

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **December 31, 2023**

**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: **001-15317**

**ResMed Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**98-0152841**

(I.R.S. Employer Identification No.)

**9001 Spectrum Center Blvd.**

**San Diego, CA 92123**

**United States of America**

(Address of principal executive offices, including zip code)

**(858) 836-5000**

(Registrant's telephone number, including area code)

**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, par value \$0.004 per share	RMD	New York Stock Exchange

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

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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

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

At January 22, 2024 there were 147,088,888 shares of Common Stock (\$0.004 par value) outstanding. This number excludes 42,171,708 shares held by the registrant as treasury shares.

RESMED INC. AND SUBSIDIARIES

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## Item 1. Financial Statements

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Balance Sheets (Unaudited)  
(In US\$ and in thousands, except share and per share data)

	December 31, 2023	June 30, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 210,247	\$ 227,891
Accounts receivable, net of allowances of \$ 21,822 and \$ 23,603 at December 31, 2023 and June 30, 2023, respectively	729,740	704,909
Inventories (note 3)	933,214	998,012
Prepaid expenses and other current assets (note 3)	504,876	437,018
<b>Total current assets</b>	<b>2,378,077</b>	<b>2,367,830</b>
Non-current assets:		
Property, plant and equipment, net (note 3)	551,734	537,856
Operating lease right-of-use assets	153,473	127,955
Goodwill (note 4)	2,861,854	2,770,299
Other intangible assets, net (note 3)	528,178	552,341
Deferred income taxes	155,955	132,974
Prepaid taxes and other non-current assets	275,817	262,453
<b>Total non-current assets</b>	<b>4,527,011</b>	<b>4,383,878</b>
<b>Total assets</b>	<b>\$ 6,905,088</b>	<b>\$ 6,751,708</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 202,395	\$ 150,756
Accrued expenses	332,136	365,660
Operating lease liabilities, current	24,057	21,919
Deferred revenue	148,897	138,072
Income taxes payable	46,690	72,224
Short-term debt, net (note 7)	9,898	9,902
<b>Total current liabilities</b>	<b>764,073</b>	<b>758,533</b>
Non-current liabilities:		
Deferred revenue	127,410	119,186
Deferred income taxes	89,282	90,650
Operating lease liabilities, non-current	140,649	116,853
Other long-term liabilities	72,894	68,166
Long-term debt, net (note 7)	1,216,769	1,431,234
Long-term income taxes payable	12,157	37,183
<b>Total non-current liabilities</b>	<b>1,659,161</b>	<b>1,863,272</b>
<b>Total liabilities</b>	<b>2,423,234</b>	<b>2,621,805</b>
Commitments and contingencies (note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	—	—
Common stock, \$0.004 par value, 350,000,000 shares authorized; 189,259,220 issued and 147,087,512 outstanding at December 31, 2023 and 188,900,583 issued and 147,064,349 outstanding at June 30, 2023	588	588
Additional paid-in capital	1,822,918	1,772,083
Retained earnings	4,539,963	4,253,016
Treasury stock, at cost, 42,171,708 shares at December 31, 2023 and 41,836,234 shares at June 30, 2023	(1,673,263)	(1,623,256)
Accumulated other comprehensive loss	(208,352)	(272,528)
<b>Total stockholders' equity</b>	<b>4,481,854</b>	<b>4,129,903</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,905,088</b>	<b>\$ 6,751,708</b>

See the accompanying notes to the unaudited condensed consolidated financial statements.

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Operations (Unaudited)  
(In US\$ and in thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net revenue - Sleep and Respiratory Care products	\$ 1,017,855	\$ 916,981	\$ 1,980,892	\$ 1,761,424
Net revenue - Software as a Service	144,946	116,763	284,230	222,614
Net revenue	<u>1,162,801</u>	<u>1,033,744</u>	<u>2,265,122</u>	<u>1,984,038</u>
Cost of sales - Sleep and Respiratory Care products	460,721	406,303	905,182	770,146
Cost of sales - Software as a Service	46,889	40,421	95,782	79,688
Cost of sales (exclusive of amortization shown separately below)	<u>507,610</u>	<u>446,724</u>	<u>1,000,964</u>	<u>849,834</u>
Amortization of acquired intangible assets - Sleep and Respiratory Care products	1,324	1,343	3,240	2,572
Amortization of acquired intangible assets - Software as a Service	6,933	5,962	13,924	11,108
Amortization of acquired intangible assets	<u>8,257</u>	<u>7,305</u>	<u>17,164</u>	<u>13,680</u>
Total cost of sales	<u>515,867</u>	<u>454,029</u>	<u>1,018,128</u>	<u>863,514</u>
Gross profit	<u>646,934</u>	<u>579,715</u>	<u>1,246,994</u>	<u>1,120,524</u>
Selling, general, and administrative	222,155	211,672	445,029	404,860
Research and development	73,880	69,874	149,590	133,062
Amortization of acquired intangible assets	11,577	9,563	24,056	17,513
Restructuring expenses (note 11)	64,228	—	64,228	—
Acquisition related expenses	—	8,412	—	9,157
Total operating expenses	<u>371,840</u>	<u>299,521</u>	<u>682,903</u>	<u>564,592</u>
Income from operations	<u>275,094</u>	<u>280,194</u>	<u>564,091</u>	<u>555,932</u>
Other income (loss), net:				
Interest (expense) income, net	(13,805)	(10,338)	(28,762)	(17,472)
Gain (loss) attributable to equity method investments (note 5)	739	(2,826)	(3,156)	(4,853)
Gain (loss) on equity investments (note 5)	(1,888)	8,368	(2,491)	5,088
Other, net	(686)	(1,707)	1,963	(3,211)
Total other income (loss), net	<u>(15,640)</u>	<u>(6,503)</u>	<u>(32,446)</u>	<u>(20,448)</u>
Income before income taxes	259,454	273,691	531,645	535,484
Income taxes	50,654	48,777	103,423	100,092
Net income	<u>\$ 208,800</u>	<u>\$ 224,914</u>	<u>\$ 428,222</u>	<u>\$ 435,392</u>
Basic earnings per share (note 8)	\$ 1.42	\$ 1.53	\$ 2.91	\$ 2.97
Diluted earnings per share (note 8)	\$ 1.42	\$ 1.53	\$ 2.90	\$ 2.95
Dividend declared per share	\$ 0.48	\$ 0.44	\$ 0.96	\$ 0.88
Basic shares outstanding (000's)	147,132	146,704	147,104	146,568
Diluted shares outstanding (000's)	147,545	147,405	147,572	147,367

See the accompanying notes to the unaudited condensed consolidated financial statements.

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)  
(In US\$ and in thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 208,800	\$ 224,914	\$ 428,222	\$ 435,392
Other comprehensive income, net of taxes:				
Unrealized losses on designated hedging instruments	(19,891)	(20,203)	(36,984)	(20,203)
Foreign currency translation gain adjustments	131,687	156,163	101,160	62,782
Comprehensive income	\$ 320,596	\$ 360,874	\$ 492,398	\$ 477,971

See the accompanying notes to the unaudited condensed consolidated financial statements.

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Changes in Equity (Unaudited)  
(In US\$ and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount		Shares	Amount			
<b>Balance, June 30, 2023</b>	<b>188,901</b>	<b>\$ 588</b>	<b>\$ 1,772,083</b>	<b>(41,836)</b>	<b>\$ (1,623,256)</b>	<b>\$ 4,253,016</b>	<b>\$ (272,528)</b>	<b>\$ 4,129,903</b>
Common stock issued on exercise of options	17	—	983	—	—	—	—	983
Common stock issued on vesting of restricted stock units, net of shares withheld for tax	3	—	(225)	—	—	—	—	(225)
Stock-based compensation costs	—	—	18,510	—	—	—	—	18,510
Other comprehensive loss	—	—	—	—	—	—	(47,620)	(47,620)
Net income	—	—	—	—	—	219,422	—	219,422
Dividends declared (\$0.48 per common share)	—	—	—	—	—	(70,597)	—	(70,597)
<b>Balance, September 30, 2023</b>	<b>188,921</b>	<b>\$ 588</b>	<b>\$ 1,791,351</b>	<b>(41,836)</b>	<b>\$ (1,623,256)</b>	<b>\$ 4,401,841</b>	<b>\$ (320,148)</b>	<b>\$ 4,250,376</b>
Common stock issued on exercise of options	24	—	1,557	—	—	—	—	1,557
Common stock issued on vesting of restricted stock units, net of shares withheld for tax	163	1	(7,798)	—	—	—	—	(7,797)
Common stock issued on employee stock purchase plan	151	1	17,966	—	—	—	—	17,967
Treasury stock purchases	—	(2)	2	(336)	(50,007)	—	—	(50,007)
Stock-based compensation costs	—	—	19,840	—	—	—	—	19,840
Other comprehensive income	—	—	—	—	—	—	111,796	111,796
Net income	—	—	—	—	—	208,800	—	208,800
Dividends declared (\$0.48 per common share)	—	—	—	—	—	(70,678)	—	(70,678)
<b>Balance, December 31, 2023</b>	<b>189,259</b>	<b>\$ 588</b>	<b>\$ 1,822,918</b>	<b>(42,172)</b>	<b>\$ (1,673,263)</b>	<b>\$ 4,539,963</b>	<b>\$ (208,352)</b>	<b>\$ 4,481,854</b>

See the accompanying notes to the unaudited condensed consolidated financial statements.

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Changes in Equity (Unaudited)  
(In US\$ and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount		Shares	Amount			
<b>Balance, June 30, 2022</b>	<b>188,247</b>	<b>\$ 586</b>	<b>\$ 1,682,432</b>	<b>(41,836)</b>	<b>\$ (1,623,256)</b>	<b>\$ 3,613,736</b>	<b>\$ (312,747)</b>	<b>\$ 3,360,751</b>
Common stock issued on exercise of options	45	—	2,610	—	—	—	—	2,610
Common stock issued on vesting of restricted stock units, net of shares withheld for tax	3	—	(59)	—	—	—	—	(59)
Stock-based compensation costs	—	—	16,919	—	—	—	—	16,919
Other comprehensive loss	—	—	—	—	—	—	(93,381)	(93,381)
Net income	—	—	—	—	—	210,478	—	210,478
Dividends declared (\$0.44 per common share)	—	—	—	—	—	(64,431)	—	(64,431)
<b>Balance, September 30, 2022</b>	<b>188,295</b>	<b>\$ 586</b>	<b>\$ 1,701,902</b>	<b>(41,836)</b>	<b>\$ (1,623,256)</b>	<b>\$ 3,759,783</b>	<b>\$ (406,128)</b>	<b>\$ 3,432,887</b>
Common stock issued on exercise of options	77	—	5,120	—	—	—	—	5,120
Common stock issued on vesting of restricted stock units, net of shares withheld for tax	265	1	(29,655)	—	—	—	—	(29,654)
Common stock issued on employee stock purchase plan	100	1	16,935	—	—	—	—	16,936
Stock-based compensation costs	—	—	16,464	—	—	—	—	16,464
Other comprehensive income (loss)	—	—	—	—	—	—	135,960	135,960
Net income	—	—	—	—	—	224,914	—	224,914
Dividends declared (\$0.44 per common share)	—	—	—	—	—	(64,500)	—	(64,500)
<b>Balance, December 31, 2022</b>	<b>188,737</b>	<b>\$ 588</b>	<b>\$ 1,710,766</b>	<b>(41,836)</b>	<b>\$ (1,623,256)</b>	<b>\$ 3,920,197</b>	<b>\$ (270,168)</b>	<b>\$ 3,738,127</b>

See the accompanying notes to the unaudited condensed consolidated financial statements.

**RESMED INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(In US\$ and in thousands)

	Six Months Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income	\$ 428,222	\$ 435,392
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,718	74,040
Amortization of right-of-use assets	17,094	15,533
Stock-based compensation costs	38,350	33,383
Loss attributable to equity method investments (note 5)	3,156	4,853
(Gain) loss on equity investments (note 5)	2,491	(5,088)
Non-cash restructuring expenses (note 11)	33,239	—
Changes in operating assets and liabilities:		
Accounts receivable	(20,269)	(75,823)
Inventories	77,095	(233,116)
Prepaid expenses, net deferred income taxes and other current assets	(74,590)	(66,646)
Accounts payable, accrued expenses, income taxes payable and other	(35,391)	(9,230)
Net cash provided by operating activities	559,115	173,298
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(53,388)	(56,406)
Patent registration and acquisition costs	(12,036)	(7,636)
Business acquisitions, net of cash acquired	(110,688)	(1,011,225)
Purchases of investments (note 5)	(7,305)	(17,132)
Proceeds from exits of investments (note 5)	250	—
Proceeds / (payments) on maturity of foreign currency contracts	(6,956)	7,181
Net cash used in investing activities	(190,123)	(1,085,218)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock, net	20,507	24,666
Purchases of treasury stock	(50,007)	—
Taxes paid related to net share settlement of equity awards	(8,022)	(29,713)
Payments of business combination contingent consideration	(1,293)	—
Proceeds from borrowings, net of borrowing costs	105,000	1,070,000
Repayment of borrowings	(315,000)	(45,000)
Dividends paid	(141,275)	(128,931)
Net cash (used in) provided by financing activities	(390,090)	891,022
Effect of exchange rate changes on cash	3,454	387
Net decrease in cash and cash equivalents	(17,644)	(20,511)
Cash and cash equivalents at beginning of period	227,891	273,710
Cash and cash equivalents at end of period	\$ 210,247	\$ 253,199
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid, net of refunds	\$ 173,437	\$ 107,985
Interest paid	\$ 28,762	\$ 17,472
Fair value of assets acquired, excluding cash	\$ 38,520	\$ 359,730
Liabilities assumed	(5,401)	(144,778)
Goodwill on acquisition	77,712	800,003
Deferred payments	(143)	(874)
Fair value of contingent consideration	1,293	(2,856)
Cash paid for acquisitions	\$ 111,981	\$ 1,011,225

See the accompanying notes to the unaudited condensed consolidated financial statements.



**RESMED INC. AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

**(1) Summary of Significant Accounting Policies**

**Organization and Basis of Presentation**

ResMed Inc. (referred to herein as “we”, “us”, “our” or the “Company”) is a Delaware corporation formed in March 1994 as a holding company for the ResMed Group. Through our subsidiaries, we design, manufacture and market equipment for the diagnosis and treatment of sleep-disordered breathing and other respiratory disorders, including obstructive sleep apnea. Our manufacturing operations are located in Australia, Singapore, Malaysia, France, China and the United States. Major distribution and sales sites are located in the United States, Germany, France, the United Kingdom, Switzerland, Australia, Japan, China, Finland, Norway and Sweden. We also operate a Software as a Service (“SaaS”) business in the United States and Germany that includes out-of-hospital software platforms designed to support the professionals and caregivers who help people stay healthy in the home or care setting of their choice.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and the rules of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all necessary adjustments, which consisted only of normal recurring items, have been included in the accompanying financial statements to present fairly the results of the interim periods. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2024.

The condensed consolidated financial statements for the three and six months ended December 31, 2023 and December 31, 2022 are unaudited and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K (our “Form 10-K”) for the year ended June 30, 2023.

**Revenue Recognition**

In accordance with Accounting Standard Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers”, we account for a contract with a customer when there is a legally enforceable contract, the rights of the parties are identified, the contract has commercial substance, and collectability of the contract consideration is probable. We have determined that we have two operating segments, which are the sleep and respiratory disorders sector of the medical device industry (“Sleep and Respiratory Care”) and the supply of business management software as a service to out-of-hospital care providers (“SaaS”). Our Sleep and Respiratory Care revenue relates primarily to the sale of our products that are therapy-based equipment. Some contracts include additional performance obligations such as the provision of extended warranties and provision of data for patient monitoring. Our SaaS revenue relates to the provision of software access with ongoing support and maintenance services as well as professional services such as training and consulting.

**RESMED INC. AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

Disaggregation of revenue

The following table summarizes our net revenue disaggregated by segment, product and region (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>U.S., Canada and Latin America</b>				
Devices	\$ 371,336	\$ 345,525	\$ 717,233	\$ 685,070
Masks and other	297,994	269,733	590,455	508,293
Total U.S., Canada and Latin America	\$ 669,330	\$ 615,258	\$ 1,307,688	\$ 1,193,363
<b>Combined Europe, Asia and other markets</b>				
Devices	\$ 234,661	\$ 197,275	\$ 453,492	\$ 375,305
Masks and other	113,864	104,448	219,712	192,756
Total Combined Europe, Asia and other markets	\$ 348,525	\$ 301,723	\$ 673,204	\$ 568,061
<b>Global revenue</b>				
Total Devices	\$ 605,997	\$ 542,800	\$ 1,170,725	\$ 1,060,375
Total Masks and other	411,858	374,181	810,167	701,049
<b>Total Sleep and Respiratory Care</b>	<b>\$ 1,017,855</b>	<b>\$ 916,981</b>	<b>\$ 1,980,892</b>	<b>\$ 1,761,424</b>
<b>Software as a Service</b>	<b>144,946</b>	<b>116,763</b>	<b>284,230</b>	<b>222,614</b>
<b>Total</b>	<b>\$ 1,162,801</b>	<b>\$ 1,033,744</b>	<b>\$ 2,265,122</b>	<b>\$ 1,984,038</b>

Performance obligations and contract balances

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of risk and/or control of our products at a point in time. For products in our Sleep and Respiratory Care business, we transfer control and recognize a sale when products are shipped to the customer in accordance with the contractual shipping terms. For our SaaS business, revenue associated with cloud-hosted services are recognized as they are provided. We defer the recognition of a portion of the consideration received when performance obligations are not yet satisfied. Consideration received from customers in advance of revenue recognition is classified as deferred revenue. Performance obligations resulting in deferred revenue in our Sleep and Respiratory Care business relate primarily to extended warranties on our devices and the provision of data for patient monitoring. Performance obligations resulting in deferred revenue in our SaaS business relate primarily to the provision of software access with maintenance and support over an agreed term and material rights associated with future discounts upon renewal of some SaaS contracts. Generally, deferred revenue will be recognized over a period of one year to five years. Our contracts do not contain significant financing components.

The following table summarizes our contract balances (in thousands):

	December 31, 2023	June 30, 2023	Balance sheet caption
<b>Contract assets</b>			
Accounts receivable, net	\$ 729,740	\$ 704,909	Accounts receivable, net
Unbilled revenue, current	34,577	31,521	Prepaid expenses and other current assets
Unbilled revenue, non-current	10,844	10,078	Prepaid taxes and other non-current assets
<b>Contract liabilities</b>			
Deferred revenue, current	(148,897)	(138,072)	Deferred revenue (current liabilities)
Deferred revenue, non-current	(127,410)	(119,186)	Deferred revenue (non-current liabilities)

Transaction price determination

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. In our Sleep and Respiratory Care segment, the amount of consideration received and revenue recognized varies with changes in marketing incentives (e.g. rebates, discounts, free goods) and returns offered to our customers and their

**RESMED INC. AND SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

customers. When we give customers the right to return eligible products and receive credit, returns are estimated based on an analysis of our historical experience. However, returns of products, excluding warranty-related returns, have historically been infrequent and insignificant. We adjust the estimate of revenue at the earlier of when the most likely amount of consideration can be estimated, the amount expected to be received changes, or when the consideration becomes fixed.

We offer our Sleep and Respiratory Care customers cash or product rebates based on volume or sales targets measured over quarterly or annual periods. We estimate rebates based on each customer's expected achievement of its targets. In accounting for these rebate programs, we reduce revenue ratably as sales occur over the rebate period by the expected value of the rebates to be returned to the customer. Rebates measured over a quarterly period are updated based on actual sales results and, therefore, no estimation is required to determine the reduction to revenue. For rebates measured over annual periods, we update our estimates each quarter based on actual sales results and updated forecasts for the remaining rebate periods.

We participate in programs where we issue credits to our Sleep and Respiratory Care distributors when they are required to sell our products below negotiated list prices if we have preexisting contracts with the distributors' customers. We reduce revenue for future credits at the time of sale to the distributor, which we estimate based on historical experience using the expected value method.

We also offer discounts to both our Sleep and Respiratory Care as well as our SaaS customers as part of normal business practice and these are deducted from revenue when the sale occurs.

When Sleep and Respiratory Care or SaaS contracts have multiple performance obligations, we generally use an observable price to determine the stand-alone selling price by reference to pricing and discounting practices for the specific product or service when sold separately to similar customers. Revenue is then allocated proportionately, based on the determined stand-alone selling price, to each performance obligation. An allocation is not required for many of our Sleep and Respiratory Care contracts that have a single performance obligation, which is the shipment of our therapy-based equipment.

Accounting and practical expedient elections

We have elected to account for shipping and handling activities associated with our Sleep and Respiratory Care segment as a fulfillment cost within cost of sales, and record shipping and handling costs collected from customers in net revenue. We have also elected for all taxes assessed by government authorities that are imposed on and concurrent with revenue-producing transactions, such as sales and value added taxes, to be excluded from revenue and presented on a net basis. We have elected two practical expedients including the "right to invoice" practical expedient, which is relevant for some of our SaaS contracts as it allows us to recognize revenue in the amount of the invoice when it corresponds directly with the value of performance completed to date. The second practical expedient adopted permits relief from considering a significant financing component when the payment for the good or service is expected to be one year or less.

**Lease Revenue**

We lease Sleep and Respiratory Care medical devices to customers primarily as a means to comply with local health insurer requirements in certain foreign geographies. Device rental contracts are classified as operating leases, and contract terms vary by customer and include options to terminate or extend the contract. When lease contracts also include the sale of masks and accessories, we allocate contract consideration to those items on a relative standalone price basis and recognize revenue when control transfers to the customer. Operating lease revenue was \$23.1 million and \$45.7 million for the three and six months ended December 31, 2023 and \$20.4 million and \$44.1 million for the three and six months ended December 31, 2022.

**Provision for Warranty**

We provide for the estimated cost of product warranties on our Sleep and Respiratory Care products at the time the related revenue is recognized. We determine the amount of this provision by using a financial model, which takes into consideration actual historical expenses and potential risks associated with our different products. We use this financial model to calculate the future probable expenses related to warranty and the required level of the warranty provision. Although we engage in product improvement programs and processes, our warranty obligation is affected by product failure rates and costs incurred to correct those product failures. Should actual product failure rates or estimated costs to repair those product failures differ from our estimates, we would be required to revise our estimated warranty provision.

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**Recently Issued Accounting Standards Not Yet Adopted**ASU No. 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which expands segment disclosures to include significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. This ASU is applicable to our Annual Report on Form 10-K for the fiscal year ended June 30, 2025, and subsequent interim periods. Early adoption is permitted and the amendments must be applied retrospectively to all prior periods presented. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and disclosures.

ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which updates income tax disclosure requirements primarily by requiring specific categories and greater disaggregation within the rate reconciliation and disaggregation of income taxes paid. This ASU is applicable to our Annual Report on Form 10-K for the fiscal year ended June 30, 2026, with early application permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and disclosures.

**(2) Segment Information**

We have quantitatively and qualitatively determined that we operate into two operating segments, which are the Sleep and Respiratory Care segment and the SaaS segment.

We evaluate the performance of our segments based on net revenues and income from operations. The accounting policies of the segments are the same as those described in note 2 of our consolidated financial statements included in our Form 10-K for the fiscal year ended June 30, 2023. Segment net revenues and segment income from operations do not include inter-segment profits and revenue is allocated to a geographic area based on where the products are shipped to or where the services are performed.

Certain items are maintained at the corporate level and are not allocated to the segments. The non-allocated items include corporate headquarters costs, stock-based compensation, amortization expense from acquired intangibles, restructuring expenses, field safety notification expenses, acquisition related expenses, net interest expense (income), gains and losses attributable to equity method investments, gains and losses on equity investments, and other, net. We neither discretely allocate assets to our operating segments, nor does our Chief Operating Decision Maker evaluate the operating segments using discrete asset information.

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The table below presents a reconciliation of net revenues and net operating profit by reportable segments (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Net revenue by segment</b>				
Sleep and Respiratory Care	\$ 1,017,855	\$ 916,981	\$ 1,980,892	\$ 1,761,424
Software as a Service	144,946	116,763	284,230	222,614
Total	<u>\$ 1,162,801</u>	<u>\$ 1,033,744</u>	<u>\$ 2,265,122</u>	<u>\$ 1,984,038</u>
<b>Depreciation and amortization by segment</b>				
Sleep and Respiratory Care	\$ 21,956	\$ 18,533	\$ 42,475	\$ 38,301
Software as a Service	2,725	2,097	5,485	4,009
Amortization of acquired intangible assets and corporate assets	20,103	17,137	41,758	31,730
Total	<u>\$ 44,784</u>	<u>\$ 37,767</u>	<u>\$ 89,718</u>	<u>\$ 74,040</u>
<b>Net operating profit by segment</b>				
Sleep and Respiratory Care	\$ 426,393	\$ 373,367	\$ 816,808	\$ 726,027
Software as a Service	41,787	28,814	73,045	53,581
Total	<u>\$ 468,180</u>	<u>\$ 402,181</u>	<u>\$ 889,853</u>	<u>\$ 779,608</u>
<b>Reconciling items</b>				
Corporate costs	\$ 102,673	\$ 96,707	\$ 206,052	\$ 183,326
Amortization of acquired intangible assets	19,834	16,868	41,220	31,193
Restructuring expenses	64,228	—	64,228	—
Masks with magnets field safety notification expenses <sup>(1)</sup>	6,351	—	6,351	—
Astral field safety notification expenses <sup>(2)</sup>	—	—	7,911	—
Acquisition related expenses	—	8,412	—	9,157
Interest expense (income), net	13,805	10,338	28,762	17,472
(Gain) Loss attributable to equity method investments	(739)	2,826	3,156	4,853
(Gain) loss on equity investments	1,888	(8,368)	2,491	(5,088)
Other, net	686	1,707	(1,963)	3,211
Income before income taxes	<u>\$ 259,454</u>	<u>\$ 273,691</u>	<u>\$ 531,645</u>	<u>\$ 535,484</u>

(1) The masks with magnets field safety notification expenses relate to estimated costs to provide alternative masks to patients in response to updated contraindications for use of masks that incorporate magnets.

(2) The Astral field safety notification expenses relate to estimated costs associated with the replacement of a certain component in some of our Astral ventilation devices that were manufactured between 2013 to 2019.

### (3) Supplemental Balance Sheet Information

Components of selected captions in the condensed consolidated balance sheets consisted of the following (in thousands):

	December 31, 2023	June 30, 2023
<b>Inventories</b>		
Raw materials	\$ 467,223	\$ 459,126
Work in progress	2,942	3,956
Finished goods	463,049	534,930
Total inventories	<u>\$ 933,214</u>	<u>\$ 998,012</u>

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	December 31, 2023	June 30, 2023
<b>Prepaid expenses and other current assets</b>		
Prepaid taxes	\$ 128,649	\$ 114,009
Prepaid inventories	196,595	143,084
Other prepaid expenses and current assets	179,632	179,925
Total prepaid expenses and other current assets	<u>\$ 504,876</u>	<u>\$ 437,018</u>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment, at cost	\$ 1,266,106	\$ 1,205,868
Accumulated depreciation and amortization	(714,372)	(668,012)
Property, plant and equipment, net	<u>\$ 551,734</u>	<u>\$ 537,856</u>
<b>Other Intangible Assets</b>		
Developed/core product technology	\$ 419,263	\$ 398,740
Accumulated amortization	(302,043)	(265,802)
Developed/core product technology, net	117,220	132,938
Customer relationships	461,423	443,652
Accumulated amortization	(158,082)	(124,220)
Customer relationships, net	303,341	319,432
Other intangibles	263,176	244,373
Accumulated amortization	(155,559)	(144,402)
Other intangibles, net	107,617	99,971
Total other intangibles, net	<u>\$ 528,178</u>	<u>\$ 552,341</u>

Intangible assets consist of developed/core product technology, trade names, non-compete agreements, customer relationships, and patents, which we amortize over the estimated useful life of the assets, generally between two years to fifteen years. There are no expected residual values related to these intangible assets.

During the three months ended December 31, 2023, we impaired \$18.6 million of developed/core product technology intangible assets, \$14.5 million of customer relationship intangible assets, and \$0.1 million of other intangibles associated with restructuring activities. These non-cash charges were recorded within restructuring expenses in the condensed consolidated statements of operations. Refer to Note 11, Restructuring Expenses, for the facts and circumstances leading to the impairments. We did not record any intangible asset impairments during the three and six months ended December 31, 2022.

**(4) Goodwill**

A reconciliation of changes in our goodwill by reportable segment is as follows (in thousands):

	Six Months Ended December 31, 2023		
	Sleep and Respiratory Care	SaaS	Total
Balance at the beginning of the period	\$ 670,120	\$ 2,100,179	\$ 2,770,299
Business acquisitions	77,712	—	77,712
Foreign currency translation adjustments	4,010	9,833	13,843
Balance at the end of the period	<u>\$ 751,842</u>	<u>\$ 2,110,012</u>	<u>\$ 2,861,854</u>

**(5) Investments**

We have equity investments in privately and publicly held companies that are unconsolidated entities. The following discusses our investments in marketable equity securities, non-marketable equity securities, and investments accounted for under the equity method.

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Our marketable equity securities are publicly traded stocks measured at fair value and classified within Level 1 in the fair value hierarchy because we use quoted prices for identical assets in active markets. Marketable equity securities are recorded in prepaid expenses and other current assets on the condensed consolidated balance sheets.

Non-marketable equity securities consist of investments in privately held companies without readily determinable fair values and are recorded in prepaid taxes and other non-current assets on the condensed consolidated balance sheets. Non-marketable equity securities are reported at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. We assess non-marketable equity securities at least quarterly for impairment and consider qualitative and quantitative factors including the investee's financial metrics, product and commercial outlook and cash usage. All gains and losses on marketable and non-marketable equity securities, realized and unrealized, are recognized in gain (loss) on equity investments as a component of other income (loss), net on the condensed consolidated statements of operations.

Equity investments whereby we have significant influence, but not control over the investee and are not the primary beneficiary of the investee's activities, are accounted for under the equity method. Under this method, we record our share of gains or losses attributable to equity method investments as a component of other income (loss), net on the condensed consolidated statements of operations.

Equity investments by measurement category were as follows (in thousands):

Measurement category	December 31, 2023	June 30, 2023
Fair value	\$ 7,617	\$ 12,423
Measurement alternative	74,993	68,748
Equity method	66,088	65,366
Total	<u>\$ 148,698</u>	<u>\$ 146,537</u>

The following tables show a reconciliation of the changes in our equity investments (in thousands):

	Six Months Ended December 31, 2023			
	Non-marketable securities	Marketable securities	Equity method investments	Total
Balance at the beginning of the period	\$ 68,748	\$ 12,423	\$ 65,366	\$ 146,537
Additions to investments	4,180	—	3,125	7,305
Observable price adjustments on non-marketable equity securities	2,315	—	—	2,315
Unrealized (gains) losses on marketable equity securities	—	(4,806)	—	(4,806)
Proceeds from exits of investments	(250)	—	—	(250)
Loss attributable to equity method investments	—	—	(3,156)	(3,156)
Foreign currency translation adjustments	—	—	753	753
Carrying value at the end of the period	<u>\$ 74,993</u>	<u>\$ 7,617</u>	<u>\$ 66,088</u>	<u>\$ 148,698</u>

	Six Months Ended December 31, 2022			
	Non-marketable securities	Marketable securities	Equity method investments	Total
Balance at the beginning of the period	\$ 39,290	\$ 9,167	\$ 9,918	\$ 58,375
Additions to investments	17,132	—	57,233	74,365
Observable price adjustments on non-marketable equity securities	9,275	—	—	9,275
Unrealized losses on marketable equity securities	—	(4,187)	—	(4,187)
Loss attributable to equity method investments	—	—	(4,853)	(4,853)
Foreign currency translation adjustments	—	—	1,801	1,801
Carrying value at the end of the period	<u>\$ 65,697</u>	<u>\$ 4,980</u>	<u>\$ 64,099</u>	<u>\$ 134,776</u>

Net unrealized losses recognized for equity investments in non-marketable and marketable securities held as of December 31, 2023 for the three and six months ended December 31, 2023 were \$1.9 million and \$2.5 million. Net unrealized gains recognized for equity investments in non-marketable and marketable securities held as of December 31, 2022 for the three and six months ended December 31, 2022 were \$8.4 million and \$5.1 million.

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**(6) Product Warranties**

Changes in the liability for warranty costs, which is included in accrued expenses in our condensed consolidated balance sheets, are as follows (in thousands):

	Six Months Ended December 31,	
	2023	2022
Balance at the beginning of the period	\$ 27,621	\$ 25,889
Warranty accruals for the period	10,448	5,099
Warranty costs incurred for the period	(7,745)	(5,480)
Foreign currency translation adjustments	716	281
Balance at the end of the period	<u>\$ 31,040</u>	<u>\$ 25,789</u>

**(7) Debt**

Debt consisted of the following (in thousands):

	December 31, 2023	June 30, 2023
Short-term debt	\$ 10,000	\$ 10,000
Deferred borrowing costs	(102)	(98)
Short-term debt, net	<u>\$ 9,898</u>	<u>\$ 9,902</u>
Long-term debt	\$ 1,220,000	\$ 1,435,000
Deferred borrowing costs	(3,231)	(3,766)
Long-term debt, net	<u>\$ 1,216,769</u>	<u>\$ 1,431,234</u>
Total debt	<u>\$ 1,226,667</u>	<u>\$ 1,441,136</u>

**Credit Facility**

On June 29, 2022, we entered into a second amended and restated credit agreement (the “Revolving Credit Agreement”), as borrower, with lenders MUFG Union Bank, N.A., as administrative agent, joint lead arranger, sole book runner, swing line lender and letter of credit issuer, Westpac Banking Corporation, as syndication agent and joint lead arranger, HSBC Bank USA, National Association, as syndication agent and joint lead arranger, and Wells Fargo Bank, National Association, as documentation agent. The Revolving Credit Agreement, among other things, provided a senior unsecured revolving credit facility of \$1,500.0 million, with an uncommitted option to increase the revolving credit facility by an additional amount equal to the greater of \$1,000.0 million or 1.0 times the EBITDA (as defined in the Revolving Credit Agreement) for the trailing twelve-month measurement period. The Revolving Credit Agreement amends and restates that certain Amended and Restated Credit Agreement, dated as of April 17, 2018, among ResMed, MUFG Union Bank, N.A., Westpac Banking Corporation and the lenders party thereto.

Additionally, on June 29, 2022, ResMed Pty Limited entered into a Second Amendment to the Syndicated Facility Agreement and First Amendment to Unconditional Guaranty Agreement (the “Term Credit Agreement”), as borrower, with lenders MUFG Union Bank, N.A., as administrative agent, joint lead arranger and joint book runner, and Westpac Banking Corporation, as syndication agent, joint lead arranger and joint book runner, which amends that certain Syndicated Facility Agreement dated as of April 17, 2018. The Term Credit Agreement, among other things, provides ResMed Pty Limited a senior unsecured term credit facility of \$200.0 million.

Our obligations under the Revolving Credit Agreement are guaranteed by certain of our direct and indirect U.S. subsidiaries, and ResMed Pty Limited’s obligations under the Term Credit Agreement are guaranteed by us and certain of our direct and indirect U.S. subsidiaries. The Revolving Credit Agreement and Term Credit Agreement contain customary covenants, including, in each case, a financial covenant that requires that we maintain a maximum leverage ratio of funded debt to EBITDA (as defined in the Revolving Credit Agreement and Term Credit Agreement, as applicable). The entire principal amounts of the revolving credit facility and term credit facility, and, in each case, any accrued but unpaid interest may be declared immediately due and payable if an event of default occurs, as defined in the Revolving Credit Agreement and the Term Credit Agreement, as applicable. Events of default under the Revolving Credit Agreement and the Term



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Credit Agreement include, in each case, failure to make payments when due, the occurrence of a default in the performance of any covenants in the respective agreements or related documents, or certain changes of control of us, or the respective guarantors of the obligations borrowed under the Revolving Credit Agreement and Term Credit Agreement.

The Revolving Credit Agreement and Term Credit Agreement each terminate on June 29, 2027, when all unpaid principal and interest under the loans must be repaid. Amounts borrowed under the Term Credit Agreement will also amortize on a semi-annual basis, with a \$ 5.0 million principal payment required on each such semi-annual amortization date. The outstanding principal amounts will bear interest at a rate equal to the Adjusted Term SOFR (as defined in the Revolving Credit Facility) plus 0.75% to 1.50% (depending on the then-applicable leverage ratio) or the Base Rate (as defined in the Revolving Credit Agreement and the Term Credit Agreement, as applicable) plus 0.0% to 0.50% (depending on the then-applicable leverage ratio). At December 31, 2023, the interest rate that was being charged on the outstanding principal amounts was 6.3%. An applicable commitment fee of 0.075% to 0.150% (depending on the then-applicable leverage ratio) applies on the unused portion of the revolving credit facility. As of December 31, 2023, we had \$955.0 million available for draw down under the revolving credit facility.

We are required to disclose the fair value of financial instruments for which it is practicable to estimate the value, even though these instruments are not recognized at fair value in the consolidated balance sheets. As the Revolving Credit and Term Credit Agreements' interest rate is calculated as Adjusted Term SOFR plus the spreads described above, its carrying amount is equivalent to its fair value as at December 31, 2023 and June 30, 2023, which was \$730.0 million and \$945.0 million, respectively.

#### **Senior Notes**

On July 10, 2019, we entered into a Note Purchase Agreement with the purchasers to that agreement, in connection with the issuance and sale of \$50.0 million principal amount of our 3.24% senior notes due July 10, 2026, and \$250.0 million principal amount of our 3.45% senior notes due July 10, 2029 (collectively referred to as the "Senior Notes"). Our obligations under the Note Purchase Agreement and the Senior Notes are unconditionally and irrevocably guaranteed by certain of our direct and indirect U.S. subsidiaries. The net proceeds from this transaction were used to pay down borrowings on our Revolving Credit Agreement.

Under the terms of the Note Purchase Agreement, we agreed to customary covenants including with respect to our corporate existence, transactions with affiliates, and mergers and other extraordinary transactions. We also agreed that, subject to limited exceptions, we will maintain a ratio of consolidated funded debt to consolidated EBITDA (as defined in the Note Purchase Agreement) of no more than 3.50 to 1.00 as of the last day of any fiscal quarter, and will not at any time permit the amount of all priority secured and unsecured debt of us and our subsidiaries to exceed 10% of our consolidated tangible assets, determined as of the end of our most recently ended fiscal quarter. This ratio is calculated at the end of each reporting period for which the Note Purchase Agreement requires us to deliver financial statements, using the results of the 12 consecutive month period ending with such reporting period.

We are required to disclose the fair value of financial instruments for which it is practicable to estimate the value, even though these instruments are not recognized at fair value in the consolidated balance sheets. As of December 31, 2023 and June 30, 2023, the Senior Notes had a carrying amount of \$500.0 million, excluding deferred borrowing costs, and an estimated fair value of \$466.8 million and \$462.2 million, respectively. Quoted market prices in active markets for similar liabilities based inputs (Level 2) were used to estimate fair value.

At December 31, 2023, we were in compliance with our debt covenants and there was \$1,230.0 million outstanding under the Revolving Credit Agreement, Term Credit Agreement and Senior Notes.

#### **(8) Earnings Per Share**

Basic earnings per share is computed by dividing the net income available to common stockholders by the weighted average number of shares of common stock outstanding. For purposes of calculating diluted earnings per share, the denominator includes both the weighted average number of shares of common stock outstanding and the number of dilutive common stock equivalents such as stock options and restricted stock units.

The weighted average number of outstanding stock options and restricted stock units not included in the computation of diluted earnings per share were 663,485 and 293,796 for the three months ended December 31, 2023 and 2022,

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respectively, and 643,466 and 270,100 for the six months ended December 31, 2023 and 2022, respectively, as the effect would have been anti-dilutive.

Basic and diluted earnings per share are calculated as follows (in thousands except per share data):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net income	\$ 208,800	\$ 224,914	\$ 428,222	\$ 435,392
<b>Denominator:</b>				
Basic weighted-average common shares outstanding	147,132	146,704	147,104	146,568
Effect of dilutive securities:				
Stock options and restricted stock units	413	701	468	799
Diluted weighted average shares	147,545	147,405	147,572	147,367
Basic earnings per share	\$ 1.42	\$ 1.53	\$ 2.91	\$ 2.97
Diluted earnings per share	\$ 1.42	\$ 1.53	\$ 2.90	\$ 2.95

### (9) Legal Actions, Contingencies and Commitments

#### Litigation

In the normal course of business, we are subject to routine litigation incidental to our business. While the results of this litigation cannot be predicted with certainty, we believe that their final outcome will not, individually or in aggregate, have a material adverse effect on our consolidated financial statements taken as a whole.

On June 2, 2021, New York University ("NYU") filed a complaint for patent infringement in the United States District Court, District of Delaware against ResMed Inc., case no. 1:21-cv-00813 (JPM). The complaint alleges that the AutoSet or AutoRamp features of ResMed's AirSense 10 AutoSet flow generators infringe one or more claims of various NYU patents, including U.S. Patent Nos. 6,988,994; 9,108,009; 9,168,344; 9,427,539; 9,533,115; 9,867,955; and 10,384,024. According to the complaint, the NYU patents are directed to systems and methods for diagnosis and treating sleeping disorders during different sleep states. The complaint seeks monetary damages and attorneys' fees. We answered the complaint on September 30, 2021 and filed a motion to dismiss the complaint on the basis that the patents are invalid because the subject matter of the patents is not patentable under the Supreme Court and Federal Circuit precedent. The motion to dismiss was granted in part and denied in part. In December 2022, the Patent Trial and Appeal Board ("PTAB") of the Patent and Trademark Office granted our request to review the validity of the claims in the patents asserted by NYU against us, determining that there is a reasonable likelihood that we will prevail. In December 2023, the PTAB issued written decisions invalidating each of the challenged claims in each of the NYU patents asserted against us. On December 28, 2023, the District Court entered an order continuing its stay of all proceedings against us pending any appeal by NYU of the invalidation of its patents by the PTAB. The deadlines for NYU to appeal the PTAB's rulings are the week of February 5, 2024. Any appeals are not expected to resolve before March 2025.

On January 27, 2021, the International Trade Commission ("ITC") instituted In Re Certain UMTS and LTE Cellular Communications Modules and Products Containing the Same, Investigation No. 337-TA-1240, by complainants Philips RS North America, LLC and Koninklijke Philips N.V. (collectively "Philips") against Quetcel Wireless Solutions Co., Ltd; Thales DIS AIS USA, LLC, Thales DIS AIS Deutschland GmbH; Telit Wireless Solutions, Inc., Telit Communications PLC, CalAmp, Corp., Xirgo Technologies, LLC, and Laird Connectivity, Inc. (collectively "respondents"). In the ITC investigation, Philips seeks an order excluding communications modules, and products that contain them, from importation into the United States based on alleged infringement of 3G and 4G standard essential patents held by Philips. On October 6-14, 2021, the administrative law judge held a hearing on the merits. The administrative law judge issued an initial determination on April 1, 2022, finding no violation of any of the Philips' patents asserted in the ITC. Philips sought review by the full ITC. On July 6, 2022, the Commission affirmed the administrative law judge's determination that there was no violation of asserted Philips' patents. The Commission terminated the ITC proceedings. Philips did not appeal the ITC's decision. On December 17, 2020, Philips filed companion cases for patent infringement against the same defendants in the United States District Court for the District of Delaware, case nos. 1:20-cv-01707, 01708, 01709, 01710, 01711, and 01713 (CFC) seeking damages, an injunction, and a declaration from the court on the amount of a fair reasonable and non-

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discriminatory license rate for the standard essential patents it is asserting against the communications module defendants. The district court cases were stayed pending the resolution of the ITC proceedings. The parties have returned to the district court for further proceedings. We were not a party to the ITC investigation, and we are not a party to the district court cases, but we sell products that incorporate communications modules at issue in the district court case. The first trial in the cases by Philips against the communications module defendants is set for April 1, 2024.

On June 16, 2022, Cleveland Medical Devices Inc. ("Cleveland Medical") filed suit for patent infringement against ResMed Inc. in the United States District Court for the District of Delaware, case no. 1:22-cv-00794. Cleveland Medical asserts that numerous ResMed connected devices, when combined with certain ResMed data platforms and/or software, including AirView and ResScan, infringe one or more of eight Cleveland Medical patents, including U.S. Patent Nos. 10,076,269; 10,426,399; 10,925,535; 11,064,937; 10,028,698; 10,478,118; 11,202,603; and 11,234,637. We moved to dismiss the action because Cleveland Medical sued the wrong ResMed entity, and to dismiss the indirect and willful infringement allegations by Cleveland Medical. On October 2, 2023, the court granted a portion of the motion, dismissing all Cleveland Medical claims for indirect and willful infringement, and denied the rest of the motion. On March 22, 2023, we filed a petition with the PTAB of the Patent and Trademark Office seeking review of the validity of U.S. Patent No. 10,076,269. On September 25, 2023, the PTAB exercised its discretion to deny our petition challenging the validity of the U.S. Patent No. 10,076,269 in light of the August 2024 trial date in the Delaware District Court case. That discretionary denial was overturned by the Director of the Patent and Trademark Office, and the panel was ordered to reconsider the discretionary denial. That decision is pending.

On March 20, 2023, ResMed Corp. filed suit in the United States District Court for the Southern District of California, case no. 23-cv-00500-TWR-JLB, seeking a declaration that it does not infringe U.S. Patent No. 11,602,284 issued to Cleveland Medical. In November 2023, the case was transferred to the Northern District of Ohio for the convenience of the parties. Cleveland Medical answered the complaint and filed a counterclaim asserting that ResMed Corp. infringes three additional Cleveland Medical patents, including U.S. Patent Nos. 11,375,921; 11,690,512; and 11,786,680. ResMed Corp. has challenged the validity of U.S. Patent No. 11,602,284 in the PTAB. It is expected that the PTAB will determine whether to examine the validity of U.S. Patent No. 11,602,284 patent by June 2024.

Based on currently available information, we are unable to make a reasonable estimate of loss or range of losses, if any, arising from matters that remain open.

#### **Contingent Obligations Under Recourse Provisions**

We use independent financing institutions to offer some of our customers financing for the purchase of some of our products. Under these arrangements, if the customer qualifies under the financing institutions' credit criteria and finances the transaction, the customers repay the financing institution on a fixed payment plan. For some of these arrangements, the customer's receivable balance is with limited recourse whereby we are responsible for repaying the financing company should the customer default. We record a contingent provision, which is estimated based on historical default rates. This is applied to receivables sold with recourse and is recorded in accrued expenses.

During the six months ended December 31, 2023 and December 31, 2022, receivables sold with limited recourse were \$97.5 million and \$84.3 million, respectively. As of December 31, 2023, the maximum exposure on outstanding receivables sold with recourse and the associated contingent provision were \$29.2 million and \$0.8 million, respectively. As of June 30, 2023, the maximum exposure on outstanding receivables sold with recourse and contingent provision were \$32.6 million and \$0.6 million, respectively.

#### **(10) Derivative Instruments and Hedging Activities**

We may use derivative financial instruments, specifically foreign cross-currency swaps, purchased foreign currency call options, collars and forward contracts to mitigate exposure from certain foreign currency risk. No derivatives are used for trading or speculative purposes. We do not require or are not required to pledge collateral for the derivative instruments.

#### **Fair Value and Net Investment Hedging**

On November 17, 2022, we executed foreign cross-currency swaps as net investment hedges and fair value hedges in designated hedging relationships with either the foreign denominated net asset balances or the foreign denominated intercompany loan as the hedged items. All derivatives are recorded at fair value as either an asset or liability. Cash flows

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associated with derivative instruments are presented in the same category on the consolidated statements of cash flows as the hedged item.

The purpose of the cross-currency swaps for the fair value hedge is to mitigate foreign currency risk associated with changes in spot rates on foreign denominated intercompany debt between USD and EUR. For these hedges, we excluded certain components from the assessment of hedge effectiveness that are not related to spot rates. For fair value hedges that qualify and are designated for hedge accounting, the change in fair value of the derivative is recorded in the same line item as the hedged item, other, net, in the condensed consolidated statement of operations. The initial fair value of hedge components excluded from the assessment of effectiveness is recognized in the statement of operations under a systematic and rational method over the life of the hedging instrument and is presented in interest (expense) income, net. Any difference between the change in the fair value of the hedge components excluded from the assessment of effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income.

The purpose of the cross-currency swaps for the net investment hedge is to mitigate foreign currency risk associated with changes in spot rates on the net asset balances of our foreign functional subsidiaries. For net investment hedges that qualify and are designated for hedge accounting, the change in fair value of the derivative is recorded in cumulative translation adjustment within other comprehensive loss and reclassified into earnings when the hedged net investment is either sold or substantially liquidated. The initial fair value of components excluded from the assessment of hedge effectiveness will be recognized in interest (expense) income, net.

The notional value of outstanding foreign cross-currency swaps was \$1,059.3 million and \$1,046.6 million at December 31, 2023 and June 30, 2023, respectively. These contracts mature at various dates prior to December 31, 2029.

**Non-Designated Hedges**

We transact business in various foreign currencies, including a number of major European currencies as well as the Australian and Singapore dollars. We have foreign currency exposure through both our Australian and Singapore manufacturing activities, and international sales operations. We have established a foreign currency hedging program using purchased foreign currency call options, collars and forward contracts to hedge foreign-currency-denominated financial assets, liabilities and manufacturing cash flows. The terms of such foreign currency hedging contracts generally do not exceed three years. The purpose of this hedging program is to economically manage the financial impact of foreign currency exposures denominated mainly in Euros, and Australian and Singapore dollars. Under this program, increases or decreases in our foreign currency denominated financial assets, liabilities, and firm commitments are partially offset by gains and losses on the hedging instruments. We do not designate these foreign currency contracts as hedges. All movements in the fair value of the foreign currency instruments are recorded within other, net in our condensed consolidated statements of income.

The notional value of the outstanding non-designated hedges was \$1,158.5 million and \$954.7 million at December 31, 2023 and June 30, 2023, respectively. These contracts mature at various dates prior to March 15, 2025.

**Fair Values of Derivative Instruments**

The following table presents our assets and liabilities related to derivative instruments on a gross basis within the condensed consolidated balance sheets (in thousands):

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	December 31, 2023	June 30, 2023	Balance Sheet Caption
<b>Derivative Assets</b>			
<i>Not Designated as Hedging Instruments</i>			
Foreign currency hedging instruments	\$ 21,039	\$ 2,126	Prepaid expenses and other current assets
Foreign currency hedging instruments	335	279	Prepaid taxes and other non-current assets
Total derivative assets	<u>\$ 21,374</u>	<u>\$ 2,405</u>	
<b>Derivative Liabilities</b>			
<i>Designated as Hedging Instruments</i>			
Foreign cross-currency swaps – Fair Value Hedge	\$ 20,884	\$ 19,743	Other long-term liabilities
Foreign cross-currency swaps – Net Investment Hedge	45,195	40,803	Other long-term liabilities
<i>Not Designated as Hedging Instruments</i>			
Foreign currency hedging instruments	6,401	9,558	Accrued expenses
Foreign currency hedging instruments	133	595	Other long-term liabilities
Total derivative liabilities	<u>\$ 72,613</u>	<u>\$ 70,699</u>	

**Fair Value Hedge Gains (Losses)**

We recognized the following gains (losses) on the foreign cross currency swaps designated as fair value hedges (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Gain (loss) recognized in other comprehensive income (loss)	\$ 2,002	\$ (4,610)	\$ 2,590	\$ (4,610)
Gain (loss) recognized on cross-currency swap in interest (expense) income, net (amount excluded from effectiveness testing)	881	847	2,061	847
Gain (loss) recognized on cross-currency swap in other, net	(13,003)	(9,137)	(3,732)	(9,137)
Gain (loss) recognized on intercompany debt in other, net	13,003	9,137	3,732	9,137

**Net Investment Hedge Gains (Losses)**

We recognized the following gains (losses) on the foreign cross currency swaps designated as net investment hedges (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Gain (loss) recognized in cumulative translation adjustment within other comprehensive income (loss)	\$ (27,828)	\$ (22,831)	\$ (4,393)	\$ (22,831)
Gain (loss) recognized from the excluded components in interest (expense) income, net	2,293	2,126	5,306	2,126

**Non-designated Derivative Gains (Losses)**

We recognized the following gains (losses) in the condensed consolidated statement of operations on derivatives not designated as hedging instruments (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Gain (loss) recognized on foreign currency hedging instruments in other, net	\$ 30,654	\$ 40,090	\$ 15,581	\$ 19,568
Gain (loss) recognized on other foreign-currency-denominated transactions in other, net	(31,435)	(41,795)	(13,789)	(22,705)
Total	<u>\$ (781)</u>	<u>\$ (1,705)</u>	<u>\$ 1,792</u>	<u>\$ (3,137)</u>

We classified the fair values of all hedging instruments as Level 2 measurements within the fair value hierarchy.

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We are exposed to credit-related losses in the event of non-performance by counter parties to financial instruments. We minimize counterparty credit risk by entering into derivative transactions with major financial institutions.

**(11) Restructuring Expenses**

During the three and six months ended December 31, 2023, we recorded \$64.2 million of restructuring related charges associated with an evaluation of our existing operations to increase operational efficiency, decrease costs and increase profitability. Although the costs associated with the restructuring plan have not been allocated to our business segments' results in Note 2 - Segment Information, the restructuring plan impacted both our Sleep and Respiratory Care and SaaS segments.

Restructuring charges for the three and six months ended December 31, 2023 are comprised of \$28.6 million of employee severance and other one-time termination benefits, \$33.2 million of intangible asset impairments associated with the wind down of certain business activities, and \$2.4 million of other miscellaneous asset impairments. These costs are separately presented as restructuring expenses within our condensed consolidated statement of operations. We had \$7.0 million remaining in our accruals at December 31, 2023. We expect to complete all actions related to the restructuring by June 30, 2024, and we do not expect the remaining expense to be material.

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**Special Note Regarding Forward-Looking Statements**

This report contains or may contain certain forward-looking statements and information that are based on the beliefs of our management as well as estimates and assumptions made by, and information currently available to, our management. All statements other than statements regarding historical facts are forward-looking statements. The words “believe,” “expect,” “intend,” “anticipate,” “will continue,” “will,” “estimate,” “plan,” “future” and other similar expressions, and negative statements of such expressions, generally identify forward-looking statements, including, in particular, statements regarding expectations of future revenue or earnings, expenses, new product development, new product launches, new markets for our products, the integration of acquisitions, our supply chain, domestic and international regulatory developments, litigation, tax outlook, the impact of COVID-19, its variants, and similar epidemics or pandemics and macroeconomic conditions on our business. These forward-looking statements are made in accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements reflect the views of our management at the time the statements are made and are subject to a number of risks, uncertainties, estimates and assumptions, including, without limitation, and in addition to those identified in the text surrounding such statements, those identified in our annual report on Form 10-K for the fiscal year ended June 30, 2023 and elsewhere in this report. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market, and other data from reports, research surveys, studies, and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data, and similar sources.

In addition, important factors to consider in evaluating such forward-looking statements include changes or developments in healthcare reform, social, macroeconomic, market, legal or regulatory circumstances, including the public health crises such as COVID-19 and its variants; changes in our business or growth strategy or an inability to execute our strategy due to changes in our industry or the economy generally, the emergence of new or growing competitors, the actions or omissions of third parties, including suppliers, customers, competitors and governmental authorities and various other factors. If any one or more of these risks or uncertainties materialize, or underlying estimates or assumptions prove incorrect, actual results may vary significantly from those expressed in our forward-looking statements, and there can be no assurance that the forward-looking statements contained in this report will in fact occur.

Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described in our annual report on Form 10-K for the fiscal year ended June 30, 2023, in addition to the other cautionary statements and risks described elsewhere in this report and in our other filings with the Securities and Exchange Commission (“SEC”), including our subsequent reports on Forms 10-Q and 8-K. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition and results of operations could be seriously harmed. In that event, the market price for our common stock will likely decline and you may lose all or part of your investment.

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**Overview**

The following is an overview of our results of operations for the three and six months ended December 31, 2023. Management’s discussion and analysis of financial condition and results of operations (“MD&A”) is intended to help the reader understand our results of operations and financial condition. Management’s discussion and analysis is provided as a supplement to, and should be read in conjunction with, the condensed consolidated financial statements and notes included in this report.

We are a global leader in the development, manufacturing, distribution and marketing of medical devices and cloud-based software applications that diagnose, treat and manage respiratory disorders, including sleep disordered breathing (“SDB”), chronic obstructive pulmonary disease, neuromuscular disease and other chronic diseases. SDB includes obstructive sleep apnea and other respiratory disorders that occur during sleep. Our products and solutions are designed to improve patient quality of life, reduce the impact of chronic disease and lower healthcare costs as global healthcare systems continue to drive a shift in care from hospitals to the home and lower cost settings. Our cloud-based software digital health applications, along with our devices, are designed to provide connected care to improve patient outcomes and efficiencies for our customers.

Since the development of continuous positive airway pressure therapy, we have expanded our business by developing or acquiring a number of products and solutions for a broader range of respiratory disorders including technologies to be applied in medical and consumer products, ventilation devices, diagnostic products, mask systems for use in the hospital and home, headgear and other accessories, dental devices, and cloud-based software informatics solutions to manage patient outcomes and customer and provider business processes. Our growth has been fueled by geographic expansion, our research and product development efforts, acquisitions and an increasing awareness of SDB and respiratory conditions like chronic obstructive pulmonary disease as significant health concerns.

In November 2023, we announced a new operating model to accelerate long-term growth. The new operating model introduces dedicated leadership in Product, Revenue, and Marketing to the global executive team. This change aims to increase the velocity of product development and sharpen our customer and brand focus. Ultimately, the goal is to accelerate profitable growth, while driving greater value and improved care throughout the outside hospital care continuum and the patient journey.

We are committed to ongoing investment in research and development and product enhancements. During the three months ended December 31, 2023, we invested \$73.9 million on research and development activities, which represents 6.4% of net revenues, with a continued focus on the development and commercialization of new, innovative products and solutions that improve patient outcomes, create efficiencies for our customers and help physicians and providers better manage chronic disease and lower healthcare costs. During the three months ended December 31, 2023, we continued the launch of AirSense 11, which introduces new features such as a touch screen, algorithms for patients new to therapy and digital enhancements and over-the-air update capabilities. Due to multiple acquisitions, including Brightree in 2016, HEALTHCAREfirst and MatrixCare in 2018, and MEDIFOX DAN in 2022, our operations include out-of-hospital software platforms designed to support the professionals and caregivers who help people stay healthy in the home or care setting of their choice. These platforms comprise our SaaS business. These products, our cloud-based remote monitoring and therapy management system, and a robust product pipeline, should continue to provide us with a strong platform for future growth.

We have determined that we have two operating segments, which are the sleep and respiratory disorders sector of the medical device industry (“Sleep and Respiratory Care”) and the supply of business management software as a service to out-of-hospital health providers (“SaaS”).

Net revenue for the three months ended December 31, 2023 was \$1.2 billion, an increase of 12% compared to the three months ended December 31, 2022. Gross margin was 55.6% for the three months ended December 31, 2023 compared to 56.1% for the three months ended December 31, 2022. Diluted earnings per share was \$1.42 for the three months ended December 31, 2023, compared to diluted earnings per share of \$1.53 for the three months ended December 31, 2022.

At December 31, 2023, our cash and cash equivalents totaled \$210.2 million, our total assets were \$6.9 billion and our stockholders’ equity was \$4.5 billion.



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In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, we provide certain financial information on a “constant currency” basis, which is in addition to the actual financial information presented. In order to calculate our constant currency information, we translate the current period financial information using the foreign currency exchange rates that were in effect during the previous comparable period. However, constant currency measures should not be considered in isolation or as an alternative to U.S. dollar measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”).

**Results of Operations**

**Three Months Ended December 31, 2023 Compared to the Three Months Ended December 31, 2022**

**Net Revenue**

Net revenue for the three months ended December 31, 2023 increased to \$1,162.8 million from \$1,033.7 million for the three months ended December 31, 2022, an increase of \$129.1 million or 12% (a 11% increase on a constant currency basis). The following table summarizes our net revenue disaggregated by segment, product and region (in thousands):

	Three Months Ended December 31,		% Change	Constant Currency*
	2023	2022		
<b>U.S., Canada and Latin America</b>				
Devices	\$ 371,336	\$ 345,525	7 %	
Masks and other	297,994	269,733	10	
<b>Total U.S., Canada and Latin America</b>	<b>\$ 669,330</b>	<b>\$ 615,258</b>	<b>9</b>	
<b>Combined Europe, Asia and other markets</b>				
Devices	\$ 234,661	\$ 197,275	19 %	16 %
Masks and other	113,864	104,448	9	4
<b>Total Combined Europe, Asia and other markets</b>	<b>\$ 348,525</b>	<b>\$ 301,723</b>	<b>16</b>	<b>12</b>
<b>Global revenue</b>				
Total Devices	\$ 605,997	\$ 542,800	12 %	11 %
Total Masks and other	411,858	374,181	10	9
<b>Total Sleep and Respiratory Care</b>	<b>\$ 1,017,855</b>	<b>\$ 916,981</b>	<b>11</b>	<b>10</b>
<b>Software as a Service</b>	<b>144,946</b>	<b>116,763</b>	<b>24</b>	
<b>Total</b>	<b>\$ 1,162,801</b>	<b>\$ 1,033,744</b>	<b>12</b>	<b>11</b>

\* Constant currency numbers exclude the impact of movements in international currencies.

Sleep and Respiratory Care

Net revenue from our Sleep and Respiratory Care business for the three months ended December 31, 2023 was \$1,017.9 million, an increase of 11% compared to net revenue for the three months ended December 31, 2022. Movements in international currencies against the U.S. dollar positively impacted net revenue by approximately \$10.8 million for the three months ended December 31, 2023. Excluding the impact of currency movements, total Sleep and Respiratory Care net revenue for the three months ended December 31, 2023 increased by 10% compared to the three months ended December 31, 2022. The increase in net revenue associated with our devices and masks was primarily attributable to increased demand and unit sales.

Net revenue from our Sleep and Respiratory Care business in the U.S., Canada and Latin America for the three months ended December 31, 2023 increased to \$669.3 million from \$615.3 million for the three months ended December 31, 2022, an increase of \$54.1 million or 9%. The increase in net revenue associated with our devices and masks was primarily attributable to increased demand and unit sales.

Net revenue in combined Europe, Asia and other markets increased for the three months ended December 31, 2023 to \$348.5 million from \$301.7 million for the three months ended December 31, 2022, an increase of \$46.8 million or 16%

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(an 12% increase on a constant currency basis). The constant currency increase in device and mask sales in combined Europe, Asia and other was primarily attributable to increased demand and unit sales.

Net revenue from devices for the three months ended December 31, 2023 increased to \$606.0 million from \$542.8 million for the three months ended December 31, 2022, an increase of \$63.2 million or 12%, including an increase of 7% in the U.S., Canada and Latin America and an increase of 19% in combined Europe, Asia and other markets (a 16% increase on a constant currency basis). Excluding the impact of foreign currency movements, device sales for the three months ended December 31, 2023 increased by 11%.

Net revenue from masks and other for the three months ended December 31, 2023 increased to \$411.9 million from \$374.2 million for the three months ended December 31, 2022, an increase of \$37.7 million or 10%, including an increase of 10% in the U.S., Canada and Latin America and an increase of 9% in combined Europe, Asia and other markets (a 4% increase on a constant currency basis). Excluding the impact of foreign currency movements, masks and other sales for the three months ended December 31, 2023 increased by 9%.

Software as a Service

Net revenue from our SaaS business for the three months ended December 31, 2023 increased to \$144.9 million from \$116.8 million for the three months ended December 31, 2022, an increase of \$28.2 million or 24%. The increase was predominantly due to our acquisition of MEDIFOX DAN, which was acquired on November 21, 2022. Excluding the MEDIFOX DAN acquisition, SaaS revenue increased 10% and was driven primarily by continued growth in the HME vertical within our SaaS business.

**Six Months Ended December 31, 2023 Compared to the Six Months Ended December 31, 2022**

**Net Revenue**

Net revenue for the six months ended December 31, 2023 increased to \$2,265.1 million from \$1,984.0 million for the six months ended December 31, 2022, an increase of \$281.1 million or 14% (a 13% increase on a constant currency basis). The following table summarizes our net revenue disaggregated by segment, product and region (in thousands):

	Six Months Ended December 31,		% Change	Constant Currency*
	2023	2022		
<b>U.S., Canada and Latin America</b>				
Devices	\$ 717,233	\$ 685,070	5 %	
Masks and other	590,455	508,293	16	
<b>Total U.S., Canada and Latin America</b>	<b>\$ 1,307,688</b>	<b>\$ 1,193,363</b>	<b>10</b>	
<b>Combined Europe, Asia and other markets</b>				
Devices	\$ 453,492	\$ 375,305	21 %	18 %
Masks and other	219,712	192,756	14	9
<b>Total Combined Europe, Asia and other markets</b>	<b>\$ 673,204</b>	<b>\$ 568,061</b>	<b>19</b>	<b>15</b>
<b>Global revenue</b>				
Total Devices	\$ 1,170,725	\$ 1,060,375	10 %	9 %
Total Masks and other	810,167	701,049	16	14
<b>Total Sleep and Respiratory Care</b>	<b>\$ 1,980,892</b>	<b>\$ 1,761,424</b>	<b>12</b>	<b>11</b>
<b>Software as a Service</b>				
	<b>284,230</b>	<b>222,614</b>	<b>28</b>	
<b>Total</b>	<b>\$ 2,265,122</b>	<b>\$ 1,984,038</b>	<b>14</b>	<b>13</b>

Sleep and Respiratory Care

Net revenue from our Sleep and Respiratory Care business for the six months ended December 31, 2023 was \$1,980.9 million, an increase of 12% compared to net revenue for the six months ended December 31, 2022. Movements in international currencies against the U.S. dollar positively impacted net revenue by approximately \$20.5 million for the six months ended December 31, 2023. Excluding the impact of currency movements, total Sleep and Respiratory Care net

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revenue for the six months ended December 31, 2023 increased by 11% compared to the six months ended December 31, 2022. The increase net revenue associated with our devices and masks was primarily attributable to increased demand and unit sales.

Net revenue from our Sleep and Respiratory Care business in the U.S., Canada and Latin America for the six months ended December 31, 2023 increased to \$1,307.7 million from \$1,193.4 million for the six months ended December 31, 2022, an increase of \$114.3 million or 10%. The increase in net revenue associated with our devices and masks was primarily attributable to increased demand and unit sales.

Net revenue in combined Europe, Asia and other markets increased for the six months ended December 31, 2023 to \$673.2 million from \$568.1 million for the six months ended December 31, 2022, an increase of \$105.1 million or 19% (a 15% increase on a constant currency basis). The constant currency increase in device and mask sales in combined Europe, Asia and other markets was primarily attributable to increased demand and unit sales.

Net revenue from devices for the six months ended December 31, 2023 increased to \$1,170.7 million from \$1,060.4 million for the six months ended December 31, 2022, an increase of \$110.4 million or 10%, including an increase of 5% in the U.S., Canada and Latin America and an increase of 21% in combined Europe, Asia and other markets (an 18% increase on a constant currency basis). Excluding the impact of foreign currency movements, device sales for the six months ended December 31, 2023 increased by 9%.

Net revenue from masks and other for the six months ended December 31, 2023 increased to \$810.2 million from \$701.0 million for the six months ended December 31, 2022, an increase of \$109.1 million or 16%, including an increase of 16% in the U.S., Canada and Latin America and an increase of 14% in combined Europe, Asia and other markets (a 9% increase on a constant currency basis). Excluding the impact of foreign currency movements, masks and other sales increased by 14%, compared to the six months ended December 31, 2022.

#### Software as a Service

Net revenue from our SaaS business for the six months ended December 31, 2023 increased to \$284.2 million from \$222.6 million for the six months ended December 31, 2022, an increase of \$61.6 million or 28%. The increase was predominantly due to our acquisition of MEDIFOX DAN, which was acquired on November 21, 2022. Excluding the MEDIFOX DAN acquisition, SaaS revenue increased 9% and was driven by continued growth in the HME vertical within our SaaS business.

#### **Gross Profit and Gross Margin**

Gross profit increased for the three months ended December 31, 2023 to \$646.9 million from \$579.7 million for the three months ended December 31, 2022, an increase of \$67.2 million or 12%. Gross margin, which is gross profit as a percentage of net revenue, for the three months ended December 31, 2023 was 55.6% compared to 56.1% for the three months ended December 31, 2022.

The decrease in gross margin for the three months ended December 31, 2023 compared to the three months ended December 31, 2022 was due primarily to a \$6.4 million provision for expected costs associated with a field safety notification for masks with magnets, in addition to an increase in the amortization of acquired intangible assets, partially offset by a favorable impact from our SaaS business and reduced freight costs. The field safety expenses relate to estimated costs to provide alternative masks to patients in response to updated contraindications for use of masks that incorporate magnets.

Gross profit increased for the six months ended December 31, 2023 to \$1,247.0 million from \$1,120.5 million for the six months ended December 31, 2022, an increase of \$126.5 million or 11%. Gross margin for the six months ended December 31, 2023 was 55.1% compared to 56.5% for the six months ended December 31, 2022.

The decrease in gross margin for the six months ended December 31, 2023 compared to the six months ended December 31, 2022 was due primarily to \$14.3 million of combined expenses associated with the field safety notifications for masks with magnets and Astral devices, in addition to an increase in the amortization of acquired intangible assets, partially offset by a favorable impact from our SaaS business and reduced freight costs. The Astral field safety notification expenses relate to estimated costs associated with the replacement of a certain component in some of our Astral ventilation devices that were manufactured between 2013 to 2019.

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**Operating Expenses**

The following table summarizes our operating expenses (in thousands):

	Three Months Ended December 31,		Change	% Change	Constant Currency
	2023	2022			
Selling, general, and administrative	\$ 222,155	\$ 211,672	\$ 10,483	5 %	4 %
<i>as a % of net revenue</i>	19.1 %	20.5 %			
Research and development	73,880	69,874	4,006	6 %	6 %
<i>as a % of net revenue</i>	6.4 %	6.8 %			
Amortization of acquired intangible assets	11,577	9,563	2,014	21 %	21 %

  

	Six Months Ended December 31,		Change	% Change	Constant Currency
	2023	2022			
Selling, general, and administrative	\$ 445,029	\$ 404,860	\$ 40,169	10 %	9 %
<i>as a % of net revenue</i>	19.6 %	20.4 %			
Research and development	149,590	133,062	16,528	12 %	13 %
<i>as a % of net revenue</i>	6.6 %	6.7 %			
Amortization of acquired intangible assets	24,056	17,513	6,543	37 %	38 %

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses increased for the three months ended December 31, 2023 to \$222.2 million from \$211.7 million for the three months ended December 31, 2022, an increase of \$10.5 million or 5%. Selling, general, and administrative expenses were unfavorably impacted by the movement of international currencies against the U.S. dollar, which increased our expenses by approximately \$2.2 million, as reported in U.S. dollars. Excluding the impact of foreign currency movements, selling, general, and administrative expenses for the three months ended December 31, 2023 increased by 4% compared to the three months ended December 31, 2022. As a percentage of net revenue, selling, general, and administrative expenses were 19.1% for the three months ended December 31, 2023, compared to 20.5% for the three months ended December 31, 2022.

The constant currency increase in selling, general, and administrative expenses during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 was primarily due to increases in employee-related costs and additional expenses associated with the consolidation of recent acquisitions.

Selling, general, and administrative expenses increased for the six months ended December 31, 2023 to \$445.0 million from \$404.9 million for the six months ended December 31, 2022, an increase of \$40.2 million or 10%. Selling, general, and administrative expenses were unfavorably impacted by the movement of international currencies against the U.S. dollar, which increased our expenses by approximately \$4.4 million, as reported in U.S. dollars. Excluding the impact of foreign currency movements, selling, general, and administrative expenses for the six months ended December 31, 2023 increased by 9% compared to the six months ended December 31, 2022. As a percentage of net revenue, selling, general, and administrative expenses were 19.6% for the six months ended December 31, 2023, compared to 20.4% for the six months ended December 31, 2022.

The constant currency increase in selling, general, and administrative expenses during the six months ended December 31, 2023 compared to the six months ended December 31, 2022 was primarily due to increases in employee-related costs and additional expenses associated with the consolidation of recent acquisitions.

Research and Development Expenses

Research and development expenses increased for the three months ended December 31, 2023 to \$73.9 million from \$69.9 million for the three months ended December 31, 2022, an increase of \$4.0 million, or 6%. Research and development expenses were not significantly impacted by foreign currency movements for the three months ended December 31, 2023, as reported in U.S. dollars. As a percentage of net revenue, research and development expenses were 6.4% for the three months ended December 31, 2023 compared to 6.8% for the three months ended December 31, 2022.

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The increase in research and development expenses in constant currency terms was primarily due to increased investment in our digital health technologies and SaaS solutions as well as additional expenses associated with the consolidation of recent acquisitions.

Research and development expenses increased for the six months ended December 31, 2023 to \$149.6 million from \$133.1 million for the six months ended December 31, 2022, an increase of \$16.5 million, or 12%. Research and development expenses were favorably impacted by the movement of international currencies against the U.S. dollar, which decreased our expenses by approximately \$0.5 million for the six months ended December 31, 2023, as reported in U.S. dollars. Excluding the impact of foreign currency movements, research and development expenses increased by 13% compared to the six months ended December 31, 2022. As a percentage of net revenue, research and development expenses were 6.6% for the six months ended December 31, 2023, compared to 6.7% for the six months ended December 31, 2022.

The increase in research and development expenses in constant currency terms was primarily due to increased investment in our digital health technologies and SaaS solutions as well as additional expenses associated with the consolidation of recent acquisitions.

Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets for the three months ended December 31, 2023 totaled \$11.6 million compared to \$9.6 million for the three months ended December 31, 2022. The increase in amortization expense was primarily attributable to our acquisition of MEDIFOX DAN.

Amortization of acquired intangible assets for the six months ended December 31, 2023 totaled \$24.1 million compared to \$17.5 million for the six months ended December 31, 2022. The increase in amortization expense was primarily attributable to our acquisition of MEDIFOX DAN.

Restructuring Expenses

During the three and six months ended December 31, 2023, we recorded \$64.2 million of restructuring related charges associated with an evaluation of our existing operations to increase operational efficiency, decrease costs and increase profitability. Restructuring charges for the three and six months ended December 31, 2023 were comprised of \$28.6 million of employee severance and other one-time termination benefits, \$33.2 million of intangible asset impairments associated with the wind down of certain business activities, and \$2.4 million of other miscellaneous asset impairments. We expect to complete all actions related to the restructuring by June 30, 2024, and we do not expect the remaining expense associated with this initiative to be material.

**Total Other Income (Loss), Net**

The following table summarizes our other income (loss) (in thousands):

	<b>Three Months Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Interest (expense) income, net	\$ (13,805)	\$ (10,338)	\$ (3,467)
Gain (loss) attributable to equity method investments	739	(2,826)	3,565
Gain (loss) on equity investments	(1,888)	8,368	(10,256)
Other, net	(686)	(1,707)	1,021
<b>Total other income (loss), net</b>	<b>\$ (15,640)</b>	<b>\$ (6,503)</b>	<b>\$ (9,137)</b>

  

	<b>Six Months Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Interest (expense) income, net	\$ (28,762)	\$ (17,472)	\$ (11,290)
Loss attributable to equity method investments	(3,156)	(4,853)	1,697
Gain (loss) on equity investments	(2,491)	5,088	(7,579)
Other, net	1,963	(3,211)	5,174
<b>Total other income (loss), net</b>	<b>\$ (32,446)</b>	<b>\$ (20,448)</b>	<b>\$ (11,998)</b>

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Total other income (loss), net for the three months ended December 31, 2023 was a loss of \$15.6 million compared to a loss of \$6.5 million for the three months ended December 31, 2022. Interest expense, net, increased to \$13.8 million for the three months ended December 31, 2023 compared to \$10.3 million for the three months ended December 31, 2022 due to higher debt levels associated with the acquisition of MEDIFOX DAN, which was funded by our Revolving Credit Agreement. In addition, we recorded losses associated with our investments in marketable and non-marketable equity securities of \$1.9 million for the three months ended December 31, 2023 compared to a gain of \$8.4 million for the three months ended December 31, 2022. Increases in interest expense, net, and losses attributable to investments in marketable and non-marketable equity securities were partially offset by gains attributable to equity method investments for the three months ended December 31, 2023 of \$0.7 million compared to losses of \$2.8 million for the three months ended December 31, 2022.

Total other income (loss), net for the six months ended December 31, 2023 was a loss of \$32.4 million compared to a loss of \$20.4 million for the six months ended December 31, 2022. Interest expense, net, increased to \$28.8 million for the six months ended December 31, 2023 compared to \$17.5 million for the six months ended December 31, 2022 due to higher debt levels associated with the acquisition of MEDIFOX DAN, which was funded by our Revolving Credit Agreement. In addition, we recorded losses associated with our investments in marketable and non-marketable equity securities of \$2.5 million for the six months ended December 31, 2023 compared to a gain of \$5.1 million for the six months ended December 31, 2022. Increases in interest expense, net, and losses attributable to investments in marketable and non-marketable equity securities were partially offset by foreign exchange net gains for the six months ended December 31, 2023 of \$1.8 million compared to foreign exchange net losses of \$3.1 million for the six months ended December 31, 2022, which are presented in other, net. In addition, we recorded lower losses attributable to equity method investments for the six months ended December 31, 2023 of \$3.2 million compared to \$4.9 million for the six months ended December 31, 2022.

**Income Taxes**

Our effective income tax rate for both the three and six months ended December 31, 2023 was 19.5% as compared to 17.8% and 18.7% for the three and six months ended December 31, 2022, respectively. Our effective rate of 19.5% for the three months ended December 31, 2023 differs from the statutory rate of 21.0% primarily due to research credits and foreign operations. The increase in our effective tax rate for the three and six months ended December 31, 2023 was primarily due lower tax deductions in the current period associated with the vesting or settlement of employee share-based awards.

Our Singapore operations operate under certain tax holidays and tax incentive programs that will expire in whole or in part at various dates through June 30, 2030. As a result of the U.S. Tax Cuts and Jobs Act of 2017, we treated all non-U.S. historical earnings as taxable during the year ended June 30, 2018. Therefore, future repatriation of cash held by our non-U.S. subsidiaries will generally not be subject to U.S. federal tax, if repatriated.

**Net Income and Earnings per Share**

As a result of the factors above, our net income for the three months ended December 31, 2023 was \$208.8 million compared to \$224.9 million for the three months ended December 31, 2022, a decrease of \$16.1 million, or 7%.

Our diluted earnings per share for the three months ended December 31, 2023 was \$1.42 per diluted share compared to \$1.53 for the three months ended December 31, 2022, a decrease of 7%.

**Summary of Non-GAAP Financial Measures**

In addition to financial information prepared in accordance with GAAP, our management uses certain non-GAAP financial measures, such as non-GAAP revenue, non-GAAP cost of sales, non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP net income, and non-GAAP diluted earnings per share, in evaluating the performance of our business. We believe that these non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide investors better insight when evaluating our performance from core operations and can provide more consistent financial reporting across periods. For these reasons, we use non-GAAP information internally in planning, forecasting, and evaluating the results of operations in the current period and in comparing it to past periods. These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for, GAAP

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financial measures. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Non-GAAP financial measures as presented herein may not be comparable to similarly titled measures used by other companies.

The measure “non-GAAP cost of sales” is equal to GAAP cost of sales less amortization of acquired intangible assets relating to cost of sales and field safety notification expenses. The masks with magnets field safety notification expenses relate to estimated costs to provide alternative masks to patients in response to updated contraindications for use of masks that incorporate magnets. The Astral field safety notification expenses relate to estimated costs associated with the replacement of a certain component in some of our Astral ventilation devices that were manufactured between 2013 to 2019. The measure “non-GAAP gross profit” is the difference between GAAP net revenue and non-GAAP cost of sales, and “non-GAAP gross margin” is the ratio of non-GAAP gross profit to GAAP net revenue.

These non-GAAP measures are reconciled to their most directly comparable GAAP financial measures below (in thousands, except percentages):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
GAAP Net revenue	\$ 1,162,801	\$ 1,033,744	\$ 2,265,122	\$ 1,984,038
GAAP Cost of sales	\$ 515,867	\$ 454,029	\$ 1,018,128	\$ 863,514
Less: Amortization of acquired intangibles	(8,257)	(7,305)	(17,164)	(13,680)
Less: Masks with magnets field safety notification expenses	(6,351)	—	(6,351)	—
Less: Astral field safety notification expenses	—	—	(7,911)	—
Non-GAAP cost of sales	\$ 501,259	\$ 446,724	\$ 986,702	\$ 849,834
GAAP gross profit	\$ 646,934	\$ 579,715	\$ 1,246,994	\$ 1,120,524
GAAP gross margin	55.6 %	56.1 %	55.1 %	56.5 %
Non-GAAP gross profit	\$ 661,542	\$ 587,020	\$ 1,278,420	\$ 1,134,204
Non-GAAP gross margin	56.9 %	56.8 %	56.4 %	57.2 %

The measure “non-GAAP income from operations” is equal to GAAP income from operations once adjusted for amortization of acquired intangibles, restructuring expenses, field safety notification expenses, and acquisition-related expenses. Non-GAAP income from operations is reconciled with GAAP income from operations below (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
GAAP income from operations	\$ 275,094	\$ 280,194	\$ 564,091	\$ 555,932
Amortization of acquired intangibles - cost of sales	8,257	7,305	17,164	13,680
Amortization of acquired intangibles - operating expenses	11,577	9,563	24,056	17,513
Restructuring expenses	64,228	—	64,228	—
Masks with magnets field safety notification expenses	6,351	—	6,351	—
Astral field safety notification expenses	—	—	7,911	—
Acquisition-related expenses	—	8,412	483	9,157
Non-GAAP income from operations	\$ 365,507	\$ 305,474	\$ 684,284	\$ 596,282

The measure “non-GAAP net income” is equal to GAAP net income once adjusted for amortization of acquired intangibles, restructuring expenses, field safety notification expenses, acquisition related expenses, and associated tax effects. The measure “non-GAAP diluted earnings per share” is the ratio of non-GAAP net income to diluted shares

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outstanding. These non-GAAP measures are reconciled to their most directly comparable GAAP financial measures below (in thousands, except for per share amounts):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
GAAP net income	\$ 208,800	\$ 224,914	\$ 428,222	\$ 435,392
Amortization of acquired intangibles - cost of sales	8,257	7,305	17,164	13,680
Amortization of acquired intangibles - operating expenses	11,577	9,563	24,056	17,513
Restructuring expenses	64,228	—	64,228	—
Masks with magnets field safety notification expenses	6,351	—	6,351	—
Astral field safety notification expenses	—	—	7,911	—
Acquisition related expenses	—	8,412	483	9,157
Income tax effect on non-GAAP adjustments	(21,868)	(5,812)	(29,886)	(9,272)
Non-GAAP net income	<u>\$ 277,345</u>	<u>\$ 244,382</u>	<u>\$ 518,529</u>	<u>\$ 466,470</u>
Diluted shares outstanding	<u>147,545</u>	<u>147,405</u>	<u>147,572</u>	<u>147,367</u>
GAAP diluted earnings per share	\$ 1.42	\$ 1.53	\$ 2.90	\$ 2.95
Non-GAAP diluted earnings per share	\$ 1.88	\$ 1.66	\$ 3.51	\$ 3.17

### Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and access to our revolving credit facility. Our primary uses of cash have been for research and development activities, selling and marketing activities, capital expenditures, strategic acquisitions and investments, dividend payments, share repurchases and repayment of debt obligations. We expect that cash provided by operating activities may fluctuate in future periods as a result of several factors, including fluctuations in our operating results, which include impacts from supply chain disruptions, working capital requirements and capital deployment decisions.

Our future capital requirements will depend on many factors including our growth rate in net revenue, third-party reimbursement of our products for our customers, the timing and extent of spending to support research development efforts, the expansion of selling, general and administrative activities, the timing of introductions of new products, and the expenditures associated with possible future acquisitions, investments or other business combination transactions. As we assess inorganic growth strategies, we may need to supplement our internally generated cash flow with outside sources. If we are required to access the debt market, we believe that we will be able to secure reasonable borrowing rates. As part of our liquidity strategy, we will continue to monitor our current level of earnings and cash flow generation as well as our ability to access the market considering those earning levels.

As of December 31, 2023 and June 30, 2023, we had cash and cash equivalents of \$210.2 million and \$227.9 million, respectively. Our cash and cash equivalents held within the United States at December 31, 2023 and June 30, 2023 were \$38.2 million and \$49.3 million, respectively. Our remaining cash and cash equivalent balances at December 31, 2023 and June 30, 2023, were \$172.0 million and \$178.6 million, respectively. Our cash and cash equivalent balances are held at highly rated financial institutions.

As of December 31, 2023, we had \$955.0 million available for draw down under the revolving credit facility and a combined total of \$1,165.2 million in cash and available liquidity under the revolving credit facility.

As a result of the U.S. Tax Cuts and Jobs Act of 2017, we treated all non-U.S. historical earnings as taxable, which resulted in additional tax expense of \$126.9 million which was payable over the preceding eight years. Therefore, future repatriation of cash held by our non-U.S. subsidiaries will generally not be subject to U.S. federal tax if repatriated.

We believe that our current sources of liquidity will be sufficient to fund our operations, including expected capital expenditures, for the next 12 months and beyond.



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Revolving Credit Agreement, Term Credit Agreement and Senior Notes

On June 29, 2022, we entered into a second amended and restated credit agreement (as amended from time to time, the “Revolving Credit Agreement”). The Revolving Credit Agreement, among other things, provided a senior unsecured revolving credit facility of \$1,500.0 million, with an uncommitted option to increase the revolving credit facility by an additional amount equal to the greater of \$1,000.0 million or 1.00 times the EBITDA for the trailing twelve-month measurement period. Additionally, on June 29, 2022, ResMed Pty Limited entered into a Second Amendment to the Syndicated Facility Agreement (the “Term Credit Agreement”). The Term Credit Agreement, among other things, provides ResMed Pty Limited a senior unsecured term credit facility of \$200.0 million. The Revolving Credit Agreement and Term Credit Agreement each terminate on June 29, 2027, when all unpaid principal and interest under the loans must be repaid. As of December 31, 2023, we had \$955.0 million available for draw down under the revolving credit facility.

On July 10, 2019, we entered into a Note Purchase Agreement with the purchasers to that agreement, in connection with the issuance and sale of \$250.0 million principal amount of our 3.24% senior notes due July 10, 2026, and \$250.0 million principal amount of our 3.45% senior notes due July 10, 2029 (“Senior Notes”).

On December 31, 2023, there was a total of \$1,230.0 million outstanding under the Revolving Credit Agreement, Term Credit Agreement and Senior Notes and we were in compliance with our debt covenants. We expect to satisfy all of our liquidity and long-term debt requirements through a combination of cash on hand, cash generated from operations and debt facilities.

Cash Flow Summary

The following table summarizes our cash flow activity (in thousands):

	Six Months Ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 559,115	\$ 173,298
Net cash used in investing activities	(190,123)	(1,085,218)
Net cash (used in) provided by financing activities	(390,090)	891,022
Effect of exchange rate changes on cash	3,454	387
Net decrease in cash and cash equivalents	\$ (17,644)	\$ (20,511)

*Operating Activities*

Cash provided by operating activities was \$559.1 million for the six months ended December 31, 2023, compared to cash provided of \$173.3 million for the six months ended December 31, 2022. The \$385.8 million increase in cash flow from operations was primarily due to lower cash outflows on inventory purchases and greater cash inflows from customer payments during the six months ended December 31, 2023 compared to the six months ended December 31, 2022.

*Investing Activities*

Cash used in investing activities was \$190.1 million for the six months ended December 31, 2023, compared to cash used of \$1,085.2 million for the six months ended December 31, 2022. The \$895.1 million decrease in cash flow used in investing activities was primarily due to cash used to acquire MEDIFOX DAN during the six months ended December 31, 2022, partially offset by cash used to acquire Somnoware during the six months ended December 31, 2023.

*Financing Activities*

Cash used in financing activities was \$390.1 million for the six months ended December 31, 2023, compared to cash provided of \$891.0 million for the six months ended December 31, 2022. The \$1,281.1 million increase in cash flow used in financing activities was primarily due to borrowing activity under our Revolving Credit Agreement in order to finance our acquisition of MEDIFOX DAN during the six months ended December 31, 2022 and subsequent repayments during the six months ended December 31, 2023.

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*Dividends*

During the three months ended December 31, 2023, we paid cash dividends of \$0.48 per common share totaling \$70.7 million. On January 24, 2024, our board of directors declared a cash dividend of \$0.48 per common share, to be paid on March 14, 2024, to shareholders of record as of the close of business on February 8, 2024. Future dividends are subject to approval by our board of directors.

**Common Stock**

On February 21, 2014, our board of directors approved our current share repurchase program, authorizing us to acquire up to an aggregate of 20.0 million shares of our common stock. Since approval of the share repurchase program in 2014 through December 31, 2023, we have repurchased a total of 7.5 million shares under this repurchase program for an aggregate of \$462.7 million. During the six months ended December 31, 2023, we repurchased 335,474 shares at a cost of \$50.0 million. Shares that are repurchased are classified as treasury stock pending future use and reduce the number of shares of common stock outstanding used in calculating earnings (loss) per share. We are authorized to continue repurchasing shares through June 30, 2024, provided that the program may be accelerated, suspended, delayed or discontinued at any time at the discretion of our board of directors. At December 31, 2023, 12.5 million additional shares remain available for us to repurchase under the approved share repurchase program.

**Critical Accounting Principles and Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, including those related to allowance for doubtful accounts, inventory reserves, warranty obligations, goodwill, potentially impaired assets, intangible assets, income taxes and contingencies.

We state these accounting policies in the notes to the financial statements and at relevant sections in this discussion and analysis. The estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions.

For a full discussion of our critical accounting policies, see our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

**Recently Issued Accounting Pronouncements**

See note 1 to the unaudited condensed consolidated financial statements for a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects on our results of operations, financial position and cash flows.

**Contractual Obligations and Commitments**

Other than for purchase obligations, there have been no material changes outside the ordinary course of business in our outstanding contractual obligations from those disclosed within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023. Details of our purchase obligations as of December 31, 2023 were as follows:

	Total	Payments Due by December 31,					
		2024	2025	2026	2027	2028	Thereafter
Purchase obligations	\$ 997,588	\$ 721,782	\$ 254,055	\$ 18,857	\$ 2,788	\$ 106	\$ —

**Off-Balance Sheet Arrangements**

As of December 31, 2023, we are not involved in any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC.

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**Foreign Currency Market Risk**

Our reporting currency is the U.S. dollar, although the financial statements of our non-U.S. subsidiaries are maintained in their respective local currencies. We transact business in various foreign currencies, including a number of major European currencies as well as the Australian and Singapore dollars. We have significant foreign currency exposure through our Australian and Singapore manufacturing activities and our international sales operations.

**Net Investment and Fair Value Hedging**

On November 17, 2022, we executed foreign cross-currency swaps as net investment hedges and fair value hedges in designated hedging relationships with either the foreign denominated net asset balances or the foreign denominated intercompany loan as the hedged items. All derivatives are recorded at fair value as either an asset or liability. Cash flows associated with derivative instruments are presented in the same category on the consolidated statements of cash flows as the hedged item.

The purpose of the cross-currency swaps for the fair value hedge is to mitigate foreign currency risk associated with changes in spot rates on foreign denominated intercompany debt between USD and EUR. For these hedges, we excluded certain components from the assessment of hedge effectiveness that are not related to spot rates. For fair value hedges that qualify and are designated for hedge accounting, the change in fair value of the derivative is recorded in the same line item as the hedged item, Other, net, in the condensed consolidated statement of operations. The initial fair value of hedge components excluded from the assessment of effectiveness is recognized in the statement of operations under a systematic and rational method over the life of the hedging instrument and is presented in interest (expense) income, net. Any difference between the change in the fair value of the hedge components excluded from the assessment of effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income.

The purpose of the cross-currency swaps for the net investment hedge is to mitigate foreign currency risk associated with changes in spot rates on the net asset balances of our foreign functional subsidiaries. For net investment hedges that qualify and are designated for hedge accounting, the change in fair value of the derivative is recorded in cumulative translation adjustment within other comprehensive loss and reclassified into earnings when the hedged net investment is either sold or substantially liquidated. The initial fair value of components excluded from the assessment of hedge effectiveness will be recognized in interest (expense) income, net.

The notional value of outstanding foreign cross-currency swaps was \$1,059.3 million and \$1,046.6 million at December 31, 2023 and June 30, 2023, respectively. These contracts mature at various dates prior to December 31, 2029.

**Non-Designated Hedges**

We transact business in various foreign currencies, including a number of major European currencies as well as the Australian and Singapore dollars. We have foreign currency exposure through both our Australian and Singapore manufacturing activities, and international sales operations. We have established a foreign currency hedging program using purchased foreign currency call options, collars and forward contracts to hedge foreign-currency-denominated financial assets, liabilities and manufacturing cash flows. The terms of such foreign currency hedging contracts generally do not exceed three years. The purpose of this hedging program is to economically manage the financial impact of foreign currency exposures denominated mainly in Euros, and Australian and Singapore dollars. Under this program, increases or decreases in our foreign currency denominated financial assets, liabilities, and firm commitments are partially offset by gains and losses on the hedging instruments. We do not designate these foreign currency contracts as hedges. All movements in the fair value of the foreign currency instruments are recorded within other, net in our condensed consolidated statements of operations.

The notional value of the outstanding non-designated hedges was \$1,158.5 million and \$954.7 million at December 31, 2023 and June 30, 2023, respectively. These contracts mature at various dates prior to March 15, 2025.

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**Fair Values of Derivative Instruments**

The table below provides information (in U.S. dollars) on our foreign currency denominated operating assets and liabilities and after considering our foreign currency hedging activities as of December 31, 2023 (in thousands):

	U.S. Dollar (USD)	Euro (EUR)	Canadian Dollar (CAD)	Chinese Yuan (CNY)
AUD Functional:				
Net Assets/(Liabilities)	341,862	(164,488)	—	32,983
Foreign Currency Hedges	(350,000)	160,240	—	(11,279)
Net Total	(8,138)	(4,248)	—	21,704
USD Functional:				
Net Assets/(Liabilities)	—	313,328	33,165	—
Foreign Currency Hedges	—	(309,429)	(30,188)	—
Net Total	—	3,899	2,977	—
SGD Functional:				
Net Assets/(Liabilities)	332,972	121,610	—	1,400
Foreign Currency Hedges	(325,000)	(132,612)	—	—
Net Total	7,972	(11,002)	—	1,400

**RESMED INC. AND SUBSIDIARIES**  
**Quantitative and Qualitative Disclosures About Market Risk**

The table below provides information about our material foreign currency derivative financial instruments and presents the information in U.S. dollar equivalents. The table summarizes information on instruments and transactions that are sensitive to foreign currency exchange rates, including foreign currency call options, collars, forward contracts and cross-currency swaps held at December 31, 2023. The table presents the notional amounts and weighted average exchange rates by contractual maturity dates for our foreign currency derivative financial instruments, including the forward contracts used to hedge our foreign currency denominated assets and liabilities. These notional amounts generally are used to calculate payments to be exchanged under the contracts (in thousands, except exchange rates).

	Total	Fair Value Assets / (Liabilities)	
		December 31, 2023	June 30, 2023
<b>AUD/USD</b>			
Contract amount	350,000	14,602	(1,064)
Ave. contractual exchange rate	AUD 1 = USD 0.6550		
<b>AUD/Euro</b>			
Contract amount	243,123	(5,554)	(915)
Ave. contractual exchange rate	AUD 1 = EUR 0.6174		
<b>SGD/Euro</b>			
Contract amount	198,919	(120)	(1,760)
Ave. contractual exchange rate	SGD 1 = Euro 0.6888		
<b>SGD/USD</b>			
Contract amount	325,000	5,643	(4,133)
Ave. contractual exchange rate	SGD 1 = USD 0.7460		
<b>AUD/CNY</b>			
Contract amount	11,279	84	(31)
Ave. contractual exchange rate	AUD 1 = CNY 4.7507		
<b>USD/EUR</b>			
Contract amount	1,059,348	(66,080)	(60,546)
Ave. contractual exchange rate	USD 1 = EUR .9610		
<b>USD/CAD</b>			
Contract amount	30,188	186	156
Ave. contractual exchange rate	CAD 1 = USD 0.7594		

**Interest Rate Risk**

We are exposed to risk associated with changes in interest rates affecting the return on our cash and cash equivalents and debt. At December 31, 2023, we held cash and cash equivalents of \$210.2 million, principally comprised of bank term deposits and at-call accounts, and are invested at both short-term fixed interest rates and variable interest rates. At December 31, 2023, there was \$730.0 million outstanding under the Revolving Credit Agreement and Term Credit Agreement, which are subject to variable interest rates. A hypothetical 10% change in interest rates during the three months ended December 31, 2023, would not have had a material impact on pretax income. We have no interest rate hedging agreements.

**Inflation**

Inflationary factors such as increases in the cost of our products, freight, overhead costs or wage rates may adversely affect our operating results. Sustained inflationary pressures in the future may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of net revenue if we are unable to offset such higher costs through price increases.

**RESMED INC. AND SUBSIDIARIES****Item 4 Controls and Procedures**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports made pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## RESMED INC. AND SUBSIDIARIES

## PART II. OTHER INFORMATION

## Item 1 Legal Proceedings

We are involved in various legal proceedings, claims, investigations and litigation that arise in the ordinary course of our business. We investigate these matters as they arise, and accrue estimates for resolution of legal and other contingencies in accordance with Accounting Standard Codification Topic 450, “Contingencies”. See note 9 to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Litigation is inherently uncertain. Accordingly, we cannot predict with certainty the outcome of these matters. But we do not expect the outcome of these matters to have a material adverse effect on our consolidated financial statements when taken as a whole.

## Item 1A Risk Factors

The discussion of our business and operations should be read together with the risk factors contained in our annual report on Form 10-K for the fiscal year ended June 30, 2023, which was filed with the SEC and describe various material risks and uncertainties to which we are or may become subject. As of December 31, 2023, there have been no further material changes to such risk factors.

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

**Purchases of equity securities.** The following table summarizes our purchases of common stock for the three months ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share (USD)	Cumulative Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Program
October 1 - 31, 2023	—	—	41,836,234	12,879,779
November 1 - 30, 2023	335,474	149.04	42,171,708	12,544,305
December 1 - 31, 2023	—	—	42,171,708	12,544,305
Total	335,474	\$ 149.04	42,171,708	12,544,305

On February 21, 2014, our board of directors approved our current share repurchase program, authorizing us to acquire up to an aggregate of 20.0 million shares of our common stock. The program allows us to repurchase shares of our common stock from time to time for cash in the open market, or in negotiated or block transactions, as market and business conditions warrant and subject to applicable legal requirements. We are authorized to continue repurchasing shares through June 30, 2024, provided that the program may be accelerated, suspended, delayed or discontinued at any time at the discretion of our board of directors. All share repurchases after February 21, 2014 have been executed under this program. Since approval of the share repurchase program in 2014 through December 31, 2023, we have repurchased a total of 7.5 million shares under this repurchase program for an aggregate of \$462.7 million.

## Item 3 Defaults Upon Senior Securities

None

## Item 4 Mine Safety Disclosures

None

## Item 5 Other Information

## Rule 10b5-1 Trading Plans of Directors and Executive Officers

Our directors and executive officers may purchase or sell shares of our common stock in the market from time to time, including pursuant to equity trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act and in compliance with guidelines specified by our insider trading policy. In accordance with Rule 10b5-1 and our insider trading

**RESMED INC. AND SUBSIDIARIES**

policy, directors, officers and certain employees who, at such time, are not in possession of material non-public information are permitted to enter into written plans that pre-establish amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of our stock, including shares acquired pursuant to our equity incentive plans. Under a Rule 10b5-1 trading plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The use of these trading plans permits asset diversification as well as personal financial and tax planning. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information, subject to compliance with SEC rules, the terms of our insider trading policy and certain minimum holding requirements.

The following table describes any contracts, instructions or written plans for the sale or purchase of the Company’s securities and intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act that were adopted by our directors and executive officers during the quarterly period ended December 31, 2023:

<b>Name and Title</b>	<b>Plan Action</b>	<b>Plan Adoption Date</b>	<b>Scheduled Expiration Date of Rule 10b5-1 Trading Plan<sup>(1)</sup></b>	<b>Aggregate Number of Securities to Be Purchased or Sold</b>
Michael J. Rider	Adoption	November 28, 2023	November 6, 2024	281

(1) A trading plan may also expire on such earlier date that all transactions under the trading plan are completed .

During the quarterly period ended December 31, 2023, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Transactions by Section 16 directors and officers will be disclosed publicly through Form 144 and Form 4 filings with the SEC to the extent required by law. No non-Rule 10b5-1 trading arrangements (as defined by Item 408(a) of Regulation S-K) were entered into, adopted or terminated by any Section 16 director or officer during the third quarter of 2023.



## RESMED INC. AND SUBSIDIARIES

**Item 6 Exhibits**

Exhibits (numbered in accordance with Item 601 of Regulation S-K)

3.1	<a href="#"><u>First Restated Certificate of Incorporation of ResMed Inc., as amended. (Incorporated by reference to Exhibit 3.1 to the Registrant’s Report on Form 10-Q for the quarter ended September 30, 2013)</u></a>
3.2	<a href="#"><u>Eighth Amended and Restated Bylaws of ResMed Inc., as adopted on November 17, 2023 (Incorporated by reference to Exhibit 3.1 to the Registrant’s Report on Form 8-K filed on November 20, 2023)</u></a>
10.1*	<a href="#"><u>Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers</u></a>
31.1	<a href="#"><u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2	<a href="#"><u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32**	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101	The following financial statements from ResMed Inc.’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, filed on January 24, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) the Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\*Management contract or compensatory plan or arrangement.

\*\*In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management’s Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibit 32 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

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**RESMED INC. AND SUBSIDIARIES**

**Signatures**

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

January 24, 2024

ResMed Inc.

/s/ **MICHAEL J. FARRELL**

Michael J. Farrell  
Chief Executive Officer  
(Principal Executive Officer)

/s/ **BRETT A. SANDERCOCK**

Brett A. Sandercock  
Chief Financial Officer  
(Principal Financial Officer)

**ResMed Inc.**

**Summary for Performance-Based Restricted Stock Unit (“PSU”) Award Agreement**

1. Holder. [PARTICIPANT NAME]
  2. Grant Date [GRANT DATE]
  3. Target Number of PSUs: [PSUs GRANTED]
  4. Maximum Number of PSUs: 200% of Target Number of PSUs
  5. Performance Period: [GRANT DATE through [THIRD YEAR ANNIVERSARY]
  6. Vesting Schedule. Subject to the terms of the Agreement, including the terms requiring the satisfaction of specified Performance Goals, the PSUs shall vest and become nonforfeitable on the applicable Certification Date.
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**RESMED INC.**

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Performance-Based Restricted Stock Unit Award Agreement including any country-specific terms and conditions set forth in Appendix I hereto and the Performance Goals set forth in Appendix II hereto (collectively, the “*Agreement*”) sets forth the terms and conditions of the performance-based restricted stock units (“*Performance Stock Units*” or “*PSUs*”) granted by ResMed Inc., a Delaware corporation (the “*Company*”), under the ResMed Inc. 2009 Incentive Award Plan, as amended from time to time (the “*Plan*”), and pursuant to the Summary of Performance-Based Restricted Stock Unit Award Grant (the “*Summary*”) displayed at the Web site of the Company’s plan administrator. The Summary specifies the person to whom the PSUs are granted (“*Holder*”), the grant date of the PSUs (the “*Grant Date*”), the vesting schedule of the PSUs (the “*Vesting Schedule*”), the target number of PSUs granted to Holder, and other specific details of the grant. The Summary is deemed part of this Agreement.

**ARTICLE 1.**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Summary.

As used herein, the term “*Disability*” shall mean a “disability” as defined in Treasury Regulation Section 1.409A-3(i)(4).

As used herein, the term “*Performance Stock Unit*” and “*PSU*” shall mean a non-voting unit of measurement which represents the right to receive one share of Common Stock for each unit that vests (subject to adjustment as provided in Section 11.3 of the Plan) solely for purposes of the Plan and this Agreement. The PSUs shall be used solely as a device for the determination of the issuance of shares of Common Stock to eventually be made to Holder if and to the extent such PSUs are eligible for vesting and vest pursuant to Section 2.2 hereof. The PSUs shall not be treated as property or as a trust fund of any kind.

As used herein, the term “*Retirement*” shall mean a Termination of Service after (a) sixty (60) years of age and (b) completion of five (5) years of continuous service with the Company or any Subsidiary.

1.2 Incorporation of Terms of Plan, Summary and Appendices I and II. The PSUs are subject to the terms and conditions of the Plan, the Summary, Appendix I hereto (which sets forth special and/or additional legal requirements, terms and conditions as may be required by Holder’s country) and Appendix II hereto (which sets forth certain Performance Goals applicable to the PSUs), each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent applicable, in the event of any inconsistency between this Performance-Based Restricted Stock Unit Award Agreement and Appendices I and II, the terms of Appendices I and II shall control.

**ARTICLE 2.**

**GRANT OF PERFORMANCE STOCK UNITS**

2.1 Grant of PSUs. Effective as of the Grant Date, the Company grants to Holder an award of PSUs as set forth in the Summary, upon the terms and conditions set forth in the Summary, the Plan, and this Agreement.

2.2 PSUs subject to Performance Goals; Vesting Schedule.

(a) Appendix II attached hereto sets forth the Performance Goals that must be satisfied in order for the PSUs to be eligible for vesting. The Performance Goals are based on the Company's Relative Total Stockholder Return achieved over a certain specified period (the "**Performance Period**"), all as set forth on Appendix II. The Compensation Committee shall certify the extent to which the Performance Goals have been achieved and the PSUs are eligible for vesting, with such certification occurring as soon as practicable following the end of the applicable Performance Period and in any event no later than 90 days following the end of such Performance Period (such certification occurring on the "**Certification Date**"). Except as set forth in Section 2.4(b), any unvested PSUs for which the Performance Goals have not been achieved shall be automatically forfeited, terminated and cancelled effective as of the applicable Certification Date, without the payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights with respect to such PSUs under the Agreement.

(b) Subject to Sections 2.2(c) and 2.4 hereof, the PSUs awarded pursuant to the Summary and eligible for vesting in accordance with Appendix II will vest and become nonforfeitable on the applicable Certification Date, subject to Holder's continued employment or services through such Certification Date. Unless otherwise determined by the Administrator, partial employment or service, even if substantial, during any portion of the Performance Period will not entitle Holder to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in Section 2.4 hereof or under the Plan.

(c) Notwithstanding Section 2.2(b) hereof, Appendix II and the Summary, and subject to Section 2.4 hereof, in the event of a Change in Control of the Company, the PSUs, to the extent then outstanding and not previously forfeited, shall become vested and nonforfeitable as of the date of such Change in Control, based on performance under the Performance Goals, as set forth on Appendix II, from the commencement of the Performance Period through the date of the Change in Control.

2.3 No Right to Employment. Nothing in the Plan or this Agreement, nor Holder's participation in the Plan, shall confer upon Holder any right to continue in the employ or service of the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge or terminate the services of Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Holder. In the event that Holder is not an Employee, Director or Consultant of the Company, the grant will not be interpreted to form an employment or service contract with the Company.

#### 2.4 Forfeiture, Termination and Cancellation upon Terminations of Service.

(a) Notwithstanding any contrary provision of this Agreement, except as provided in Section 2.4(b), upon Holder's Termination of Service for any or no reason (other than on Holder's death, Disability, Retirement or termination without "cause" or for "good reason" as provided in Section 2.4(b)), all PSUs subject to this Agreement (whether unvested or eligible for vesting) will thereupon be automatically forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. For purposes of this Agreement, the employment relationship of Holder will be treated as continuing intact while he or she is on military or sick leave or other bona fide leave of absence if such leave does not exceed ninety days, provided, however, that the period of the leave may exceed ninety days so long as Holder's right to re-employment is guaranteed either by statute or by contract, or in any other circumstance as may be required by law.

(b) Notwithstanding the foregoing, Appendix II and the Summary, (i) if Holder dies or has a Termination of Service upon incurring a Disability while serving as an Employee, Director or Consultant of the Company or a Subsidiary, as applicable, the PSUs shall become fully vested and nonforfeitable at 100% of the target number of PSUs as of the date of such Holder's death or Termination of Service upon incurring Disability, as applicable; or (ii) if Holder has a Termination of Service by the Company without "cause," by Holder for "good reason" (each as defined in Holder's change in control agreement with the Company, if any) or due to Holder's Retirement, in each case

while serving as an Employee, Director or Consultant of the Company or a Subsidiary, the PSUs shall become vested and nonforfeitable, as of the date of such Termination of Service, on a prorated basis, based on the number of days of Holder's service with the Company or a Subsidiary during the original three-year Performance Period through the date of Holder's Termination of Service, and based on performance under the Performance Goals, as set forth on Appendix II, from the commencement of the Performance Period through the date of Holder's Termination of Service. Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in Holder's jurisdiction that likely would result in the favorable Retirement treatment that otherwise would apply to the PSUs pursuant to this Section 2.4(b)(ii) being deemed unlawful and/or discriminatory, then the Company will not apply this favorable Retirement treatment at the time of Holder's Termination of Service and the PSUs will be treated as they would under the rules that otherwise would have applied if Holder's Termination of Service did not qualify as a Retirement.

For purposes of this Agreement, Holder's Termination of Service is deemed to occur as of the date Holder is no longer actively providing services to the Company or a Subsidiary (regardless of the reason for such termination and whether or not later to be found invalid or in breach of applicable laws in the jurisdiction where Holder is employed or rendering services or the terms of Holder's employment or service agreement, if any) and, unless otherwise provided in this Section 2.4(b), Holder's right to vest in the PSUs, if any, will terminate as of such date and will not be extended by any notice period (e.g., Holder's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under applicable laws in the jurisdiction where Holder is employed or providing services or the terms of Holder's employment or service contract, if any). The Administrator shall have the exclusive discretion to determine when Holder's Termination of Service for purposes of the PSUs has occurred (including whether Holder may still be considered to be providing services while on a leave of absence).

## 2.5 Timing of Issuance of Shares.

Subject to Appendix II, as soon as administratively practicable following the vesting of any PSUs pursuant to Section 2.2 or Section 2.4(b) hereof, but in no event later than 30 days after such vesting date, the Company shall deliver to Holder a number of shares of Common Stock equal to the number of such PSUs that vested on the applicable vesting date, less to the extent applicable, the number of shares of Common Stock withheld in accordance with Section 2.6(b). The shares of Common Stock delivered hereby shall be represented either by one or more stock certificates or by book entry, as determined by the Company in its sole discretion. Notwithstanding the foregoing provisions of this Section 2.5:

(a) in the event shares of Common Stock cannot be issued in the time frame specified above due to the effects of Sections 2.7(a), (b) or (c) hereof, then the shares of Common Stock shall be issued as soon as administratively practicable after the Administrator determines that shares of Common Stock can again be issued in accordance with Sections 2.7(a), (b) and (c) hereof, subject to compliance with Section 409A (as defined in Section 3.13 below);

(b) if the PSUs do not constitute "nonqualified deferred compensation" subject to Section 409A and the Holder is subject to U.S. federal taxation, then any PSUs will be settled within the short-term deferral period of Section 409A; and

(c) if the PSUs constitute "nonqualified deferred compensation" subject to Section 409A and Holder is subject to U.S. federal taxation, then: (i) any PSUs that vest will be settled in the calendar year in which the original three-year Performance Period ends but (ii) notwithstanding (i) above, to the extent the PSUs are not subject to a "substantial risk of forfeiture" within the meaning of Section 409A, the PSUs will be settled on an accelerated basis following the earliest to occur of any of the following events (or at such later time as may be permitted under Section 409A in the event of Holder's death) in a manner and to the extent necessary to comply with Section 409A: (A) the occurrence of a Change in Control that constitutes a "change in control event" within the meaning of Section 409A, (B) the Holder's death, or separation from service" within the meaning of Section 409A, provided, however, if Holder is a "specified employee" within the meaning of Section 409A as of the date of Holder's separation from service and settlement is otherwise due on separation from service, Holder's vested PSUs shall instead be settled during the thirty (30) day period commencing on the

earlier of (A) the expiration of the six (6) month period measured from the date of Holder's separation from service or (B) the date of Holder's death, to the extent that such delayed payment is required to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, or any successor provision thereto.

## 2.6 Responsibility for Taxes.

(a) Regardless of any action the Company or, if different, the Subsidiary employing Holder or for which Holder otherwise provides services (the "**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to Holder's participation in the Plan and legally applicable or deemed legally applicable to Holder ("**Tax-Related Items**"), Holder acknowledges that the ultimate liability for all Tax-Related Items is and remains Holder's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Holder further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to the grant of the PSUs, the vesting or settlement of the PSUs, the issuance of shares of Common Stock in settlement of the PSUs, the subsequent sale of the shares of Common Stock acquired at vesting and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the PSUs to reduce or eliminate Holder's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if Holder is subject to tax in more than one jurisdiction, Holder acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) In connection with any relevant taxable or tax withholding event, as applicable, Holder must pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Holder hereby authorizes the Company and/or the Employer, or their respective agents, in their sole discretion and without any notice to or additional authorization by Holder, to satisfy their withholding obligations, if any, with regard to all Tax-Related Items by one or a combination of the following:

- (i) withholding from Holder's compensation or other wages payable to Holder by the Company, the Employer and/or any other Subsidiary;
- (ii) causing Holder to tender a cash payment (i.e., check or bank wire);
- (iii) withholding from the proceeds of the sale of shares of Common Stock issued upon vesting, either through a voluntary sale or through a mandatory sale arranged by the Company (on Holder's behalf pursuant to this authorization);
- (iv) withholding shares of Common Stock otherwise to be issued upon vesting; or
- (v) any other method determined by the Company, to the extent permitted under the Plan and applicable laws;

provided, however that if Holder is an officer of the Company subject to Section 16 of the Exchange Act, then the Company will withhold shares of Common Stock upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is not feasible under applicable tax or securities law or has materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied by one or a combination of methods (i)-(iii) or (v) above. Further, notwithstanding anything herein to the contrary, the Company may cause a portion of the PSUs to vest prior to the date(s) set forth in the Vesting Schedule in order to satisfy any Tax-Related Items that arise prior to the date of settlement of the PSUs; provided that to the extent necessary to avoid a prohibited distribution under Section 409A, the number of PSUs so accelerated and settled shall be with respect to a number of shares of Common Stock with a value that does not exceed the liability for the Tax-Related Items.

(c) The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates in Holder's jurisdiction(s) (to the extent permitted by the Plan). In the event of over-withholding, Holder may receive a refund of any over-withheld amount in cash (with no entitlement to the Common Stock equivalent) or, if not refunded, Holder may be able to seek a refund from the applicable tax authorities. In the event of under-withholding, Holder may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding shares of Common Stock, for tax purposes, Holder will be deemed to have been issued the full number of shares of Common Stock subject to the vested PSUs, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items.

(d) Holder agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Holder's participation in the Plan that cannot be satisfied by the means previously described.

(e) The Company shall not be obligated to deliver any new certificate representing shares of Common Stock to Holder or Holder's legal representative or enter such shares of Common Stock in book entry form unless and until Holder or Holder's legal representative shall have paid or otherwise satisfied Holder's obligations in connection with the Tax-Related Items resulting from the PSUs or the shares of Common Stock subject to the PSUs.

2.7 Conditions to Delivery of Common Stock; Legal Requirements. The shares of Common Stock deliverable hereunder, or any portion thereof, may be either previously authorized but unissued shares of Common Stock or issued shares of Common Stock which have then been reacquired by the Company. Such shares of Common Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Common Stock deliverable hereunder or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares of Common Stock to listing on all stock exchanges on which such Common Stock is then listed;

(b) The completion and maintenance of any registration or other qualification of such shares of Common Stock under any U.S. and non-U.S. state or federal law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any U.S. or non-U.S. state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The lapse of such reasonable period of time following the vesting of any PSUs as the Administrator may from time to time establish for reasons of administrative convenience.

2.8 Rights as Stockholder. Holder shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the PSUs and any shares of Common Stock underlying the PSUs and deliverable hereunder unless and until such shares of Common Stock shall have been issued by the Company and held of record by such Holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Common Stock are issued, except as provided in Section 11.3 of the Plan. No Dividend Equivalent awards shall be awarded in respect of, and no dividends shall be paid with respect to, any PSUs.



## ARTICLE 3.

### OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Holder, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the PSUs.

#### 3.2 Grant is Not Transferable.

(a) Except as set forth in Section 3.2(b), during the lifetime of Holder, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Common Stock underlying the vested PSUs have been issued. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of Holder or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) Notwithstanding the foregoing provisions of subsection 3.2(a), for Holders who are exclusively subject to the laws of the United States, the Administrator, in its sole discretion, may permit the transfer of PSUs held by Holder pursuant to a DRO. Any PSU that has been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Holder, and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including, without limitation, to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

3.3 Binding Agreement. Subject to the limitation on the transferability of the PSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.4 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the PSUs and the issuance of shares of Common Stock with respect to vested PSUs in such circumstances as it, in its sole discretion, may determine; provided, however, that if the PSUs constitute "nonqualified deferred compensation" subject to Section 409A and Holder is subject to U.S. federal taxation, no acceleration of the issuance of the shares of Common Stock may occur other than as expressly permitted under Section 409A. In addition, upon the occurrence of certain events relating to the Common Stock contemplated by Section 11.3 of the Plan, the Administrator shall make any appropriate adjustments in the number of PSUs then outstanding and the number and kind of securities that may be issued in respect of the PSUs. Holder acknowledges that the PSUs are subject to amendment, modification and termination in certain events as provided in this Agreement and Section 11.3 of the Plan.

3.5 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be properly given when personally delivered to the party entitled to receive the notice (which may include electronic delivery by email) or when sent by certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notice at the address stated below:

If to Company: ResMed Inc.  
9001 Spectrum Center Blvd.  
San Diego, CA 92123  
USA  
Attn: Michael Rider, Corporate Secretary

If to Holder: Address of Holder on file with ResMed Inc. or its Subsidiary

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 Governing Law / Venue. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award of PSUs or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Diego County, California, or the federal courts for the United States for the Southern District of California and no other courts, where this grant is made and/or to be performed.

3.8 Conformity to Laws. Holder acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the U.S. Securities and Exchange Commission thereunder, and other U.S. or non-U.S. state and federal securities laws and regulations, as well as any other applicable U.S. or non-U.S. state and federal laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; *provided* that, except as may otherwise be provided by the Plan and subject to Section 3.8, Section 3.11, Section 3.13 and Section 3.21 hereof, no amendment, modification, suspension or termination of this Agreement shall adversely affect the PSUs in any material way without the prior written consent of Holder.

3.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Holder and his or her heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Holder is subject to Section 16 of the Exchange Act, the Plan, the PSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement and Acceptance. The Plan, the Summary and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

3.13 Section 409A. The parties intend that this Agreement and the benefits provided hereunder be exempt from the requirements of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A") to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4) or otherwise. However, to the extent that the PSUs (or any portion thereof) may be subject to Section 409A, the parties intend that this Agreement and such benefits comply with the deferral, payout, and other limitations and restrictions imposed under Section 409A and this Agreement shall be interpreted, operated and administered in a manner consistent with such intent. Notwithstanding any other provision of the Plan, the Summary or this Agreement, the

Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Holder or any other person for failure to do so) to adopt such amendments to the Plan, the Summary or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the PSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Nothing in this Agreement, the Plan or the Summary shall provide a basis for any person to take action against the Company or any Subsidiary based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid or PSUs granted under this Agreement, and neither the Company nor any of its Subsidiaries shall under any circumstances have any liability to Holder or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Section 409A.

3.14 Limitation on Holder's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Unless and until the PSUs will have vested in the manner set forth in Article 2 hereof, Holder will have no right to the issuance of shares of Common Stock with respect to the PSUs. Holder shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to PSUs, as and when payable hereunder.

3.15 Language. Holder acknowledges that he or she is proficient in the English language and understands the provisions in this Agreement and the Plan or has had the ability to consult with an advisor who is sufficiently proficient in the English language. Further, in the event Holder has received this Agreement, including Appendix I hereto (if any), or any other document related to the Plan translated into a language other than English, the English version will control to the extent the meaning of the translated version differs from the English version.

3.16 Electronic Delivery. The Company may, in its sole discretion, decide (a) to deliver by electronic means any documents related to the PSUs granted under the Plan, Holder's participation in the Plan, or future awards that may be granted under the Plan or (b) to request by electronic means Holder's consent to participate in the Plan. Holder hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

3.17 Nature of Grant. By accepting the PSUs, Holder acknowledges, understands and agrees that:

- (a) the grant of PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (b) all decisions with respect to future awards of PSUs or other grants, if any, will be at the sole discretion of the Company;
- (c) Holder is voluntarily participating in the Plan;
- (d) the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (e) the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not part of normal or expected compensation or salary for any purpose, including (without limitation) calculating any severance, resignation, redundancy or end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(f) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(g) no claim or entitlement to compensation or damages shall arise from termination of the PSUs resulting from a Termination of Service (for any reason whatsoever, whether or not later to be found invalid or in breach of applicable laws in the jurisdiction where Holder is employed or rendering services or the terms of Holder's employment or service agreement, if any);

(h) unless otherwise agreed with the Company, the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not granted as consideration for, or in connection with, the service Holder may provide as a director of a Subsidiary;

(i) the Company is not providing any tax, legal or financial advice with respect to the PSUs, nor is the Company making any recommendations regarding Holder's participation in the Plan, or Holder's acquisition or sale of the underlying shares of Common Stock;

(j) Holder should consult with his or her own personal tax, legal and financial advisors regarding Holder's participation in the Plan before taking any action related to the Plan and the PSUs; and

(k) the following provisions apply only if Holder is providing services outside the United States:

(i) the PSUs and the shares of Common Stock subject to the PSUs, and the income from and value of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between Holder's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to Holder pursuant to the settlement of the PSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

### 3.18 Data Privacy Consent.

*(a) **Declaration of Consent.** Holder is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data (as defined below) to the recipients mentioned below, including recipients located in countries which may not have a similar level of protection from the perspective of the data protection laws in Holder's country.*

*(b) **Data Collection and Usage.** The Company and the Employer collect, process and use certain personal information about Holder, including, but not limited to, Holder's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all PSUs under the Plan or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in Holder's favor ("Data"), for the purposes of managing Holder's participation in the Plan. The legal basis, where required, for the processing of Data is Holder's consent.*

*(c) **Stock Plan Administration Service Providers.** The Company transfers Data, or parts thereof, to Fidelity Stock Plan Services, LLC and certain of its affiliated companies ("Fidelity"), which assists the Company with the implementation, administration and management of the Plan. Holder acknowledges and understands that Fidelity will open an account for Holder to receive and trade shares of Common Stock acquired under the Plan and that Holder will be asked to agree on separate terms and data processing practices with Fidelity, which is a condition of Holder's ability to participate in the Plan. In the future, the Company may select a different service provider and may share Data with such different service provider that serves in a similar manner.*

*(d) **International Data Transfers.** The Company and Fidelity are based in the United States. Holder understands that his or her country may have enacted data privacy laws that are different from the laws of the United States. As a result, in the absence of appropriate safeguards such as standard data protection clauses, the processing of Holder's Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, Holder might not have enforceable rights regarding the processing of his or her Data in such countries.*

*The Company provides appropriate safeguards for protecting Data that it receives in the United States through its adherence to data transfer agreements entered into between the Company and Subsidiaries within the European Union. Otherwise, where required, the Company's legal basis for the transfer of Data is Holder's consent.*

*(e) **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage Holder's participation in the Plan, or as required to comply with applicable law, exercise or defense of legal rights, and archiving, back-up and deletion processes. This means Data may be retained even after Holder's Termination of Service.*

*(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Holder is providing the consents herein on a purely voluntary basis. Holder understands that he or she may withdraw consent at any time with future effect for any or no reason. If Holder does not consent, or if Holder later seeks to revoke his or her consent, Holder's employment or service with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer PSUs or other awards to Holder or administer or maintain Holder's participation in the Plan.*

*(g) **Data Subject Rights.** Holder understands that data subject rights vary depending on applicable law and that, depending on where Holder is based and subject to the conditions under applicable law, Holder may have, without limitation, the rights to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in Holder's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Holder understands that he or she can contact Holder's local human resources representative.*

3.19 **Participants Outside of the United States.** Notwithstanding any provisions in this Agreement, the PSUs shall be subject to any additional terms and conditions set forth in Appendix I hereto for Holder's country. Moreover, if Holder relocates to one of the countries included in Appendix I (if any), the terms and conditions for such country will apply to Holder, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The terms included in Appendix I constitute part of this Agreement.

3.20 **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

3.21 **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Holder's participation in the Plan, on the PSUs or any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable or legal or administrative reasons, and to require Holder to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

3.22 **Waiver.** Holder acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Holder or any other Holder.

3.23 **Insider Trading/Market Abuse Laws.** Holder may be subject to insider trading restrictions and/or market abuse laws which may affect Holder's ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (e.g., PSUs) or rights

linked to the value of shares of Common Stock during such times as Holder is considered to have “inside information” regarding the Company (as defined by the laws or regulations in the relevant jurisdiction). Further, Holder understands that local insider trading laws and regulations prohibit the cancellation or amendment of orders Holder may have placed before processing insider information. Holder also understands that he or she may be prohibited from (i) disclosing inside information to any third party, including fellow employees (other than on a “need to know” basis), and (ii) “tipping” third parties by sharing inside information with them, or otherwise causing third parties to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Holder is responsible for complying with any applicable restrictions, and Holder should consult with his or her personal legal and financial advisors on this matter before taking any action related to the Plan.

3.24 Foreign Assets/Account and Tax Reporting, Exchange Controls. Holder’s country may have certain foreign asset, account and/or tax reporting requirements and exchange controls which may affect Holder’s ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside Holder’s country. Holder understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in Holder’s country. Holder also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, Holder may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of shares of Common Stock. Holder acknowledges that he or she is responsible for complying with all such requirements, and that Holder should consult personal legal and tax advisors, as applicable, to ensure compliance.

3.25 Recoupment. All awards of PSUs, whether unvested or vested, and any Shares issued on vesting of the PSUs, shall be subject to the Company’s Compensation Recovery Policy, as amended from time to time (the “**Recoupment Policy**”), such that any award of PSUs that was made to a Holder who is subject to the Recoupment Policy, and any Shares acquired pursuant to such PSUs, shall be subject to deduction, clawback or forfeiture, as provided under the Recoupment Policy. Further, the PSUs, whether unvested or vested, and any Shares issued on vesting of the PSUs, shall be subject to deduction, clawback or forfeiture to the extent required to comply with any recoupment requirement imposed under applicable laws, rules, regulations or stock exchange listing standards. In order to satisfy any recoupment obligation arising under the Recoupment Policy or otherwise under applicable laws, rules, regulations or stock exchange listing standards, among other things, Holder expressly and explicitly authorizes the Company to issue instructions, on Holder’s behalf, to any brokerage firm or stock plan service provider engaged by the Company to hold any Shares or other amounts acquired pursuant to the PSUs to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company’s enforcement of the Recoupment Policy.

*[Remainder of this page intentionally left blank ]*

IN WITNESS WHEREOF, the parties hereunto agree to the terms and conditions set forth in this Agreement and the Summary.

RESMED INC.

HOLDER

[ELECTRONIC SIGNATURE]

/s/ Michael J. Farrell

Michael J. Farrell  
Chief Executive Officer

\_\_\_\_\_  
(Acceptance designated electronically at the plan administrator's Web site)

## **APPENDIX I**

Certain capitalized terms used but not defined in this Appendix I have the meanings set forth in the Plan, the Agreement and/or the Summary.

### ***Terms and Conditions***

This Appendix I includes special and/or additional terms and conditions that govern the PSUs granted to Holder under the Plan if Holder resides and/or works in one of the countries listed below. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Agreement. If Holder is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transfers residency and/or employment to another country after the grant of PSUs, or is considered resident of another country for local law purposes, the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to Holder.

### ***Notifications***

This Appendix also includes information regarding tax, securities law, exchange controls and certain other issues of which Holder should be aware with respect to Holder's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of August 2023. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Holder not rely on the information in this Appendix I as the only source of information relating to the consequences of Holder's participation in the Plan because the information may be out of date at the time that the PSUs vest or shares of Common Stock acquired under the Plan are sold.

In addition, the information contained herein is general in nature and may not apply to Holder's particular situation and the Company is not in a position to assure Holder of any particular result. Accordingly, Holder should seek appropriate professional advice as to how the relevant laws in his or her country may apply to Holder's situation.

Finally, if Holder is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transfers residency and/or employment to another country after the grant of PSUs, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Holder in the same manner.

### **Australia**

#### ***Notifications***

**Securities Law Information.** The offer of RSUs is being made under Division 1A, Part 7.12 of the *Corporations Act 2001 (Cth)*. If Holder offers shares of Common Stock for sale to a person or entity resident in Australia, Holder acknowledges and agrees that such offer may be subject to disclosure requirements under Australian law. Holder should obtain legal advice on applicable disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding AUD 10,000 and for international fund transfers, including for the remittance of proceeds related to the sale of shares of Common Stock acquired under the Plan and/or dividends paid on such shares. If an Australian bank is assisting with the transaction, then the bank will file the required exchange control report on Holder's behalf. If no Australian bank is assisting with the transaction, then Holder will have to file the required exchange control report.

**Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in the Act).

### **Germany**



### ***Notifications***

**Exchange Control Information.** Cross-border payments in excess of €12,500 in connection with the sale of securities (including shares of Common Stock acquired under the Plan, dividends, and/or shares of Common Stock sold or withheld to cover Tax-Related Items) must be reported to the German Federal Bank (Bundesbank). In addition, Holder may be required to report the acquisition of shares of Common Stock under the Plan to the Bundesbank if the value of the shares acquired exceeds €12,500. The report must be filed either electronically using the “General Statistics Reporting Portal” (“*Allgemeine Meldeportal Statistik*”) available via the Bundesbank’s website (www.bundesbank.de) or via such other method (*e.g.*, by email or telephone) as is permitted or required by the Bundesbank. The report must be submitted monthly or within other such timing as is permitted or required by the Bundesbank. Holder should consult a personal legal advisor to comply with the applicable reporting requirements.

### **Singapore**

#### ***Terms and Conditions***

**Sale of Shares.** For any shares of Common Stock that are issued within six months of the Grant Date, Holder agrees that he or she will not dispose of the shares of Common Stock acquired prior to the six-month anniversary of the Grant Date, unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”), or any other applicable provisions of the SFA.

#### ***Notifications***

**Securities Law Information.** The offer of the Plan is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of SFA and not with a view to the PSUs or shares of Common Stock being subsequently offered for sale to another party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Obligation.** The directors, associate directors and shadow directors of a Singapore Subsidiary are subject to certain notification requirements under the Singapore Companies Act. The directors, associate directors and shadow directors must notify the Singapore Subsidiary in writing of an interest (*e.g.*, PSUs, shares of Common Stock, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.* when shares of Common Stock are sold), or (iii) becoming a director, associate director or shadow director.

## APPENDIX II

This **Appendix II** sets forth the performance goals (the “**Performance Goals**”) for the PSUs and shall determine the extent to which the **Performance Goals** are achieved and the extent to which the PSUs will be eligible for vesting at the end of the applicable Performance Period.

### **Performance Goals**

#### *Relative TSR.*

The Performance Goals shall be based on the Company’s relative Total Stockholder Return (“**Relative TSR**”) over the three-year period beginning [GRANT DATE] and ending [THIRD YEAR ANNIVERSARY], or such shorter period as provided in Section 2.2(c) due to a Change in Control or as provided in Section 2.4(b)(ii) for certain Terminations of Service (in any such case, the “**Performance Period**”), as set forth below.

#### *Calculation to Determine PSUs Earned.*

Each Holder is entitled to vest in a number of shares of Common Stock underlying the corresponding number of PSUs (at a rate of one share for each underlying PSU), ranging from 0% to 200% of the target number of PSUs granted to such Holder (for each Holder, the “**Target PSUs**”), based on the Company’s Relative TSR over the three-year Performance Period and determined based on the table immediately below, subject to Holder’s continued service through the Certification Date (or the earlier Termination of Service date described in Section 2.4(b)(ii) or Change in Control date, as applicable). In the event of a Change in Control or a Termination of Service described in Section 2.4(b)(ii), then the determination of the percentage of the Target PSUs eligible for vesting shall be calculated in accordance with the table immediately below, measured as of the Change in Control or the Termination of Service described in Section 2.4(b)(ii), as applicable. Linear interpolation will be used to calculate actual awards for performance between the percentiles indicated below.

<b><u>Company TSR over the Performance Period Relative to S&amp;P 500 Index Group</u></b>	<b><u>% of Target PSUs Eligible for Vesting</u></b>
30th Percentile (the “ <b>Regular Vesting Threshold</b> ”)	45%
50th Percentile	95%
60th Percentile	100%
77.5th Percentile	150%
95th Percentile	200%

Notwithstanding the foregoing, if the TSR (as defined below) of the Company is less than 0% during the three-year Performance Period, the percentage of Target PSUs eligible for vesting in accordance with the table above shall not exceed 100%. In no event shall more than 200% of the Target PSUs be eligible for vesting.

#### *Determination of Relative TSR.*

The Company’s Relative TSR, shall be determined by comparing the Company’s TSR during the Performance Period to that of the other companies comprising the S&P 500 Index Group (as defined below) by reference to the Company’s TSR Percentile (as defined below). For purposes of the foregoing:

“**TSR**” or (“**Total Shareholder Return**”) means, for the Company and each of the other companies comprising the S&P 500 Index Group, (a) the closing per share price of the applicable company’s common stock on the Grant Date compared to (b) an ending per share price, which shall be the trailing 30-day average per share price of the applicable company’s common stock as of the end of the Performance Period. The calculation of each company’s TSR shall be based on the change in

the per share price plus reinvested dividends over the Performance Period. Appropriate adjustments to TSR shall be made to take into account all stock dividends, stock splits, reverse stock splits and other similar events affecting the shares in question during the Performance Period without the issuing company's receipt of consideration.

**"S&P 500 Index Group"** means the Company and each other company included in the S&P 500 Index as of the first day of the Performance Period; provided, however: (a) in the event that a member of the S&P 500 Index Group is delisted or is merged with or acquired by another company during the Performance Period, it shall be excluded from the S&P 500 Index Group; and (b) notwithstanding (a) above, in the event that a member of the S&P 500 Index Group files for bankruptcy or liquidates due to an insolvency, such company shall continue to be treated as a member of the S&P 500 Index Group member and shall be placed at the bottom of the S&P 500 Index Group for purposes of determining the TSR Percentile.

**"TSR Percentile"** means the percentile rank of the Company's TSR relative to the TSR of the other companies comprising the S&P 500 Index Group during the Performance Period. The TSR Percentile will be determined by ranking the TSR of the Company and each of the other companies comprising the S&P 500 Index Group from highest to lowest, with the company having the highest TSR being assigned a rank of 1.

### **Compensation Certification**

The Compensation Committee shall certify in writing the extent to which the Performance Goals have been achieved, and the number of PSUs eligible for vesting based on the Performance Goals on the applicable Certification Date, which shall be as soon as practicable following the end of the applicable Performance Period, and in no event later than 90 days after the end of the applicable Performance Period. Except in the event of the vesting of the PSUs upon a Termination of Service as provided in Section 2.4(b)(i) of the Agreement, no shares of Common Stock shall be delivered in respect of the PSUs prior to such written certification by the Compensation Committee.

### **Forfeiture of PSUs**

Any unvested PSUs which have are not eligible for vesting based on the Performance Goals (to the extent applicable) shall be automatically forfeited, terminated and cancelled effective as of the applicable Certification Date without the payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights with respect to such PSUs under the Agreement.

**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael J. Farrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ResMed Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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.

January 24, 2024

/s/ MICHAEL J. FARRELL

Michael J. Farrell

Chief Executive Officer

(Principal Executive Officer)

**Certification of Chief Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brett A. Sandercock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ResMed Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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.

January 24, 2024

/s/ BRETT A. SANDERCOCK

Brett A. Sandercock

Chief Financial Officer

(Principal Financial Officer)

The following certifications are being furnished solely to accompany the Quarterly Report pursuant to 18 U.S.C. Section 1350 and in accordance with SEC Release No. 33-8238. These certifications shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be incorporated by reference in any filing made by ResMed Inc. under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
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. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael J. Farrell, Chief Executive Officer of ResMed Inc., a Delaware corporation (the "Company"), hereby certify that to my knowledge:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 24, 2024

/s/ MICHAEL J. FARRELL

Michael J. Farrell

Chief Executive Officer

(Principal Executive Officer)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Brett A. Sandercock, Chief Financial Officer of the Company, hereby certify that to my knowledge:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 24, 2024

/s/ BRETT A. SANDERCOCK

Brett A. Sandercock

Chief Financial Officer

(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to ResMed Inc. and will be retained by ResMed Inc. and furnished to the Securities and Exchange Commission or its staff upon request.