative

Selling, general and administrative expenses for 2021 increased $82.0 million, or 21.4%, to $466.0 million, compared with $384.0 million in 2020. This increase was primarily attributable to year-over-year headcount additions, mainly to support international expansion, information technology, sales and commercial operations, a $14.1 million increase in advertising expense driven by our direct-to-consumer advertising campaign and online advertising, as well as a shift in resources and certain costs from our Omnipod 5 clinical efforts to our commercial strategy. These increases were partially offset by $14.6 million of cumulative amortization expense in the prior year related to the resolution of a purchase price contingency associated with the acquisition of customer relationships from a former European distributor in 2018, and $4.8 million of stock-based compensation expense in the prior year resulting from a company-wide 20th anniversary equity grant to non-executives, a significant portion of which vested immediately. We expect selling, general and administrative expenses to increase in 2022 compared with 2021 due to expansion of our sales force and customer support personnel, investments to expand market acceptance and access for the Omnipod System, including direct-to-consumer advertising, and investments in our operating structure to facilitate operational efficiencies and continued growth.

Non-Operating Items

Interest Expense, Net

Interest expense, net for 2021 increased $16.1 million, or 35.7%, to $61.2 million, compared with $45.1 million in 2020. This increase was primarily driven by cash interest expense associated with the Term Loan entered into in May 2021. As discussed under "*Accounting Standards Issued and Not Yet Adopted as of December 31, 2021*," in January 2022, we adopted Accounting Standards Update 2020-06, *Accounting for Convertible Debt Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which eliminated most of the non-cash interest expense associated with our convertible notes. Accordingly, we expect net interest expense to decrease approximately $30 million in 2022 compared with 2021.

Loss on Extinguishment of Debt

During 2021, we incurred a $42.4 million loss on extinguishment of debt related to the repurchase and conversion of all of our outstanding 1.375% Notes. Refer to Note 15 to the consolidated financial statements for additional information.

Other (Expense) Income, Net

During 2021, we had other expense, net of $1.9 million, compared with other income, net of $3.3 million in 2020. The $5.2 million decrease was primarily driven by unrealized foreign currency losses due to the change in exchange rates.

Income Tax Expense

Income tax expense was $3.7 million on pre-tax income of $20.5 million for 2021 and $2.9 million on pre-tax income of $9.7 million for 2020. Our effective tax rate was 18.2% and 29.6% for 2021 and 2020, respectively. The decrease in our effective tax rate was primarily driven by an increase in pre-tax income in the U.S. where we have net operating loss carryforwards to reduce taxable profits and a full valuation allowance against deferred tax assets.

Additionally, we have not recorded tax benefits for current year losses in the United Kingdom due to valuation allowance requirements following a transfer of intellectual property that occurred during 2021. See Note 22 to the consolidated financial statements for additional information on our income tax expense.

Adjusted EBITDA

The table below presents reconciliations of Adjusted EBITDA, a non-GAAP financial measure, to net income, the most directly comparable financial measure prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"):

	Years Ended December 31,	
(in millions)	**2021**	**2020**
Net income	$ 16.8	$ 6.8
Interest expense, net	61.2	45.1
Income tax expense	3.7	2.9
Depreciation and amortization[(1)]	57.4	55.4
Stock-based compensation[(2)]	34.4	35.9
Loss on extinguishment of debt	42.4	—
Adjusted EBITDA	$ 215.9	$ 146.1

[(1)] The year ended December 31, 2020 includes $14.6 million of cumulative amortization expense associated with customer relationships that were acquired in 2018. For more information see Note 17 to the consolidated financial statements.

[(2)] The year ended December 31, 2020 includes $7.3 million of stock-based compensation expense related to a company-wide 20th anniversary equity grant (excluding executives), a significant portion of which immediately vested.

Non-GAAP Financial Measures

Management uses the following non-GAAP financial measures:

Constant currency revenue growth represents the change in revenue between current and prior year periods using the exchange rate in effect during the applicable prior year period. We present constant currency revenue growth because we believe it provides meaningful information regarding our results on a consistent and comparable basis. Management uses this non-GAAP financial measure, in addition to financial measures in accordance with GAAP, to evaluate our operating results. It is also one of the performance metrics that determines management incentive compensation.

Adjusted EBITDA represents net income (loss) plus net interest expense, income tax expense (benefit), depreciation and amortization, stock-based compensation and other significant unusual items, as applicable. We present Adjusted EBITDA because management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful

to investors, and other interested parties as a measure of our comparative operating performance from period to period. Adjusted EBITDA is a commonly used measure in determining business value and we use it internally to report results.

These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with GAAP. In addition, the above definitions may differ from similarly titled measures used by others. Non-GAAP financial measures exclude the effect of items that increase or decrease our reported results of operations; accordingly, we strongly encourage investors to review our consolidated financial statements in their entirety.

Liquidity and Capital Resources

As of December 31, 2021, we had $791.6 million in cash and cash equivalents. Additionally, we have a $60 million three year senior secured revolving credit facility ("Revolving Credit Facility"), which expires in 2024. At December 31, 2021, no amount was outstanding under the Revolving Credit Facility. The Revolving Credit Facility contains a covenant to maintain a specified leverage ratio under certain conditions when there are amounts outstanding under the facility. It also contains other customary covenants, none of which are considered restrictive to our operations. We believe that our current liquidity will be sufficient to meet our projected operating, investing and debt service requirements for at least the next twelve months.

Debt

To finance our operations and global expansion, we have periodically issued convertible senior notes, which are convertible into our common stock. As of December 31, 2021, the following notes were outstanding:

Issuance Date	Coupon	Principal Outstanding (in millions)	Due Date	Conversion Rate[(1)]	Conversion Price per Share of Common Stock
September 2019	0.375%	800.0	September 2026	4.4105	$226.73

[(1)] Per $1,000 face value of notes.

In connection with the issuance of the 0.375% Convertible Senior Notes ("0.375% Notes"), we purchased capped call options ("Capped Calls") on our common stock. By entering into the Capped Calls, we expect to reduce the potential dilution to our common stock (or, in the event the conversion is settled in cash, to provide a source of cash to settle a portion of our cash payment obligation) in the event that at the time of conversion our stock price exceeds the conversion price under the 0.375% Notes. The Capped Calls have an initial strike price of $335.90 per share and cover 3.5 million shares of our common stock.

During 2021, we obtained a $500 million seven year Term Loan for net proceeds of $489.5 million, which we used to fund the cash portion of the repurchase of our 1.375% Convertible Senior Notes due November 2024 ("1.375% Notes"). The Term Loan contains covenants restricting or limiting our ability to incur additional indebtedness, make asset dispositions, create or permit liens, sell, transfer or exchange assets, guarantee certain indebtedness, and make acquisitions and other investments. Additional information regarding our debt is provided in Note 15 to the consolidated financial statements.

Summary of Cash Flows

(in millions)	Years Ended December 31, 2021	2020
Cash (used in) provided by:		
Operating activities	$ (68.1)	$ 84.0
Investing activities	(82.7)	14.0
Financing activities	40.7	605.5
Effect of exchange rate changes on cash	(5.5)	4.8
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (115.6)	$ 708.3

Operating Activities

Net cash used in operating activities of $68.1 million in 2021 was primarily attributable to net income, as adjusted for depreciation and amortization, loss on extinguishment of debt, non-cash interest, and stock-based compensation, partially offset by a $263.6 million working capital cash outflow. The working capital outflow was driven by a $154.4 million increase in inventories, a $71.3 million increase in accounts receivable and a $46.7 million increase in prepaid expenses and other assets, partially offset by a $24.4 million increase in accrued expenses and other liabilities. The increase in inventories was primarily driven by a planned inventory build to satisfy demand and the addition of our third highly automated manufacturing line. The increase in accounts receivable was primarily due to an increase in U.S. pharmacy channel, which has longer payment terms. The increase in prepaid expenses and other assets was primarily driven by an increase in cloud computing implementation

costs. Finally, the increase in accrued expenses and other liabilities was primarily driven by an increase in rebates due to growth in the pharmacy channel and higher compensation costs due to head count additions.

Net cash provided by operating activities of $84.0 million in 2020 was primarily attributable to net income, as adjusted for depreciation and amortization, non-cash interest, and stock-based compensation, partially offset by a $63.4 million working capital cash outflow. The working capital outflow was driven by a $50.5 million increase in inventories and a $34.1 million increase in prepaid expenses and other assets, partially offset by a $27.8 million increase in accrued expenses and other liabilities. The increase in inventories was primarily driven by a planned inventory build associated with the further roll out of Omnipod DASH and an increase in work in progress inventory due to additional capacity from our new contract manufacturer. The increase in prepaid expenses and other assets was primarily driven by an increase in software licenses due to head count additions, and an increase in software-as-a-service to support our strategic initiatives. The increase in accrued expenses and other liabilities, primarily driven by manufacturing operations costs associated with the addition of our contract manufacturer in Kunshan (Shanghai), China, as well as an increase in pharmacy rebates due to the growth in the pharmacy channel.

Investing Activities

Net cash used in investing activities was $82.7 million in 2021, compared with net cash provided by investing activities of $14.0 million in 2020.

Capital Spending—Capital expenditures were $111.9 million and $129.0 million in 2021 and 2020, respectively, and primarily related to the purchase of equipment to increase our manufacturing capacity. We expect capital expenditures for 2022 to increase compared with 2021 as we continue to invest in manufacturing capabilities to support our growth and new product launches. We expect to fund our capital expenditures using existing cash.

Purchases and Sales of Investments—Proceeds from maturities of marketable securities were $40.0 million in 2021, compared with net proceeds from maturities of $180.5 million for 2020. The $140.5 million decrease was driven by the prior year shift of a portion of our investment portfolio to investments that are classified as cash equivalents.

Acquisition of Intangible Assets—In 2020, following the resolution of a purchase price contingency associated with our 2018 acquisition of customer relationships from a former European distributor, we paid the distributor an additional $36.2 million for a total purchase price of $41.2 million. We had previously paid the distributor $3.8 million in 2019 and the remainder in 2018.

Financing Activities

Net cash provided by financing activities was $40.7 million in 2021, compared with $605.5 million in 2020.

Debt Issuance and Repayment—During 2021, we received net proceeds of $489.5 million from the issuance of the Term Loan and used $460.9 million of the proceeds to partially fund the cash portion of the repurchase of a portion of our 1.375% Notes. In addition, we received net proceeds of $43.1 million from an equipment financing transaction and made $22.3 million in debt principal payments, which primarily related to our equipment financings.

In 2020, we received net proceeds of $68.3 million upon entering into a mortgage of our Acton facility. Additionally, we received net proceeds of $60.0 million upon entering into two equipment financing transactions.

Issuance of Common Stock—In 2020, we sold 2.4 million common shares for $478.7 million in an underwritten registered offering. Net proceeds from the offering were $477.5 million. The proceeds provided us with additional liquidity to mitigate risk and allowed us to continue investing in the growth of our business and our strategic initiatives.

Option Exercises and Employee Stock Purchase Plan Proceeds—Total proceeds from option exercises was $15.4 million and $25.7 million in 2021 and 2020, respectively. The $10.3 million decrease was primarily driven by fewer option exercises by our former chief executive officer. Total proceeds from issuance of employee stock purchases was $8.1 million and $6.0 million in 2021 and 2020, respectively. The $2.1 million increase was primarily driven by growth in plan participation.

Payment of Taxes for Restricted Stock Net Settlements—Payments for taxes related to net restricted and performance stock unit settlements were $28.2 million and $29.8 million in 2021 and 2020, respectively. The decrease in payments for taxes related to restricted stock net settlements was driven by a decrease in vesting of restricted shares in 2021, compared with 2020 driven by the immediate vesting of a significant portion of a company-wide 20th anniversary equity grant in the prior year.

Commitments and Contingencies

Contractual Obligations—A summary of our contractual obligations and commitments for debt, operating lease obligations and other obligations at December 31, 2021 is presented in the following table:

(in millions)	Short Term	Long Term	Total
Debt obligations	$ 25.1	$ 1,423.9	$ 1,449.0
Interest payments[1][2]	28.8	124.3	153.1
Purchase obligations[3]	305.2	28.5	333.7
Operating lease obligations[1]	6.9	19.4	26.3
Total contractual obligations	$ 366.0	$ 1,596.1	$ 1,962.1

(1) Interest on debt and lease obligations are projected for future periods using the interest rates in effect as of December 31, 2021. Certain of these projected interest payments may differ in the future based on changes in market interest rates.

(2) Excludes the impact of the interest rate swaps discussed in Note 16 to our consolidated financial statements.

(3) Purchase obligations include commitments for the purchase of Omnipod System components, commitments related to establishing additional manufacturing capabilities and other commitments for purchases of goods or services in the normal course of business. These commitments are derived from purchase orders, supplier contracts and open orders based on projected demand information.

Legal Proceedings—Roche Diabetes Care, Inc. (“Roche”) filed a patent infringement lawsuit against us and is seeking monetary damages and attorneys’ fees and costs. Since the patent expired in 2019, Roche is not seeking injunctive relief and the lawsuit will have no impact on ongoing sales of our products. We believe that we have meritorious defenses to Roche’s claims and intend to vigorously defend against them. At this time, based on available information regarding this litigation, we are unable to reasonably assess the ultimate outcome of this case or determine an estimate, or range of estimates, of potential losses, which could be material; accordingly, we have excluded this exposure from the contractual obligations table above. Refer to Note 17 to our consolidated financial statements for additional information regarding this matter.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management’s estimates are based on the relevant information available at the end of each period.

Revenue Recognition

We recognize revenue when a customer obtains control of the promised products in an amount that reflects the net consideration to which we expect to be entitled. We sell products both direct to consumers and through distributors who resell the products to consumers. Transaction price is typically based on contracted rates less any estimates of claim denials and historical reimbursement experience, guidelines and payor mix, and less estimated variable consideration adjustments including rebates. Recognizing revenue requires us to exercise judgment and use estimates that can have a significant impact on the amount and timing of revenue we report. We exercise significant judgment when we determine variable consideration adjustments. The amount of variable consideration that is included in the transaction price is included in revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. We estimate reductions to our revenues for rebates paid to distributors in the United States and Canada and pharmacy benefit managers (“PBM”) in the United States. Rebates are based on contractual arrangements, which may vary. Our estimates are based on products sold, historical experience, trends, specific known market events and, as available, channel inventory data. Rebates charged against gross sales amounted to $143.3 million, $82.5 million and $59.1 million in 2021, 2020 and 2019, respectively. Provisions for rebates, sales discounts and returns, are accounted for as a reduction of sales when revenue is recognized and are included within accounts receivable trade or accrued expenses and other current liabilities on our consolidated balance sheets, based upon the recipient of the rebate. If the actual amounts of consideration that we receive differ from our estimates, we would adjust our estimates and that would affect reported revenue in the period that such variances become known.

Our drug delivery product line includes sales of a modified version of the Omnipod to pharmaceutical and biotechnology companies who use our technology as a delivery method for their drugs. Revenue from the drug delivery product was $87.4 million for 2021. Revenue for this product line is recognized as the product is produced. Accounting for drug delivery revenue requires us to select a method to measure progress towards the satisfaction of the performance obligation. This election of the most meaningful measure of progress by which to recognize drug delivery revenue requires the application of judgment. We elected the input method and selected a blend of cost and time to produce as the measure of progress. Accordingly, revenue is recognized over time using a blend of costs incurred to date relative to total estimated costs at completion and time incurred to date relative to total production time to measure progress toward the satisfaction of our performance obligations. We believe

that both incurred cost and elapsed time reflect the value generated, which best depicts the transfer of control to the customer. Contract costs include third-party costs as well as an allocation of manufacturing overhead. Changes from quarter to quarter in quantity and stage of production of in-process inventory could have a significant quarterly impact on revenue.

Contingencies

We are involved in various legal proceedings that arise in the ordinary course of business as further discussed in Note 17 to our consolidated financial statements, including a patent infringement case with Roche. Accruals recorded and related disclosures are based on judgment, both regarding the probability of losses and range of loss, and, where applicable, include the consideration of opinions of internal and/or external legal counsel. When a range is established but a best estimate cannot be made, we record the minimum loss contingency amount, which could be zero. An estimate is often initially developed substantially earlier than the ultimate loss is known and is reevaluated each accounting period. As information becomes known, additional loss provision is recorded when either a best estimate can be made, or the minimum loss amount is increased. When events result in an expectation of a more favorable outcome than previously expected, our best estimate is changed to a lower amount. We record receivables from third-party insurers up to the amount of the related liability when we have determined that existing insurance policies will provide reimbursement. In making this determination, we consider applicable deductibles, policy limits and the historical payment experience of the insurance carriers.

Accounting Standards Issued and Not Yet Adopted as of December 31, 2021

In August 2020, the FASB issued ASU 2020-06, which simplifies the accounting for convertible instruments by eliminating certain separation models. Under ASU 2020-06, a convertible debt instrument will generally be reported as a single liability at its amortized cost with no separate accounting for embedded conversion features. Consequently, the effective interest rate of convertible debt instruments will be closer to the coupon interest rate. In addition, ASU 2020-06 eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The guidance is effective for us beginning in the first quarter of 2022. Adoption of ASU 2020-06 as of January 1, 2022, resulted in a $213 million decrease in additional paid in capital from the derecognition of the bifurcated equity component, a $151 million increase in debt from the derecognition of the discount associated with the bifurcated equity component and a $62 million decrease to the opening balance of accumulated deficit, representing the cumulative interest expense recognized related to the amortization of the bifurcated conversion option. Additionally, we expect to write-off the related deferred tax liabilities with a corresponding adjustment to the valuation allowance, resulting in no net impact to the cumulative adjustment to retained earnings. Adoption of this standard will have no impact on our diluted earnings per share as we calculate earnings per share using the if-converted method.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. These statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, results of operations and financial condition.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements.

The risk factors discussed in “Risk Factors” could cause our results to differ materially from those expressed in forward-looking statements. In addition, there may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business. We expressly disclaim any obligation to update these forward-looking statements other than as required by law.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to changes in interest rates is associated with borrowings under our Revolving Credit Facility and our Term Loan, both of which are variable-rate debt. At December 31, 2021, no amounts were outstanding under our Revolving Credit Facility. In May 2021, we entered into two interest rate swap agreements to effectively convert $480.0 million of our term loan borrowings from a variable rate to a fixed rate. These interest rate swaps are intended to mitigate the exposure to fluctuations in interest rates and qualify for hedge accounting treatment as cash flow hedges. A 100 basis point increase or decrease in interest rates relative to interest rates as of December 31, 2021 would decrease or increase our annual earnings, respectively, by approximately $0.2 million.

Market Price Sensitive Instruments

As of December 31, 2021, we had outstanding debt related to our convertible senior notes recorded on our consolidated balance sheet of $638.8 million, net of unamortized discount and issuance costs totaling $161.2 million. Changes in the fair value of our outstanding debt, which could be impacted by changes in interest rates, are not recorded in these consolidated financial statements as the debt is accounted for at cost less unamortized discount and issuance costs. The fair value of the convertible senior notes, which was $938.8 million as of December 31, 2021, is also impacted by changes in our stock price.

In order to reduce potential equity dilution, in connection with the issuance of the $800.0 million aggregate principal amount of 0.375% Notes, we entered into Capped Calls. We expect the Capped Calls to reduce the potential dilution to our common stock (or, in the event the conversion is settled in cash, to provide a source of cash to settle a portion of our cash payment obligation) in the event that at the time of conversion our stock price exceeds the conversion price under the 0.375% Notes. The Capped Calls have an initial strike price of $335.90 per share and cover 3.5 million shares of common stock.

Foreign Currency Exchange Risk

Foreign currency risk arises from our investments in subsidiaries owned and operated in non-U.S. countries. Such risk is also a result of transactions with customers in countries outside the United States. Approximately 33% of our revenue was denominated in foreign currencies for the year ended December 31, 2021. As our business in regions outside of the United States continues to increase, we will be increasingly exposed to foreign currency exchange risk related to our foreign operations. The cost of revenue related to revenue generated outside of the United States is primarily denominated in U.S. dollars; however, operating costs related to these revenues are largely denominated in the same respective currencies, thereby partially limiting our transaction risk exposure. Fluctuations in the rate of exchange between the United States dollar and foreign currencies, primarily the Euro, British Pound and Canadian Dollar, could adversely affect our financial results, including our revenues, revenue growth rates, gross margins, income and losses as well as assets and liabilities.

We have intercompany receivables and payables from our foreign subsidiaries that are denominated in foreign currencies, principally the Euro, the British pound and the Canadian dollar. Fluctuations from the beginning to the end of a reporting period result in the revaluation of our foreign currency-denominated intercompany receivables and payables, generating currency translation gains or losses. Net realized and unrealized gains (losses) from foreign currency transactions are included in other (expense) income, net in the consolidated statement of income and amounted to a loss of $2.0 million for the year ended December 31, 2021.

Item 8. Financial Statements and Supplementary Data

Our financial statements as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and the Report of the Registered Independent Public Accounting Firm are included in this report as listed in the index.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Insulet Corporation

Opinions on the financial statements and internal control over financial reporting

We have audited the accompanying consolidated balance sheets of Insulet Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

Basis for opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Convertible Debt Repurchase and Conversion

As described further in Note 15 to the consolidated financial statements, the Company repurchased and converted its 1.375% Convertible Senior Notes ("the notes") due November 2024 for cash and the issuance of common stock. This resulted in a total loss on extinguishment of $42.4 million. We identified this transaction as a critical audit matter.

The principal considerations for our determination that this matter is a critical audit matter are the application of the accounting guidance for cash paid to note holders and the estimation of fair value of the debt component of the notes. The guidance for accounting for the inducement as a debt extinguishment is complex. The Company estimated the fair value of the debt component to determine the loss on extinguishment using a yield model that includes several assumptions, including the discount rate.

Our audit procedures included, but were not limited to, the following:

- We tested the design and operating effectiveness of controls related to management's accounting and valuation for the repurchase transaction including management's evaluation of the qualifications of specialists and review of the work performed by the specialists.
- We consulted with our national office resources regarding management's accounting conclusion that the repurchase of the notes be accounted for as an extinguishment of debt.
- With the assistance of valuation professionals with specialized skills and knowledge, we tested management's fair value of the debt component of the notes. This included an assessment of the appropriateness of the methodology, inputs and key assumptions used.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2016.

Boston, Massachusetts
February 23, 2022

INSULET CORPORATION

CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data)	As of December 31, 2021	As of December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 791.6	$ 907.2
Short-term investments	—	40.4
Accounts receivable, net (Related Party Transactions Note 5)	161.0	95.3
Inventories	303.2	154.3
Prepaid expenses and other current assets	74.0	51.5
Total current assets	1,329.8	1,248.7
Property, plant and equipment, net	536.5	478.7
Other intangible assets, net	36.6	28.7
Goodwill	39.8	39.8
Other assets	106.1	77.0
Total assets	$ 2,048.8	$ 1,872.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 37.7	$ 54.1
Accrued expenses and other current liabilities (Related Party Transactions Note 5)	166.0	138.1
Current portion of long-term debt	25.1	15.6
Total current liabilities	228.8	207.8
Long-term debt, net	1,248.8	1,043.7
Other liabilities	14.9	17.8
Total liabilities	1,492.5	1,269.3
Commitment and Contingencies (Note 17)		
Stockholders' Equity		
Preferred stock, $.001 par value:		
Authorized: 5,000,000 shares at December 31, 2021 and 2020 Issued and outstanding: zero shares at December 31, 2021 and 2020	—	—
Common stock, $.001 par value:		
Authorized: 100,000,000 shares at December 31, 2021 and 2020 Issued and outstanding: 69,178,691 and 66,017,444 shares at December 31, 2021 and 2020	0.1	0.1
Additional paid-in capital	1,207.9	1,264.3
Accumulated deficit	(649.5)	(666.3)
Accumulated other comprehensive (loss) income	(2.2)	5.5
Total stockholders' equity	556.3	603.6
Total liabilities and stockholders' equity	$ 2,048.8	$ 1,872.9

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

INSULET CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except share and per share data)	Years Ended December 31, 2021	2020	2019
Revenue (Related Party Transactions Note 5)	$ 1,098.8	$ 904.4	$ 738.2
Cost of revenue	346.7	322.1	257.9
Gross profit	752.1	582.3	480.3
Research and development	160.1	146.8	132.3
Selling, general and administrative	466.0	384.0	298.0
Operating income	126.0	51.5	50.0
Interest expense, net	(61.2)	(45.1)	(27.7)
Loss on extinguishment of debt	(42.4)	—	(8.7)
Other (expense) income, net	(1.9)	3.3	0.9
Income before income taxes	20.5	9.7	14.5
Income tax expense	(3.7)	(2.9)	(2.9)
Net income	$ 16.8	$ 6.8	$ 11.6
Net income per share:			
Basic	$ 0.25	$ 0.11	$ 0.19
Diluted	$ 0.24	$ 0.10	$ 0.19
Weighted-average number of common shares outstanding (in thousands):			
Basic	67,698	64,735	60,594
Diluted	68,579	65,946	62,304

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

INSULET CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Years Ended December 31, 2021	2020	2019
Net income	$ 16.8	$ 6.8	$ 11.6
Other comprehensive (loss) income, net of tax			
Foreign currency translation adjustment	(11.9)	6.8	0.6
Unrealized gain on cash flow hedges	4.5	—	—
Unrealized (loss) gain on available-for-sale securities	(0.3)	(0.1)	1.1
Total other comprehensive (loss) income, net of tax	(7.7)	6.7	1.7
Total comprehensive income	$ 9.1	$ 13.5	$ 13.3

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

INSULET CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in millions)	Common Stock Shares (in thousands)	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, December 31, 2018	59,189	$ 0.1	$ 898.5	$ (683.6)	$ (2.9)	$ 212.1
Exercise of options to purchase common stock	1,340	—	46.6	—	—	46.6
Issuance of shares for employee stock purchase plan	51	—	4.3	—	—	4.3
Stock-based compensation	—	—	28.7	—	—	28.7
Restricted stock units vested, net of shares withheld for taxes	230	—	(8.6)	—	—	(8.6)
Conversion feature of 0.375% Notes, net of issuance costs	—	—	207.8	—	—	207.8
Extinguishment of conversion feature on 1.25% Notes, net of issuance costs	—	—	(642.3)	—	—	(642.3)
Issuance of shares for debt extinguishment	1,875	—	299.4	—	—	299.4
Purchase of capped call options	—	—	(85.4)	—	—	(85.4)
Net income	—	—	—	11.6	—	11.6
Other comprehensive income	—	—	—	—	1.7	1.7
Balance, December 31, 2019	62,685	0.1	749.0	(672.0)	(1.2)	75.9
Adoption of ASU 2016-13 (Note 2)	—	—	—	(1.1)	—	(1.1)
Issuance of common stock	2,370	—	477.5	—	—	477.5
Exercise of options to purchase common stock	674	—	25.7	—	—	25.7
Issuance of shares for employee stock purchase plan	38	—	6.0	—	—	6.0
Stock-based compensation	—	—	35.9	—	—	35.9
Restricted stock units vested, net of shares withheld for taxes	250	—	(29.8)	—	—	(29.8)
Net income	—	—	—	6.8	—	6.8
Other comprehensive income	—	—	—	—	6.7	6.7
Balance, December 31, 2020	66,017	0.1	1,264.3	(666.3)	5.5	603.6
Exercise of options to purchase common stock	364	—	15.4	—	—	15.4
Issuance of shares for employee stock purchase plan	36	—	8.1	—	—	8.1
Stock-based compensation	—	—	34.4	—	—	34.4
Restricted stock units vested, net of shares withheld for taxes	176	—	(28.2)	—	—	(28.2)
Extinguishment of conversion feature on 1.375% Notes, net of issuance costs	—	—	(808.5)	—	—	(808.5)
Issuance of shares for debt extinguishment	2,586	—	722.4	—	—	722.4
Net income	—	—	—	16.8	—	16.8
Other comprehensive loss	—	—	—	—	(7.7)	(7.7)
Balance, December 31, 2021	69,179	$ 0.1	$ 1,207.9	$ (649.5)	$ (2.2)	$ 556.3

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

INSULET CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Years Ended December 31, 2021	2020	2019
Cash flows from operating activities			
Net income	$ 16.8	$ 6.8	$ 11.6
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	57.4	55.4	27.9
Non-cash interest	40.2	45.2	35.6
Stock-based compensation	34.4	35.9	28.7
Loss on extinguishment of convertible debt	42.4	—	8.7
Provision for credit losses	3.1	3.3	4.5
Other	1.2	0.8	1.1
Changes in operating assets and liabilities:			
Accounts receivable	(71.3)	(13.7)	(10.9)
Inventories	(154.4)	(50.5)	(30.2)
Prepaid expenses and other assets	(46.7)	(34.1)	(21.9)
Accounts payable	(15.6)	7.1	25.6
Accrued expenses and other liabilities	24.4	27.8	17.7
Net cash (used in) provided by operating activities	(68.1)	84.0	98.4
Cash flows from investing activities			
Capital expenditures	(111.9)	(129.0)	(163.7)
Acquisition of intangible assets	(10.8)	(37.5)	(7.2)
Proceeds from the maturity or sale of investments	40.0	218.4	247.9
Purchases of investments	—	(37.9)	(150.6)
Net cash (used in) provided by investing activities	(82.7)	14.0	(73.6)
Cash flows from financing activities			
Proceeds from issuance of convertible debt, net of issuance costs	—	—	780.2
Repayment of convertible debt	(460.9)	—	(663.6)
Proceeds from issuance of term loan, net of issuance costs	489.5	—	—
Repayment of term loan	(2.5)	—	—
Proceeds from equipment financings, net of issuance costs	43.1	60.0	—
Repayment of equipment financings	(17.8)	(1.4)	—
Proceeds from mortgage, net of issuance costs	—	68.3	—
Repayment of mortgage	(2.0)	(0.3)	—
Payment of debt issuance costs	(4.0)	(0.5)	—
Purchase of capped call options	—	—	(85.4)
Proceeds from issuance of common stock, net	—	477.5	—
Proceeds from exercise of stock options	15.4	25.7	46.6
Proceeds from issuance of common stock under employee stock purchase plan	8.1	6.0	4.3
Payment of withholding taxes in connection with vesting of restricted stock units	(28.2)	(29.8)	(8.6)
Net cash provided by financing activities	40.7	605.5	73.5
Effect of exchange rate changes on cash	(5.5)	4.8	1.5
Net (decrease) increase in cash, cash equivalents, and restricted cash	(115.6)	708.3	99.8
Cash, cash equivalents, and restricted cash, beginning of year	922.0	213.7	113.9
Cash, cash equivalents, and restricted cash, end of year (Note 6)	$ 806.4	$ 922.0	$ 213.7
Supplemental cash flow information			
Cash paid for interest, net of amount capitalized	$ 21.5	$ 2.6	$ —
Cash paid for taxes	$ 7.0	$ 3.0	$ 2.5
Purchases of property, plant and equipment included in accounts payable and accrued expenses	$ 6.1	$ 6.7	$ 13.3
Purchases of intangible assets included in accounts payable and accrued expenses	$ 3.2	$ —	$ 0.5
Lease liabilities arising from obtaining right-of-use assets	$ 0.7	$ 2.5	$ 9.8

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

INSULET CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of the Business

Insulet Corporation (the "Company") is primarily engaged in the development, manufacture and sale of its proprietary Omnipod System, an innovative, continuous insulin delivery system for people with insulin-dependent diabetes. The Omnipod System features a small, lightweight, self-adhesive disposable tubeless Omnipod device ("Pod") that is worn on the body for up to three days at a time, and its wireless companion, the handheld Personal Diabetes Manager ("PDM") or Controller. The Omnipod System, which features two discreet, easy-to-use devices, communicates wirelessly, provides for virtually pain-free automated cannula insertion and eliminates the need for multiple daily injections using syringes or insulin pens or the use of pump and tubing. The Omnipod System includes: the Omnipod Insulin Management System ("Omnipod") and its next generation Omnipod DASH™ Insulin Management System ("Omnipod DASH"). Omnipod DASH features a secure Bluetooth enabled Pod and PDM with a color touch screen user interface supported by smartphone connectivity.

The Company generates most of its revenue from sales of the Omnipod System, which is sold in the U.S., Europe, Canada, the Middle East and Australia. The Omnipod System is sold either directly to end-users or indirectly through intermediaries. Intermediaries include independent distributors who resell the Omnipod to end-users and wholesalers who sell the Company's product to end-users through the pharmacy channel in the United States.

In addition to selling the Omnipod System for insulin delivery, the Company also partners with global pharmaceutical and biotechnology companies to tailor the Omnipod System technology platform for the delivery of subcutaneous drugs across other therapeutic areas. The majority of the Company's drug delivery revenue consists of sales of pods to Amgen for use in the Neulasta® Onpro® kit, a delivery system for Amgen's Neulasta to help reduce the risk of infection after intense chemotherapy.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements reflect the consolidated operations of Insulet Corporation and its subsidiaries. The consolidated financial statements have been prepared in United States dollars, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of the consolidated financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Reclassification of Prior Period Amounts

Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation. Unbilled revenues have been combined with accounts receivable, net on the consolidated balance sheet. The impact of this change was an increase to accounts receivable, net and a decrease to prepaid expenses and other current assets at December 31, 2020. Unbilled revenue is presented in Note 8. In addition, the Company reclassified the change in unbilled receivables from the change in prepaid expenses and other current assets to the change in accounts receivable in the prior year statements of cash flows in the amount of $1.9 million and $0.1 million for the years ended December 31, 2020 and 2019, respectively. There was no change to previously reported total current assets or net cash (used in) provided by operating activities.

Foreign Currency Translation

For the foreign subsidiaries of the Company, assets and liabilities are translated into U.S. dollars using exchange rates as of the balance sheet date, and income and expenses are translated using the average exchange rates in effect for the related month. The net effect of these translation adjustments is reported in accumulated other comprehensive income (loss) within stockholders' equity on the consolidated balance sheet. Net realized and unrealized (losses) gains from foreign currency transactions are included in other (expense) income, net in the consolidated statement of income and were $(2.0) million, $3.2 million and $(0.6) million for the years ended December 31, 2021, 2020 and 2019, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents may include money market mutual funds, commercial paper and U.S. government and agency

bonds that are carried at cost, which approximates their fair value. Restricted cash required to be set aside in connection with equipment financings or that serves as collateral for outstanding letters of credit and bank guarantees is included in other assets and cash and cash equivalents on the consolidated balance sheet.

Investments in Marketable Securities

Investments may consist of certificates of deposit, commercial paper, U.S. government and agency bonds and corporate bonds. Theses available-for-sale marketable securities are carried at fair value and unrealized gains and losses are included as a component of accumulated other comprehensive income (loss) in stockholders' equity on the consolidated balance sheet. Investments with a stated maturity date of more than one year from the balance sheet date and that are not expected to be used in current operations are classified as long-term investments on the consolidated balance sheet. The Company reviews investments for other-than-temporary impairment when the fair value of an investment is less than its amortized cost. If an available-for-sale security is other than temporarily impaired, the loss is included in other income (expense), net in the consolidated statement of income.

Accounts Receivable and Allowance for Credit Losses

Effective January 1, 2020, the Company adopted Accounting Standards Update ("ASU") 2016-13, *Credit Losses (Topic 326)* ("ASU 2016-13") using the modified retrospective method, whereby the guidance is applied prospectively as of the date of adoption and prior periods are not restated. The cumulative effect of adopting ASU 2016-13 resulted in a $1.1 million increase to the opening balance of accumulated deficit upon adoption related to an increase in the allowance for credit losses on accounts receivable.

Trade accounts receivable consist of amounts due from third-party payors, customers and intermediaries and are presented at amortized cost. The allowance for credit losses reflects an estimate of losses inherent in the Company's accounts receivable portfolio determined based on historical experience, specific allowances for known troubled accounts and other available evidence. Accounts receivable are written off when management determines they are uncollectible.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods:

Direct Customer Receivables—The Company measures expected credit losses on direct customer receivables using an aging methodology. The risk of loss for direct customer receivables is higher than other portfolios. The Company relies on third-party payors to accept and timely process claims and on direct consumers to have the ability to pay. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and supportable forecasts.

Distributor Receivables—The Company measures expected credit losses on distributor receivables using an individual reserve methodology. The risk of loss in this portfolio is low based on the Company's historical experience. The estimate of expected credit losses considers payment history as well as credit ratings of the distributors, in addition to current conditions and supportable forecasts.

National Healthcare System Receivables—The Company measures expected credit losses on national healthcare system receivables using an individual reserve methodology. The risk of loss in this portfolio is low based on the Company's historical experience. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and supportable forecasts.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined under the first-in, first-out method. The Company reduces the carrying value of inventories for those items that are potentially excess, obsolete or slow-moving based on changes in customer demand, technology developments or other economic factors in order to state inventories at net realizable value. Factors influencing these adjustments include inventories on hand compared to estimated future usage and sales.

Contract Acquisition Costs

The Company incurs commission costs to obtain a contract related to new customer starts. These costs are capitalized as contract assets in other assets, net of the short-term portion included in prepaid and other current assets. Costs to obtain a contract are amortized to selling, general and administrative expense on a straight-line basis over the expected period of benefit, which considers future product upgrades for which a commission would be paid. These costs are periodically reviewed for impairment.

Derivative Instruments

The Company is exposed to certain risks relating to its business operations. Risks that relate to interest rate exposure are managed by using interest rate swaps. The Company recognizes derivative instruments as either assets or liabilities at fair value

on the consolidated balance sheet. Changes in a derivative financial instrument's fair value are recognized in earnings unless specific hedge criteria are met, in which case changes in fair value are recognized as adjustments to other comprehensive income. The Company has designated its interest rate swap contracts as cash flow hedges.

Fair Value Measurements

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

To measure fair value of assets and liabilities, the Company uses the following fair value hierarchy based on three levels of inputs:

Level 1 — observable inputs, such as quoted prices in active markets for identical assets or liabilities;

Level 2 — significant other observable inputs that are observable either directly or indirectly; and

Level 3 — significant unobservable inputs for which there are little or no market data, which require the Company to develop its own assumptions.

Certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities are carried at cost, which approximates their fair value because of their short-term maturity. See Notes 6 and 15 for financial assets and liabilities held at carrying amount on the consolidated balance sheet and Notes 7 and 16 for investments and derivative instruments measured at fair value on a recurring basis.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Major improvements are capitalized, while routine repairs and maintenance are expensed as incurred. Depreciation for property, plant and equipment, other than land and construction in progress, is based upon the following estimated useful lives using the straight-line method:

Building and building improvements	20 to 39 years
Leasehold improvements	Lesser of lease term or useful life of asset
Machinery and equipment	2 to 15 years
Furniture and fixtures	3 to 5 years

The Company assesses the recoverability of assets whenever events or changes in circumstances suggest that the carrying value of an asset may not be recoverable. The Company recognizes an impairment loss if the carrying amount of a long-lived asset is not recoverable based on its undiscounted future cash flows. The impairment loss is measured as the difference between the carrying amount and the fair value of the asset.

Business Combinations

The Company recognizes the assets and liabilities assumed in business combinations based on their estimated fair values at the date of acquisition. The Company allocates the purchase price in excess of net tangible assets acquired to identifiable intangible assets. The Company assesses the fair value of assets, including intangible assets, using a variety of methods and each asset is measured at fair value from the perspective of a market participant. Assets recorded from the perspective of a market participant that are determined to not have economic use for the Company are expensed immediately. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. Transaction costs and restructuring costs associated with a business combination are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price of an acquired entity over the amounts assigned to assets and liabilities assumed in a business combination. The Company performs an assessment of its goodwill for impairment annually on October 1 or whenever events or changes in circumstances indicate there might be impairment. Goodwill is evaluated for impairment at the reporting unit level.

The Company may assess its goodwill for impairment initially using a qualitative approach to determine whether conditions exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. If management concludes, based on its assessment of relevant events, facts and circumstances that it is more likely than not that a reporting unit's carrying value is greater than its fair value, then a quantitative analysis will be performed to determine if there is any impairment. Alternatively, the Company may elect to initially perform a quantitative analysis instead of starting with a qualitative analysis. The Company would record an impairment loss to the extent that the carrying value of the reporting unit's goodwill exceeds its fair value.

Intangible assets acquired in a business combination are recorded at fair value, while intangible assets purchased or software developed for internal-use are recorded at cost and are stated at cost less accumulated amortization. Intangible assets with finite useful lives are amortized based on the pattern in which the economic benefits of the assets are estimated to be consumed over the following estimated useful lives of the assets:

Customer relationships	14 years
Internal-use software	3 to 5 years
Intellectual property	15 years

Amortization expense is included in selling, general and administrative expenses in the consolidated statement of income. The Company reviews intangible assets for impairment by comparing the fair value of the assets, estimated using an income approach, with their carrying value. If the carrying value exceeds the fair value of the intangible asset, the Company recognizes an impairment equal to the difference between the carrying value of the asset and the present value of future cash flows. The Company assesses the remaining useful life and the recoverability of intangible assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable using undiscounted cash flows.

Cloud Computing Arrangements

The Company capitalizes costs incurred to implement cloud computing arrangements that are service contracts within other current and non-current assets and amortizes such costs over the expected term of the hosting arrangement using the straight-line method to the same income statement line as the associated cloud operating expenses. The Company assesses the recoverability of capitalized implementation costs in accordance with the policy disclosed under *Property, Plant and Equipment*.

Leases

The Company determines if an arrangement includes a lease at inception. Lease agreements generally have lease and non-lease components, which are accounted for separately. At lease commencement, the Company recognizes operating lease liabilities equal to the present value of the lease payments and operating lease assets representing the right to use the underlying asset for the lease term. The Company assesses if it is reasonably certain to exercise lease options to extend or terminate the lease for inclusion or exclusion in the lease term when the Company measures the lease liability. As the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at lease commencement in determining the present value of lease payments. The Company's incremental borrowing rate estimates a secured rate that reflects the term of the lease, the nature of the underlying asset and the economic environment. The Company excludes leases with an expected term of one year or less from recognition on the consolidated balance sheet. Operating lease assets includes lease payments made prior to lease commencement and excludes lease incentives and initial direct costs incurred. Lease expense is recognized on a straight-line basis over the lease term.

Contingencies

The Company records a liability on the consolidated balance sheet for loss contingencies when a loss is considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed.

Product Warranty

The Company provides a four-year warranty on its PDMs sold in the United States and Europe and a five-year warranty on PDMs sold in Canada and may replace Pods that do not function in accordance with product specifications. The Company estimates its warranty obligation at the time the product is shipped based on historical experience and the estimated cost to service the claims. Costs to service the claims reflect the current product cost. Since the Company continues to introduce new products and versions, the anticipated performance of the product over the warranty period is also considered in estimating warranty reserves. Warranty expense is recorded in cost of revenue in the consolidated statements of income.

Revenue Recognition

Revenue is recognized when a customer obtains control of the promised products. The amount of revenue recognized reflects the consideration the Company expects to be entitled to receive in exchange for these products. To achieve this core principle, the Company applies the following five steps:

- *Identify Contracts with Customers.* The Company's contracts with its direct customers generally consist of a physician order form, a customer information form and, if applicable, third-party insurance (payor) approval. Contracts with the Company's intermediaries are generally in the form of master service agreements against which firm purchase orders are issued. At the outset of the contract, the Company assesses the customer's ability and intention to pay, which is based on a

variety of factors including historical payment experience or, in the case of a new intermediary, credit references and other available financial information pertaining to the customer and, in the case of a new direct customer, an investigation of insurance eligibility.

- *Identify Performance Obligations.* The performance obligations in contracts for the delivery of the Omnipod to new end-users, either directly to end-users or through intermediaries, primarily consist of the PDM and the initial and subsequent quantity of Pods ordered. In the Company's judgment, these performance obligations are capable of being distinct and distinct in the context of the contract in that the customer can benefit from each item in conjunction with other readily available resources and the transfer of the PDM and the Pods is separately identifiable in the contract with the customer.
- *Determine Transaction Price.* The price charged for the PDM and Pods is dependent on the Company's pricing as established with third-party payors and intermediaries. The Company provides a right of return for sales of its Omnipod to new end-users and certain of our distributors and wholesalers. The Company also provides for certain rebates and discounts for sales of its product through intermediaries. These rights of return, discounts and rebates represent variable consideration and reduce the transaction price at the outset of the contract based on the Company's estimates, which are primarily based on the expected value method using historical and other data (such as product return trends or forecast sale volumes) related to actual product returns, discounts and rebates paid in each market in which the Omnipod is sold. Variable consideration is included in the transaction price if it is probable that a significant future reversal of cumulative revenue under the contract will not occur; otherwise, the Company reduces the variable consideration. The variable consideration in the Company's contracts is not typically constrained and the Company's contracts do not contain significant financing components.
- *Allocate Transaction Price to Performance Obligations.* The Company allocates the transaction price to each performance obligation based on its relative stand-alone selling price, which is determined based on the price at which the Company typically sells the deliverable or, if the performance obligation is not typically sold separately, the stand-alone selling price is estimated based on cost plus a reasonable profit margin or the price that a third party would charge for a similar product or service.
- *Recognize Revenue as Performance Obligations are Satisfied.* The Company transfers the Omnipod at a point in time, which is determined based on when the customer gains control of the product. Generally, intermediaries in the U.S. obtain control upon shipment based on the contractual terms including right to payment and transfer of title and risk of ownership. For sales directly to end-users and international intermediaries, control is generally transferred at the time of delivery based on customary business practices related to risk of ownership, including transfer of title.

The Company's drug delivery product line includes sales of a modified version of the Omnipod to pharmaceutical and biotechnology companies who use the Company's technology as a delivery method for their drugs. For the majority of this product line, revenue is recognized, with an associated unbilled receivable, as the product is produced pursuant to the customer's firm purchase commitments. The Company has an enforceable right to payment for performance completed to date and the inventory has no alternative use to the Company. Judgment is required in the assessment of progress toward completion of in-process inventory. The Company recognizes revenue over time using a blend of costs incurred to date relative to total estimated costs at completion and time incurred to date relative to total production time to measure progress toward the satisfaction of its performance obligations. The Company believes that both incurred cost and elapsed time reflect the value generated, which best depicts the transfer of control to the customer. Contract costs include third-party costs as well as an allocation of manufacturing overhead.

Research and Software Development Costs

Internal research and development costs are expensed as incurred. Research and development expenses include salary and benefits, allocated overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services and other costs.

Costs incurred in the research, design, and development of software embedded in products to be sold to customers are charged to expense until technological feasibility of the ultimate product to be sold is established. The Company's policy is that technological feasibility is achieved when a working model, with the key features and functions of the product, is available for customer testing. Software development costs incurred after the establishment of technological feasibility and until the product is available for general release are capitalized, provided recoverability is reasonably assured. Capitalized software development costs are amortized over their estimated useful life and recorded within cost of revenues.

Shipping and Handling Costs

The Company does not typically charge its customers for shipping and handling costs associated with shipping its product to its customers unless non-standard shipping and handling services are requested. These shipping and handling costs are included in selling, general and administrative expenses and were $10.5 million, $10.1 million and $9.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expenses were $44.1 million, $30.0 million and $11.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Stock-Based Compensation

The Company measures stock-based compensation on the grant date based on the fair value of the award and recognizes the compensation expense over the requisite service period, which is generally the vesting period. The amount of stock-based compensation recognized during a period is based on the portion of the awards that are expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Deferred tax assets and liabilities are determined based on 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 in the years in which the differences are expected to reverse. The Company reviews its deferred tax assets for recoverability considering historical profitability, projected future taxable income, and the expected timing of the reversals of existing temporary differences and tax planning strategies. A valuation allowance is provided to reduce the deferred tax assets if, based on the available evidence, it is more likely than not that some or all the deferred tax assets will not be realized. The effect of a change in enacted tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Interest and penalties are classified as a component of income tax expense.

Concentration of Credit Risk

Financial instruments that subject the Company to credit risk primarily consist of cash and cash equivalents, short-term and long-term investments in marketable securities and accounts receivable. The Company maintains most of its cash, and investments with a limited number of financial institutions that have a high investment grade credit rating. See Notes 4 and 8 for customer concentration.

Recently Adopted Accounting Standard

Effective January 1, 2021, the Company adopted Accounting Standards Update (“ASU”) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* ASU 2019-12 eliminates certain exceptions in the former guidance regarding the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

Note 3. Segment and Geographic Data

The Company operates under one reportable segment. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated on a regular basis by the chief operating decision-maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance of the segment. The Company has concluded that its Chief Executive Officer (“CEO”) is the CODM as the CEO is the ultimate decision maker for key operating decisions, determining the allocation of resources and assessing the financial performance of the Company. These decisions, allocations and assessments are performed by the CODM using consolidated financial information, as the Company’s current product offering primarily consists of the Omnipod System and drug delivery devices based on the Omnipod platform.

Geographic information about revenue, based on customer location, is as follows:

	Years Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
United States[(1)]	$ 738.9	$ 596.4	$ 485.1
International	359.9	308.0	253.1
Total	$ 1,098.8	$ 904.4	$ 738.2

(1) Includes U.S. Omnipod and Drug Delivery revenues.

Geographic information about long-lived assets, net, excluding goodwill and other intangible assets is as follows:

(in millions)	As of December 31, 2021	2020
United States	$ 445.4	$ 409.7
China	84.1	66.2
Other	7.0	2.8
Total	$ 536.5	$ 478.7

Note 4. Revenue and Contract Acquisition Costs

The following table summarizes the Company's disaggregated revenues:

(in millions)	Years Ended December 31, 2021	2020	2019
U.S. Omnipod	$ 651.5	$ 526.9	$ 420.4
International Omnipod	359.9	308.0	253.1
Total Omnipod	1,011.4	834.9	673.5
Drug Delivery	87.4	69.5	64.7
Total revenue	$ 1,098.8	$ 904.4	$ 738.2

The percentages of total revenue for customers that represent 10% or more of total revenue was as follows:

	Years Ended December 31, 2021	2020	2019
Distributor A	10%	11%	*
Distributor B	12%	10%	11%

* Represents less than 10% of revenue for the period.

Deferred revenue related to unsatisfied performance obligations was included in the following consolidated balance sheet accounts in the amounts shown:

(in millions)	As of December 31, 2021	2020
Accrued expenses and other current liabilities	$ 3.5	$ 5.4
Other liabilities	1.5	1.0
Total deferred revenue	$ 5.0	$ 6.4

Revenue recognized from amounts included in deferred revenue at the beginning of each respective period was as follows:

(in millions)	As of December 31, 2021	2020	2019
Deferred revenue recognized	$ 4.4	1.8	1.2

Contract acquisition costs, representing capitalized commission costs related to new customers, net of amortization, were included in the following consolidated balance sheet accounts in the amounts shown:

(in millions)	As of December 31, 2021	2020
Prepaid expenses and other current assets	$ 13.3	$ 11.0
Other assets	26.1	21.9
Total capitalized contract acquisition costs, net	$ 39.4	$ 32.9

The Company recognized $12.3 million, $10.6 million, and $8.8 million of amortization of capitalized contract acquisition costs for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 5. Related Party Transactions

In February 2021, the Company entered into a distribution agreement, the terms of which are consistent with those prevailing at arm's length. The spouse of one of the members of the Company's Board of Directors is an executive officer of the distributor. During the year ended December 31, 2021, the Company recorded $58.2 million of net revenues from the distributor. At December 31, 2021, the Company had $25.8 million of net accounts receivable due from the distributor and an aggregate $1.7 million of distribution fees due to the distributor and deferred revenue, included in accrued expenses and other current liabilities on its consolidated balance sheet.

Note 6. Cash and Cash Equivalents

The following table provides a summary of cash and cash equivalents as of December 31, 2021 and 2020:

	As of December 31,	
(in millions)	**2021**	**2020**
Cash	$ 159.3	$ 164.6
Money market mutual funds	630.7	739.8
Restricted cash	1.6	2.8
Total cash and cash equivalents	791.6	907.2
Restricted cash included in other assets	14.8	14.8
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 806.4	$ 922.0

The restricted cash included in other assets on the consolidated balance sheet is held as a compensating balance against long-term borrowings.

All cash and cash equivalents are level 1 in the fair value hierarchy.

Note 7. Investments

The table below provides amortized costs, gross unrealized gains and losses, fair values and the level in the fair value hierarchy for the Company's investments at December 31, 2020. The Company had no investments at December 31, 2021. Realized gains or losses were insignificant for the years ended December 31, 2021, 2020 and 2019.

(in millions)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	**Level 1**	**Level 2 [1]**
December 31, 2020						
U.S. government and agency bonds	$ 35.1	$ 0.2	$ —	$ 35.3	$ 35.3	$ —
Corporate bonds	2.8	0.1	—	2.9	—	2.9
Certificates of deposit	2.2	—	—	2.2	—	2.2
Total short-term investments	$ 40.1	$ 0.3	$ —	$ 40.4	$ 35.3	$ 5.1

[1] Fair value was determined using market prices obtained from third-party pricing sources.

Note 8. Accounts Receivable

At the end of each period, accounts receivable were comprised of the following:

	As of December 31,	
(in millions)	**2021**	**2020**
Accounts receivable trade, net	$ 127.0	$ 83.8
Unbilled receivable	34.0	11.5
Accounts receivable, net	$ 161.0	$ 95.3

At December 31, 2021, two distributors accounted for 35% of the Company's consolidated net accounts receivable trade. At December 31, 2020, one distributor accounted for 15% consolidated the Company's net accounts receivable trade.

The following table presents the activity in the allowance for credit losses, which is comprised primarily of our direct consumer receivable portfolio. The allowance for credit losses of other portfolios is insignificant.

	Year Ended December 31,	
(in millions)	**2021**	**2020**
Credit losses at beginning of year, after adoption of ASU 2016-1	$ 2.9	$ 4.9
Provision for expected credit losses	3.1	3.3
Write-offs charged against allowance	(3.8)	(5.8)
Recoveries of amounts previously reserved	0.5	0.5
Credit losses at end of year	$ 2.7	$ 2.9

Note 9. Inventories

At the end of each period, inventories were comprised of the following:

	As of December 31,	
(in millions)	**2021**	**2020**
Raw materials	$ 70.0	$ 30.7
Work in process	112.6	59.6
Finished goods	120.6	64.0
Total inventories	$ 303.2	$ 154.3

Note 10. Cloud Computing Costs

Capitalized costs to implement cloud computing arrangements at cost and accumulated amortization were as follows:

	As of December 31,	
(in millions)	**2021**	**2020**
Short-term portion	$ 18.4	$ 5.4
Long-term portion	49.2	20.3
Total capitalized implementation costs	67.6	25.7
Less: accumulated amortization	(4.4)	(1.5)
Capitalized implementation costs, net	$ 63.2	$ 24.2

Amortization expense was $2.9 million and $1.4 million for the years ended December 31, 2021 and 2020, respectively. Amortization expense for the year ended December 31, 2019 was insignificant.

Note 11. Property, Plant and Equipment, Net

Property, plant and equipment at cost and accumulated depreciation were as follows:

	As of December 31,	
(in millions)	**2021**	**2020**
Land	$ 2.5	$ 2.5
Building and building improvements	159.5	147.3
Machinery and equipment	437.2	318.7
Furniture and fixtures	15.9	14.8
Leasehold improvements	5.9	4.4
Construction in process	94.7	119.6
Total property, plant and equipment	715.7	607.3
Less: accumulated depreciation	(179.2)	(128.6)
Property, plant and equipment, net	$ 536.5	$ 478.7

Depreciation expense related to property and equipment was $50.6 million, $38.0 million and $25.2 million for the years ended December 31, 2021, 2020 and 2019, respectively. Construction in process primarily consists of manufacturing equipment located at the Company's U.S. manufacturing facility in Acton, Massachusetts and contract manufacturer in Kunshan (Shanghai), China, most of which is expected to be placed into service during 2022.

Note 12. Goodwill and Other Intangible Assets, Net

Goodwill

The carrying amount of goodwill was $39.8 million at both December 31, 2021 and December 31, 2020.

Intangible Assets, Net

The gross carrying amount, accumulated amortization and net book value of intangible assets at the end of each period were as follows:

	As of December 31,					
	2021			2020		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships [1]	$ 43.4	$ (23.4)	$ 20.0	$ 43.3	$ (18.3)	$ 25.0
Internal-use software	25.5	(10.2)	15.3	11.4	(8.6)	2.8
Intellectual property	1.6	(0.3)	1.3	1.1	(0.2)	0.9
Total intangible assets	$ 70.5	$ (33.9)	$ 36.6	$ 55.8	$ (27.1)	$ 28.7

[1] Includes customer relationships acquired from the Company's former European distributor. See Note 17.

Intangible asset amortization expense was $6.8 million, $17.4 million and $2.7 million for the years ended December 31, 2021, 2020 and 2019, respectively. Amortization expense associated with the intangible assets included on the Company's consolidated balance sheet as of December 31, 2021 is expected to be as follows:

Years Ending December 31,	(in millions)
2022	$ 7.9
2023	6.8
2024	5.8
2025	5.2
2026	4.7

Note 13. Accrued Expenses and Other Current Liabilities

The components of accrued expenses and other current liabilities were as follows:

	As of December 31,	
(in millions)	2021	2020
Employee compensation and related costs	$ 70.3	$ 53.1
Accrued rebates	30.2	13.1
Professional and consulting services	17.0	19.1
Other	48.5	52.8
Accrued expenses and other current liabilities	$ 166.0	$ 138.1

Reconciliations of the changes in the Company's product warranty liability were as follows:

	Years Ended December 31,	
(in millions)	2021	2020
Product warranty liability at beginning of year	$ 6.7	$ 8.5
Warranty expense	10.7	10.7
Warranty claims settled	(10.6)	(12.5)
Product warranty liability at end of year	$ 6.8	$ 6.7

Note 14. Leases

As of December 31, 2021, the Company leased certain office spaces, laboratory space, warehouse space and automobiles, all of which were classified as operating leases. Certain of the Company's operating leases include escalating rental payments, some include the option to extend for up to 5 years, and some include options to terminate the leases at certain times within the lease term.

As of December 31, 2021, operating lease assets and operating lease liabilities were included in the following consolidated balance sheet accounts in the amounts shown:

	Years Ended December 31,	
(in millions)	**2021**	**2020**
Operating lease asset:		
Other assets	$ 9.9	$ 14.9
Operating lease liabilities:		
Accrued expenses and other current liabilities	$ 5.0	$ 4.9
Other liabilities	7.6	12.0
Total operating lease liabilities	$ 12.6	$ 16.9

The Company's total operating lease cost was $6.0 million, $5.4 million, and $4.3 million for the years ended December 31, 2021, 2020, and 2019, respectively. Cash paid for amounts included in the measurement of lease liabilities was $5.7 million and $4.6 million for the years ended December 31, 2021 and 2020, respectively.

Maturities of lease liabilities as of December 31, 2021 are as follows:

Years Ending December 31,	**(in millions)**
2022	$ 5.5
2023	3.0
2024	3.0
2025	2.0
2026	0.1
Thereafter	—
Total future minimum lease payments	13.6
Less: imputed interest	(1.0)
Present value of future minimum lease payments	$ 12.6

As of December 31, 2021, the weighted average remaining lease term for operating leases was 3.1 years and the weighted-average discount rate used to determine the operating lease liability was 6.0%.

During the year ended December 31, 2021, the Company entered into an operating lease for additional warehouse space. The lease commences in 2022 and has a term of 7 years. Total future minimum lease payments under this lease is $12.7 million.

Note 15. Debt

The components of debt consisted of the following:

(in millions)	As of December 31, 2021	2020
1.375% Convertible Senior Notes due November 2024	$ —	$ 402.5
0.375% Convertible Senior Notes due September 2026	800.0	800.0
Term loan due May 2028	497.5	—
Equipment financing due May 2024	16.0	22.2
Equipment financing due November 2025	29.6	36.4
Equipment financing due July 2028	38.2	—
5.15% Mortgage due November 2025	67.7	69.7
Unamortized debt discount	(159.9)	(252.5)
Debt issuance costs	(15.2)	(19.0)
Total debt, net	1,273.9	1,059.3
Less: current portion	25.1	15.6
Total long term-debt, net	$ 1,248.8	$ 1,043.7

1.375% Convertible Senior Notes

In 2021, the Company repurchased $370.4 million in principal ($305.7 million net of discount and issuance costs) of its 1.375% Convertible Senior Notes due November 2024 (“1.375% Notes”) for $460.8 million in cash and the issuance of 2.2 million shares with a fair value of $622.7 million. The remaining $32.1 million in principal of the 1.375% Notes were converted into approximately 0.4 million shares with a fair value of $99.8 million. The debt repurchase and conversions resulted in a $42.4 million loss on extinguishment, including cash paid to the note holders as an inducement to convert and transaction costs.

0.375% Convertible Senior Notes

In September 2019, the Company issued $800.0 million aggregate principal amount of 0.375% Convertible Senior Notes due September 2026 (the “0.375% Notes”). The notes are convertible into the Company’s common stock at an initial conversion rate of 4.4105 shares of common stock per $1,000 principal amount of the notes, which is equivalent to a conversion price of $226.73 per share, subject to adjustment under certain circumstances. The notes will be convertible June 1, 2026 through August 28, 2026 and prior to then under certain circumstances.

The Company recorded a debt discount of $213.0 million related to the 0.375% Notes resulting from the allocation of a portion of the proceeds to the fair value of the conversion feature reflecting a nonconvertible debt borrowing rate of 5.29% per annum. The Company also incurred debt issuance costs and other expenses of $19.8 million, of which $5.3 million was recorded as a reduction to the value of the conversion feature allocated to equity. The remaining $14.5 million of debt issuance costs was recorded as a reduction of debt on the consolidated balance sheet. The net proceeds of $780.2 million were used to fund the redemption of the Company’s 1.25% Convertible Senior Notes due September 2021 (the “1.25% Notes”) and to purchase capped call options (“Capped Calls”), both of which are discussed below.

Additional interest of 0.5% per annum is payable if the Company fails to timely file required documents or reports with the Securities and Exchange Commission (“SEC”). If the Company merges or consolidates with a foreign entity, the Company may be required to pay additional taxes. The Company determined that the higher interest payments and tax payments required in certain circumstances were embedded derivatives that should be bifurcated and accounted for at fair value. The Company assessed the value of the embedded derivatives at each balance sheet date and determined it had nominal value.

In conjunction with the issuance of the 0.375% Notes, the Company paid $85.4 million to enter into Capped Calls on the Company’s common stock with certain counterparties, which was recorded as a reduction to additional paid-in capital on the consolidated balance sheet. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event the conversion is settled in cash, to provide a source of cash to settle a portion of its cash payment obligation) in the event that at the time of conversion its stock price exceeds the conversion price under the 0.375% Notes. The Capped Calls have an initial strike price of $335.90 per share, which represents a premium of 100% over the last reported sale price of the Company’s common stock of $167.95 per share on the date of the transaction. The Capped Calls cover 3.5 million shares of common stock.

Senior Secured Credit Agreement

In May 2021, the Company entered into a senior secured credit agreement (the "Credit Agreement"), which includes a $500 million seven year senior secured term loan B (the "Term Loan") for net proceeds of $489.5 million, which was used to fund the cash portion of the repurchase of the 1.375% Notes discussed above. The Term Loan bears interest at a rate of LIBOR plus 3.25%, with a 0.50% LIBOR floor, and contains leverage and fixed charge coverage ratio covenants, both of which are measured upon the occurrence of future debt.

Under the same agreement, the Company obtained a $60 million three year senior secured revolving credit facility (the "Revolving Credit Facility"). Outstanding borrowings bear interest at a rate of LIBOR plus an applicable margin of 2.75% to 3.25% based on the Company's net leverage ratio. The Revolving Credit Facility contains a covenant to maintain a specified leverage ratio under certain conditions when there are amounts outstanding. No amount was outstanding under the Revolving Credit Facility at December 31, 2021.

Borrowings under the Credit Agreement are guaranteed by certain wholly owned domestic subsidiaries of the Company, and are secured by substantially all assets of the Company and of each subsidiary guarantor, subject to certain exceptions. Additionally, borrowings under the Credit Agreement are senior to all of the Company's unsecured indebtedness, including the convertible notes.

Equipment Financings

In October 2020, the Company entered into a Master Equipment Lease Agreement for a loan of $60.0 million secured by two manufacturing lines located at the Company's Acton, Massachusetts manufacturing facility. The loan for the first manufacturing line is payable over 42 months and has an effective interest rate of 5.8%. The loan for the second manufacturing line is payable over 60 months and has an effective interest rate of 4.8%.

In July 2021, the Company entered into a $43.1 million equipment financing transaction secured by one the manufacturing lines located at the Company's Acton, Massachusetts manufacturing facility. The equipment financing is payable over 84 months and has an effective interest rate of 4.3%.

5.15% Mortgage

In October 2020, the Company entered into a Mortgage Loan Agreement (the "Mortgage"), which provides for a $70.0 million loan with an effective interest rate of 5.7%. Proceeds under the Mortgage are secured by the Company's Acton, Massachusetts headquarters. The Mortgage is repayable in monthly installments of $0.5 million, with the outstanding principal balance of the loan due in November 2025. The Mortgage contains non-financial customary covenants, none of which are considered restrictive to the Company's operations.

1.25% Convertible Senior Notes

In 2019, the Company repurchased its $345.0 million principal amount ($312.0 million net of discount and issuance costs) 1.25% Notes for total consideration of $963.0 million comprised of $663.6 million in cash and $299.4 million representing the fair value of the 1.87 million shares issued. The Company allocated $642.3 million of the settlement to the fair value of the equity component and $320.7 million to the debt component, which resulted in an $8.7 million loss on extinguishment.

Maturity of Debt

The maturity of debt as of December 31, 2021 is as follows:

Years Ending December 31,	**(in millions)**
2022	$ 25.1
2023	27.0
2024	23.4
2025	78.6
2026	811.1

Fair Value

The carrying amount and the estimated fair value of the Company's debt were as follows:

	As of December 31,			
	2021		2020	
(in millions)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
1.375% Convertible Senior Notes[1]	$ —	$ —	$ 323.9	$ 1,104.2
0.375% Convertible Senior Notes[1]	638.8	938.8	609.2	902.0
Term loan due May 2028[2]	485.2	498.1	—	—
Equipment financings[3]	83.7	83.7	58.3	58.3
5.15% Mortgage[3]	66.2	66.2	67.9	67.9
Total	$ 1,273.9	$ 1,586.8	$ 1,059.3	$ 2,132.4

[1] Convertible debt is classified as Level 2 in the fair value hierarchy. Fair value was determined using the Company's quoted stock price and the contractual conversion rate.

[2] Term debt is classified as Level 1 in the fair value hierarchy. Fair value was determined using quoted market prices.

[3] The equipment financings and Mortgage are classified as Level 3 in the fair value hierarchy. The fair values were determined using the cost bases of the financial liabilities, which approximate their carrying values.

Note 16. Derivative Instruments

The Company manages interest rate exposure through the use of interest rate swap transactions with financial institutions acting as principal counterparties. In May 2021, the Company entered into two interest rate swap agreements that expire on April 30, 2025. Under the interest rate swap agreements, the Company receives variable rate interest payments and pays fixed interest rates of 0.95% and 0.96% on a total notional value of $480.0 million of its Term Loan. The Company has designated the interest rate swaps as cash flow hedges.

The fair value of interest rate swaps, which are classified as Level 2 in the fair value hierarchy, represent the estimated amounts the Company would receive or pay to terminate the contracts and is determined using industry standard valuation models and market-based observable inputs, including credit risk and interest rate yield curves. The fair value of the interest rate swap was $4.5 million at December 31, 2021 and was included in other assets on the consolidated balance sheet.

Note 17. Commitments and Contingencies

Legal Proceedings

Between May 5, 2015 and June 16, 2015, three class action lawsuits were filed by shareholders in the U.S. District Court, for the District of Massachusetts, against the Company and certain then current and former executives of the Company. Two suits subsequently were voluntarily dismissed. Arkansas Teacher Retirement System v. Insulet, et al., 1:15-cv-12345, ("ATRS") alleged that the Company (and certain then current and former executives) committed violations of Sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 by making allegedly false and misleading statements about the Company's business, operations, and prospects. On February 8, 2018, the parties executed a binding stipulation of settlement, under which all claims were released, and a payment was made into an escrow account for the plaintiffs and the class they purport to represent. On August 6, 2018, the Court issued an order approving the settlement. On June 25, 2021, the Court issued an order on the plaintiffs' motion for fees and expenses, a final judgment approving the settlement, and an order of dismissal with prejudice. The Company had previously accrued fees and expenses in connection with this matter for the amount of the final settlement liability that was not covered by insurance, the amount of which was not material to the Company's consolidated financial statements.

In addition, on April 26, 2017, a derivative action (Walker v. DeSisto, et al., 1:17-cv-10738) ("Walker") was filed, and on October 13, 2017, a second derivative action (Carnazza v. DeSisto, et al., 1:17-cv-11977) ("Carnazza") was filed, both on behalf of the Company, each by a shareholder in the U.S. District Court for the District of Massachusetts against the Company (as a nominal defendant) and certain individual then current and former officers and directors of the Company. The allegations in the actions are substantially similar to those alleged in the securities class action. The actions seek, among other things, damages, disgorgement of certain types of compensation or profits, and attorneys' fees and costs. On July 11, 2018, the parties executed a binding stipulation of settlement, under which all claims were released, and a payment of attorneys' fees and reimbursement of expenses will be paid to plaintiffs' counsel, subject to the Court's approval. On July 13, 2018, the plaintiffs filed a motion for preliminary approval of the settlement. On June 28, 2021, the Court issued an order preliminarily approving

the proposed settlement. On September 9, 2021, the Court held a hearing to decide whether the proposed settlement should be finally approved, and issued an order and final judgment the same day approving the settlement and the payment of attorneys' fees and reimbursement of expenses to plaintiffs' counsel, and dismissing the case with prejudice. Such fees and expenses paid to plaintiffs' counsel were covered by the Company's insurance.

In June 2020, Roche Diabetes Care, Inc. ("Roche") filed a patent infringement lawsuit against the Company in the United States District Court for the District of Delaware alleging that the Company's manufacture and sale of its Omnipod Insulin Management System, including Pods, PDMs, and other components of the system, and kits in the United States infringed Roche's now-expired U.S. Patent 7,931,613. Roche is seeking monetary damages and attorneys' fees and costs. Since the patent expired in 2019, Roche is not seeking injunctive relief and the lawsuit will have no impact on ongoing sales of the Company's products. The Company believes that it has meritorious defenses to Roche's claims and intends to vigorously defend against them. The court has set a trial date of July 25, 2022. By Order of the Court, on October 29, 2021, representatives of Roche and the Company participated in a mediation conference, the results of which were unsuccessful. At this time, based on available information regarding this litigation, the Company is unable to reasonably assess the ultimate outcome of this case or determine an estimate, or range of estimates, of potential losses, which could be material.

In July 2020, the Company filed a patent infringement claim against Roche Diabetes Care Limited ("Roche Ltd.") in the United Kingdom alleging that Roche Ltd.'s manufacture and sale of the Accu-Chek® Solo insulin pump and its consumable components infringes European Patent No. 1 335 764 in the United Kingdom. The Company was seeking an injunction to last until expiry of the patent and monetary damages. A trial was held in May 2021 and the judge ultimately sided with Roche Ltd. on non-infringement and invalidity of the patent, which was slated to expire in August 2021. Accordingly, no injunction was issued and no monetary damages were awarded.

The Company is, from time to time, involved in the normal course of business in various legal proceedings, including intellectual property, contract, employment and product liability suits. Other than as described above, the Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on its results of operations.

Fees to Former European Distributor

Following the expiration of an agreement with a former European distributor on June 30, 2018, the Company was required to pay a quarterly per-unit fee for Omnipod sales to certain customers of the former European distributor for a one-year period through June 30, 2019. The Company recognized a liability and an associated intangible asset for this fee as qualifying sales occurred. The methodology applicable for determining the total fee under the distribution agreement was subject to an arbitration proceeding in Switzerland. In December 2020, Insulet entered into a settlement agreement with the former distributor pursuant to which the Company paid the distributor an additional one-time payment of $36.2 million, for a total fee of $41.2 million, representing the cost to acquire the customer relationships. This amount was recorded as an intangible asset on the consolidated balance sheet. Since the customer relationships were acquired on July 1, 2018, the Company recorded cumulative amortization in the amount of $14.6 million during the fourth quarter of 2020, as if the total fee for the intangible asset had been amortized since the acquisition date.

Note 18. Stock-Based Compensation

Equity Award Plan

In May 2017, the Company adopted the 2017 Stock Option and Incentive Plan (the "2017 Plan"), which replaced its previous stock option and incentive plan (the "2007 Plan"). The 2017 Plan provides for a maximum of 5.2 million shares to be issued, in addition to the number of shares related to awards outstanding under the 2007 Plan that are terminated by expiration, forfeiture or cancellation. The shares can be issued as stock options, restricted stock units, stock appreciation rights, deferred stock awards, restricted stock, unrestricted stock, cash-based awards, performance share awards or dividend equivalent rights. As of December 31, 2021, 3.2 million shares remain available for future issuance under the 2017 Plan.

Stock-Based Compensation

Compensation expense related to stock-based awards was recorded as follows:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Cost of revenue	$ 0.5	$ 1.2	$ 1.0
Research and development	7.6	10.9	9.1
Selling, general and administrative	26.3	23.8	18.6
Total	$ 34.4	$ 35.9	$ 28.7

Stock Options

Options are granted to purchase common shares at prices that are equal to the fair market value of the shares on the date the options are granted. Options generally vest in equal annual installments over a period of four years and expire 10 years after the date of grant. The grant-date fair value of options, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period.

The following summarizes the activity under the Company's stock option plans:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2020	1,078,488	$ 57.99		
Granted	61,573	$ 279.29		
Exercised	(363,535)	$ 42.57		$ 86.5
Forfeited and canceled	(11,069)	$ 136.45		
Outstanding at December 31, 2021	765,457	$ 81.98	5.6	$ 141.7
Vested, December 31, 2021	599,375	$ 52.34	4.9	$ 128.1
Vested or expected to vest, December 31, 2021	748,363	$ 78.85	5.5	$ 140.8

The aggregate intrinsic value of options exercised for the years ended December 31, 2020 and 2019 was $115.9 million and $119.2 million, respectively.

The Company uses the Black-Scholes pricing model to determine the fair value of options granted. The calculation of the fair value of stock options is affected by the stock price on the grant date, the expected volatility of the Company's stock over the expected term of the award, the expected life of the award, the risk-free interest rate and the dividend yield. The assumptions used in the Black-Scholes pricing model for options granted during each year, along with the weighted-average grant-date fair values, were as follows:

	Years Ended December 31,		
	2021	**2020**	**2019**
Risk-free interest rate	0.5% - 0.6%	0.3% - 1.4%	1.8% - 2.6%
Expected life of options (in years)	4.2 - 4.4	4.5	4.4 - 4.8
Dividend yield	—%	—%	—%
Expected stock price volatility	41.4% - 41.6%	39.5% - 41.7%	40.1% - 40.5%
Fair value per option	$ 95.92	$ 69.90	$ 34.98

As of December 31, 2021, there was $8.0 million of unrecognized compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted average period of 2.6 years.

Restricted Stock Units

Restricted Stock Units ("RSUs") generally vest in equal annual installments over a three-year period, however during the fourth quarter of 2020, the Company issued a company-wide grant, a significant portion of which immediately vested. The grant-date fair value of RSUs, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. The Company determines the fair value of restricted stock units based on the closing price of its common stock on the date of grant.

RSU activity is as follows:

	Number of Shares	Weighted Average Fair Value
Outstanding at December 31, 2020	259,687	$ 134.90
Granted	97,642	278.68
Vested	(139,372)	121.78
Forfeited	(16,245)	208.09
Outstanding at December 31, 2021	201,712	$ 207.97

The weighted-average grant-date fair value per share of RSUs granted was $211.77 and $96.62 for the years ended December 31, 2020 and 2019, respectively. The total fair value of RSUs vested was $17.0 million, $20.7 million and $11.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, there was $26.1 million of unrecognized compensation cost related to time-based RSUs, which is expected to be recognized over a weighted-average period of 1.9 years.

Performance Stock Units

Performance stock units ("PSUs") generally vest over a three-year period from the grant date and include both a service and performance component. Stock-based payments that contain performance conditions are recognized when such conditions are probable of being achieved. Certain of these performance stock units could ultimately vest at up to 200% of the target award depending on the achievement of the performance criteria.
PSU activity is as follows:

	Number of Shares	Weighted Average Fair Value
Outstanding at December 31, 2020	230,089	$ 110.63
Granted	97,824	273.79
Vested	(138,489)	74.50
Forfeited	(6,981)	161.67
Outstanding at December 31, 2021 [(1)]	182,443	$ 171.02

[(1)] Based on 101% achievement of the performance metrics, approximately 84,000 shares of Insulet were earned for awards that were granted in 2019 for the performance period ended December 31, 2021. These shares vested in February 2022.

The weighted-average grant-date fair value per share of PSUs granted was $202.23 and $95.91 for the years ended December 31, 2020 and 2019, respectively. The total fair value of PSUs vested was $10.3 million, $9.1 million and $3.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, there was $13.0 million of unrecognized compensation cost related to PSUs, which is expected to be recognized over a weighted-average period of 1.7 years.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("ESPP") authorizes the issuance of up to 880,000 shares of common stock to participating employees. Employees that participate in the Company's ESPP may annually purchase up to a maximum of 800 shares per offering period or $25,000 worth of common stock by authorizing payroll deductions of up to 10% of their base salary. The purchase price for each share purchased is 85% of the lower of the fair market value of the common stock on the first or last day of the offering period. The Company issued 36,103, 38,313 and 51,502 shares of common stock for the years ended December 31, 2021, 2020 and 2019, respectively, to employees participating in the ESPP. As of December 31, 2021, 472,659 shares remain available for future issuance under the ESPP Plan.

The Company uses the Black-Scholes pricing model to determine the fair value of shares purchased under the ESPP. The calculation of the fair value of shares purchased is affected by the stock price on the purchase date, the expected volatility of the Company's stock over the expected term, the risk-free interest rate and the dividend yield. The estimated fair value of shares purchased under the ESPP were based on the following assumptions:

	Years Ended December 31,		
	2021	2020	2019
Risk-free interest rate	0.04% - 0.1%	0.1% - 0.2%	1.6% - 2.3%
Expected term (in years)	0.5	0.5	0.5
Dividend yield	—%	—%	—%
Expected stock price volatility	19.4% - 31.7%	29.7% - 38.5%	27.5% - 31.4%

The weighted average grant date fair value of the six-month option inherent in the ESPP was $60.65, $55.10, and $46.30, for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, there was $1.1 million of unrecognized compensation cost related to the ESPP. This cost is expected to be recognized over a weighted average period of 0.4 years.

Note 19. Accumulated Other Comprehensive (Loss) Income

Changes in the components of accumulated other comprehensive (loss) income, net of tax, were as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized (Losses) Gains on Available-for-sale Securities	Unrealized Gains on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2018	$ (2.2)	$ (0.7)	$ —	$ (2.9)
Other comprehensive income	0.6	1.1	—	1.7
Balance, December 31, 2019	(1.6)	0.4	—	(1.2)
Other comprehensive income (loss)	6.8	(0.1)	—	6.7
Balance, December 31, 2020	5.2	0.3	—	5.5
Other comprehensive (loss) income before reclassifications	(11.9)	(0.3)	3.0	(9.2)
Amounts reclassified to net income	—	—	1.5	1.5
Balance, December 31, 2021	$ (6.7)	$ —	$ 4.5	$ (2.2)

Note 20. Defined Contribution Plan

The Company maintains a tax-qualified 401(k) retirement plan in the United States. The Company generally makes a matching contribution equal to 50% of each employee's elective contribution to the plan up to 6% of the employee's eligible pay. In addition, the Company offers defined contribution plans for eligible employees in its foreign subsidiaries. The total amount contributed by the Company to these defined contribution plans was $8.5 million, $6.7 million and $5.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Note 21. Interest Expense, Net

Interest expense, net of portion capitalized was as follows:

	Years Ended December 31,		
(in millions)	2021	2020	2019
Cash interest, net of interest rate swaps	$ 27.1	$ 9.5	$ 9.5
Accretion of debt discount	36.7	42.3	32.8
Amortization of debt issuance costs	3.5	2.9	2.8
Capitalized interest	(5.6)	(6.6)	(10.5)
Interest expense, net of portion capitalized	61.7	48.1	34.6
Interest income	(0.5)	(3.0)	(6.9)
Interest expense, net	$ 61.2	$ 45.1	$ 27.7

Note 22. Income Taxes

The U.S. and foreign components of income before income taxes were as follows:

(in millions)	Years Ended December 31, 2021	2020	2019
U.S.	$ 25.3	$ (1.6)	$ 2.5
Foreign	(4.8)	11.3	12.0
Income before income taxes	$ 20.5	$ 9.7	$ 14.5

Income tax expense consists of the following:

(in millions)	Years Ended December 31, 2021	2020	2019
Current:			
U.S. State	$ 0.5	$ 0.2	$ 0.2
Foreign	2.0	4.0	3.4
Total current expense	2.5	4.2	3.6
Deferred:			
U.S. Federal	—	—	(0.1)
Foreign	1.2	(1.3)	(0.6)
Total deferred expense	1.2	(1.3)	(0.7)
Income tax expense	$ 3.7	$ 2.9	$ 2.9

Reconciliations of the federal statutory income rate to the Company’s effective income tax rate are as follows:

	Years Ended December 31, 2021	2020	2019
U.S. statutory rate	21.0 %	21.0 %	21.0 %
Foreign rate differential	4.8	7.0	4.2
State taxes, net of federal benefit	1.8	1.3	1.3
Tax credits	(16.8)	(40.5)	(15.4)
Stock-based compensation	(117.0)	(311.1)	(158.7)
Extinguishment of debt	(57.5)	—	14.8
Capital loss carryforward expirations	52.1	—	—
Non-deductible officers’ compensation	45.7	30.0	1.9
Permanent items	1.9	2.1	3.0
Foreign income taxed in the U.S.	—	(21.0)	19.0
Change in valuation allowance	77.2	336.2	130.6
Intercompany transfer of intellectual property	4.6	—	—
Other	0.4	4.6	(1.9)
Effective income tax rate	18.2 %	29.6 %	19.8 %

For all periods presented, no provision for income taxes has been provided on undistributed earnings of the Company's foreign subsidiaries, except for Canada, because such earnings are indefinitely reinvested in the foreign operations. The Company has recorded a deferred tax liability for withholding tax that could be incurred upon repatriation of earnings from its Canadian subsidiary, the amount of which is not significant. A deferred tax liability related to the repatriation of approximately $24.6 million indefinitely reinvested earnings would not be material to the Company’s consolidated financial statements, primarily due to treaty-based withholding tax rates in the jurisdictions in which the Company operates.

The Company files federal, state and foreign tax returns, which are subject to examination by the relevant tax authorities. The tax filings relating to the Company’s U.S. federal and state tax returns are currently open to examination for tax years 2018 through 2020. In addition, the Company's U.S. net operating loss carryforwards from 2001 and forward may be subject to examination if the losses are utilized in future years.

As of December 31, 2021, 2020 and 2019 the Company had no uncertain tax positions.

The components of the net deferred tax asset at the end of each year are as follows:

(in millions)	As of December 31, 2021	As of December 31, 2020
Deferred tax assets:		
Net operating loss carryforwards	$ 170.2	$ 173.8
Tax credits	28.8	21.3
Capital loss carryforwards	—	12.2
Inventory capitalization	6.5	2.1
Intangible assets	11.6	3.6
Interest limitation carryforwards	7.3	1.6
Stock-based compensation	5.9	5.8
Other	16.0	11.7
Total deferred tax assets	246.3	232.1
Deferred tax liabilities:		
Prepaid assets	(4.8)	(3.5)
Property, plant and equipment	(22.2)	(10.5)
Amortization of debt discount	(22.9)	(60.6)
Capitalized contract acquisition costs	(9.2)	(7.5)
Other	(4.0)	(4.6)
Total deferred tax liabilities	(63.1)	(86.7)
Net deferred tax asset before valuation allowance	183.2	145.4
Valuation allowance	(182.4)	(143.4)
Net deferred tax asset	$ 0.8	$ 2.0

The Company maintained a valuation allowance of $182.4 million and $143.4 million at December 31, 2021 and 2020, respectively, against U.S. federal, state and foreign deferred tax assets, as management has determined that it is more-likely-than-not that these net deferred tax assets will not be realized. During 2021, the Company recorded a full valuation allowance against its U.K. deferred tax assets as a result of additional costs incurred in connection with a transfer of intellectual property. These valuation allowances are based on cumulative tax losses in the U.S. and U.K. and the uncertainty of generating future taxable income in these jurisdictions to utilize our loss and credit carryforwards. The $39.0 million increase in the Company's valuation allowance during the year ended December 31, 2021 was primarily due to temporary differences in the U.S. and the recording of a $11.0 million valuation allowance in the U.K.

The Company's net operating loss carryforwards consist of the following:

(in millions)	Years Ended December 31, 2021	Years Ended December 31, 2020
U.S. Federal	$ 708.8	$ 732.4
State	$ 327.3	$ 341.3
Foreign	$ 16.4	$ 5.4

As of December 31, 2021, $188.8 million of the U.S. federal net operating losses and the full amount of the foreign net operating losses have an indefinite carryforward period. The remaining U.S. federal carryforwards, if not utilized, expire through 2037, and the state net operating loss carryforwards expire through 2041. The utilization of such net operating loss carryforwards and the realization of tax benefits in future years depends predominantly upon the Company's ability to generate taxable income in the U.S. Research and development and other tax credits were $31.4 million and $22.8 million at December 31, 2021 and 2020, respectively. If not utilized, federal research and development credits will begin to expire in 2022. These loss and credit carryforwards, which may be utilized in a future period, may be subject to limitations based on changes in the ownership of the Company ordinary shares.

Note 23. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted net income per share is computed using the weighted average number of common shares outstanding and, when dilutive, common share equivalents from outstanding stock options and restricted stock units (using the treasury-stock method), and potential common shares from the Company's convertible notes (using the if-converted method). The weighted-average number of common shares used in the computation of basic and diluted net income per share were as follows:

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Weighted average number of common shares outstanding, basic	67,698	64,735	60,594
Stock options	686	1,025	1,487
Restricted stock units	195	186	223
Weighted average number of common shares outstanding, diluted	68,579	65,946	62,304

The number of common share equivalents excluded from the computation of diluted net income per share because either the effect would have been anti-dilutive, or the performance criteria related to the units had not yet been met, were as follows:

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
1.375% Convertible Senior Notes	2,024	4,319	4,319
0.375% Convertible Senior Notes	3,528	3,528	3,528
Restricted stock units	166	282	431
Stock options	53	58	13
Total	5,771	8,187	8,291

Note 24. Subsequent Events

In January 2022, the Company paid $29 million to acquire a supplier to bring key intellectual property and expertise in-house, strengthen production capabilities and mitigate supply chain risks. In addition, the Company made a $5 million strategic investment in another company.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

The following table sets forth activities in the Company's valuation allowance accounts:

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Other[1]	Deductions	Balance at End of Year
(in millions)					
Year Ended December 31, 2021					
Allowance for credit losses	$ 2.9	$ 3.1	$ —	$ (3.3)	$ 2.7
Reserve for rebates	$ 16.9	$ 143.3	$ —	$ (126.1)	$ 34.1
Deferred tax valuation allowance	$ 143.4	$ 77.4	$ —	$ (38.4)	$ 182.4
Year Ended December 31, 2020					
Allowance for credit losses	$ 3.8	$ 3.3	$ 1.1	$ (5.3)	$ 2.9
Reserve for rebates	$ 12.1	$ 82.5	$ —	$ (77.7)	$ 16.9
Deferred tax valuation allowance	$ 104.4	$ 61.7	$ —	$ (22.7)	$ 143.4
Year Ended December 31, 2019					
Allowance for doubtful accounts	$ 3.6	$ 4.5	$ —	$ (4.3)	$ 3.8
Reserve for rebates	$ 8.6	$ 59.1	$ —	$ (55.6)	$ 12.1
Deferred tax valuation allowance	$ 126.3	$ 43.6	$ —	$ (65.5)	$ 104.4

[1] Increase in allowance for credit losses from the adoption of ASU 2016-13, *Credit Losses (Topic 326).* Refer to Note 8 to the consolidated financial statements included in Item 8 for additional information.

Item 9. Changes in and Disagreements With Accountants On Accounting And Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") means controls and other procedures of a company 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 Securities and Exchange Commission'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, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission 2013 ("COSO") in Internal Control — Integrated Framework (the COSO criteria). Based on our assessment, we believe that our internal controls over financial reporting were effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Grant Thornton LLP, an independent registered public accounting firm. Their report is included in Item 8 of this Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be set forth in our definitive proxy statement for our 2022 Annual Meeting of Stockholders (the "Proxy Statement") and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Other than as set forth below, the information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information regarding securities authorized for issuance under our equity compensation plans as of December 31, 2021.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders [1]	765,457	$ 81.98	3,249,369 [2]
Equity compensation plans not approved by security holders	—	$ —	—
Total	765,457	$ 81.98	3,249,369

[1] Includes our 2017 Plan and our 2007 Plan. Outstanding restricted stock units convert to common stock without the payment of consideration. As of December 31, 2021, 384,155 restricted stock units were outstanding. The weighted-average exercise price of outstanding options as of such date issued under these Plans (excluding restricted stock units) was $81.98. For more information relating to our equity compensation plans, see Note 18 to our consolidated financial statements.

[2] The shares available for future issuance are under our 2017 Plan, which includes shares related to awards outstanding under the 2007 Plan that are terminated by expiration, forfeiture or cancellation.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements and Schedules

(1) and (2) The required information is set forth in Item 8—"Financial Statements and Supplementary Data."

(3) Exhibit Index:

Number	Description
3.1	Eighth Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to our Registratio Statement on Form S-8 (No. 333-144636) filed July 17, 2007)
3.2	Amended and Restated By-laws of the Registrant (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed February 26, 2016)
4.1	Specimen Stock Certificate (Incorporated by reference to Exhibit 4.1 to Amendment No.2 to our Registration Statement on Form S-1 (File No. 333-140694) filed April 25, 2007)
4.2	Indenture, dated as of November 10, 2017, between Insulet Corporation and Wells Fargo Bank, National Association, as Trustee (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on November 13, 2017)
4.3	Form of 1.375% Convertible Senior Notes due 2024 (included in Exhibit 4.2)
4.4	Indenture, dated as of September 6, 2019, between Insulet Corporation and Wells Fargo Bank, National Association, as Trustee (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 9, 2019).
4.5	Form of 0.375% Convertible Notes due 2026 (included in Exhibit 4.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ende September 30, 2019, filed November 5, 2019)
10.1*	Insulet Corporation 2017 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-I filed May 19, 2017)
10.2*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Incentive Stock Option Agreement for Employees (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017, filed August 4, 2017)
10.3*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Non-Qualified Stock Option Agreement for Employees (Incorporate by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017, filed August 4, 2017)
10.4*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Restricted Stock Unit Agreement for Employees (Incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017, filed August 4, 2017)
10.5*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Performance Vesting Restricted Stock Unit Agreement for Officers (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017, filed November 3, 2017)
10.6*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Non-Qualified Stock Option Agreement for Directors (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017, filed August 4, 2017)
10.7*	Form of Insulet Corporation 2017 Stock Option and Incentive Plan Restricted Stock Unit Agreement for Directors (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017, filed August 4, 2017)
10.8*	Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 2, 2015)
10.9*	Form of Executive Officer 3 Year Incentive Stock Option Agreement under the Insulet Corporation Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q for the fiscal quarter ende March 31, 2017, filed May 9, 2017)
10.10*	Form of International Non-Qualified Stock Option Agreement under the Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016, filed Augus 4, 2016)
10.11*	Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the Third Amended and Restated 2007 Stock Opti and Incentive Plan (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 201 filed August 4, 2016)

10.12*	Form of Non-Executive Employee Incentive Stock Option Agreement under the Insulet Corporation Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.60 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed February 29, 2016)
10.13*	Form of Section 16 Officer Incentive Stock Option Agreement under the Insulet Corporation Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.62 to our Annual Report on Form 10-K for the fiscal year ended Decembe 31, 2015, filed February 29, 2016)
10.14*	Form of Vice President Incentive Stock Option Agreement under the Insulet Corporation Third Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.64 to our Annual Report on Form 10-K for the fiscal year ended Decembe 31, 2015, filed February 29, 2016)
10.15*	Form of Incentive Stock Option Agreement under the Insulet Corporation Third Amended and Restated 2007 Stock Option and Incentiv Plan (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2015, filed Augus 12, 2015)
10.16*	Form of Incentive Stock Option Agreement under the Second Amended and Restated 2007 Stock Option and Incentive Plan - 2015 Sale Plan (Incorporated by reference to Exhibit 10.51 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed February 26, 2015)
10.17*	Form of Non-Qualified Stock Option Agreement for Shacey Petrovic under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.53 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed February 26, 2015)
10.18*	Form of UK Non-Qualified Stock Option Agreement for Employees at the Vice President Level and Above under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.56 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed February 26, 2015)
10.19*	Form of Non-Qualified Stock Option Agreement for Company Employees under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 3 2014, filed November 5, 2014)
10.20*	Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014, filed November 5, 2014)
10.21*	Form of Incentive Stock Option Agreement under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014, filed November 5, 2014)
10.22*	Form of Incentive Stock Option Agreement for Section 16 Officers under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014, filed November 5, 2014)
10.23*	Form of Non-Qualified Stock Option Agreement for Section 16 Officers under the Second Amended and Restated 2007 Stock Option and Incentive Plan (Incorporated by reference to Exhibit 10.11 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014, filed November 5, 2014)
10.24*	Form of Incentive Stock Option Agreement under the Second Amended and Restated 2007 Stock Option and Incentive Plan - October 2014 New Hires (Incorporated by reference to Exhibit 10.15 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30 2014, filed November 5, 2014)
10.25*	Form of Non-Qualified Stock Option Agreement for Michael Spears (Incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8 (No. 333-208387) filed December 8, 2015)
10.26*	Amended and Restated Executive Severance Plan, effective as of January 1, 2019 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 22, 2018)
10.27*	Insulet Corporation Employee Stock Purchase Plan (Amended and Restated February 27, 2019) (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed May 30, 2019)
10.28*	Form of Employee Non-Competition and Non-Solicitation Agreement by and between Insulet Corporation and each of its executive officers (Incorporated by reference to Exhibit 10.17 to Amendment No. 2 to our Registration Statement on Form S-1 (File No. 333-140694), filed April 25, 2007)
10.29*	Offer Letter between Shacey Petrovic and Insulet Corporation, dated September 10, 2018 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 14, 2018)
10.30*	Offer Letter between Wayde D. McMillan and Insulet Corporation, dated January 3, 2019 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 7, 2019)
10.31+	Materials Supplier Agreement between Insulet Corporation and Flextronics Medical Sales and Marketing, Ltd, dated September 1, 2016 (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016, filed November 2016)

10.32+	First Amendment to Materials Supplier Agreement between Insulet Corporation and Flextronics Medical Sales and Marketing, Ltd, entered into on June 29, 2018 and made effective as of January 1, 2018 (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2018, filed August 2, 2018)
10.33+	Settlement and Cross-License Agreement, dated September 18, 2013, by and among the Company and Medtronic Inc., Medtronic MiniMed Inc., and Medtronic Puerto Rico Operations Co. (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q f the fiscal quarter ended September 30, 2013, filed November 7, 2013)
10.34+	Master Equipment and Services Agreement between Insulet Corporation and ATS Automated Tooling Systems Inc., dated August 31, 2016 (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016, filed November 4, 2016)
10.35	Purchase and Sale Agreement by and between 100 Nagog Park Limited Partnership and Insulet Corporation, dated December 16, 2016 (Incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed December 20, 2016 (Items 1.01 and 9.01)
10.36+	Supply Agreement, dated November 21, 2013, between Amgen and Insulet Corporation, as amended by Amendment No. 1 through Amendment No. 14 (Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed February 28, 2017)
10.37+	Amendment No. 16, entered into effective as of August 15, 2018, to Supply Agreement, dated November 21, 2013, between Amgen Inc and Insulet Corporation (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2018, filed November 1, 2018)
10.38	Form of Capped Call Transactions Confirmation (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed September 9, 2019).
10.39*	Offer Letter between John W. Kapples and Insulet Corporation, dated January 22, 2019 (Incorporated by reference to Exhibit 10.2 to ou Quarterly Report on Form 10-Q, filed May 3, 2019).
10.40*	Offer Letter between Dan Manea and Insulet Corporation, dated March 19, 2020 (Incorporated by reference to Exhibit 10.56 to our Annual Report on Form 10-K filed February 24, 2021).
10.41++	Second Amendment to Materials Supplier Agreement between Insulet Corporation and Flextronics Medical Sales and Marketing, Ltd, entered into on December 17, 2020 and made effective as of October 1, 2020 (Incorporated by reference to Exhibit 10.57 to our Annual Repo on Form 10-K filed February 24, 2021).
10.42	Credit Agreement, dated as of May 4, 2021, by and among Insulet Corporation, the lenders and other parties party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1 to the Company's Curren Report on Form 8-K filed May 5, 2021).
10.43++#	Materials Supplier Agreement between Insulet Corporation and Sanmina Corporation, dated October 11, 2018.
10.44++#	First Amendment to Materials Supplier Agreement between Insulet Corporation and Sanmina Corporation, dated October 1, 2020.
21.1#	Subsidiaries of the Registrant
23.1#	Consent of Independent Registered Public Accounting Firm (Grant Thornton LLP)
24.1#	Power of Attorney (included on signature page)
31.1#	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer
31.2#	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
101	The following materials from Insulet Corporation’s Annual Report on Form 10-K for the year ended December 31, 2021 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Stockholders’ Equity; (v) the Consolidated Statements of Cash Flows

+	Confidential treatment granted as to certain portions of this exhibit.
++	Certain portions of this exhibit are considered confidential and have been omitted as permitted under SEC rules and regulations.
*	Management contract or compensation plan.
#	Filed herewith.
**	Furnished herewith.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INSULET CORPORATION
(Registrant)

February 23, 2022 /s/ Shacey Petrovic
Shacey Petrovic
Chief Executive Officer
(Principal Executive Officer)

February 23, 2022 /s/ Wayde McMillan
Wayde McMillan
Chief Financial Officer
(Principal Financial Officer)

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of Insulet Corporation, hereby severally constitute and appoint Shacey Petrovic and Wayde McMillan, and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below, on all amendments to this Report, and generally to do all things in our names and on our behalf in such capacities to enable Insulet Corporation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities on February 23, 2022.

Signature	Title
/s/ Shacey Petrovic Shacey Petrovic	Chief Executive Officer (Principal Executive Officer)
/s/ Wayde McMillan Wayde McMillan	Chief Financial Officer (Principal Financial Officer)
/s/ Lauren Budden Lauren Budden	Chief Accounting Officer and Controller (Principal Accounting Officer)
/s/ Luciana Borio, M.D. Luciana Borio, M.D.	Director
/s/ Wayne A.I. Frederick, M.D. Wayne A.I. Frederick, M.D.	Director
/s/ James R. Hollingshead James R. Hollingshead	Director
/s/ Jessica Hopfield Jessica Hopfield	Director
/s/ David A. Lemoine David A. Lemoine	Director
/s/ Michael R. Minogue Michael R. Minogue	Director
/s/ Corinne H. Nevinny Corinne H. Nevinny	Director
/s/ Timothy J. Scannell Timothy J. Scannell	Director
Elizabeth Weatherman	Director

Exhibit 10.43

CERTAIN INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. OMISSIONS ARE MARKED [***].

MATERIALS SUPPLIER AGREEMENT

BETWEEN

INSULET CORPORATION

AND

SANMINA CORPORATION

INSULET CORPORATION – SANMINA CORPORATION
MATERIALS SUPPLIER AGREEMENT

TABLE OF CONTENTS

INSULET CORPORATION – SANMINA CORPORATION
MATERIALS SUPPLIER AGREEMENT

SUPPLIER: SANMINA CORPORATION **INSULET CORPORATION**

140 Abby Road 600 Technology Park Drive, Suite 200
Manchester, NH 03103 Billerica, MA 01821

Tel: 408-964-3500 Tel: 978-600-7000

EFFECTIVE DATE: October 11, 2018

INITIAL CONTRACT TERM: PAYMENT TERMS: net 30 days
Three (3) Years from Effective Date from date of invoice, subject to continuing credit approval.

QUALITY AGREEMENT:
Attached as Exhibit D

THIS MATERIALS SUPPLIER AGREEMENT (this "Agreement") is made and entered into as of the Effective Date indicated above, (the "Effective Date") by and between **Insulet Corporation**, a Delaware corporation, on behalf of itself and its worldwide affiliates, having a principal place of business at 600 Technology Park Drive, Suite 200 Billerica, MA 01821 ("Insulet"), and **Sanmina Corporation**, a Delaware corporation and an Integrated Manufacturing Services Facility on behalf of itself and its worldwide affiliates, having a place of business at 140 Abby Road, Manchester, NH 03103, (the "Supplier"). Insulet and Supplier are referred to herein individually as a "Party" and collectively as the "Parties".

For and in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. General; Credit Terms and Conditions.
    a. This Agreement, together with documents and/or prior agreements expressly incorporated by reference is the entire agreement and will be the controlling document in business dealings between the Parties with respect to the Products (as defined in Section 3 below) manufactured and supplied hereunder. It supersedes all prior and contemporaneous agreements, purchase orders and acknowledgments between the Parties relating to such Products, except as expressly stated below. Purchase commitments for Products will be made only by means of Purchase Orders as defined in Section 6.a.ii. below. Insulet and Supplier preprinted terms and conditions on any future purchase order, invoice, acknowledgment or other standard form shall not apply unless expressly agreed to in the particular case by both Parties in writing.
    b. Credit Limit. As of the Effective Date, Supplier has approved Insulet for a credit limit in the amount of [***] (the "Credit Limit"). Should the Credit Limit change at any time during the Term, which changes (if any) shall be made in accordance with this Section 1.b.), then the term "Credit Limit" shall be deemed to mean the newly established Credit Limit. Supplier may elect to increase the Credit Limit, at Supplier's option, provided Insulet satisfies the requirements of Supplier's Credit Department with respect to such increase. Supplier may request from Insulet on an annual basis, or more frequently if in

Supplier's reasonable opinion there has been a material adverse impact on Insulet's ability to meet its payment obligations hereunder, such additional financial updates as are reasonably necessary to maintain the Credit Limit (as the same may be adjusted from time to time). If there is a material negative change in Insulet's financial condition based upon payment history and current Insulet financial information, as reasonably determined by Supplier in accordance with its financial and credit policies, then Supplier shall have the right to reduce the credit limit upon five (5) business days' prior written notice to Insulet which notice shall include the reasons for the reduction in credit. No such notice shall be required by Supplier in the event that the material negative changes in Insulet's financial condition involves its insolvency or bankruptcy other similar financial issues. Both Parties agree to use commercially reasonable good faith efforts to meet within three (3) business days following the written credit limit reduction notice to review Insulet's credit limit and work, subject to Supplier's financial and credit policies, in an effort to minimize the impact on expected shipments to Insulet. In the event Insulet exceeds the Credit Limit without Supplier's prior approval, Supplier shall as soon as practicable reasonably notify Insulet and Insulet shall, within ten (10) days of such notice, remit to Supplier the amount of indebtedness necessary to bring Insulet's outstanding indebtedness to Supplier within the Credit Limit. Should Insulet fail to make such payment, Supplier shall have the right to stop shipments of Product to Insulet and stop loading new Purchase Orders and Forecasts until Insulet makes a sufficient payment to bring its account within the Credit Limit or the Parties otherwise mutually agree to alternative arrangements concerning credit.

c. Intentionally omitted.

d. Any subsidiary or affiliate of Insulet shall have the right to purchase Products under this Agreement by providing written notice to Supplier of such subsidiary or affiliate's intention to purchase Products hereunder in advance of issuing any Purchase Orders. Supplier agrees, and each such subsidiary or affiliate who places orders under this Agreement agrees (by the act of placing such orders), that all terms and conditions of the Agreement shall apply to such orders and resulting purchases as if the name of the subsidiary or affiliate was substituted for the term "Insulet" wherever it appears in this Agreement. Supplier will bill each Insulet subsidiary and affiliate separately for all products provided to such subsidiary or affiliate. Notwithstanding the foregoing, Insulet hereby guarantees the obligations of each of its subsidiaries or affiliates and any other company that places Purchase Orders or Forecasts pursuant to this Agreement, and agrees to be jointly liable for such obligations.

e. Also, at Insulet's option and written direction, Supplier will allow Insulet's designated "Higher Level Supplier(s)" to purchase Products under the terms of this Agreement, solely for the purpose of incorporating those Products into products that the Higher Level Supplier produces for Insulet. In such event, Supplier shall sell the Products to such Higher Level Supplier(s), subject to Supplier's reasonable credit approval of the Higher Level Supplier(s) and subject to such Higher Level Suppliers(s) written agreement to be bound by Supplier's reasonable terms of sale; provided that such terms of sale are consistent with the terms contained herein. The pricing for such sales shall be the pricing provided herein. The Higher Level Supplier(s) shall be solely responsible for payment for Products, and for other payments provided herein based on the Delivery Schedule, the Flexibility Schedule and the Supply Chain Profiles, all as detailed below, on the same basis that Insulet would be responsible if Insulet were providing the Delivery Schedule. However, all matters with respect to Products sold to the Higher Level Suppliers (including, but not limited to, timeliness of deliveries and compliance with the Quality Agreement) shall be handled directly between Supplier and Insulet under the terms of this Agreement.

2. Term of Agreement. The initial term of this Agreement shall commence upon the Effective Date and shall be for the period identified above as "Initial Contract Term", unless earlier terminated pursuant to Section 16 herein. Upon the expiration of the Initial Contract Term, the term of this Agreement shall automatically extend for additional one (1) year terms until the earlier of: (a) termination of this Agreement by (i) Insulet upon at least one hundred eighty (180) days prior written notice to Supplier or (ii) Supplier upon at least twelve (12) months prior written notice to Insulet; or (b) replacement of this Agreement by another written agreement of the Parties. The Initial Contract Term together with any extensions as provided by this Section 2 is referred to in this Agreement as the "Term".
3. Products; Supply Commitment.
    a. Products. This Agreement covers purchases of products listed on Exhibit A attached hereto and incorporated herein by reference or added to Exhibit A as provided below (collectively, "Products"). Each Product is defined by reference to an Insulet drawing (a "Drawing"). Drawings are referenced by part number and revision level and may include and/or reference: specifications, test instructions, quality instructions, manufacturing instructions, assembly instructions and a bill of materials (including approved vendors) provided to Supplier by Insulet and upon which Supplier's Product price is based. Each Drawing and all documents referenced therein, as well as all revisions to Drawings made in accordance with this Section 3, are referred to in this Agreement as the "Specifications" for the Products covered by the Drawing.
    b. Additional Products. From time to time, the Parties may mutually agree to add Products to this Agreement by executing an amended Exhibit A. However, in the absence of an amended Exhibit A, if Supplier issues a written price quotation to Insulet (whether in response to a Drawing submitted by Insulet, as part of a pricing event contemplated by this Section 3 or Sections 4.a. or 4.b., or as part of a new product proposal by Supplier), and Insulet places order(s) for such product, then such product shall automatically be deemed added to Exhibit A at the price quoted and shall be deemed a Product under this Agreement.
    c. Changes to Specifications. Drawings may be revised from time to time as mutually agreed in writing between the Parties (either by execution of an amended Exhibit A that references the new revision level or other writings of the Parties). Supplier shall not unreasonably withhold approval to Drawings or Specifications changes proposed in writing by Insulet (each change an "Engineering Change" or "EC"). Supplier will use commercially reasonable efforts to evaluate the feasibility of the EC requested by Insulet within five (5) business days of receipt and respond to Insulet in writing with the potential impact of the EC on current on-hand or on-order raw material and component ("Components") inventory, work-in-progress Products ("WIP"), finished goods Products, and/or the Delivery Schedule. In addition to the written response provided above, Supplier will use commercially reasonable efforts to respond to Insulet within ten (10) business days with a written evaluation of the EC including: (i) engineering time to implement the EC, (ii) the cost to modify any tools used in connection with the manufacturing the Product or test fixtures or similar non-recurring expenses, (iii) the quantity of Obsolete Items (as defined in Section 8 below) Supplier has on hand and/or on order with its suppliers related to the EC, (iv) the cost to rework WIP (if applicable) and any impacts to Product price resulting from the EC, (v) the expected effect on the Delivery Schedule (as defined in Section 6.a.i.) to include (if applicable) the effect on all in-process work (e.g., re-workable, repairable, etc.), (vi) any changes to Supply Chain Profiles (as defined in Section 7), and (vii) the manner in which the EC will be implemented by Supplier. Supplier will not proceed to implement the EC until Insulet has approved the charges and Supplier actions described in the Supplier evaluation that is provided to Insulet.

d. Manufacturing and Delivery Commitment. For the Term of this Agreement, Supplier commits to supply to Insulet, in accordance with the terms and conditions hereof, such quantities of the Products listed on Exhibit A (including those added as provided above) as Insulet may choose to order under the terms of this Agreement and which Supplier has agreed to supply in accordance with the terms hereof. Insulet shall provide Supplier with (i) an initial ninety (90) day firm Purchase Order and (ii) a forecast for Product requirements (in monthly buckets) for an additional nine (9) months ("Forecast"). Except as may be expressly set forth in the Flexibility Table, there is no minimum quantity purchase requirements under this Agreement. All Purchase Orders shall be binding and may be rescheduled only in accordance with the Flexibility Table set forth in Exhibit B, or cancelled upon payment of (1) the purchase price of the Product (if the cancellation is made within thirty (30) days of the scheduled delivery date) or (2) the amounts set forth in Section 8.e. – Insulet Component Liability (if cancellation is made outside of such 30-day period). Supplier shall make purchase commitments (including purchase commitments for Long Lead-time Components) to its component suppliers ("Vendors") based upon the Purchase Order and Forecast, and Insulet shall be responsible for all such Components purchased in support of Insulet's then-current Forecast; provided, however, Supplier agrees to use prudent material management practices with due consideration given to manufacturing and Component lead-time for ordering of materials. No economic purchases of Components shall be performed without Supplier's prior notice to Insulet and prior written approval of Insulet. For all other purposes, however, the Forecast shall be non-binding. "Long Lead-time Components" shall mean any Components whose lead-time exceeds the cancellation window of 30 days before the delivery date of the Product.

Insulet reserves the right to purchase the Products or similar items from other suppliers. If Supplier fails to deliver the total quantity of Products ordered by Insulet in any Purchase Order (as defined in Section 6.a.ii.) by the date of delivery specified therein for causes solely attributed to Supplier, or third parties under Supplier's reasonable control, then, at Insulet's option, Insulet may elect to (x) purchase replacement Product from another supplier if Supplier is unable to remedy the delivery quantify shortfall within five (5) days after notice from Insulet, or (y) have the remaining portion of the order of Product shipped by air freight at Supplier's sole cost and expense. For the avoidance of doubt Supplier shall not be responsible for delays in delivery caused by Insulet, third parties not under Supplier's reasonable control or a Force Majeure Event (as set forth in Section 24 of this Agreement). [***]

4. Prices.

a. General. Initial prices shall be determined in accordance with the Supplier Proposal attached hereto as Exhibit A and incorporated herein by reference as the same may be amended or revised by mutual written agreement of the Parties (including those for Products added to Exhibit A as provided in Section 3 above). All prices are stated in U.S. Dollars. Except as set forth below, prices shall remain firm for the first six (6) months of the Initial Contract Term and then will be adjusted semi-annually (e.g. two times per year) or on some other frequency as mutually agreed by the Parties in order to reflect (i) component pricing based on market conditions for raw materials, current forecast and any localization activities, (ii) reductions for Cost Savings as defined in Section 4.b. below (iii) Engineering Changes pursuant to Section 3 (each, a "Pricing Review Event") and (iv) material changes in projected purchase volume. The Purchase Price shall include all costs for manufacturing the Product with the exception of packaging. Prices also specifically exclude (1) export licensing of the Product and the payment of brokers' fees, duties, tariffs and other similar charges and (2) setup, tooling, or non-recurring engineering activities. Prices are based on (i) the configuration set forth in the Specifications and (ii) the projected volumes, minimum run rates, the projected inventory

turns as provided in Exhibit A and other assumptions expressly set forth in Sanmina's in Exhibit A.

b. Cost Reduction. Supplier hereby agrees to use commercially reasonable efforts to continually improve and to determine areas wherein cost savings can be realized and passed on to Insulet through productivity improvements and cost savings ("Cost Savings"). Such Cost Savings shall be reflected as a reduction of prices set forth in Exhibit A. Supplier hereby agrees to target savings of [***] percent ([***]%) annually during the term of this Agreement ("Productivity Savings Goal"); provided, that Insulet will review and approve any recommended productivity change requested by Supplier as soon as practicable after submission of such change; provided, further, in each case, that such requested change does not otherwise adversely impact the quality of the Products. If Supplier identifies savings that do not adversely impact quality procedures or requirements set forth in this Agreement, and Insulet does not approve or take advantage of such savings, then Supplier will have satisfied the applicable savings target (or portion thereof).

c. Process Improvements. In the event Supplier implements any operational excellence or other process improvements at Insulet's suggestion and under Insulet's guidance, Supplier shall pass the percentage the savings set forth below attributable to such improvement, after Supplier recoups costs and expenses specifically and actually incurred by Supplier as a result of the development and implementation of such improvements (if any), along to Insulet and such savings shall not be included in the Productivity Savings Goal set forth above.

   For the first twelve (12) month period of the Term, Supplier shall pass along to Insulet [***]% of the process improvement savings described above.

   For any time after the initial twelve (12) month period of the Term, Supplier shall pass along to Insulet [***]% of the process improvement savings described above.

d. Taxes, Tariffs and Similar Charges. Except to the extent that Insulet's purchase of the Products is exempt from such taxes, tariffs or similar charges as evidenced by a written certification of exemption provided by Insulet, Insulet shall bear all applicable tariffs and similar charges as well as sales, use, excise, value added (VAT) or similar federal, state, municipal and other taxes payable with respect to the sale by Supplier to Insulet of the Products as finished goods and any property taxes assessable on the Products after delivery to Insulet. If Supplier is required to collect and remit any such taxes, then Supplier shall add such taxes, tariffs or similar charges to the invoice for sale of the Products, and Supplier agrees to remit such taxes as collected to the proper taxing authorities. With respect to the medical device excise tax pursuant to IRC §4191 ("MDET"), Supplier hereby acknowledges and agrees that for purposes of this Agreement, Insulet shall be deemed the holder of the regulatory filing with respect to all applicable products and is therefore deemed the manufacturer of such products. Furthermore, Insulet shall be deemed the responsible payor with respect to MDET and Supplier hereby acknowledges and agrees that it shall not remit or make any payments with respect thereto. To the extent that Supplier does remit or make payment for MDET, Supplier acknowledges and agrees that Insulet will not reimburse Supplier for any portion of such payments. Supplier shall be responsible for payment of any taxes relating to the Products or production thereof that are not based on the income of Supplier (rather than on the transfer of the Products). Each Party hereby indemnifies the other Party for any government claims or fines, other than the amount of any tax owed by such Party and not paid to the other Party, against such Party due to the other Party's failure to remit or pay to applicable taxing authorities any taxes or similar charges that are the responsibility of the other Party to pay or remit, including any taxes collected from such Party for remittance by the other Party. In the event Insulet is required to withhold taxes from

amounts paid to Supplier hereunder and remit such taxes to a taxing authority, Supplier expressly authorizes Insulet to do so.

e. Pricing will be subject to each Party's right to revise the price of Products set forth on Exhibit A to account for any changes in the exchange rate that exceed +/- [***]% between the currency in which such pricing is calculated and the currency in which Supplier pays for its labor, overhead and component used in the manufacture of Products, which changes must be reasonably documented and verified. On the 15th of the third month of any calendar quarter prior to the quarter of application, the exchange rates to be applied to the following quarter's costs (for those costs denominated in currencies different from the currency in which the Price is denominated) will be the spot rates published by the Wall Street Journal reflecting the previous day's closing rates. Neither party will be entitled to a true-up, re-valuation, or adjustment for Products purchased prior to the price adjustment contemplated under this Section 4.e.

5. Shipping.
   a. Shipping Terms. Unless otherwise expressly agreed upon in writing, shipping shall be "Ex Works" Supplier's manufacturing facility (Incoterms 2010), shipments will be limited to twice per week from Manchester, NH to Acton, MA. If applicable, Supplier shall obtain, at Insulet's expense, all export licenses and shall carry out all customs formalities related to the export of the goods. Insulet agrees to provide Supplier, within ten (10) days of request, with each of the following in order to enable Supplier to fulfill its responsibility for export formalities: (i) export control classification numbers and harmonized tariff schedule information for Insulet's assemblies and sub-assemblies; (ii) information sufficient to allow Supplier to clear shipments under laws and regulations pertaining to restricted parties and/or prohibited countries; and (iii) other information in Insulet's possession that Supplier reasonably requests to assist in fulfilling Supplier's export clearance responsibilities. Insulet shall obtain, at Insulet's expense, all import licenses and shall pay all import customs duties and fees, as well as carrying out all custom formalities and shall be the importer of record, unless otherwise indicated on Exhibit A. Title and risk of loss for the Products shall transfer upon delivery to carrier at Supplier's manufacturing facility.
   b. Anti-Terrorism Measures. Supplier agrees to designate, (and in the event Insulet designates, then Insulet agrees to designate) only freight carriers that are currently in compliance with all applicable laws relating to anti-terrorism security measures and to adhere to the C-TPAT (Customs-Trade Partnership Against Terrorism) security recommendations and guidelines as outlined by the United States Bureau of Customs and Border Protection and to prohibit the freight carriage to be sub-contracted to any carrier that is not in compliance with the C-TPAT guidelines.
6. Order Procedures; Delivery Schedules; Zones; Stocking Hub; Invoices.
   a. Order Procedures.
      i. Rolling Forecast / Delivery Schedule. Unless an alternative procedure is mutually agreed in writing between the Parties, Insulet shall provide Supplier with a rolling forecast and delivery schedule for Products to be purchased under this Agreement covering at least a twelve (12) month period. Unless otherwise set forth in Exhibit A, the first three (3) months of firm Purchase Orders will include specific delivery dates; the remainder of the forecast/schedule will identify monthly quantities. The forecast/schedule described in this subsection (i) is called the "Delivery Schedule". The Delivery Schedule will be updated at least once every month and will be subject to the change provisions set forth in Section 6(b) below. Within the Delivery Schedule, each quantity that Insulet indicates for a particular delivery date or time period (e.g., a time period where

quantities are shown only on a monthly basis) is known as a “Scheduled Delivery”.

ii. Order Methods. Insulet may place orders under this Agreement for quantities and delivery dates or time periods by giving Supplier prior written notice consistent with the agreed to lead time for the applicable Product as set forth in the applicable Exhibit; provided, that if no such lead time is identified, at least sixty (60) days prior written notice. These orders may be in the form of the Delivery Schedule described in Section 6.a.i. above or standard purchase order documents (which may be “standalone” purchase orders or “blanket purchase orders” with quantities scheduled by “releases”) or other written means mutually arranged by the Parties (each a “Purchase Order” and collectively the “Purchase Orders”). Regardless of the means by which Insulet informs Supplier of quantities and delivery dates, each quantity that Insulet indicates for a particular delivery date or time period is known as a “Scheduled Delivery”.

b. Delivery Schedules; Updates; Procedure; Changes. Supplier agrees to supply Scheduled Deliveries that Insulet submits in accordance with Section 6.a. above, as increased or decreased by Insulet within the permitted changes allowed under the Flexibility Table referenced in Section 6.c. below without any expedited cost or expense; provided, however, that any Scheduled Deliveries may also be cancelled by Insulet in accordance with Section 15 below (Cancellation for Convenience), including the financial responsibility provisions in such Section 15, or cancelled by an applicable Party for cause as provided in Section 16 below (Cancellations for Cause, including the financial responsibility provisions in such Section 16); and provided, further, that if the Parties mutually agree to changes for Scheduled Deliveries that are beyond the scope of the changes permitted in the Flexibility Table, then Supplier shall supply those revised Scheduled Deliveries.

c. Zones. At any particular time, each Scheduled Delivery (or forecasted quantity) is considered to fall into one of a number of zones as shown in the “Flexibility Table” attached hereto as Exhibit B and incorporated herein by reference (each a “Zone” and collectively the “Zones”), depending on how much calendar time remains until the date of that Scheduled Delivery (or forecasted quantity). For any Scheduled Delivery, Insulet may (i) increase or decrease the quantity of Products or (ii) reschedule the quantity of Products and their shipment dates in accordance with the Flexibility Table. In the event that Insulet cancels quantities outside the Frozen Zone beyond the amounts of allowable quantity decreases in the Scheduled Delivery Change Table), such cancellations will be subject to the provisions of Section 15 below (Insulet Cancellation for Convenience), including the financial responsibility provisions in such Section 15, or the provisions of Section 16 below (Cancellations for Cause), including the financial responsibility provisions in such Section 16.

d. Supplier Response to Purchase Orders and Delivery Schedules. Whenever Insulet submits Delivery Schedule information, whether by means of a Purchase Order, change order, purchase order “release” or revised Delivery Schedule, Supplier agrees to respond to Insulet (by fax, email or equivalent written media) within five (5) business days after receipt. The response should confirm receipt of the Purchase Order, change order, release or revised Delivery Schedule and inform Insulet if Supplier objects to any part of that submission as being contrary to the requirements of this Section 6. With respect to the information submitted per this Section 6.d., if Supplier does not object to the Delivery Schedule information within those five (5) business days, then all portions of the Delivery Schedule will be deemed to comply with the requirements of Section 6.

e. Invoices. Invoices for purchases will be issued to and payable by the Insulet business unit, affiliate or subsidiary that placed the order for the purchases and shall include

reference to the applicable Insulet Purchase Order number. Similarly, any applicable cancellation charges under Sections 15 or 16 below or materials or components charges under Section 8 below will be payable by the Insulet business unit, affiliate or subsidiary that cancelled the order or for whom the materials or components were acquired. Insulet shall pay all undisputed invoice amounts in U.S. dollars within thirty (30) from the date of Supplier's invoice, provided that Supplier issues all invoices to Insulet as soon as is commercially practicable. Any pricing or quantity discrepancies must be brought to Supplier's attention within fifteen (15) days after receiving an invoice. Unless otherwise stated, payment shall be made in U.S. Dollars. In the event Insulet has any outstanding invoice beyond the payment term which is not the subject of a good faith dispute, Insulet will be given two (2) business days notification prior to any stop shipments occurring.

7. Supply Chain Profiles. Supplier shall prepare supply chain profiles providing the categories of information indicated in Exhibit C which is attached hereto and incorporated herein by reference (each, a "Supply Chain Profile" and collectively, the "Supply Chain Profiles") for all materials and components used to produce the Products.
   Supplier will provide the Supply Chain Profiles to Insulet by close of business on the first (1st) Friday of each calendar quarter. The Supply Chain Profiles will state the specific information set forth in Exhibit C, by material or component type, per bill of material, for each Product. During the Parties' review of the Supply Chain Profiles, Supplier shall communicate (a) Insulet's total potential financial responsibility, by material or component type, calculated in accordance with Section 8 below, (b) known supply chain risks and an analysis and mitigation plan, and (c) any localization, alternate sourcing or value engineering opportunities. Other than as set forth in Section 15 (Cancellation for Convenience) and Section 16 (Cancellation for Cause), Insulet shall be financially responsible for materials or components in accordance with the mutually agreed-upon Supply Chain Profiles and in accordance with Section 8 below.
8. Insulet Responsibility for Obsolete and Excess Inventory of Component and Materials.
   a. Definitions:
      i. "**Delivered Cost**" shall mean Supplier's quoted cost of Components as stated on the bill of materials, plus a materials margin equal to [***].
      ii. **"Excess Components**" means (a) the Components that Supplier has on hand, which have been ordered, manufactured, or acquired (in accordance with the requirements of this Section) based on Insulet's then-current Forecast or Orders, but for which Insulet has no demand in the ninety (90) day period following the generation of the excess report and which Supplier cannot immediately and reasonably divert to other customers or uses, restock to the vendor, or sell at no loss, and/or (b) Component inventory that is in excess of the quantity required to maintain the agreed to inventory turns per Exhibit A.
      iii. "**Obsolete Components**" means: the quantity of Components that Supplier has on hand, which have been ordered, manufactured, or acquired (in accordance with the requirements of this Section) based on Insulet's then-current Forecast or Order, but which Supplier no longer requires as a result of (i) Insulet's announcement or notification that the Product into which such Component is incorporated has reached its end of life or (ii) a change in the Specification (as defined in Section 3.a.) the Product into which the Component is incorporated as a result of an Engineering Change Notice or otherwise, and which Supplier cannot immediately and reasonably divert to other customers or uses, restock to the vendor, or sell at no loss.
   b. Component Ordering Practices. Insulet expects that Supplier will order sufficient materials and Components to meet Insulet's requirements under this Agreement (at all times using prudent materials management practices) including, without limitation, all Scheduled Deliveries that Insulet submits in accordance with Section 6.a. above, as increased or decreased by Insulet within the permitted changes allowed under the

Flexibility Table referenced in Section 6.c. without any expedited cost or expense. Insulet recognizes that Supplier may need to order components and materials to cover future needs for production of Products based on the Delivery Schedule, the Flexibility Table, the minimum package quantities ("MPQs"), the volume pricing quantities ("VPQs"), and/or the lead times identified in the mutually agreed-upon Supply Chain Profile (per Section 7 above).
Section 8.c. and Section 8.d. of this Agreement set forth Insulet's responsibility with respect to Excess Inventory and Obsolete Components.

c. Excess List; Mutually Agreed Excess; Offset Inventory Account; Obsolete List.

i. Within five (5) business days after receiving Insulet's first Forecast or Order of the first month following the end of each calendar quarter (but no later than the fifteenth business day following the end of each of Supplier's calendar quarters), Supplier shall advise Insulet in writing of any Excess Components and their Delivered Cost (the "Excess List"). Notwithstanding the foregoing, Supplier's failure to timely provide the Excess List to Insulet shall not affect Insulet's obligations for Excess Components hereunder but the Insulet response period shall not commence until after receipt of the Supplier Excess List.

ii. Within five (5) business days of receiving Supplier's Excess List, Insulet shall advise Supplier of any Component on the Excess List that it believes is not excess, and the Parties shall work together in good faith to resolve any outstanding issues.

iii. Within two (2) business days of Insulet's issuance of its response to the Excess List, Insulet and Supplier will agree on the disposition of the Excess List on a part number-by-part number basis (hereafter the "Mutually Agreed Excess") and shall enter into transactions as defined below to settle the Mutually Agreed Excess.

iv. Within eight (8) business days of the Parties' agreement on the Mutually Agreed Excess, Insulet will pay Supplier the amount equal to the Mutually Agreed Excess. Supplier will credit these funds to the Insulet's "Offset Inventory Reserve Account" which has been established as a "contra-asset" to Insulet's obligations under this Section.

v. The Parties shall use the processes set forth in Sections 8.c.i. through 8.c.iv above at the end of each calendar quarter to determine the "new" Mutually Agreed Excess for the end of each subsequent calendar quarter. The Parties will then compare the prior quarter's Offset Inventory Reserve Account with the "new" Mutually Agreed Excess amount. If the new Mutually Agreed Excess is greater than the Offset Inventory Reserve Account, then Insulet shall, within ten (10) business days, pay the difference to Supplier, who shall credit the funds to the Offset Reserve Account. If the new Mutually Agreed Excess is less than the Offset Inventory Reserve Account, then Supplier shall, within ten (10) business days, refund the difference to Insulet.

vi. Excess Components shall be kept in the offset inventory reserve account for a maximum period of six months at which time such Excess Components will be deemed to be Obsolete Components.

vii. Within five (5) business days after receiving Insulet's first Forecast or Order of the first month following the end of each calendar quarter (but no later than the
fifteenth business day following the end of each of Supplier's calendar quarters), Supplier shall advise Insulet in writing of any Obsolete Components and their Delivered Cost (the "Obsolete List"). The Obsolete List shall include all former Excess Components which have been deemed Obsolete Components. Notwithstanding the foregoing, Supplier's failure to timely provide the Obsolete

List to Insulet shall not affect Insulet's obligations for Obsolete Components hereunder but the Insulet response period shall not commence until after receipt of the Supplier Obsolete List.

d. To the extent that any of the amount in the Insulet's Offset Inventory Reserve Account relates to any Obsolete Component (e.g., the Obsolete Component was formerly included in the Excess List, and Insulet included that Component in its funding of the Offset Inventory Reserve Account), Supplier shall debit the Offset Inventory Reserve Account in the amount of the Delivered Cost of such Component. In the event the Insulet's Offset Inventory Reserve Account does not include funding for any Obsolete Component (e.g., the Component was recently rendered obsolete as a result of a design change), Supplier shall invoice Insulet for the Delivered Cost of the Obsolete Component, Insulet shall pay Supplier's invoice within [***] business days after the date of invoice. Supplier will ship or dispose of the Obsolete Component in accordance with the Insulet's instructions. For the avoidance of doubt it is understood and agreed that the Offset Inventory Reserve Account is to be solely for the purposes expressly contemplated under this Excess and Obsolete Inventory section and for no other offset purposes (including, but not limited to, invoice disputes).

e. Insulet Component Liability. Insulet acknowledges that it shall be financially liable for all Components ordered in accordance with this Section. Specifically, Insulet's "Component Liability" shall be defined as Supplier's Delivered Cost of all Components ordered in support of any Order or Forecast, including any excess Components resulting from any minimum buy quantities, tape and reel quantities, and multiples of packaging quantities required by the Vendor less the actual cost (per the bill of materials) of those Components which are returnable to Vendor (less any cancellation or restocking charges). At Insulet's request, Supplier shall use commercially reasonable efforts to minimize Insulet's Component Liability by attempting to return Components to the Vendor (with Insulet being liable for any re-stocking charges assessed), use such Components for the manufacture of other Sanmina customer Products within the same Sanmina facility or sell such Components, with Insulet being liable for any difference between the monies recovered by Sanmina and the Delivered Costs of such Components; provided, however, that Supplier shall not be obligated to attempt to return to Vendor Components which are, in the aggregate, worth less than $[***].

9. Fill Rate. The dates for Scheduled Deliveries are the dates by which the material must meet Insulet's Fill Rate requirement. Scheduled Deliveries, in the exact quantities scheduled, between the due date and up to five (5) Insulet manufacturing days early will be considered on-time. For purposes of this Agreement, "Fill Rate" shall mean the Product being received by the appropriate carrier on the date specified by Insulet.
Insulet reserves the right to refuse delivery of excess quantities or of Products that exceed or do not meet Fill Rate requirements. Supplier is responsible for the excess cost of premium freight over regular freight when shipping Products to meet Scheduled Deliveries to the extent that the delay in shipment was caused by Supplier. For the avoidance of doubt Supplier shall not be responsible for delays caused solely by Insulet, third parties that are not within Supplier's reasonable control or a Force Majeure Event.

   With each delivery, Supplier will provide a packing list showing, for each Product shipped: the Insulet part number and revision level, the number of pieces shipped, the Scheduled Delivery date and quantity and the Purchase Order number(s). The same information will be provided on invoices and in both machine readable and human readable format as agreed by the Parties.
10. Quality; Acceptance; Test Data; Failure Analysis. Acceptance criteria for Products is one hundred percent (100%) conformance to the Specifications and to the requirements set forth in the Quality Agreement attached hereto as Exhibit D and incorporated herein by reference (the "Quality Agreement"). Products may be returned within a reasonable time frame if non-conformance to the Specifications is discovered by Insulet at incoming inspection, source

inspection, and/or on Insulet's shop floor (e.g., during Insulet's final test of the Insulet products which contain the Products supplied by Supplier). An entire shipment may be rejected based on reasonable sampling by Insulet in light of the nature of the Product and nature of the non-conformance (including, but not limited to, Insulet's determination that Products delivered in prior shipments contained a latent defect or nonconformance which is likely to be present in future shipments). Payment for Products does not constitute acceptance if a non-conformance is subsequently discovered as provided above. Within five (5) manufacturing days after Supplier receives notification of Product rejection by Insulet, Supplier shall issue a Returned Materials Authorization ("RMA") number to Insulet to facilitate return or disposition of the products. Issuance of the RMA number is procedural only and is not an admission that the Products are nonconforming. RMA numbers shall not unreasonably withheld or delayed by Supplier.

Upon occurrence of a suspected Epidemic Failure Event (as hereinafter defined), Insulet shall promptly notify Supplier, and shall provide, if known and as may exist, a description of the failure, and the suspected lot numbers, serial numbers or other identifiers, and delivery dates, of the failed Products. Insulet shall make available to Supplier, samples of the failed Products for testing and analysis. Upon receipt of Product from Insulet, Supplier shall promptly provide its preliminary findings regarding the cause of the failure. The Parties shall cooperate and work together to determine root cause. Thereafter, Supplier shall promptly provide the results of its root cause corrective analysis, and if it is determined to be an Epidemic Failure Event, its proposed plan for the identification of and the repair and/or replacement of the affected Products, and such other appropriate information. Supplier shall recommend a corrective action program which identifies the affected units for repair or replacement, and which minimizes disruption to Insulet and its end user customers. Insulet and Supplier shall consider, evaluate and determine the corrective action program. In the event the test equipment necessary to test and analyze the defective product is no longer in Supplier's possession due to a planned phase-out of such equipment, Insulet and Supplier shall identify an alternative method (including without limitation timing and cost elements) by which to test and analyze the Epidemic Failure Event to both Parties' satisfaction.

Upon occurrence of an Epidemic Failure Event, Supplier shall (a) at Insulet's reasonable option, either (i) repair the affected Products (whether sold directly to Insulet, to an Insulet contractor or to an Insulet customer) following return of such Products in accordance with the RMA procedure; or (ii) if the repaired Product will not satisfactorily meet or exceed Insulet's reasonable requirements replace the affected Products or provide, at Supplier's option, a credit or payment to Insulet in an amount equal to the cost to Insulet for replacement Products; (b) [***] (c) reimburse freight, transportation, expedited shipping costs, customs, duties, insurance, storage, handling and other shipping costs incurred by Insulet solely in connection with the repair and/or replacement of the affected Products. Supplier agrees to execute and deliver, upon request from Insulet, Supplier's standard form of compliance certificate certifying Supplier's compliance with the requirements imposed by this Agreement and by applicable laws, regulations and industry standards and setting forth the country or countries of which the articles are a product. This compliance certificate must identify the shipment by shipment date, part number, revision number, quantity, and lot or serial numbers, as applicable. The compliance certificate must also set forth the country or countries of which the articles are a product.

For purposes of this Agreement, "Epidemic Failure Event" shall mean the occurrence of the same failure (i) attributable to the same root cause found in [***] percent ([***]%) or more of units of a particular Product, with a minimum of [***] ([***]) units, shipped by Supplier during a consecutive [***] ([***]) month period where such failure is verified by Supplier and by Insulet, or an independent third party determined by Insulet subject to Supplier's reasonable consent, such consent not unreasonably withheld; (ii) occurring within [***] ([***]) months after the date of manufacture of the Products; and (iii) resulting from (w) the manufacturing process, (x) Supplier's manufacturing process design, (y) defects in workmanship, including Supplier's failure to identify defects in any components or materials that Supplier could have identified by following the Supplier's documented processes (which have been provided to Insulet) or such other mutually agreed to processes for inspection or testing at incoming inspection of such

components and materials, or following agreed upon testing procedures for Products during Supplier's manufacturing process or at final testing, but excluding manufacturing defects that are Insulet's Responsibility (as defined in Section 18), or (z) Supplier's failure to manufacture the Product in accordance with the Specifications in effect at the time of production.

11. Performance Measurements; Quality Performance Scorecard. Exhibit E attached hereto and incorporated herein by reference contains an explanation of the Quality Performance scoring used for the purpose of monitoring the Supplier's Quality.
12. Reserved.
13. Information for Regulatory Filings. Supplier agrees to provide Insulet with all information about the manufacture of the Products reasonably necessary to enable Insulet to take the steps needed to permit the marketing and sale of Insulet products into which the Products are incorporated (and to permit the marketing and sale of any other Products which are sold as accessories to any Insulet products) in all jurisdictions in the world in which Insulet chooses to market and sell the Products and such Insulet products. Such steps include making regulatory submissions and/or self-certifications, as applicable, and successfully obtaining such regulatory registrations, clearances and approvals as are needed to permit such marketing and sale. The relevant United States Food and Drug Administration ("FDA") reviewer guidance documents or relevant requirements of other regulatory bodies shall be considered for the purposes of determining what information is necessary.
    Where specific testing is required to comply with the laws governing such regulatory registrations, clearances, approvals and self-certifications, then Insulet shall be responsible for obtaining such testing except where Supplier specifically commits to undertake such testing. Supplier agrees to assist Insulet in developing test protocols for the Insulet products that incorporate the Products and in answering questions from FDA and other regulatory authorities concerning Insulet's submissions, insofar as such questions relate to any of the Products. Insulet is solely responsible for determining the intended use of the Products and for the validation of the Products and their respective Drawings and Specifications for such intended use.
14. Disaster Recovery. Supplier shall provide Insulet with a copy of Supplier's Disaster Recovery Plan (the "Plan") which states policies, procedures and arrangements which Supplier shall adhere to in order to forestall and mitigate some of the disruption and delay in delivery of Products that might otherwise result from Force Majeure Events impacting Supplier or its key vendors such as natural disasters, strikes, government actions, and materials and utility shortages. This Plan may include alternate manufacturing sites, alternate subcontractor sources for materials or manufacturing, etc. Supplier agrees to adhere to all provisions of such Plan during the Term of this Agreement and during any additional period as the Parties continue to do business together under Section 2above. Supplier understands that Supplier is a key vendor to Insulet and that disruption or delay in delivery of Products to Insulet can have serious impact on Insulet's ability to manufacture and deliver its own products to its customers.
15. Insulet Cancellation for Convenience. At any time, Insulet may (i) terminate this Agreement and all Scheduled Deliveries for convenience upon at least twelve (12) months' prior written notice to Supplier or (ii) cancel any Scheduled Deliveries for Insulet's convenience upon at least twelve (12) months' prior written notice to Supplier (each a "Cancellation for Convenience" and together, "Cancellations for Convenience"), and this Section 15 shall govern Insulet's financial obligation to Supplier for such Cancellations for Convenience. Cancellations for Convenience are only cancellations of Scheduled Deliveries by Insulet beyond the quantity of cancellations/reductions allowed under the change provisions of Section 6.c. above, including the Flexibility Table.
    If Insulet informs Supplier of Insulet's intent to make any Cancellations for Convenience, then, prior to Supplier cancelling the Scheduled Delivery, Supplier shall first inform Insulet of the charges that would be applied, in accordance with this Section 15, for such proposed cancellation. In the event that such charges are made in accordance with this Agreement, Supplier shall cancel such Scheduled Delivery and invoice Insulet immediately for such charge. Invoices shall be paid

in accordance with the terms of this Agreement. Insulet will pay Supplier the following amounts for such Cancellation for Convenience quantities and in the event of termination of the Agreement for convenience, depending on the Zone of the cancelled quantity (per the Flexibility Table in Exhibit B):

a. For materials or components allocable to cancelled quantities of Products in Zones for which the Flexibility Table shows a commitment for materials or components, the following amounts as applicable: (i) the actual cost plus applicable MOH of materials and components obtained by Supplier for production of such cancelled quantities, but only for materials or components which Supplier cannot immediately and reasonably divert to other customers or uses, restock to the vendor, or sell at no loss, and provided that Insulet shall not be responsible for materials or components that Supplier has ordered in advance of need or in excess of need (including needs to cover the flexibility allowed under the Flexibility Table to make changes to the Scheduled Deliveries), based on the Delivery Schedule and the MPQs, VPQs, and lead times identified in the applicable Supply Chain Profiles; (ii) the restocking charges of Supplier's vendors for materials or components that are restocked to the vendor and cannot be diverted or sold as above (but not including restocking of items that were ordered in advance of need or in excess of need as described above); and (iii) order cancellation charges of Supplier's vendors for materials or components ordered which cannot be diverted as above (but not including cancellation charges for items that were ordered in advance of need or in excess of need as described above); and
b. Documented WIP allocable to cancelled quantities of Products in Zones for which the Flexibility Table shows a commitment for WIP which cannot be diverted as above, not to exceed the aggregate price of such canceled Product quantities; and
c. Insulet's purchase price (per this Agreement) for finished goods that are allocable to cancelled quantities of Products in Zones for which the Scheduled Delivery Change Table shows a commitment for finished goods and for finished goods in any Buffer Inventory remaining in any Hub, not to exceed the agreed upon maximum quantity of Buffer Inventory.

If Insulet informs Supplier of Insulet's intent to cancel any Scheduled Deliveries in Zones that show no commitment, per the Flexibility Table in Exhibit B, it is understood Insulet will incur no associated cancellation charges (other than as may be expressly set forth in Section 8). It is understood that certain Products being produced for Insulet are specific to Insulet and will not be useable for other customers, and that certain materials or components used to produce Products for Insulet may not be returnable to Supplier's vendors. Any materials, components, WIP or Products for which Insulet is liable hereunder shall be provided to Insulet as a deliverable and Insulet will provide direction to Supplier on the disposition of such items. Payment for such charges shall be as provided by the payment terms of the Agreement.

16. Termination of Agreement; Cancellation of Scheduled Deliveries for Cause.
    a. By Insulet for Default. Any of the following events shall be considered a default by Supplier.
        i. Supplier fails to meet any material obligation to supply Product pursuant to Section 3 above;
        ii. Supplier's "Quality Score" (as determined in accordance with Exhibit E) falls below [***] percent ([***]%) for consecutive quarters or multiple quarters in a rolling calendar year, provided Insulet notifies Supplier in writing each time Supplier's Quality Score falls below [***]%;
        iii. Supplier is reasonably placed on "Limited" status and fails to abide with reasonable provisions set forth by Insulet in writing to be granted "Approved" status within one calendar year.
        iv. Supplier fails to adhere to the Quality Agreement and such failure is not cured within thirty (30) days of written notice by Insulet;

v. Supplier has repeated failures to adhere to the Quality Agreement which in the aggregate are a material failure, even if one or more of such failures has previously been cured under Section 16.a.iv.) above; or

vi. Supplier breaches Section 21 below.

In the event of such default, Insulet reserves the right upon written notice to Supplier to terminate this Agreement and/or cancel any or all outstanding Scheduled Deliveries for all Products. Any such cancellation will be considered cancellation for cause and Insulet will not be required to pay Supplier any amounts with respect to such canceled deliveries except for: (1) any amounts that might otherwise be owed; (2) the actual cost of components and materials ordered or held by Supplier in accordance with this Agreement, other than any components or materials involved in the default; (3) conforming Products received by, or in transit to Insulet; and (4) conforming WIP. (See Exhibit E for explanation of "Quality Scoring".)

b. By Supplier. Supplier may terminate this Agreement and/or any or all Scheduled Deliveries hereunder (A) for convenience, upon not less than [***] ([***]) months' prior written notice to Insulet or (B) upon written notice to Insulet in the event that Insulet (or in the case of a Scheduled Delivery requested by an affiliate, such affiliate), fails to pay any amounts when due (other than amounts which are disputed in good faith), and such failure is not cured within ten (10) calendar days (excluding, however, holidays on which the New York Stock Exchange is closed) after Supplier has notified Insulet in writing that such amounts are overdue and not paid and that Supplier intends to terminate this Agreement or certain Scheduled Deliveries if such amounts are not paid within the ten (10) calendar days (excluding, however, holidays on which the New York Stock Exchange is closed). In the event that Supplier terminates this Agreement and/or any or all outstanding Scheduled Deliveries under this Section 16.b., then (i) Insulet shall have the right to issue an Order for the last time purchase of up to [***] ([***]) months of Products (based on historical purchase volume), with delivery by Supplier to occur within a period of [***] ([***]) months from the date of receipt of the last time purchase Order; subject to capacity and Component availability and (ii) Insulet shall have the same financial responsibility to Supplier with respect to materials, components, WIP and finished goods as Insulet would have in the case of a Cancellation for Convenience by Insulet and that Insulet would have in the case of Insulet discontinuing the purchase of Products.

c. By Either Party. In the event that either Party:

i. becomes insolvent, has a receiver appointed, files voluntarily under the bankruptcy laws, is filed against involuntarily under the bankruptcy laws and such filing is not dismissed within sixty (60) days, or is prohibited by regulatory authorities, law or court action from performing its material obligations hereunder;

ii. commits a material breach of this Agreement which is not capable of being cured, or

iii. fails to cure any material breach under this Agreement (other than a breach covered by Sections 16.a. or 16.b. above) within thirty (30) days after written notice from the other Party that such breach exists and that such other Party will terminate this Agreement if such breach is not cured,

then the other Party may terminate this Agreement effective upon written notice to the Party to whom one of the above events or circumstances applies.

17. Warranty. Supplier warrants that, as of the date of manufacture, and for [***] ([***]) months thereafter (the "Warranty Period"), Products will (a) conform to the Specifications and the requirements in the Quality Agreement and (b) be free from defects in workmanship and materials, except with respect to materials, components or services provided by third parties

which are specified by Insulet in the Specifications (including the bill of materials) or which are requested as alternative sources of materials, components or services by Supplier and approved in writing by Purchaser for which Supplier makes no warranty other than such materials, components and services provided by third parties have passed the Supplier's documented inspection and/or testing requirements (which have been provided to Insulet) or such other mutually agreed to requirements at incoming inspection of such materials, components and services provided by third parties. Supplier agrees to pass along any and all warranties from services, and component and material vendors with respect to any components, materials or services included in the Products. To the extent that Supplier breaches any of the warranties contained herein, Supplier shall at Insulet's reasonable option (i) either repair the non-conforming Products; or (ii) if the repaired Product will not satisfactorily meet or exceed Insulet's reasonable requirements, replace the affected Products with Product units manufactured by Supplier under this Agreement or provide, at Supplier's option, a credit to Insulet in an amount equal to the Product price for the Products. Supplier shall pay or reimburse Insulet for shipping charges to return Non-conforming Products and shipping charges on replacement Products. Supplier shall ship repaired/replacement Products for Non-conforming Products by expedited shipping at Supplier's expense. In the event no defect is found, Insulet shall bear the cost of shipping and expedites, if applicable and pay a "no defect found fee" the ("NDF Fee") to Supplier in the amount [***] for each conforming Product incorrectly designated by Insulet as a Non-conforming Product; provided, however, (i) if Insulet returns Product it determines to be part of an Epidemic Failure in accordance with Section 10 of this Agreement, then the Parties shall cooperate in determining the root cause of the non-conformance (as more particularly set forth in Section 10 of this Agreement) and the NDF Fee shall only be applicable to those Products specifically and incorrectly identified by Insulet as Non-conforming Product and (ii) if Insulet returns Product it determines to be Non-conforming Product but not part of an Epidemic Failure, the Parties shall work in good faith to determine the root cause of such failure and the NDF Fee shall only be applicable to those Products specifically and incorrectly identified by Insulet as Non-conforming Product. Insulet shall not be required to test every unit of Product in a shipment in the event it finds that, based upon reasonable testing, there is a non-conformance in the shipment and shall have the right to return an entire shipment but only designate certain Products within such shipment as non-conforming. For purposes of this Agreement: "Non-conforming Products" are Products that fail to conform to the Specifications or to the requirements of the Quality Agreement.

For exemplary purposes only, and without limiting the above terms and conditions of this Section 17, if Insulet receives from Sanmina 10,000 units of Product and identifies 1,000 units of Product as Non-conforming Product, Insulet may specifically designate such 1,000 units of Product as non-conforming and, in accordance with Section 10, return the entire shipment. The Parties will determine the root cause of the non-conformance and, if such non-conformance is determined not to be caused by Supplier, then Insulet shall pay to Sanmina the NDF Fee only for such 1,000 units.

Within five (5) business days after Supplier receives notification of a proposed warranty return by Insulet, Supplier shall issue a RMA number to Insulet to facilitate return of the Products (issuance of the RMA number is procedural only and is not an admission that the Product has a covered defect or non-conformity). RMA numbers shall not be unreasonably withheld or delayed by Supplier. Insulet shall ensure all Products returned to Supplier for repair or other services are decontaminated and free of bio-hazardous material prior to shipment to Supplier, and that all mutually agreed documentation and/or certification of such decontamination accompanies the Products returned. Supplier agrees to provide a root cause analysis and corrective action for all warranty claims.

Supplier further represents and warrants that (x) Supplier has the know-how and expertise to provide Insulet, and/or any of Insulet's affiliates, with the services necessary and required to deliver the Products supplied pursuant to this Agreement, and (y) Supplier will perform the

services required hereunder in a professional and efficient manner, using due care, skill, diligence and at a level equivalent to industry best standards and practices.

EXCEPT AS PROVIDED IN THIS SECTION 17, SUPPLIER MAKES NO WARRANTIES WITH RESPECT TO THE PRODUCTS OR ITS SERVICES HEREUNDER, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES RESPECTING NONINFRINGEMENT, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTIES ARISING FROM A COURSE OF PERFORMANCE, A COURSE OF DEALING, OR TRADE USAGE. SUPPLIER MAKES NO WARRANTY WITH RESPECT TO SOFTWARE THAT IS PROVIDED BY INSULET OR SOFTWARE THAT IS SELECTED BY INSULET AND SUPPLIED BY A THIRD PARTY (EXCEPT THAT THE SOFTWARE IS WHAT INSULET SELECTED); ALL SUCH SOFTWARE IS OTHERWISE PROVIDED "AS IS".

18. Product Performance; Quality Upgrades and Corrections.
    a. General. The Parties will identify aspects of the Products that can benefit from improvement including manufacturing changes and hardware and/or software changes. There may be aspects of the Products that will require correction. This Section 18 specifies the Parties' responsibilities and the actions to be taken in respect to such improvements and corrections.
    b. Improvements and Corrections.
        i. Safety Hazard/Regulatory Violation/Epidemic Failure Event. If any aspect of the manufacture of a Product constitutes a safety hazard or regulatory violation or is the root cause of an Epidemic Failure Event, where such issue is verified by Supplier and by Insulet, or by an independent third party determined by Insulet subject to Supplier's consent, such consent not unreasonably withheld, and where such issue occurs within [***] ([***]) months of the date of manufacture of the Products at issue, then, at Insulet's request, Supplier will take immediate steps to correct the problem for future production of the Product and for all existing units of the Product (in either Party's inventory/WIP, in transit, and in the field) that contain the same manufacturing process design or manufacturing aspect. For units in the field, Insulet shall be the primary point of contact for its customers. If the problem is due to "Supplier's Responsibility" (as defined below), then Supplier shall be required to take all the steps set forth in Section 19.a. below, at Supplier's expense. If the problem is due to "Insulet's Responsibility" (as defined below), then Supplier shall take all the steps set forth in Section 19.a. below to the extent the Affected Products (as defined below) are within Supplier's control, and Insulet shall reimburse Supplier's costs of taking these steps. For purposes of this Section 18.b.i.:

            "Supplier's Responsibility" shall consist of any of the following: (A) a manufacturing defect in the Product, including Supplier's failure to identify defects in any components or materials that Supplier could have identified by following Supplier's documented processes for inspection at incoming inspection, or following agreed upon testing procedures for Products during Supplier's manufacturing process or at final testing, but excluding a manufacturing defect that is Insulet's Responsibility; (B) Supplier's failure to comply with the Specifications or the Quality Agreement; or (C) a design defect in any aspect of the manufacturing process for the Product that was designed by Supplier; and

            "Insulet's Responsibility" shall consist of any of the following: (V) a design defect in any aspect of the Product other than manufacturing process design defects that are Supplier's Responsibility as set forth

above; (W) a manufacturing defect in any components or subassemblies manufactured or supplied by Insulet; (X) misinformation from Insulet; or (Y) Insulet's negligent or knowing release of any Non-conforming Products, where such Products have caused a safety hazard, regulatory violation or Epidemic Failure Event.

If the Parties are jointly responsible for the problem, then the costs of the steps described in Section 19.a.i. through 19.a.iii. below shall be equitably apportioned between Supplier and Insulet based on the Parties' comparative fault.

ii. Minor Impact. If any aspect of the manufacture, or any aspect of manufacturing process design for which Supplier is responsible, is such that a Product does not conform to the Specification but such non-conformance does not significantly reduce the value of the Product or products used with it to the end-user and does not constitute a safety hazard or regulatory violation, then Supplier shall take reasonable steps to identify changes to the manufacture that can be implemented in future production, including future releases of the Product, and will then carry out such steps.

19. Indemnification; Limitations of Liability.

a. In the event that Supplier supplies any Non-conforming Products to Insulet (including those in transit), and those Products (the "Affected Products") have been resold by Insulet or incorporated into finished Insulet products or WIP, then the following shall apply (in accordance with the allocation of responsibility set forth in Section 18 above) and only to the extent the Affected Products are within [***] ([***]) months from their respective dates of delivery for said Affected Products: (i) Supplier shall repair or replace all of such Products with conforming Products or take other appropriate steps, including rework, to assure that all Affected Products are or become conforming Products, (ii) Supplier shall reimburse Insulet for the reasonable and documented actual cost of scrapping or reworking any Insulet finished products or WIP that is directly attributable to the Affected Products, and (iii) Supplier shall reimburse Insulet for its direct, reasonable, and documented out-of-pocket costs of conducting any recall, product hold, excessive complaint volumes or field corrective action that Insulet implements for Affected Products or Insulet finished products that contain the Affected Products.

b. Supplier shall defend, indemnify and hold Insulet and its subsidiaries, affiliates, officers, directors, employees or agents harmless against claims, liabilities, losses, costs and expenses (including reasonable attorneys' fees) with respect to a claim by a third party arising from death or bodily injury caused by Non-conforming Product or the negligent or intentional acts or omissions of Supplier or its officers, employees, subcontractors or agents, subject to the limitations set forth in Section 21.e.; provided however, that Supplier shall have no obligation to indemnify Insulet to the extent the claim against Insulet is a claim for which Insulet must indemnify Supplier under Section 19.c. below.

c. Insulet shall defend, indemnify and hold Supplier and its subsidiaries, affiliates, officers, directors, employees or agents harmless against claims, liabilities, losses, costs and expenses (including reasonable attorneys' fees) with respect to a claim by a third party arising from death or bodily injury caused by a Product or the negligent or willful acts or omissions, of Insulet or its officers, employees, subcontractors, subject to the limitations set forth in Section 21.e.; provided however, that Insulet shall have no obligation to indemnify Supplier to the extent the claim against Supplier is a claim for which Supplier must indemnify Insulet under Section 19.b. above.

d. In no event shall Supplier be liable for (i) Product design deficiencies (other than design deficiencies in Supplier's manufacturing process), (ii) malfunctions, defects, or failures resulting from misuse; abuse; accident; neglect; improper installation, operation or maintenance; theft; vandalism; acts of God; power failures or surges; casualty; or alteration, modification, or repairs by any party other than Supplier, (iii) defects in third

party materials or components incorporated into the Products or services performed by third parties, unless the presence of the defective component or material in the Product, or defect in services performed by third, delivered to Insulet is due to Supplier's failure perform tests or inspections required by the Specifications.

e. WITH THE EXCEPTION OF (A) INDEMNITY OBLIGATIONS UNDER SECTIONS 19.b. AND 19.c. AND SECTIONS 21.c. AND 21.d., (B) BREACHES OF THE CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 21, OR (C) EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE, SHALL EITHER PARTY OR THEIR RESPECIVE AFFILIATES BE LIABLE FOR ANY INCIDENTAL DAMAGES, EXEMPLARY DAMAGES, INDIRECT OR CONSEQUENTIAL DAMAGES, LOSS OF PROFITS, OR LOSS OF BUSINESS, RECORDS, DATA, USE, REVENUE, OR ANTICIPATED SAVINGS, OR OTHER ECONOMIC LOSS, WHETHER OR NOT THE PARTY WAS INFORMED OR AWARE OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS AND NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY REMEDY. For the purpose of this Section, both lost profits and damages resulting from value added to the Product by insulet shall be considered consequential damages (NOT INCLUDING, HOWEVER ANY COST OF GOODS SOLD WHICH CONSTITUTES VALUE ADDED TO A PRODUCT, WHICH COST OF GOODS SOLD SHALL BE CONSIDERED A DIRECT DAMAGE.

f. WITH THE EXCEPTION OF (A) INDEMNITY OBLIGATIONS UNDER SECTIONS 19.b. AND 19.c. AND SECTIONS 21.c. AND 21.d., (B) BREACHES OF THE CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 21, OR (C) EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, IN NO EVENT SHALL SUPPLIER'S LIABILITY FOR A PRODUCT (WHETHER ASSERTED AS A TORT CLAIM OR CONTRACT CLAIM) EXCEED THE AMOUNTS PAID TO SUPPLIER FOR SUCH PRODUCT HEREUNDER. IN NO EVENT WILL SUPPLIER BE LIABLE FOR COSTS OF PROCUREMENT OF SUBSTITUTE PRODUCT BY INSULET. IN NO EVENT SHALL EITHER PARTY'S LIABILITY FOR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT EXCEED THE GREATER OF [***] OF THE TRAILING 12 MONTHS OF REVENUE FOR PRODUCT PAID FOR UNDER THIS AGREEMENT (THE "CAP"). THESE LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 19.f., THE CAP SHALL NOT APPLY TO LIMIT INSULET'S OBLIGATIONS FOR PAYMENTS IN ACCORDANCE WITH SECTIONS 6.e., 15 or 16 OR SUPPLIER'S REPAIR, REPLACE OR CREDIT REMEDIES SET FORTH UNDER SECTIONS 10, 17 18 AND 19. THE LIMITATIONS SET FORTH IN THIS SECTION SHALL APPLY WHERE THE DAMAGES ARISE OUT OF OR RELATE TO THIS AGREEMENT.

20. Insurance.

a. Throughout the Term of this Agreement (subject to Section 20.c.), Supplier shall carry (a) Commercial General Liability Insurance in a minimum amount of US$[***] Combined Single Limit, Bodily Injury and Property Damage and (ii) Product Recall insurance covering the actual costs sustained in recalling defective product but no event less than US$[***] per recall, in each: (x) case naming Insulet as an additional insured, and (y) including a waiver of subrogation endorsement and primary non-contributing endorsement, each in favor of Insulet.

b. Throughout the Term of this Agreement (subject to Section 20.c.), Supplier shall carry all Workers' Compensation insurance as is required by law, which coverage shall include a waiver of subrogation endorsement in favor of Insulet.
c. In the event that any insurance Supplier is required to carry under this Agreement is on a claims made basis, Supplier agrees to provide evidence of insurance for a period of five (5) years after the expiration or earlier termination of the Agreement.
d. Upon the request of Insulet from time to time during the Term of this Agreement, Supplier shall provide Insulet with a certificate evidencing all coverages required hereunder. All insurers shall have financial ratings acceptable to Insulet. Supplier shall provide written notice to Insulet thirty (30) days in advance of any termination or cancellation of insurance required hereunder, unless Supplier obtains substantially similar coverage under a new policy that meets the requirements of this Section 20.

21. Proprietary Information; Intellectual Property.
    a. Proprietary Information.
        i. Any information which a Party shall obtain regarding the other Party in connection with this Agreement ("Proprietary Information") shall be maintained in confidence by the receiving Party and shall not be used by the receiving Party or disclosed to a third party except with the disclosing Party's prior written consent. The receiving Party shall only disclose the other Party's Proprietary Information to those of its employees who need to know such Proprietary Information in order for the receiving Party to fulfill its obligations hereunder. The confidentiality obligations in this section shall not apply to Proprietary Information which (a) becomes public other than through the receiving Party, (b) is already known to the receiving Party as evidenced by its written records, (c) becomes known by the receiving Party in the future from another source which is under no obligation of confidentiality to the disclosing Party, or (d) is subsequently developed by the receiving Party in a manner which it can establish was independent of the disclosure hereunder. The obligations of Supplier and Insulet pursuant to the provisions of this section shall survive termination of this Agreement for a period of five (5) years.
        ii. In the event that the recipient of Proprietary Information is requested or becomes legally compelled to disclose any of the Proprietary Information (whether by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process or otherwise), such recipient Party will provide the disclosing Party with prompt notice, to the extent practicable, so that the disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this section related to confidentiality. In the event that such protective order or other remedy is not obtained, the disclosing Party agrees that such disclosure may be made without liability hereunder; provided that the recipient Party (a) furnishes only that portion of the Proprietary Information which the recipient Party is, in the opinion of its counsel, legally required to disclose, and (b) uses its reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Proprietary Information.
        iii. Neither Party hereto shall make, or permit any of their respective directors, officers, employees, agents, advisors, affiliates or representatives to make any press release, public announcement or other public disclosure with respect to the existence of this Agreement or the terms hereof without the prior consent of the other Party hereto.
    b. Intellectual Property. Each Party's intellectual property including without limitation any patents, trade secrets, processes, know-how, copyrights, trade dress, trademarks and/or trade names shall remain their exclusive property and except as provided in Section 21.g.

below, nothing herein shall be construed as transferring any right, title or interest of any kind or nature whatsoever thereto to the other Party hereto. Furthermore, Supplier hereby agrees that the Specifications are owned exclusively by Insulet and nothing herein shall be construed as transferring any right, title or interest of any kind or nature whatsoever thereto to Supplier. Except as specifically provided herein, neither Party shall use in any way, the intellectual property of the other Party, and will not do any act which would in any way infringe upon or be in derogation of the validity of such other Party's intellectual property and will notify the other Party of any conflicting claims that challenge any intellectual property of such Party that it is aware of.

c. Infringement Indemnification by Supplier. Supplier will indemnify and defend, at its expense, any third party suit or proceeding against Insulet, and any of its subsidiaries, affiliates, officers, directors, employees or agents, in a court of competent jurisdiction for infringement of patents, copyrights, trade secret rights or other intellectual property rights by Products purchased hereunder (an "Infringement Action against Insulet") but only to the extent that such Infringement Action against Insulet is based on one or more of the following: Supplier's manufacturing processes; Supplier's off the shelf components which Supplier owns, controls and manufactures; use of any third party components that were selected by Supplier outside the scope of the Specifications and without Insulet's prior written consent; or any change that Supplier makes to the Product design that causes the Product not to conform to the Specifications (unless such change was authorized by Insulet in writing). Supplier shall pay all damages and costs finally awarded against Insulet because of infringement covered by this indemnification by Supplier.

d. Infringement Indemnification by Insulet. Insulet will indemnify and defend, at its expense, any third party suit or proceeding against Supplier, any of its subsidiaries, affiliates, officers, directors, employees or agents, in a court of competent jurisdiction for infringement of patents, copyrights, trade secret rights or other intellectual property rights by Products purchased hereunder (an "Infringement Action against Supplier") except to the extent that such Infringement Action against Supplier is based on one or more of the circumstances listed in Section 21.c. above. Insulet shall pay all damages and costs finally awarded against Supplier because of infringement covered by this indemnification by Insulet.

e. Limitations. Each Party's duties under Sections 19.a. and 19.b. and 21.c. and 21.d. above are conditioned on the Party claiming indemnification giving the indemnifying Party prompt written notice of commencement of any suit or proceeding or any written claim of infringement and furnishing to such indemnifying Party a copy of each communication relating to the alleged infringement and giving to such indemnifying Party all authority (including the right to exclusive control of defense of any such suit or proceeding), information and assistance (at such indemnifying Party's expense) necessary to defend or settle such suit or proceeding. An indemnifying Party shall not be bound by any settlement made without such indemnifying Party's prior written consent.

f. Software/firmware. Insulet retains all right, title and interest in and to any software and/or firmware contained in the memory devices to be included in Products purchased hereunder, which Supplier will be purchasing, preprogrammed, from Insulet's approved supplier. Insulet grants Supplier a perpetual, non-exclusive, world-wide, royalty-free license to use such software/firmware in the Products produced for Insulet.

g. License. Upon termination of this Agreement by Insulet for cause, Supplier hereby grants to Insulet a non-exclusive, worldwide, perpetual, royalty free license (including the right to sublicense the same) to any Supplier intellectual property to the extent incorporated into or used to manufacture the Products produced by Supplier under this Agreement to allow Insulet to modify, manufacture, package, and store the Products pursuant to the Specifications, including, but not limited to, bills of material (including a detailed listing of vendors with current and complete contact information), formulas, test

procedures, test specifications, design specifications, schematics, assembly drawings, artwork, manufacturing instructions, and any other related information, which information is now in Supplier's possession or which during the term of this Agreement comes into Supplier's possession as may be necessary for Insulet to make, have made, use, sell, offer to sell, import, and/or otherwise dispose of the Product (the "License").

22. Short Supply/End of Life Components, Material, Software and Firmware.
    a. Should any material or component be in short supply so that Supplier's needs exceed market availability, then Supplier agrees that, with respect to material purchased or ordered specifically for manufacture of the Products, Supplier will not utilize such material for other than the manufacture of Products for Insulet. In addition, any such component or material that has been paid for by Insulet or has been acquired at the specific request of Insulet shall be used only to manufacture Products for Insulet.
    b. Should any material, component software or firmware be discontinued or set for end of life by the applicable vendor, Supplier hereby agrees to use commercially reasonable efforts to provide Insulet with notice of such event upon receipt of notice form the applicable vendor. Supplier agrees to use commercially reasonable efforts to purchase, at Insulet's expense and with Insulet's prior written consent, sufficient quantities of the foregoing in order to supply Insulet Products during the applicable vendor notice period. In addition, Supplier agrees to work with Insulet in order to find a replacement which meets the form, fit and function set out in the Specifications of such end of life component, material, software or firmware. (Such replacements of end of life materials, components, software and firmware are subject to the applicable change order procedures of the Quality Agreement.) In the case of software and firmware, any replacement pursuant to this Section shall be backward compatible.
23. Accurate Documentation. Supplier understands that in order to have efficient administration of incoming shipments and the manufacturing process, it is essential that Supplier provide complete and accurate documentation and labeling in accordance with Insulet's instructions. Failure to provide complete and accurate documentation and labeling shall be considered a failure to comply with the Quality Agreement and also subject to the provisions of Section 18 above. Such errors include by example and not by limitation:
    a. Missing, incomplete or improperly completed packing lists;
    b. Incorrect or mismatched lot numbers on any of the labeling or documentation;
    c. Missing, incomplete or improperly completed certificates of compliance;
    d. Packaging errors that do not result in damage to Products. If damage does occur, that will be dealt with as a Non-conforming Product under this Agreement;
    e. Mislabeling; and/or
    f. Incomplete or improperly completed response to a corrective action request, or failure to give appropriate response by the deadline stated in the request. (Note that the response can be either a corrective action recommendation or a request for additional time, with an explanation of the need for additional time).
24. Force Majeure. The obligations of the Parties shall be subject to, and waived during the continuance of, any cause constituting "Force Majeure Event" which herein shall be defined as any cause beyond the reasonable control of a Party which prevents or hinders the performance of such Party and shall include, without limitation, acts of God, acts of terrorism (whether actual or threatened), governmental intervention and labor strikes. Financial or commercial difficulties shall not be considered a Force Majeure Event. If any Force Majeure Event may delay shipment of Products by Supplier, Supplier shall promptly inform Insulet of the expected delay.
25. Compliance with Laws.
    a. Applicable Laws. Supplier hereby represents and warrants that it will comply at all times with all applicable laws, statutes and regulations governing the manufacture and sale of the Products and the performance of its obligations hereunder.

b. Fair Trade Practices. Supplier hereby represents, warrants and covenants that it currently does and it will continue to comply with all applicable international conventions relating to fair trade practices to which the United States and/or the country where the Products are produced are signatories, such as prohibitions against bribery, participation in secondary and tertiary boycotts, and comparable conventions, as implemented in national law and regulation. Supplier further represents and warrants that the Products to be delivered under this Agreement may be subject to the export control laws and regulations of the United States or other countries and as such Supplier agrees to comply with all such laws and regulations as shall apply.

c. RoHS, WEEE and REACH.

i. Except as expressly stated otherwise in this Section, Supplier shall comply with all applicable laws, rules, regulations and ordinances ("Laws") including but not limited to Environmental Laws, in the performance of this Agreement. "Environmental Laws" means and includes, without limitation, any applicable foreign, federal, state, or local law, rule, statute, regulation, ordinance, code or other provision promulgated or issued, that relates to or regulates the presence, use, manufacture, generation, handling, labeling, testing, transport, treatment, storage, processing, discharge, disposal, release, threatened release, control, or cleanup of any Hazardous Substance or any materials containing Hazardous Substances, or pertains to health, safety, industrial hygiene or the environment. As used herein, the term "Hazardous Substances" means and includes any substance, material, pollutant, contaminant, or waste in amounts or concentrations which are regulated, listed, or defined as hazardous or toxic under any Environmental Law.

ii. Supplier's obligations with respect Regulation (EC) No 1907/2006 ("REACH") shall be as a "Downstream User" of chemicals, and activities covered under REACH shall be limited to Supplier's manufacturing processes. A "Downstream User" under REACH is partially defined as a user of those Hazardous Substances that it uses in the manufacture of, or are contained in, the Products, but are not intended to be released. For the components where Supplier owns the sourcing, and for products utilized in the manufacturing process, Supplier will obtain SVHC compliance documentation.

For components and substances where Sanmina does not own the sourcing, Supplier will notify Insulet should Supplier learn that components or substances contain SVHC and Insulet shall be responsible for determining whether the rolled up concentrations of such substances will trigger notification requirements.

iii. Responsibility for compliance of the Products with the European Community directive 2012/19/EU known as the Waste Electrical and Electronic Equipment Directive ("WEEE Directive") shall rest solely with Insulet.

iv. Supplier responsibility for compliance with the European Community directive 2002/95/EC known as the Restriction of Hazardous Substances Directive ("RoHS") shall be to: (1) ensure, at Supplier's cost, that the Supplier manufacturing processes used by Supplier in the production of the Product shall be RoHS compliant; and (2) reviewing Insulet's AVL and BOM for RoHS compliance, requesting certificates of RoHS compliance from the manufacturers or suppliers of the Components and maintaining a file of such certificates for Insulet inspection and review, with such Supplier services under this Section 25.c.iv.(2) being provided at Insulet's expense in accordance with Supplier's quotation for the performance of such services. For the avoidance of doubt Supplier does not independently warrant RoHS compliance of third party manufactured Components.

26. Assignment. Neither this Agreement nor any Purchase Order or rights hereunder may be assigned by either Party without the prior written consent of the other Party, and any attempted assignment without such consent shall be void; provided, however, that either Party may assign this Agreement to any successor entity or to a subsidiary or affiliate or to a purchaser of the business unit to which this Agreement relates provided that any such assignment shall be subject to reasonable credit conditions in light of the creditworthiness of the assignee and, with respect to assignment by Supplier, such right to assign shall be subject to the assignee satisfying reasonable vendor qualification standards, including quality audit. Also, if any of the business units of Insulet that are purchasing hereunder are sold or otherwise divested from Insulet, then the new owner of such business unit may, subject to reasonable credit requirements, for up to eighteen months (but not beyond the scheduled expiration without renewal of this Agreement), continue purchasing from Supplier, solely for the benefit of such business unit(s) and under the same terms and conditions that would apply under this Agreement, such Products as such business unit(s) was (were) previously purchasing under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties. Notwithstanding the foregoing, either Party may assign its right to payment to a third party without the need for consent from the other Party so long as such assignment does not constitute a breach of applicable laws or orders of a governmental body having appropriate jurisdiction.
27. Severability. Should any provision of this Agreement be finally determined to contravene any applicable law or governmental regulation, thereupon such provision shall be automatically terminated and performance thereof by both Parties waived, or should such provision be reasonably considered by either Party to be an essential element of this Agreement, the Parties hereto shall negotiate a new provision. If the Parties are unable to agree in writing upon the terms of such new provision within ninety (90) days of the contravening provision's termination, then the entire Agreement will terminate automatically thereupon.
28. Notices. Any notice given hereunder shall be deemed given at the times set forth in this Section 28 if sent, all charges prepaid, to the Parties at the addresses set forth at the beginning of this Agreement and to the attention of the persons indicated below (or the persons who succeed to those persons' functions). A Party may change the address to which notices must be sent, or the person to whose attention they should be directed, by giving notice hereunder to the other Party. The times at which notices will be deemed given are: three (3) business days after being sent by certified or registered mail, return receipt requested; two (2) business days after being sent by recognized courier; or immediately upon receipt by personal delivery. The designated persons to whom notices should be directed are:

Sanmina Corporation
Attention: SVP
2700 North First Street
San Jose, CA 95134

With a copy to:

Sanmina Corporation
Attention: Legal Department
2700 North First Street
San Jose, CA 95134

Chuck Alpuche
EVP and Chief Operations Office
Insulet Corporation
600 Technology Park Drive, Suite 200
Billerica, MA 01821

With a copy to:

General Counsel
Insulet Corporation
600 Technology Park Drive, Suite 200
Billerica, MA 01821

29. Choice of Law; Attorney's Fees. This Agreement and all orders hereunder shall for all purposes be governed exclusively by New York law (excluding its conflicts of law rules). The provisions of the United Nations Conventions on Contracts for the International Sale of Goods shall not apply to this Agreement. The prevailing Party shall be entitled to recover any and all costs and expenses incurred with respect to litigation between the Parties arising out of this Agreement, including without limitation, reasonable attorneys' fees, disbursements and costs, and experts' fees and costs".
30. Miscellaneous. A Party's failure on any occasion to insist on strict performance of any term or condition hereof shall not constitute a waiver of compliance with such term or condition on any other occasion or a waiver of any default. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original and all of which together shall be deemed the same instrument. All Products furnished by Supplier hereunder shall be free of all liens and encumbrances, and at Insulet's request, Supplier shall deliver to Insulet a release of all liens or other evidence thereof satisfactory to Insulet. This Agreement may only be modified or amended in writing signed by an authorized representative of each Party.
31. Exhibits. The following Exhibits are attached hereto and made a part of this Agreement:

Exhibit A --- Products & Prices
Exhibit B --- Flexibility Table
Exhibit C --- Supply Chain Profile Requirements
Exhibit D --- Quality Agreement
Exhibit E --- Performance Measurements

32. Intentionally deleted.

[Signatures appear on following page.]

The Parties agree to the terms and conditions of this Agreement and have caused this Agreement to be executed as of October __, 2018.

INSULET CORPORATION	SANMINA CORPORATION
By /s/ Peter E. Griffin	By /s/ Sushil Dhiman
Peter E. Griffin (Print name)	Sushil Dhiman (Print name)
VP Global Procurement (Print title)	EVP, North America IMP Operation (Print title)

CERTAIN INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. OMISSIONS ARE MARKED [***].

CONFIDENTIAL

FIRST AMENDMENT TO MATERIALS SUPPLIER AGREEMENT

This First Amendment to the Materials Supplier Agreement (this "**Amendment**") is made effective as of October 1, 2020 (the "**Amendment Effective Date**"), by and between Insulet Corporation, on behalf of itself and its worldwide affiliates, having its principal place of business at 100 Nagog Park, Acton, Massachusetts 01821 ("**Insulet**") and Sanmina Corporation, on behalf of itself and its worldwide affiliates, having its principal place of business at 2700 North First Street San Jose, CA 95134 ("**Supplier**"). Insulet and Supplier may hereinafter be collectively referred to as the "**Parties**" and individually as a "**Party**." The First Amendment and the Original Agreement (as defined below) are collectively referred to herein as the "**Agreement**." All capitalized terms used herein are as defined in the Original Agreement, unless otherwise expressly defined herein.

WHEREAS, the Parties entered into the Materials Supplier Agreement dated October 11, 2018 (the "**Original Agreement**") pursuant to which Supplier manufactures for Insulet certain printed circuit board assemblies more particularly described in Exhibit A to the Original Agreement;

WHEREAS, the Parties have agreed to amend the Original Agreement in order to add the manufacture and production of certain Insulet Ominpod products more particularly described on Amended Exhibit A (the "Pod Products" or "Pod") attached hereto ("Pod Manufacturing");

WHEREAS, in connection with the expansion of Products to include the Pod Products which Supplier will manufacture for Insulet the Parties have agreed to amend certain other terms and conditions of the Original Agreement;

NOW, THEREFORE, the Parties hereby agree to amend the Original Agreement as follows:

1. Pricing. Exhibit A to the Original Agreement is amended by adding Amended Exhibit A attached hereto.

2. Credit Limit. The credit limit identified in Section 1.b. of the Original Agreement shall be reviewed on a quarterly basis by Supplier in accordance with Supplier's internal financial policies and Section 1.b. of the Original Agreement. As of the Amendment Effective Date, it is hereby acknowledged that Insulet has a currently approved credit limit in the amount of [***].

3. Term. The "Initial Contract Term" identified in the Original Agreement shall be changed from "Three (3) years from the Effective Date" to "Commencing on the Effective Date and expiring on October 31, 2025."

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[Signatures on Following Page]

AGREED TO AND ACCEPTED BY:

Insulet Corporation		**Sanmina Corporation**	
/s/ Peter Griffin		/s/ Sushil Dhiman	
BY:	Peter Griffin	BY:	Sushil Dhiman
TITLE:	VP Global Procurement	TITLE:	EVP, North America IMP Operation (Print name)
DATE:	3/19/2021	DATE:	3/19/21

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Entity	**State/Country of Organization**
Insulet Asia (Singapore) Pte. Ltd.	Singapore
Insulet Austria GmbH	Austria
Insulet Australia Pty Ltd	Australia
Insulet Canada Corporation	Canada
Insulet Consulting (Shenzhen) Co., Ltd.	China
Insulet France SAS	France
Insulet Germany GmbH	Germany
Insulet International Holdings Ltd.	United Kingdom
Insulet International Ltd.	United Kingdom
Insulet MA Securities Corporation	Massachusetts
Insulet Malaysia Sdn. Bhd.	Malaysia
Insulet Mexico Investments LLC	Delaware
Insulet Mexico, S. de R.L. de C.V.	Mexico
Insulet Netherlands B.V.	Netherlands
Insulet Netherlands Holdings B.V.	Netherlands
Insulet Realty Holdings LLC	Delaware
Insulet Singapore Private Limited	Singapore
Insulet Switzerland GmbH	Switzerland
Sub-Q Solutions, Inc.	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our report dated February 23, 2022, with respect to the consolidated financial statements, schedule, and internal control over financial reporting included in the Annual Report of Insulet Corporation on Form 10-K for the year ended December 31, 2021. We consent to the incorporation by reference of said report in the Registration Statements of Insulet Corporation on Forms S-3 (No. 333-238195, 333-158354 and 333-172782) and on Forms S-8 (No. 333-231860, 333-144636, 333-153176, 333-183166, 333-202689, 333-208387, 333-218125 and 333-208193).

/s/ GRANT THORNTON LLP

Boston, Massachusetts

February 23, 2022

EXHIBIT 31.1

CERTIFICATION

I, Shacey Petrovic, certify that:

1. I have reviewed this Annual Report on Form 10-K of Insulet Corporation;

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 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.

/s/ Shacey Petrovic
Shacey Petrovic
Chief Executive Officer

Date: February 23, 2022

EXHIBIT 31.2

CERTIFICATION

I, Wayde McMillan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Insulet Corporation;

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 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.

/s/ Wayde McMillan
Wayde McMillan
Chief Financial Officer

Date: February 23, 2022

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Insulet Corporation, a Delaware corporation (the "Company"), does hereby certify with respect to the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission (the "Report") that, to their knowledge:

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

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

/s/ Shacey Petrovic
Shacey Petrovic
Chief Executive Officer

Date: February 23, 2022

/s/ Wayde McMillan
Wayde McMillan
Chief Financial Officer

Date: February 23, 2022