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EDITED TRANSCRIPT

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Please welcome SVP, Chief Investor Relations Officer, Amy Wakeham.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

This is amazing. So glad to have you guys here. Good afternoon to everyone in the room. Good morning, good evening to those of us joining us online. We're so excited to have you here. I'm thrilled to welcome you to ResMed's 2024 Investor Day.

This is our first Investor Day in three years, but I think it's been several more than that since we last saw a group of you in person like this. We've got a packed schedule for you, and I know you all want to get to the heart of today's session hearing from our leaders. But before I turn it over to Mick, let's quickly review today's schedule and go over a few legal and logistical details.

First, the webcast is being recorded, and we'll post a replay online, along with the slides on the Investor Relations portion of our website. I have got to do the standard forward-looking statements. Just a reminder, everything we say today is subject to risks and uncertainties.

The associated presentations may include forward-looking statements. The actual results could differ, and we do encourage you to review our SEC filings for a full list of the risk factors that could impact our actual results.

All right let's get to the agenda. Like I said, we've got a full schedule for you. We will try to break things up. We've got a break about halfway through. What I'm really excited is that you're going to get a chance to hear from leaders that you don't get to often hear from.

You often hear from Mick, you get to talk to Brett, many of you get to talk to me probably more than you like. But you're going to hear from a whole suite of others, and they all look forward to sharing with you our 2030 strategy that we've just launched today, starting with the kickoff of our new AirFit - I'm sorry, AirTouch N30i mask, which I saw many of you trying on earlier, which is fantastic.

For those of you joining the online webcast, I know you might not be able to stay tuned in for the entire day. We've got a number of different things happening, but I wanted to point out two Q&A sessions for you. If you do have to hop in and out, the first one at approximately 2:20 PM. Eastern, followed by a short break. And then the Q&A session will be about 3:45. And we intend to wrap up today by about 4:45, and you're all invited to join us back for the showcase and for cocktails and a brief reception.

So before I kick things off and welcome Mick to the stage, I'd like to share a video with all of you that provides just a brief glimpse and a teaser into what you're going to learn more about during today's event.

So with that, thank you again for being here, and let's roll the video.

Please welcome Chairman and CEO, Mick Farrell.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Well, good afternoon, everybody. Thank you for coming here to the New York Stock Exchange to celebrate our 35th birthday as a company, 25 years on the big board. I don't know if you know, but we first IPO-ed on NASDAQ in 1995 and then went to New York Stock Exchange in 1999. And the idea was to lower the volatility, that didn't work. But we've had 25 great years, 100 amazing quarters. And you hear from -- as Amy said, you hear from me and you hear from Brett Sandercock every quarter. But about every 2 or 3, maybe long years during COVID, we do an Investor Day. So we're very happy to be here in New York for our Investor Day, and thank you for joining us here live, and thank you for those who are watching on the live stream as well.

So there are three takeaways that hopefully you are able to get from Brett and me and the whole amazing team of ResMedians, you'll hear from. Number one, that ResMed has a clear market-leading value proposition with strong growth drivers and an incredible market opportunity. You saw that in the numbers of patients that are in our disease states, but that's point one, clear, incredible market opportunity.

Point two. ResMed has probably the most sustainable competitive advantage in the field of respiratory medical, sleep health, breathing health, med tech. We have a digital health ecosystem that is unmatched. We have strong, deep and talented management team that you'll get to see today in the breakouts to Q&A, and you heard from our -- many of our commercial team on the brand-new AirFit N30i -- AirTouch N30i, which has brand-new fabric type capabilities, but number two, sustainable competitive advantage.

Number three, an exciting 2030 strategy. five years of growth ahead of us. I talked about the 100 quarters behind, what about the 20 in front. We have an innovation machine. We've hardware, we have software, we have solutions. We're bringing business development to pathways, not just products. We think products. You're going to hear from our Chief Product Officer, products, hardware, software, business solutions and pathways. And that's the way ResMed thinks about it.

And another one is, we're the students of Clayton Christensen, we changed the basis of competition in our industry. And we've done it 2 or 3 times during our history, most recently in 2014. We're doing it again, and you're going to hear about that.

So yes, past predictors are not always predictors of future performance like all the disclosure that you saw from Amy earlier. However, I think it is important to look back at 35 years of growth, 25 years of growth here on NYSE. And this on the screen right now, the last 5 years, the last 20 quarters of success, a 12% compounded annual growth rate on the topline, plus 400 basis points from that to operating income and EPS, and then plus 1100 basis points from that to free cash flow. So pretty strong performance from the team.

We don't just sit back and accept market growth. I think at our last Investor Day, it was online where we're in San Diego, overall sort of clustered around. We talked about mid-to high single-digit growth, and we clearly beat that. You're going to hear some guidance from Brett, some long-term guidance from Brett around revenue and where we get with our profitability. I hope that you understand that ResMed does not accept market growth.

We talked a lot about mid-single-digit growth in the devices, high single-digit growth in the masks, high single-digit growth in our software businesses. That's if you don't have a team like you're going to hear from today. If you have a team like you're going to hear from today, we drive market growth. We drive 50, 75, 100, 125 bps or more above what the market would be if we weren't there. And we're going to show you how we do that with demand generation, demand capture. How are we going to leverage, frankly, what is once in a lifetime, I think, opportunity with pharmaceuticals and consumer tech, investing in sleep health and breathing health like never before.

So what's our vision? We envision a world where every person can achieve their full potential through better sleep and better breathing, with health care delivered right where they live, preferably in their own home.

So worldwide, there are billions of people with sleep apnea. As you saw in the video, there's a whole lot more with insomnia 800-plus million, 480 million with COPD, but then there's all other types of neuromuscular diseases that lead to respiratory insufficiency and you add it together, it's 2.3 billion people, one in four people on the planet. So we're not just envisioning this better world. We're going to create it.

So this word might not be often shown on the New York Stock Exchange. The last one on the slide here. But when I wear the ResMed brand, I go through TSA or I'm at an airport, I run into somebody and I have the ResMed brand on, I don't know, CEOs rarely get hugs. I get random hugs from people.

The guy who's running the camera on the New York Stock Exchange who did the NYC TV and after the bell, Oh, I'm the user of your product, literally the dude that just walk me over here, I'm a user of your product, I love your product. And we've never embraced that, but now we are, and we're saying we create life-changing health care technologies, which is true that people love. And we're trying to bring emotion to the brand. ResMed's innovation is personal. People fall in love with our products.

Patient 1, I don't know if you've heard this story, but ResMed exists because Peter Farrell walked into Colin Sullivan's lab, while he's working at Baxter and met patient one, which was Eddie Merck. His name was Eddie Merck, and he had this huge contraption, Rube Goldberg type device, really noisy machine like run a swimming pool pump off it. And he said, "Why do you keep using this?" And he said, "Because it saved my job, it saved my marriage and it saved my life."

And I was just talking to Professor Pelayo. You're going to hear from a Stanford Professor later today. And he was telling me, after calling us the Apple of the sleep apnea business, which I thought was nice. He was saying that, divorce rates amongst snorers are statistically significantly above than those others. And female snores have even higher level of divorce rate and people joke about their sleep divorce, separate bedrooms, sleep apnea [treatment] will literally bring love back to many. But Eddie Merck is the reason for that. We're going to be using the word love here.

So beyond the emotions, what's our strategy for acceleration of market growth? How do we get that demand generation or demand capture from big tech and big pharma, and how are we going to convert it into patients coming through our funnel.

So we're going to combine demand generation, demand capture, but particularly demand conversion. I think when you look at technologies to expand the pathway and to try to capture all these patients who, from their watch or wearable or from a new pharmaceutical med they're showing up to a primary care physician, you're going to need more and more technologies and tools to do that. We're also going to have to partner with, not just folks at -- key opinion leaders from Stanford, we're going to have to partner with the whole world of sleep medicine to expand screening pathways with home sleep apnea test so you can wear on your finger, that are sensitive and specific. We need diagnostic tools that are easier to use for patients. And we need frankly, scalable setups that we can scale much faster than we have in the years gone by. So it's that whole pathway.

I talked a little bit about our past, present and future. I don't want to take too much of the time here, I want to hand off to the team. But yes, 1989, ResMed was founded on core of innovation. When dad started this up, we were going to be the world's leader in taking care of sleep health. But really, for the first decade, we were known as the world's best CPAP mask company. We have the bubble mask and then the whole Mirage range of masks, but we are in that hole that we were just the CPAP mask company. There was this other company from Pittsburgh that did the devices. And we did the masks.

And then around 2005, we changed the game and said, You know what, we're going to make small, comfortable lifestyle-oriented devices. So the S8 and the S9 changed the basis of competition to say, this isn't a medical device anymore, this is fitting in your bedroom like a Pottery Barn set that they're now designing CPAP capable bedroom sets. We were thinking of that in 2005, '06, '07, '08, '09, and we launched the S8 and S9. And we changed the basis of competition. And then we were the world leader in CPAP masks and flow generators.

Then in 2014, yes, we were making the smallest, the quietest, the most comfortable devices. We changed the game again and we said, We're going to do the Internet of Medical Things. We're going to have 100% connectivity into every single device that we sell. And Brett, my amazing CFO, you'll hear from later, said, Mick, you know we make $1 million a year. You know the COGS of that. It's a guaranteed WACC to the bottom line, how are we going to get the value? And we had created 7 different pathways of how we're going to extract value. We actually had many more and different ones than we thought of. But that reverse Amazon play, if you like, Amazon software company took hardware, the Kindle to unlock books and digital books and then logistics, we were a hardware company, the world's leader in CPAP masks and CPAP devices that said 100% connectivity to become the world's leading digital health player.

And so as we look today and what's the new basis of competition. Everyone in this room has studied it. AI and ML have been around since the '50s, ML for sure. We've been applying ML -- basic ML in our systems for a while. But generative AI with the new programming is language English, even with an Australian accent, Siri can understand me. Dawn, which is our generative AI actually started in Australia, New Zealand and it's now just launched into the US. The new basis of competition, ResMed is not going to be the world's best at AI, right? That's going to be Amazon and Microsoft and Google. But we are going to be the world's best at applying generative AI to the world's biggest data lake, I actually call it a data well of sleep health and breathing health information on the planet.

So you've seen all these numbers before for me. I won't go through them all, but what you probably aren't as aware of is some of the overlaps here. The overlap between a person who suffocates every night with sleep apnea and who also has a psychological reason that they cannot sleep, insomnia, period. That is called COMISA, the term was coined by a professor in the University of Adelaide, but comorbid, insomnia and OSA. It's incredibly difficult to treat insomnia. If you suffocate as well, it becomes a double wheeled problem. We don't know how many of our patients are not adherent to CPAP because they have insomnia. And we don't know how many insomnia patients with OSA aren't being treated. But that overlap is significant. And ResMed is investing in digital health on both sides of that.

The other overlap there is what's called overlap syndrome, which is chronic obstructive pulmonary disease and sleep apnea. So you actually have difficulty breathing because of the geometry for upper airway. But then in addition to that, you have lung disease. These are some of the most difficult patients to treat, and ResMed has the technologies, the bilevels, the ventilators, but also the digital health technology that can help physicians take care of these patients.

So who is ResMed. Well, look, ResMed is absolutely the clear number one leader in 140 countries for providing sleep apnea care. We make the smallest, the quietest, the most comfortable, but now also the most connected medical devices on the planet. And I would actually go as far as to say we make the most intelligent therapies they're available, not just because of the smarts within that new AirSense 11, AirCurve 11, but the smarts

that are in the cloud, the smarts that are on the phone of 8.3 million people with a myAir app, looking at their Fitbit for sleep as they track their numbers every day.

And yes, we just launched that it can now go into your Apple Watch, so the data can get there, be part of your Apple Health ecosystem. We did APIs into Samsung's system as well. Samsung actually led on this. They got FDA de novo clearance for their new Galaxy Watch in the field of sleep apnea. ResMed is the clear leader in sleep apnea.

But the best hardware and the best software alone won't get you there, you do need the best pathways. And so what I hope you'll get out of today is hearing from our Chief Product Officer, our Chief Marketing Officer, our Chief Revenue Officer about how they're thinking commercially about breaking down the barriers and finding ways for patients to more seamlessly, efficiently and in a consumer-friendly manner, get from suffocating to treat it for life. And that's what ResMed does. We don't cure. We treat for life. We put 7% of our revenues into R&D, right? So we've got $5 billion in revenue. So $350 million, and that's growing, right? It's growing and Brett will tell you how fast it's growing on the revenue line for the next 5 years. You know we're going to grow our R&D budget as well and continue to lead the world.

So I talked about this, the world's biggest data lake or data well. It's the deepest and most profound location of medical data on the planet. 19 billion nights of breathing and sleeping, de-identified unlocked value. What have we done with that? We've lowered costs. We lowered the cost of setting a patient up on positive airway pressure by 50% through the digital pathways. We've increased adherence, up to north of 87% from patients who are using myAir app on top of the doctor using AirView and the full connectivity.

What real-world data is going to come forward over the next five years, what are we going to do with the exponential technology that is generative AI and how are we going to take it to the next level? Because all that, that we've done has been with basic tech. As we go to this next phase, I think adherence rates are going to go up, I think outcomes are going to be there. I think what we're going to do is see a combination, consumers will drive it.

They'll combine their sleep health data with their cardiovascular health data, their diabetes health data, and they'll be doing it themselves. But hopefully, if we can work well with the health systems, we can actually help the whole person health and find pathways to empower patients with their own information, but also empower their physicians for treatment of the whole person, not just your lungs or your heart or other parts of your body.

So yes, this image and you'll hear more about this from Hemanth as he drills down and Bobby, as he talks about our residential care software business. But we see the person in the center. This is patient-centric. To be a patient, you have to be diagnosed by a physician and go through the system. I see this person-centric because there's 2.3 billion people that need our help. But the ecosystem that combines Brightree and Somnoware and AirView. So software for HMEs, software for sleep physicians, software to run a whole payer provider systems. And then you look at myAir, where you say, actually, does a doctor have to treat everything or should a patient be empowered with their own information. So 8.3 million people downloaded myAir and they get those data every day.

Dawn, the digital health concierge, now who knows where she is going to take the world because the ability to then have a 24/7 doctor, you can ask any question to, I'm not embarrassed to ask tech, right? A question I may not bring to my doctor, and how many people get access to care that can't afford to go to see that doctor. That's an interesting part. And then obviously, you know what we've done with the cloud connected devices and a wearable home sleep apnea test like NightOwl. I think that the combination of this is going to -- as we add more and more AI is going to increase the rate of innovation in our field like never before.

The time had jumped up to 14 minutes, so I don't know if I've got 14 minutes left, but I'm just going to continue at the pace that I was going because I was going fast.

Okay. Look, there's a lot of megatrends out there. I think the three megatrends that hopefully you hear from us on today are these three and we'll go through them and we'll talk about how we see them, and how we're going to embrace them. Number one, I was just talking about it there with myAir, consumers are focused on their health. They don't consider their doctor's job to take care of them anymore. It's their health. And I think that

sort of tracking, improving, digitize self, quantified self. I'm going to go and check what I want to do with my body is a trend that has been sort of growing for the last 5 to 7 years, but it's now really accelerating.

Number two, megatrend, is the tech industry and what they've done. I mentioned Samsung. I mentioned Apple, but we all know GenAI is going to revolutionize health care. We all know it's going to revolutionize every industry. But health care is probably the least efficient industry in the planet. And I've worked in a couple, right? I mean in chemicals and steel, and biotech, we were down to this, like, six Sigma plus, plus, plus. In health care, it's not that way. People go to this doctor. I think they are still using faxes for half of our outside hospital care software. I mean it's nuts what's happening. What we can bring with that global trend of consumers embracing is incredible. But the tech industry and what we can bring by us applying these tools faster than ever before and capturing the wave of patients from their wearables, I think, is the second big megatrend.

And the third is obviously the pharmaceutical industry. We have a brand new class of medicines that are going to be like high blood pressure meds. They're going to be like high cholesterol meds. These GLP-1 class of medicines are going to bring a whole new group of patients into the funnel that we've never seen before. And I'll drill down a little bit on the data that we're seeing from the first 811,000 subjects that we're tracking through GLP-1 prescriptions, but I think that megatrend is one worth noting as well. So let's do a little bit of a double-click on pharma and consumer tech and then I'll hand off to Hemanth.

So this slide you've seen what maybe different about it is the 10.7% higher GLP-1 patients coming in. I was asked by someone, can you slice and dice this BMI, by AHI, by age group, by gender. And yes, we're working on all that. I was with two physicians at the table over lunch talking about let's get that peer-reviewed published. Let's have it evidence down to the nth level of detail. I'm just a simple engineer. I look at something comes in, something happens in the box and something comes out. This new class of medicine is bringing people into the primary care physician community like never before.

And it's bringing people that wouldn't go in there, they were embarrassed or didn't want to. It has what I would call a Botox effect that there is an actual improvement in physical appearance that is drawing people in, but also this idea of this dream medicine. I love it. I think it's early days to see what levels of penetration it truly gets to. But right now, we're seeing 10.7% higher start rates for people who are on GLP-1 med to start their CPAP. We're seeing 3.1% higher resupply rates at 12 months and 5.3% higher resupply rates at 2 years. We're going to keep updating it. We'll keep analyzing it. And yes, we will peer-review and publish by every slice and dice you like, but these numbers are not going away. And every time we update them, they get bigger.

So the other double-click quickly, I talked about Samsung. FDA de novo clearance. That's a lot of work. It's like 8, 10 months' work, and Samsung didn't have to do it. I think they wanted to be ahead of Apple, but I love that they did it because others could now 510(k) off that de novo. But the fact that a pulse oximeter on a wearable in just three nights can be agreed by the FDA, to get FDA de novo clearance for moderate to severe sleep apnea detection. I think is a landmark for consumer tech investing in sleep health and recognizing this is a major problem.

Apple are using actigraphy, so they couldn't use the pulse ox for reasons I won't go into. But they are doing a 20-day actigraphy assessment to detect for sleep apnea. So it's actually almost like two technical experiments going out there. And tens of millions of people, maybe hundreds of millions globally, are going to find out, I have possible sleep apnea. And what are they going to do about it? So you're going to hear today on what ResMed wants to do about it. I actually think this could be the biggest demand gen operating opportunity in a generation for us.

Okay. Now they move the clock to 0. So I'm going to speed up. ResMed has the world's leading franchise, and it's a sustainable franchise in sleep apnea. We have the right to win in adjacencies. We have the right to win in insomnia because we interact with every sleep physician in the planet. And we bought a technology through mementor called somnio that has CBT-i, that can scale. We're going to test it in Germany. But if that works, we can scale globally and we'll be watching for more technology. So I think there's a lot more to come in the field of insomnia, you think about light, temperature, environment in the bedroom. And in the field of respiratory insufficiency, COPD, ResMed is already a clear leader. I think we can take it further with high-flow therapies and beyond.

In terms of health technology at home, we're the only strategic investor that's involved with Brightree and MEDIFOX at a global scale, looking at how to take care of people, not like Cerner and Epic with just digital health in the hospital, sick care system. We take care of people where we think health care should happen, which is in the home.

So look, at the end of last year, we put in a new operating model, which you're going to see the people that were promoted in ResMed and the people we hired into the company to do this. But our operating model is about being product-led, customer-centric and brand enhanced. What does that mean for investors, for stakeholders? That means you're going to see increased product velocity. You're going to see increased profitable growth and you're going to see increased brand awareness, an emotional brand, a loving brand, but also a brand that has a clear ROI. Every single experiment is going to have to show that we increase brand awareness, but also that person or a patient or physician or provider who's aware makes that moment of truth decision to prescribe ResMed, to buy ResMed, to engage with our smallest, quietest, most comfortable, most connected and most intelligent product.

So I will not introduce all 15 of my team. You're going to meet many of them here today. They're going to get up and talk. I would just say this, it's an incredible handpicked leadership team. They are the best in the med tech industry. They're certainly the best in the world for sleep health, breathing health and health technology at home.

But it's not just them. We have a team of 10,000 ResMedians selling in 140 countries worldwide. We have the best culture in the planet of engaging with people in the field of sleep health and breathing health. And I hope you feel that throughout your day to day.

So I'll leave you with the three messages I started with. ResMed has an incredible market opportunity. We have extraordinary track record. And I know with this team, with these products, with this technology, we'll be able to do so ahead. And the 2030 strategy, you're going to dig into details with Hemanth right next, our Chief Strategy Officer, but you're going to hear from everyone throughout the day. I hope you agree with me that ResMed is the innovation machine. ResMed is the innovative leader and is going to help 1 in 4 people on the planet to sleep better, breathe better and live a better life in their home.

So with that, thank you.

Operator

Please welcome Chief Strategy Officer, Hemanth Reddy.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

Hello, everyone. Welcome. Thank you so much for joining us today. On behalf of the entire ResMed team, we are incredibly excited to introduce our 2030 strategy to all of you today. The key takeaways from our 2030 strategy are: first, that it is a patient-centric, innovation-driven strategy that builds on ResMed's long track record of market-shaping innovation. It's a strategy that focuses us on large, growing and underpenetrated markets with 2.3 billion people having unmet sleep health and breathing health needs. Third, it's a strategy that changes the basis of competition yet again. We've done this many times in our history. We're going to do it once again, building on our market leadership, our strengths, our distinctive capabilities, in particular, our data assets and harnessing the latest advances in AI.

Fourth, we have an increased focus on accelerating market growth through an expanded set of drivers, and you'll hear more about that. And finally, we are poised for strong growth and sustained operating leverage through disciplined and focused execution.

This slide introduces our 2030 strategy. And I get there's a lot on it, so we'll sort of take it piece by piece. But it's a summary of our 2030 strategy. It sort of captures the key underpinning choices represent our 2030 strategy. And it really is the synthesis of a tremendous amount of work by so many ResMedians across our company, some of whom are actually in the room today. It represents our best thinking, our best insights as we look to develop not only a winning strategy, but an executable strategy, and most importantly, a strategy that we're all incredibly passionate about.

In fact, we've started rolling out the strategy across our company over the last several weeks and it's been incredibly well received. Our ResMedians across the company are incredibly energized by its vision and are so motivated to get going with the execution of the strategy that we are getting going.

Let's take a closer look at some of the key choices that are underpinning our strategy, starting with our vision. Our vision highlights our focus on the individual, the person centricity and the incredible restorative energizing and rejuvenating power of better sleep, better breathing and care at the home. Our mission highlights the impact we seek to have with the words life-changing. It highlights our innovation focus with the words health technologies, and it highlights the relationship that we want people to have with our products with the word love. You heard about this earlier, but we really do want to create products that people look forward to using because they're simple, easy, delightful to use and make such a profound impact to individuals on a daily basis in terms of improved health and well-being.

Our focus areas are sleep health, breathing health and health technologies at home. The core focus of our strategy remains sleep apnea. And within sleep health, we're going to continue to focus on sleep apnea, but also explore and expand into sleep health adjacencies such as insomnia and COMISA where we can establish a strong and clear right to win while also generating strong returns. In breathing health, we will continue our focus on home-based ventilation, leveraging the tremendous scale that we have across our devices, our digital solutions and our commercial capabilities with sleep health. And health technologies at home represents an umbrella term that captures our devices, our masks and our software solutions for individual consumers as well as our providers, including our residential care software portfolio.

And within this portfolio, we're going to continue to focus on driving very strong financial performance, strong top line growth and continued strong operating leverage, but also have a renewed focus on unlocking the full synergy potential we have across the software portfolio in our sleep health and breathing health franchises.

You'll hear a lot more about our plans in these areas from Justin, our Chief Product Officer and from Bobby Ghoshal, our Chief Commercial Officer for the residential care software segment.

Turning to the core of our strategy. The core of our strategy is really premised on two key concepts. One is products that people love and two is seamless personalized pathways. There's a lot more to unpack here, and we'll get to it in a few more slides. And in addition, we'll also cover how we're looking to accelerate market growth through an expanded set of drivers.

Turning to our core capabilities that underpin our strategy. We really have distilled it down to three key capabilities, our talent, our technology capabilities and our trusted brand. These are long-standing strengths of ResMed. And through our 2030 strategy, we're going to continue to build on these strengths and extend them even further.

When it comes to our talent, we're going to empower our talent through our new operating model to drive much faster and more focused execution against a tremendous amount of innovation opportunity that we have. As it relates to technology, we're going to continue to drive AI adoption responsibly, of course, across all of what we do, across our innovations in terms of our health technology solutions, but also internally across our enterprise to unlock productivity gains.

And turning to building trust. We're going to continue to drive our -- the trust across our brand through leadership across clinical science, privacy, security, information security, quality, regulatory compliance and sustainability.

Turning to our goals and what we're looking to accomplish with this strategy. Our financial goals are to deliver top-tier revenue growth, profitability and financial returns. And our impact goal really captures the important and exciting journey we're on to empower 500 million people in the year 2030.

Our strategy is grounded in our values -- our refreshed values and our refreshed behaviors. These have been guiding the choices that we've made across our strategy. And they are our cultural tenants. And so with that, hopefully, you've got a very quick overview of what the strategy about. There's a lot more I'll touch on briefly as well as the rest of our team will touch on.

But let's get to the core of the strategy. As I shared earlier, the core of our strategy is really premised on two key themes: products that people love and seamless and personalized pathways. So how do we deliver those? We have an incredible portfolio of health technology solutions that are widely adopted across one's health journey. We have market-leading therapies, market-leading consumer engagement solutions and market-leading

provider solutions, provider software solutions. Millions of consumers use our therapies and consumer engagement solutions on a daily basis to sleep better and breathe better. And hundreds of thousands of providers use our solutions on a daily basis to in turn care for millions of people.

These solutions generate a tremendous amount of data which Mick touched on earlier, which gives us really great visibility into how an individual uses our products, but also how they navigate their journey, their health care journey. And what we're going to do through our 2030 strategy is a few key things. We're, of course, going to continue to build out and drive the adoption of our health care solutions, and we're going to continue to build our unmatched data assets, but we're really looking to drive three key shifts as a way to change the basis of competition.

The first is, we're going to drive much greater intelligence across our solutions through the use of AI. We're going to drive intelligent therapies, so people can get much more personalized algorithms and personalized treatments. We're going to drive intelligence across our consumer engagement solutions. So folks get much more personalized coaching, nurturing, guidance and motivation through their health journey. And we're going to drive much more intelligent provider solutions. So that people ultimately get much more personalized care. But our intelligence solutions also drive a greater level of workflow efficiency and automation for providers, and will also drive a much higher level of clinical decision support with a particular focus on risk identification for sleep apnea and other steep and breathing conditions.

In doing so, we're going to drive much more intelligent and personalized solutions. Second, we're going to connect our solutions much more deeply as one single integrated health technology ecosystem across an individual's patient journey. In doing so, we're going to drive much more personalized and digital-enabled pathways. So driving pathway innovation to help many more people more seamlessly and effectively get through the journey of diagnosis and ultimately, treatment setup and treatment success.

And the third thing we're going to do is we're going to embed a deep consumer design philosophy across all of our solutions, inspired by the best consumer brands and the best consumer health tech brands to truly make our products simple, easy-to-use and lovable. You got an early sneak preview of some of those in our product showcase, where we're just getting started on that journey.

Collectively, across these three shifts, we're going to make our products much more intelligent and lovable, and we're going to drive much more seamless and personalized pathways. And in doing so, shift the basis of competition. So what could that look like in practice? You saw some snippets from the intro video that we just played. But imagine an individual waking up one morning with possible sleep apnea risk of their watch. They engage with our intelligent consumer engagement solution, a solution like Dawn, to learn more about sleep apnea. What it means to have sleep apnea be untreated. What are the risks of that? What are the potential ways to treat sleep apnea? How might they go about getting diagnosed or treated for sleep apnea?

They in turn get connected with a physician who is using Somnoware as a way to onboard the patient digitally, manage their patient workflows, get the individual diagnosed through a home steep apnea test like NightOwl. And once the positive diagnosis comes back, engage with the individual, offer them the range of treatment options, agree with them that PAP is probably the best treatment option for them. And then e-prescribe their prescription to an HME via Brightree, also integrated with Somnoware as a way to seamlessly ensure that individual gets PAP therapy starts using their PAP therapy and has success with their PAP therapy. So that's the provider side of this. From a consumer side of this, our digital consumer engagement will continue to nurture them to diagnosis from diagnosis with treatment setup by orienting them to PAP therapy, helping them get acclimated to PAP therapy and once it's our PAP therapy, ensure ongoing success with PAP therapy.

In addition, we're going to reinforce the motivation through integrations with the likes of Apple HealthKit, so they can see their myAir scoring HealthKit and equally see the healthcare data in myAir. And in that drive greater reinforcement as it relates to how they're sleeping, their physical activity and other key metrics. And so that's just one example, a very high-level example of how this could come to life in terms of driving more seamless and personalized pathways.

Ultimately, what we're looking to do is to engage many more people earlier in their health journey, guide them in a more personalized and scalable manner through technology to a seamless pathway to get diagnosed, treated and be successful in treatment, and in doing so, grow the market.

In addition to our product and solution innovation and pathway innovation, we are also going to accelerate market growth through a few key drivers. The first is branded omnichannel engagement with consumers and prescribers. We're going to engage with consumers to really make

them much more aware about sleep apnea and sleep apnea's risks, motivate them, nurture them, guide them through the pathway to our marketing engagement.

Second is we're getting target prescribers, to make them more proactively screened for sleep apnea and help them ensure that individuals are getting the right treatment for them. The next key driver here is, in addition to ongoing efforts to continue to grow our core geographic markets, we're going to put more of a focus on accelerating growth in our fastest-growing high potential markets, markets like China, where we see tremendous opportunity to drive long-term growth.

The third is we're going to pursue strategic partnerships with consumer tech companies, with med tech companies and with other health tech companies as a way to more proactively identify folks who may be at risk of sleep apnea and engage them on their journey to better sleep and better health. We're also going to pursue M&A in a very disciplined fashion with a specific focus on tuck-in M&A to further expand our portfolio of offerings.

And finally, we've had some really important and exciting successes with respect to new channels and business models in markets like Australia, China and India. And we're going to take learnings from those markets and apply them to our major geographic markets around the world in a way that's appropriate for those contexts. And in doing so across these integrated sets of drivers really reach out to many more people, expand our markets, grow our markets and allow us to engage with individuals where they are, to best serve them.

We're going to do all of this while driving operating leverage as well. And that's a core, core concept in our strategy. And the way we're going to do that is through very focused and deliberate resource allocation.

This slide is representative of a framework we're using internally as a way to guide our strategy execution and our resource allocation. What we do each year, and this is really a feature of our new operating model. So what we do each year is engage with our leaders across the company to identify what are our highest priorities. What are the few key things we absolutely have to succeed with to achieve our 2030 aspirations. We call these our strategic imperatives. And what you see in this slide at the very top is 6 white boxes that represent our strategic imperatives for our fiscal year '25.

We complement that with what we call our key initiatives, our product road map initiatives and our capability initiatives. And collectively, these things represent our growth investments. And we put a very strong discipline across these from a governance perspective, with clear teams, leadership accountabilities, clear outcomes, well-defined metrics to define these outcomes, milestones along the way so we can pivot resourcing as needed, and apply the right governance model across these to drive their execution in a very deliberate manner.

As importantly, we've got this red bar at the bottom, which represents our run-the-business activities. This, in fact, is the vast majority of what we do as a company, which is run our business day in and day out. And our colleagues who are sort of responsible for this activity really are tasked with two key things. One is to ensure that we keep running our enterprise in a world-class fashion, while also continue to drive efficiencies through scale and through productivity gains, so we can free up funding to invest our growth investments while also driving strong operating leverage. And in doing so, we drive strong growth while also driving strong operating leverage.

And so hopefully, that gives you a very quick overview of our strategy. Some of the key aspects of our strategy that set us apart, and how we're going to drive strong growth and operating leverage. And just to recap, this strategy is an incredibly exciting strategy. It's patient-centric, it's innovation-driven. It focuses us on large, growing and underpenetrated markets. It's a strategy that changes the basis of competition yet again, leveraging the distinct assets capabilities and strengths that ResMed has. It's a strategy that's focused on accelerating market growth and it's a strategy that's ultimately going to drive not only strong revenue growth but also a consistent operating leverage. Thank you.

Operator

Please welcome Chief Product Officer, Justin Leong.

Justin Leong - *ResMed Inc - Chief Product Officer*

Thank you, Hemanth. Good afternoon, everyone. I'm thrilled to be here with all of you today to share more about how we bring to life our 2030 strategy with products that people love. I'm going to start with three things I'd love you guys to remember.

First, we are laser-focused on growing the market and growing the market faster as well as creating new sources of competitive advantage with our product strategy. Our addressable market, as you heard from Mick is still highly underpenetrated.

Second, we have a balanced portfolio of investments that will strengthen our core sleep apnea business in the short term whilst also enabling us to enter attractive adjacencies in the long term. And I'll detail how this product road map is structured to deliver strong returns over a multiyear time frame.

And third, we have spent the last year benchmarking the best technology companies in the world, the Amazon, the Apple, the Atlassians because we wanted to understand how they do product management. And we have accordingly built a team, a future-focused team that is delivering intelligent, lovable products, most importantly, at high velocity.

I'm going to pay a short video that's going to give you a sense of our teams innovative and entrepreneurial spirit.

(video playing)

So I hope you enjoyed that. We had fun making that video.

So on this slide, I want to talk about how we're going to drive growth and value creation. Through our product-led approach, we're going to transform ResMed from being the leading sleep apnea company to the leading sleep health and breathing health company in the world. The strategy starts with our core business our sleep apnea core. And our number one priority is to grow that business and grow it faster because we have significant runway ahead. There are one billion people in the world with sleep apnea. And today, we only serve a fraction, around 5% of the one billion. We believe we can accelerate our penetration of this market globally by delivering on our new product road map.

Our second priority is to take the assets and capabilities of that sleep apnea core business, that great franchise we have and grow new businesses in the broader sleep health and breathing health markets. And this is an area where we think ResMed can be the clear winner where they isn't one today. Our world-class team and significant data assets guided by our product-led mindset will help us solve consumers' most important problems, driving significant growth and value creation.

So that opportunity starts with the strong foundation we have today, the strong leadership position we have today. We are the clear leader in devices and masks globally for sleep apnea and COPD. And you can see on our left, our AirSense 11 and our AirCurve 11 devices, which have a clear market leadership today. And we've also been known always for our incredible masks. Mick referred to that in the beginning. Our heritage of amazing masks. And in the middle, you'll see our new mask, our AirFit F40, which is a great example of our continued innovation from our R&D team. It is the most compact full-face mask in the market. And the first mask you see here with a fully flexible cushion that molds to your face in any sleeping position. And it's really great for people who sleep on their side. And it's actually the mask I use every night and I love it. And I was in Chicago about 10 days ago on customer visits. And we heard amazing feedback from DME companies, from physicians and patients. And this mask is doing really well in the market today.

Now on the right-hand side, you see some of our digital tools, which have seen record adoption in the market. We have myAir, which consumers use and AirView for providers. Our current portfolio of market-leading products generates high levels of recurring revenue, scale economies in manufacturing, strong margins, cash flow and valuable data that we can then use to create our AI products.

So today, we have the smallest, quietest, most comfortable products in the industry. And as you heard, over the last 10 years, we changed the basis of competition and we've built on this product advantage by connecting our devices to the cloud and by developing these software tools like AirView and myAir. And our connected ecosystem has unlocked tremendous efficiencies and higher revenues for providers through labor savings and improved patient compliance. And this has made ResMed, the preferred ecosystem for physicians and DME companies resulting in significant

brand preference. It's also enabled us to collect all that data on the right-hand side, including the 19 billion nights of data -- sleep data, which in itself is a major source of competitive advantage.

So you're probably wondering, what's next. On this slide, you'll see our new product strategy. And we're going to change the basis of competition again. First, we are going to redefine PAP therapy with more personalized, intelligent, lovable products designed in a consumer-centric manner to appeal to a broad audience globally.

Second, we are simplifying care management with an ecosystem of intelligent software solutions that makes it easier for providers to diagnose and help people get set up and stay on our therapies.

Third, we are transforming the experience, the experience for our consumers and patients with a more consumer-centric omnichannel go-to-market approach.

And fourth, we are expanding beyond PAP into new frontiers in sleep health, breathing health and broader health adjacencies.

So let's talk about the first point. As we redefine PAP therapy, we're going to drive a shift from population management to personalized precision medicine. Artificial intelligence will make our therapies, therapy algorithms, more effective and more comfortable for patients. And these efforts, we think, will redefine gold-standard PAP therapy, lifting adherence and widening the gap between our devices and competitive devices.

Now, many of you have had the opportunity to check out our product showcase on the left -- on my left and right. And we're incredibly excited. I think you've seen our new mask, the AirTouch N30i, which we just launched today. This mask was actually 15 years in the making. And it demonstrates our shift to consumer-centric design. We think patients will love this mask, and it's going to bring more people into the CPAP ecosystem. By incorporating advanced technology into really compact visually appealing design. I think it looks pretty cool up there. We really pushed the boundaries of textile and manufacturing innovation to deliver superior performance, durability and comfort. We think this mask, our first fabric or textile mask will redefine what comfort means in the CPAP industry, and that is super important. That's going to bring more people into our ecosystem.

Now not only are we going to make our devices and masks better. We're going to continue to simplify care management for our providers. Now you can see three of our software products on the screen here, Somnoware, Brightree, and AirView. Now individually, each of these software products delivers tremendous productivity for our physicians, sleep labs and DME companies. They enable these providers to save money on labor, increase throughput of patients, get faster insurance verification, and ultimately provide better service to our patients.

Now our unique advantage is we own all three of these assets, which go across the full patient pathway. And what we're doing is, we're increasingly integrating them together. So we are making them fully interoperable, evolving them from point solutions to an ecosystem that gives provider an end-to-end view of the patient journey. And my colleague, Bobby, he's going to talk more about this in his presentation. But this is a really important piece of work that our software engineering team is already working on today.

Now beyond that, we also understand that consumers' expectations of health care are changing. The way they want to interact with the health care system, is becoming more consumer-like with the proliferation of all these products that you can use to track your health and track your well-being. So we're going to transform the experience for our consumers with a more omnichannel approach that reaches them where they are. In many of our markets outside the US, we've already made this shift. And I want to highlight three examples actually from my previous role, leading Asia and Latin America to show some of the learnings that we can take from there to other countries.

So you'll see three pictures on this slide. First, on the left, this is a picture of one of our stores in Australia, Australia or New Zealand. We actually have about 30 physical stores in these countries, selling products directly to consumers. And you can see it looks very much like the product showcase here in this room today. Now Australia and New Zealand is largely a cash pay market. And from a design perspective, these stores look, very much like the best retail stores in the world. And that's where we've taken inspiration from the best consumer and the best technology stores. Since we launched this new channel and turned on our consumer marketing engine, we actually managed to double the growth rate of our business and the entire market. And now Australia and New Zealand is one of the best-performing and most profitable markets for ResMed globally.

Now second example in the middle. That's about China, where we've also instituted an omnichannel approach. So consumers in China, if they want to treat their sleep apnea can go through the traditional hospital channel, or alternatively, they can order a home sleep test through a WeChat mobile app and purchase a device directly from a ResMed e-commerce store. So, a purely digital pathway. And in the middle here, you can see a picture, are actually our own ResMed live streamers, explaining our products online, directly streamed from our office, our ResMed office in Hangzhou, China. And this capability and team actually came to ResMed through an acquisition, a very successful acquisition we did in 2022.

Today, e-commerce is the fastest-growing channel within our China business. And since I joined ResMed, our total business in China has actually grown around 10x, making it one of the most important markets for us outside of the US.

So I'm bringing these learnings to my new role as Head of Product for ResMed globally. And we're developing more of these new omnichannel pathways and increasing investments in demand generation alongside our marketing -- Katrin's Marketing team. And we're doing this also hand-in-hand with Mike's Revenue team.

In the US, we are working alongside our existing channel partners to drive efficiencies and better outcomes for patients and providers. And we're also piloting some new models that will help create a more seamless and intuitive journey for our patients.

Now lastly, on the right-hand side, in Australia and New Zealand, we actually have teams of sleep coaches, so people that guide consumers through their journey. And we've augmented this sleep coaching capability by creating Dawn, and Mick already talked about Dawn. Dawn is our generative AI digital concierge. We've launched this in Australia and the US, and this chatbot has actually reduced contact inquiries by around 40%, providing customers with timely, actionable feedback. And Dawn's large language model was actually trained on our own internal data.

So as you can see, we've got a really clear plan to grow our core sleep apnea business. But we think there's a significant opportunity for ResMed to capitalize on the growing trend for people to all over the world to look for better overall sleep not just to treat their sleep apnea. Like obesity, sleep is seen as a lifestyle problem because it causes significant physical and mental health issues in society. For example, poor sleep is one of the major causes of depression.

So on the left-hand side, you can see, sleep economy is massive. People are spending more than $85 billion in this market, including spending on smart mattresses, supplements, snoring devices, sleeping tablets, it's really huge. And our ResMed Annual Sleep Survey conducted earlier this year reinforces that poor sleep is really a global problem. 40% of people, so 4 out of 10 people report less than three nights of good sleep, and 56% of women reported disturbed or broken sleep. Survey also told us that one-third of people are tracking their sleep with wearables like the Apple and Samsung watches, which now can also host our myAir app.

I recently met with some doctors from Stanford, including Dr. Pelayo, who is in the audience at the back here. And they're actually working with champion athletes like Olympic swimmer, Katie Ledecky, NBA teams, NFL teams and all these great athletes understand that sleep can be the difference between winning and losing at the margin. Our goal is to make ResMed, the leading brand in all sleep health.

So let me tell you a bit more about what we're going to do beyond that. So beyond sleep apnea, we think we can extend into three areas: sleep health, breathing health and overall health. And we've actually set up a dedicated incubation group within my product organization to evaluate each of these areas in a disciplined way, utilizing lean start-up methodologies. Sleep apnea and insomnia are by far the two biggest problems in sleep health. But right now, we only really address half of that equation. There are 860 million people in the world that suffer from insomnia with the main treatments being pharmaceuticals and cognitive behavioral therapy.

Now in 2022, we acquired mementor, a startup with the first reimbursed digital treatment for insomnia in Germany based on cognitive behavioral therapy. And we're currently investigating other markets to deploy this product.

Now in breathing health, we are building on our leadership in noninvasive ventilation for COPD patients to develop the high-flow therapy market. So high-flow therapy is widely used in hospitals today. But we are now generating evidence for its efficacy for use in the home. Beyond sleep and breathing health, we believe that sleep can be the window to your overall health. Your cardio respiratory health, your metabolic health and even your mental health. Beyond wearables like WHOOP or the Oura Ring, we believe there's an opportunity to develop holistic medical grade wearables.

And ResMed has the right to win in this space based on our expertise in sleep and breathing, which are obviously two of the key pillars of overall health.

Now how are we going to do all this? I'm going to provide a little bit more detail on how we've organized ourselves to execute on this product strategy. So we've transitioned away from a traditional med tech structure. We've actually organized ourselves in product teams, much like the structures of leading tech companies. We brought together our hardware and software teams to create a more seamless experience for users. And we have given our product leaders the responsibility to run the products as businesses.

So our product leaders manage full stack autonomous teams, which have clear missions based on solving specific customer problems. And the governance around this is centered around agile methodology, where work is based on sprints, program increments, and we measure progress in quarterly business reviews, QBRs. A great example of this approach was our new product, Dawn, the generative AI chatbot which was launched in less than 6 months. That's really incredible for a very innovative product like that. And this new structure has helped us attract incredible talent as well, particularly into our AI/ML team, which now is about 50 people.

So how will this translate into financial results. Our product road map is designed to deliver value for our shareholders by growing -- by accelerating revenue growth and creating margin expansion.

On the left-hand side, by increasing our product velocity will drive higher consumer adoption and enhanced penetration in the sleep apnea market and creating a more seamless pathway and increasing patient adherence will capture the demand from our new marketing initiatives led by Katrin's team. And through our expansion beyond PAP, we will develop new long-term growth engines for ResMed.

And then on the right-hand side, we'll introduce new high-margin software offerings and develop new sleep health products that will increase the lifetime value of our existing patients. And we will also continue to focus on high return on investment mask and consumables projects with the capacity to scale this up if required.

So to conclude, our product strategy will not only redefine ResMed, but it's going to revolutionize how the world breathes and sleeps. As I mentioned at the beginning of this presentation, we are laser-focused on growing the market, growing it faster as well as creating new sources of competitive advantage.

Second, we have a balanced portfolio of investments to strengthen our core sleep apnea business, whilst expanding into attractive adjacencies. And thirdly, we've structured our mission-driven product teams to deliver intelligent lovable products at high velocity.

So with that, I'll turn it over to Bobby Ghoshal to discuss the exciting work he's leading in our residential care software business. Thank you.

Operator

Please welcome Chief Commercial Officer, Residential Care Software, Bobby Ghoshal.

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Thanks, Justin. That was a very exciting vision of the future and good afternoon, everyone. I'm really happy to be here and excited to be here in slightly sunny New York. My name is Bobby Ghoshal, I'm the Chief Commercial Officer of our residential care software business. So let's discuss ahead about what our business has been doing.

So continuing with the theme that you've heard earlier, software plays a critical role in the future of ResMed. And in the software business, we have been focused on solving provider problems, using intelligent software and data solutions with an aim to improve patient experience and their health outcomes. We are equally focused on delivering business outcomes for our customers and play an important role in the overall -- lowering the overall cost of health care while slowing the progression of chronic disease amongst our patient population that our solutions serve.

As noted by my colleagues before me, there are significant pressures on our health care system, both here in the US and indeed globally. And particularly relevant to our industry, there are certain macro trends that I'd like to draw your attention to. For example, the number of seniors over the age of 65 in the year 2040 will be more than double the number it used to be in the year 2000. That's over 80 million people. And that, ladies and gentlemen, is the silver tsunami. I'll be there in a few years, and that our health care system faces.

Consequently, the demand for physicians and clinicians are increasing significantly. And as you couple that with an increased demand with the -- and the challenges of labor shortage, we know that we have a problem that we have to solve and we think that this solution lies in AI and using technology, which -- and digital health, which we think will play a very critical role in the future of health care. And we expect that there will be an acceleration of virtual care moving towards the home setting. And more of the administration and documentation tasks will really be done by automation and AI. So really those were the industry dynamics and the macro environment that we are operating under, specifically for our ResMed software business focused on residential and home care.

We are strategically positioned to take advantage of this direction, overall direction of the industry. And just as a reminder of our scale, which across the care continuum, crosses residential care, home care, we have millions of patients who are managed by providers who use our mission-critical software ranging from electronic health records, ERP, and comprehensive billing platform as well as ancillary software, data and service solutions.

And we do this both in the US market through our leading Brightree and MatrixCare brand of products, and more recently in Germany through our MEDIFOX DAN brand of products. Our platforms process over $48 billion of claims annually in the US alone, and with over 700,000 active users who log in daily to our systems to take care of patients. We believe that the TAM for our industry is now over $4 billion, including Germany, and that has grown tremendously since our last Investor Day conversation.

Before I get into some of the exciting growth drivers for our software business and our view of the future, I just wanted to take a minute to reflect on the transformation and the strength of the ResMed software business. Over the last few fiscal years, we have executed consistently to grow both our top line revenue and through the successful integration of MEDIFOX DAN acquisition. We exited Q4 of FY '24, the last fiscal with 10% fully organic top line growth, and we are projecting high single-digit to low double-digit growth in FY '25.

Our growth is driven by our expanded customer base with new accounts as well as growth within our existing account base as our customers adopt more technology solutions and expand their digital footprint. And whilst we have worked hard to accelerate our top line growth, we have simultaneously focused on profitable growth. And we've expanded the margins for our software business pretty significantly.

Both gross margin, which is accretive overall to ResMed Group as well as net operating profit. And we expect to continue this momentum of accelerating profitable growth, projecting double-digit net operating profit growth in FY '25. And we are focused on driving scale efficiencies across our portfolio, investing in growth areas and maintaining expense discipline across the business.

Last but not least, we've been making active portfolio management decisions in a disciplined way to ensure that our investments and our resources that achieve -- are targeting the areas that achieve maximum benefits for our customers, our patients and indeed our business.

So in the next few minutes, I'd like to share some key insights about our software business and specifically the tremendous synergies that we have with our core business, the sleep business. And we believe that these are key growth drivers for our 2030 strategy. Now some of these synergies may not have been apparent and hence, I wanted to highlight those today.

So there are several categories of these synergies with our sleep business. Two that I'll go into deeper are the revenue synergies through our resupply platforms and in the longer term, our OSA identification initiative within the patient population across our care settings. Another important one that I'll discuss today is the infrastructure leverage that we get the benefit from the scale of ResMed. There are several others. But let's take a deeper look at these three case studies, which I hope will clarify for you how the software business and the sleep business are uniquely aligned to bring the benefits to providers and patients alike.

So let's look at resupply. You've heard resupply throughout this presentation. And by now, you are well aware of the importance of resupply for our patients for the treatment of sleep apnea. And this is the biggest area of synergy between our software and our sleep business and one that

has grown tremendously over the last few years, accelerated mainly by the acquisition of our tuck-in solution SNAP, and its integration onto the Brightree platform.

For our provider customers, ReSupply plays a very important role in the overall patient experience. But really, the process of patient management begins much earlier at intake. And here, our industry-leading Brightree platform plays a really important role in ensuring efficiency and continued improvement of patient health outcomes and provider business outcomes.

The unique advantage we have is our ability to help a large segment of HME customers who utilize our Brightree platform and they run their business end-to-end on Brightree. And we have delivered significant value to the HME industry by automating, digitizing all the way starting from e-prescribe which is at the referral end through the very complex patient intake process. This includes insurance authorization, documentation, logistics, inventory management and patient setup. Following patient setup, we have the tracking of compliance, and then filing of the insurance claim all the way through automated resupply. The way we have worked this is no touch, end-to-end, all the way from e-prescribe to resupply. And this is really the ecosystem that Justin mentioned.

Right. So our Brightree resupply platform supports several million patients and helping adherence to therapy as well as results in Mask and accessory revenue for our sleep business. And in order to deliver a seamless patient and provider experience, we have invested very heavily, both in the Brightree platform overall platform as well as our resupply solutions such as SNAP, and connected it to AirView and myAir and created this very unique and powerful ecosystem.

And our plan is to further infuse automation and AI across this entire process and specifically, to reduce friction and the patient intake side around documentation, authorization and billing. And resupply is a key driver for our future growth, both for our software and our core business alike. We are planning to launch a SNAP platform in this fiscal year aimed at HME providers who are not on our current Brightree platforms. And we are also evaluating the potential of taking this power of resupply beyond the US as well in other markets.

So next area of revenue synergy is related to the large population that we have across our care settings, such as skilled nursing, home health and long-term care. And we have a rich data set of contextual clinical data. And we are able to determine through our analysis that on average, only about 4% of patients have been diagnosed and even fewer who are being treated for sleep apnea.

Now we know from our adherence studies our prevalence studies that OSA can be as high as 56% in this segment of the population. And given our expertise in this area, we have been in conversations with provider customers about the importance of treating these patients with the right therapy. And we're really encouraged by the feedback from our customers. And given the low treatment rate that we see currently, we feel that we can help a large number of patients with solutions for the treatment of sleep apnea.

And the virtual end-to-end patient pathway that Justin described earlier has immediate applicability. And the neat thing is this is all within our ResMed ecosystem. And I feel that the potential is very large within this underserved population.

The third case study is around leveraging the infrastructure and technology platform, the capabilities that we have across our software and our sleep business. And there are three main components that I'd like to highlight to you today. The first is the technology infrastructure and benefits of scale in areas such as cloud computing, cyber security and privacy. A second focus area, no surprise, data and AI and finally, interoperability. ResMed has a very strong practice in cybersecurity and privacy and our software business has benefited immensely from this capability across all our acquired assets and we raised the bar in each of these critical practice areas.

And by building on a common cloud platform, we've seen the benefits of scale, cost efficiencies as well as velocity of innovation. And our plan is to continue to standardize on this common platform, accelerate the speed of innovation further, eliminate redundancies across our software solutions.

Moving on to data and AI, as Mick mentioned earlier, this is a huge area of emphasis and value creation for us. We have incredibly insightful data across our care settings, both clinical and operational. And these become even more powerful when we are able to join the data -- the de-identified data sets across all of our solutions. And ResMed is really unique in our ability to bring together data from our residential care software solutions

and therapy and to provide very unique, actionable insights that improve patient outcomes. And we do this by leveraging a common data platform across all of these.

Our ResMed data science team is able to innovate a new AI solutions built on top of this platform. And one example of this is our AI-driven routing and scheduling solution from MEDIFOX DAN called adiutaByte. And this is a solution that we are piloting across many of our solutions and we've seen material improvement in efficiencies in our home health business as well as our German home care business, where we are piloting these new AI capabilities. It's just one example of several where we are leveraging our portfolio across our solution set.

And finally, interoperability, which is a critical enabler across our ecosystem, both within our ecosystem as well as our third parties who integrate with us. And having a consistent longitudinal view of the patient as the patient moves from care setting to care setting is a game changer. And this is something that's unique to ResMed and we bring tremendous value overall to the health care ecosystem through this capability.

So finally, three takeaways that I want you to remember from this, we are deeply committed to improving patient experience and outcomes and reducing cost of care. Number two, our track record of delivering strong financial performance, disciplined portfolio management and our continuing efforts to maximize value for our provider customers. Third and final, the significant and growing synergies between our residential care software and our core sleep business. Well, thank you. And I think we're going to take a quick minute to set up for Q&A. Amy, over to you.

QUESTIONS AND ANSWERS

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Thanks Bobby. Awesome. Well, thank you. I hope you've had a chance to get your questions ready. We're ready for our first Q&A session of the afternoon. So we have about 30-minutes. We do have mic runners, so we do want to encourage questions from the room. Just raise your hand, somebody will bring you the mic. Please introduce yourself with your name and your firm and give the panels a chance to answer your questions.

For those of you joining us online, please go ahead and use the submit a question box to send your questions in. We have a team of folks who will be looking after those and we'll get your questions asked live if we haven't already asked and answered. And with that, I'd like to go ahead and invite our morning panel or sorry, our first half panelists back to the stage. Mick, Bobby, Justin, Hemanth.

All right. So who wants to go first? Anthony?

Anthony Petrone - *Mizuho Securities USA - Analyst*

Thank you for having us at the stock exchange today and for a detailed for a session. We appreciate all the detail, Anthony from Mizuho. First, my wife did tell me to come home with the AirSense 11 to prevent more.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

We will charge you Anthony.

Anthony Petrone - *Mizuho Securities USA - Analyst*

I may take up on the offer.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Accepted.

Anthony Petrone - *Mizuho Securities USA - Analyst*

But first, there was a lot on just the funnel, Mick, in several of the sessions. And maybe just at a high level and zeroing in on the US market, I think we have 45 million or so patients in total sleep apnea in the United States.

And there's a lot of debate on what that true diagnostic rate is today. And then there were several sessions where we're speaking about unlocking that further and widening the funnel. So where is what percent of that 45 or so is being actively diagnosed today? And where do you think that can go in the next 3 years? And I'll have one follow-up.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes. No, it's a good question. So, I mean, I think the latest epidemiology is in the range of 50 million to 70 million Americans who have obstructive sleep apnea and AHI above 5 with symptoms or 15 with or without symptoms. And so 50 million to 70 million, yes, look, our penetration rate into that in the US is somewhere in the 15% to 20% range.

So, 85% of the opportunity is still in front of us. But the real question isn't so much about how big is that? Because it's always been our opportunity. There's a big number of people suffocating and they don't know about it.

What's changed since our last Investor Day three years ago is that big tech has invested a lot in this. Samsung invested 8 months and has now got FDA de novo clearance. Apple had to I think, had to come up with a brand-new technology to get sleepy apnea detection because one of the they couldn't use the pulse ox. And I'm just excited about that.

And you look at WHOOP and all the different wearables, Garmin, all the others are starting to have sleep health but also sleep apnea screening capabilities. So our big challenge is, and you'll hear more about this later from Katrin is it's not just demand generation, demand gen.

It's demand capture and demand conversion into our pathway and helping scale home sleep apnea testing, diagnostic procedures and setup capability to the sort of digital models that you heard about from Justin that we're using in some of the other 140 countries we look at, because I think the US is literally is the most, it's the best health care system in the world if you're really, really sick. We have the best doctors in the planet at Stanford, at Harvard, at Mayo, but the inefficiency of how to get from A to B is incredibly bad.

And we see that. It's difficult to find access to physicians, to access to care, to diagnostics, to payment, to procedures. And so bringing seamless frictionless pathways is our goal, and that's how we're going to move 50, 75, 100 basis points above standard market growth, leveraging this tidal wave of patients from consumer and from pharma.

But look, maybe I'll hand down the line. I don't know, Justin, if you have anything to add or Hemanth to that.

Justin Leong - *ResMed Inc - Chief Product Officer*

Yes. I mean, Anthony, I'd just add, you can probably see on the table in the middle over there, our NightOwl home sleep test, which is available in the US This is an incredibly simple and also affordable sleep test. So as we see more and more people coming into the top of the funnel, we can really scale with these types of new technologies that can diagnose patients in a really quick and easy way.

Anthony Petrone - *Mizuho Securities USA - Analyst*

And just a follow-up, I'll hand it off. When we think about Samsung and Apple, I believe today, they cannot prescribe CPAP from the wearables. So is the idea that wearable drives it to NightOwl, (inaudible) and then they prescribe. And then as we look forward, how will ResMed work with Samsung and Apple to open that up further?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes. So these are screeners. They are not diagnostics. I don't think any payer in the country is going to say, Oh, you're from the wearable, write yourself a prescription, go for it. And we don't want that. Actually, even in Australia, where you do not require you don't require a prescription for a CPAP. We work with the physicians to get a prescription. Try to get an Aussie to spend $1,500 on a device, consumer medtech device without a prescription. They won't do it.

And we think it's the right thing because empowering someone that this is medical care with the physician and working with them is actually 100% the right thing to do. But to your point, Yes, many people the hardest thing we had was people were in denial.

The I don't snore, I don't stop breathing, I don't have suffocation. And you can deny your bed partner or you like. No, I don't. You're lying. You're just saying that because you want, really, why would they? They're trying to save your life. But now you got a little piece of tech on your wrist, and it is telling you, objectively.

Not only do you suffocate, it's 15 times per hour. This is really I don't care about your symptoms, go to the doctor now. Yes, turning that, we're going to need scalable home sleep apnea testing, scalable systems to help patients through the pathway. And we're going to partner with our industry to do it.

You just heard from Bobby, we bought Brightree 8 years ago, we brought more efficiency to home medical equipment through the purchase of Brightree that combined with the efficiency we do through small acquired and more comfortable devices.

And so think about the industry holistically. We're not just going to sort of throw a bolus of patients at the industry. We're going to help partner with them on these types of methodologies. But to answer your first question, you have to pay for the AirSense 11, Anthony.

I see two over here.

Brett Fishbin - *KeyBanc Capital Markets Inc - Analyst*

Brett Fishbin from KeyBanc. So you guys spent a decent amount of time talking about broader goals to become leaders across both the sleep and breathing health markets beyond your current products in OSA and COPD. So maybe just focusing on insomnia specifically.

Can you just provide a little more detail on how you think that market is underserved today? And then what you think ResMed's goal can be over time and then just as a follow-up to that, if you think this initiative is more driven by organic R&D or if you need to do more acquisitions?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Well, I'll say one thing first is that the epidemiology of 860 million, that came from ResMed's research with key opinion leaders in the field like you'll hear from later today. So we everybody knows insomnia is a problem. There's a large pharmaceutical industry based around drugs that get you to sleep and other ones that wake you up.

And so you take this pill to go to bed, this pill to wake up and a pill for everything. And as we were investigating cognitive behavior therapy, which is really counseling and stress relief and mental health. And I think during COVID people really realized the impacts of mental health and other aspects on healthcare and leads to depression, suicide rates as well as car accidents and others.

But insomnia is incredibly large disease. It's 860 million people. Yes, we bought Mementor and we have Somnio the app, we're scaling it, being paid by the German government through that experiment. It's a paid experiment to test, does it work, in Germany. Can we copy and paste to other parts of the EU? for sure.

Can we copy and paste to every country? I don't know. Will we need more tuck-in acquisitions? Probably, I think there's a lot more than just an app and engagement to get insomnia treated. But Justin, your team is looking at this really broadly, what are your thoughts on Insomnia?

Justin Leong - *ResMed Inc - Chief Product Officer*

Yes. I mean I think it's a huge unmet need. I mean there are sleeping tablets. Most people don't want to take sleeping tablets. Dr. (inaudible) can probably talk about this more later. Cognitive behavioral therapy is the gold standard, but not many people have access to that either.

And it doesn't work for everyone. So there is a lack of solutions in this space, right? Actually, people in my team are currently talking to and working with some of the leading insomnia experts in the world, trying to understand insomnia better and think about new solutions in this area.

And there are some new inventions that are currently available on the market. So we want to help the industry develop more solutions in this area. That's how ResMed was founded. We commercialized an incredible invention from Colin Sullivan, so we think there should be a big opportunity here.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

And look, you don't have to draw too far to stretch. I think the attendance here will get a giveaway of a sleeping aid mask, right? You can feel how comfortable that is. I've been I thought it was a little corny, so I wanted to have the gift myself a little earlier.

So I've been using it the last month. I can't sleep without it now. I need my AirMini, (inaudible) and now the sleep mask. If we're a company that can create wearables, we have wearables that were at night for a minimum of your whole duration of sleep if you're getting proper treatment. Why wouldn't insomnia require just a little bit more than the coaching. Why wouldn't there be some temperatures, some light, some engagement with you.

So I think there's incredible organic tech ResMed can bring and expertise, knowing all the physicians and the research in the planet. However, probably there's some technology here and there that would be good to add to our portfolio. But I think that COMISA (inaudible) alone will pay for the work doing in insomnia. The insomnia stuff is upside, the pure psychology or neuropsychology driven lack of ability to get to sleep and stay asleep.

I don't know who's handing the mic. So there's two hands here, and there's two over here. And if you're online. Sorry, you didn't come to New York. No, please do whatever Amy said.

Laura Sutcliffe - *UBS Investment Bank - Analyst*

Laura Sutcliffe from UBS. Could you talk a little more about what we should expect from high-velocity new product launches over the, let's say, medium term? Is it all focused on masks, which you flagged as high ROI. Are you not going to do so much on the devices side? Should we be thinking more about stuff outside of OSA, sort of where should we be looking?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I like the question because velocity is speed plus direction. So she's asking for a little bit of direction, Justin.

Justin Leong - *ResMed Inc - Chief Product Officer*

Mick tells me every day he wants higher velocity. So that's the message of the team. It's both Laura, it's going to be high velocity devices and masks. We want the we think the...

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

And digital.

Justin Leong - *ResMed Inc - Chief Product Officer*

And digital as well, obviously. We think there's incredible potential in all three categories to accelerate our innovation. And that's why we've reorganized in these autonomous product teams, much like these tech companies to do things at pace, and that's really the key direction to our teams.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I was reflecting on Justin's remarks earlier where he said, 15 years to get a mask to market. I saw some people remember the material science that it takes like we do medical grade liquid silicon rubber manufacturing on a scale that no one else on the planet does, in Singapore, Sydney and parts of the US Atlanta and so on. And but manufacturing a plastic to create that pneumatic seal and keep (inaudible) perfectly breathing with the pneumatic stent all night is a science we know incredibly well for 35 years.

Bringing a material like think a bed sheet, like a material like that, that you sleep with that you shouldn't want on your mask. I was like, Oh, yes, you can have it on the head gear and all around that . But here you can't have it touching the nostrils, the nares, the most sensitive part of the face has to form a perfect seal. So this is why some of those technologies are long life cycle like the material science of a wearable that feels that feels like a bed sheet that's now on your face.

But the digital clock speed of that, the velocity on that should be super fast. I love that we're in the Apple health ecosystem healthcare, Apple Watch, Samsung. As all these tech companies come, we need APIs both ways. Their data into us, to Anthony's point, you screen, now what and ours into theirs because they're going to have access to data on cardiac and exercise and diabetes and everything and the consumer, the person should be able to access their whole healthcare.

Laura Sutcliffe - *UBS Investment Bank - Analyst*

Maybe one more if I can. Will GLP-1s or wearables make a bigger contribution to the funnel? Sorry, that's a horrible question.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

No, it's not horrible. I think I just look at the scope and reach of the different companies, Apple alone, $3-plus billion market cap, Samsung about that. They're just so much bigger, the consumer tech companies. They have so much more reach to people. Pharma spends a lot of money on DTC advertising, but I question I mean, I know it's effective.

Obviously, they keep doing it, so it must be. But you watch that and you say, we know a whole lot more people are showing up for primary care physicians, driven by pharma. We're seeing that. And we've seen 811,000 patients that we're tracking, the deidentified data, we know that if they get the GLP-1 prescription and a CPAP prescription, you have higher propensity to start, a high propensity to order at one year and two years.

It's early days. Samsung just got their clearance a couple of months ago, Apple like a couple of weeks ago. I look forward to these companies are very good. It's all cloud-based. It all rolls out. People will just start finding out they've got it. What I've challenged the team is we've got to be ready to catch all these balls that are thrown in the air and make sure they land in the right buckets because I don't want people I've got a problem, but I'll deal with it next year.

We get an appointment with a doctor, it should be no, I can deal with it now with a pathway and I'm in that pathway. Something like those experiments we talked about in Asia, Australia and China were the two examples you heard from earlier today.

Michael Matson - *Needham & Company - Analyst*

Mike Matson from Needham & Company. So I think it makes sense that the point you just made about the GLP-1s and the wearables kind of adding to the top of the funnel. But I guess I'm concerned about the ability to get those patients out of the bottom of the funnel. Is that a limiting factor? And do we need to see more primary care doctors kind of prescribing CPAP? And to what degree are they playing right now in doing that?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes. So primary care it depends on how broad you go with the term PCP, right? But there's primary care physicians, maybe 300,000 to 350,000 of them in the United States alone. If we just take this country that we're in right now. In terms of specialists sleep specialist physicians, it's more on the order of 5,000. And we know all of them and all of them know us. Scaling from 5,000 to 350,000, we can't and won't invest SG&A to do that.

However, we do know who are the high velocity GLP-1 prescribers. These data are known. There's IQVIA, Inovalon, Doximity, all these companies and all these doctors engaged in these ecosystems. So if we know the 10%, the 35,000 PCPs who are doing this.

And if they're doing if they're engaged in GLP-1s and they're interested in this potential new indication for use from a company in Indianapolis, and their drug that may or may not get an IFU in November, plus or minus a month. then we can look at the subset that we think have a high propensity to do that.

And the subset of them where there's a scalable sleep apnea pathway already established that we don't even have to go. So you start overlapping the circles like we're doing with sleep apnea and insomnia around that. You can start to get down to couple of 10,000 physicians. And so I just don't we're not going to gauge all PCPs.

But a GLP-1 prescriber who has a propensity and a pathway to digital sleep apnea care in their area and that they've used it before, even if they used it once a month and sleep physicians used it 100 times a month, they're at least aware of it.

And they checked that box that I want to be talked to by folks, right? Because if Doximity, IQVIA don't have them, we don't know who they are, but if they check that, that's a very engaged group of physicians. And I think we have always wanted to unleash the power of primary care physicians to get involved in this industry. And you can't keep up with even the number of fellows coming through the program. ResMed sponsors fellows to come through the American Academy of Sleep Medicine, there just aren't enough doctors to keep up.

But the digital, the capability and our ability to create pathways that are new, I think, can empower tens of thousands of primary care physicians who have already said they want to get involved and they're already looking at weight loss, which has always been a part of sleep apnea treatment and CPAP. And the overlap is there.

Michael Matson - *Needham & Company - Analyst*

Okay. Got it. And then just in terms of the other you've been talking about these other respiratory diseases for a long time. And maybe there's something I've missed, but I don't really know of any kind of material revenue that's being generated from those. So are there any specific things you could point to in terms of your pipeline or timing in terms of products or software you're planning to launch to really try to capture some of that revenue opportunity?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I think it's a great question for Hemanth.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

I'm happy to get started. And so I'd say a couple of things. One is our Respiratory Care portfolio, our breathing health portfolio is actually a meaningful contributor to our revenues today. So not invasive ventilation for whom addressing respiration insufficiency for COPD or (inaudible) ventilation and many other conditions, represents probably a double-digit portion of our revenues today. That's a segment that we're going to continue to grow through scale across our sleep health and breathing health platforms.

And in that, you may all see sort of new modalities that we're testing and launching in different markets to further expand. And so we're going to continue to invest from a device and therapy perspective to grow that portfolio in a measured way, looking across the set of opportunities we have across sleeping health and breathing health in Residential care software to drive collective growth of the enterprise, but it remains a focus for us.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Awesome. We're going to go to a question from the online audience. Bobby, this one is for you. So you mentioned that SNAP resupply will be going to HME providers and not on Brightree. How will they access SNAP and what percentage of HMEs are not currently on Brightree? And this is from Craig at RBC.

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Yes. So the last part of the question first is we have maybe about 55% market share, a couple of thousand of the top HMEs in the country use Brightree. In terms of SNAP software, a lot of them leverage SNAP software.

What we've done now is to decouple the deep integration we had built for SNAP yet bring the benefits of resupply to those customers who are not necessarily using Brightree for their billings platform, and they may be using something else. They may have some homegrown systems, but they'll also benefit from the incredible algorithms that are built into the SNAP platform. So that's the product we are launching in this fiscal.

There's a couple up front here. I'll trust the process.

Matthew Taylor - *Jefferies - Analyst*

Matt Taylor from Jefferies. So I don't want to steal all of Brett's thunder, but so far, you've talked about your markets growing mid- to high single digits over the long-range plan in trying to outgrow that. And Mick, maybe I'll ask you, if you are to outperform those goals, what do you think would be the most likely sources of outperformance? And if you were to miss those goals, what are the biggest risks to missing that?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes. So and Brett will go a little more detail into some long-range forecasts and what we want to do with the bottom line, clearly get leverage and be ahead of top line growth. Clearly, the 3 megatrends I spoke about are how we're planning to perform and so consumer awareness and engagement, the fact that there will be tens of millions, hundreds of millions of people finding out the problem.

And they now cannot deny it that it's visible and it's not going to go away. These sleep health apps are going to go further and further. And the big pharma are bringing people into the funnel more than before. So the opportunities are there. These patients are coming. The successful failure will be our ability to drive well, demand gen for us will be capture of it. So demand gen and demand capture to get them into the funnel.

And can we truly work with our partners in the field in a big country like the US to scale the screening pathways, the diagnostics pathways and the setup pathways.

As you heard from Bobby, I think once someone is in the ecosystem, resupply and those tools and scalability is already there, but it's those front parts. Screening, diagnosis and setup that we are absolutely working with our with physicians, with providers, with health care systems to say, be ready, there's a lot of people coming. There's a huge ROI of treating these people because every hour of sleep on a CPAP reduces ER visits and costs by 7%, all the way up to seven hours of sleep.

So you can get up to 50% saving payer provider through this. So they're coming. Let's work on scaling the inbound part. So I think that's where successful failure of beating just the accepted market growth that we've seen will come from. But yes, the tidal waves of patients are coming, but our success or failure will be on those screening diagnosis and set up, can we truly digitally scale that.

Matthew Taylor - *Jefferies - Analyst*

One follow-up on that. So on the slide that you presented before, you talked about the silver wave, right? And on there, you did mention the physician demand has to scale by 42%, and it's going to be a nursing shortage. So is that how we should think about the risk is just getting the support basically to get people on therapy and through the funnel like Mike was asking about? And I guess how much can you move the needle there with things like home sleep testing and easing the pathway?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes. So look, the aging population is happening in almost every developed country. So that's there. And sadly for all of us, that means all sort of parts of the health care system, costs will go up and you will need preventative care.

Like everything you heard about from us, sleep apnea, COPD, insomnia, these are all preventative care that if they are treated, they lower cost to the health care system. So there's actually an incentive for health care systems to do preventative care.

And now it's almost becoming existential for them to do this because they won't be able to keep up with the flow. But yes, you're exactly right. It's scaling these digital models, helping the physician shortage, the nursing shortage, the respiratory therapist shortage.

We've got so many digital products. I mean, I think about Brightree and how we scale, many folks say how we've scaled to do things that were paper work and were done by humans that are now being done by the tech so that, that conversation about, hey, let me walk you through this new pathway to better sleep, better breathing. It can be done by a human, by a doctor, by a nurse, by an RT and all the admin stuff is done by the bots.

But it's not there yet. As I said, it's a sick care system mostly, but we are fixing the bits we can, and we know how to scale screening. We know how to scale diagnosis, and we know how to scale, setup of sleep apnea care. We've done it. Can we bring it to each of the 50 states here with different payer systems? Yes. Is it easy? No. But I mean, that's our job. And we're going to make it happen. And in all 140 countries, we're going to find the best models to adopt here.

Suraj Kalia - *Oppenheimer & Co. Inc - Analyst*

Suraj Kalia from Oppenheimer. So first question, I'll send both of them your way upfront. First is from Hemanth and for Bobby. And the second one is for Justin and Mick. So Hemanth, Bobby, you guys talked about the digital ecosystem end-to-end solutions, customer onboarding, consumer patient demand capture, all the words that we are looking for, right? One of the things that caught my attention was customer retention is not mentioned in there.

And I'm using it as a synonym with compliance. So help us understand, as you look at 2030, where does customer retention? Because if there was one knock on ResMed or CPAP, right, that's the issue. So I'd love to get your perspective on that.

And Mick, Justin, it's interesting you brought up insomnia, right? So OSA and Mick, OSA is a mechanical problem, right? CPAP is a mechanical solution for a mechanical problem. Insomnia is the neurohormonal issue. So I'm curious why insomnia. And if you could give us a flavor of how not CPAP looking for I'm just curious, what product are you looking, mechanical product to solve a neurohormonal issue? Any color would be great.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

Can you get started?

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Yes. I can get started on the first question, Suraj and it's a super question. You talked about customer retention or attrition. So what we have done is we talked about the AI solutions across this ecosystem. The first is around we have a solution called Compliance coach, and this is around the 90-day compliance window. And that is an AI-infused solution that helps keep the patient working towards compliance in the 90-day window.

Beyond the 90-day window, we look at it as a resupply problem, how do we keep patients on resupply. And we know that when the patients stay on resupply, it's good for them. And so we have some AI solutions that we are working on currently in order to reduce the attrition of patients who are currently on resupply. And that's by bringing both the behavioral data or on myAir, the usage data from the therapy as well as what we know about the patient through our Brightree platform.

We bring all of that system together and provide interventional suggestions to the providers to say, we think these set of patients are most at risk of attriting. And these are the these are the things that we the patient might respond to in order to stay on therapy. So those are all actively being worked on.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

Suraj, just to add, it's fantastic that you put a spotlight on customer retention. I use the term therapy success as part of my presentation as a way to convey that very concept. It's a key part of our innovation focus, all the way from when we added connectivity to our Air Solutions platform, myAir as a patient engagement solution, AirView as a managed by exception solution. The way we design our algorithms across our devices, the way we design our math to make them more comfortable are all designed to ensure long-term retention and success with therapy.

In addition, we're dialing that up with AI solutions that Bobby talked about, dialing in integrations with health care and other wearable type solutions, digital health solutions, consumer tech solutions, all to drive motivation for the individual. So they can see the feedback and get the feedback they need to stay successful with therapy. It's a core driver of our business.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

And we want to make CPAP care, APAP care addictive, right? And it is symptomatically addictive. You look at people, we use the term love people who get through those first 90, 180 days, generally stay on for life. There is some attrition or not, but if you get them there and they have that save my job, save my marriage, save my life moment.

They can't sleep without it, almost like it becomes so important because they know how bad it is to wake up having suffocated all night now. They know what that's like and they didn't see what the changes.

But for the asymptomatic patients, it is harder. And so the adherence rates there. So we use other information, we coach, we engage. The myAir uses AI to know which videos to show carrots versus sticks, right? Your sex life will be better because newer hormones such as estrogen and testosterone were released during REM sleep. That motivates some people. Your exercise will be better. You'll be better runner, a better swimmer.

Other people want to avoid bad things. And so then you can use engagements of, well, actually, here's the survival curve is up 39% or the other way, 39% increased death rate after 1 year on CPAP non-adherent patients versus adherent patients from the Alaska study. So people motivated by different things, better life or avoiding death or better quality of life.

The more we can get that information the better. And the payer provider systems are hungry for this information. Their consumers rate them on how well they inform them about their health care. We know so much about sleeping and breathing. If we can just get it into a way that can get to that consumer, that person, the health care system will actually support us in doing that rather than fighting for adherence.

Let's go get the patients adherent ourselves. And we already know the difference between AirView and myAir, just patient engagement on myAir is a 17% increase in adherence in the first 90 days. How does that work on adherence at year one, year three, year five? We sort of know and we do. And the algorithms are getting better and better. I see we're at 0 time, you're more succinct than me, Justin, answer the second question.

Justin Leong - *ResMed Inc - Chief Product Officer*

Yes. So on insomnia, I think you're right, Suraj. There aren't great solutions out there today. It is more of a psychological condition often caused by anxiety. I mean there is a bit of evidence saying that even just more sort of constant, consistent breathing can help calm you down and maybe put you to sleep better. There's also some brain stimulation devices out on the market. I think there are some different solutions out there apart from pharmaceuticals.

We want to help the medical industry develop the next generation of insomnia solutions or take whatever is currently available and make them better and more useful to patients. So think it's still early days, but we think there's honestly something that we need to help the world with.

And part of the reason is, through our demand generation efforts, we don't go out there asking, hello, everyone, do you have sleep apnea. We ask people, are you having trouble sleeping and we get so many people coming through our own demand generation channels saying that they have insomnia or they have insomnia and sleep apnea.

And as a company that's obviously very purpose-driven, we don't want to give someone half the solution. So that's sort of COMESA population and all the people are coming to us with insomnia. We think we need to find a way to help them.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

So if you walk around the product showcase in the break here, don't have a look. There's like Lavender, there's (inaudible), people are spending $85 billion a year, and it's not all science. So how can ResMed as a science-driven company bring some science to help 860 million people through a channel that we already know, through physicians we already know.

And the ROI, if you're just thinking like with the I'm wearing the New York Stock Exchange hat today, it's in there in COMESA. We'll get adherence rates for just treating insomnia there. But if we can scale it to the other 500 million, even if we don't charge much for that app or if there's a wearable, we find a way to get it through the channel as a global company that can manufacture and scale better, I think the opportunity itself is huge. There's a little bit of ultras, but it's overlapped with the profit motive because it's exciting and it's right in front of us. It walks into our clinics.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Awesome. Thank you. Thank you, Mick, Justin, Bobby and Hemanth. So we're going to go ahead and take a 10-minute break. So come back about 3:10, 3:11, stretch your legs, grab a drink, grab a snack, have a chance to engage with your panelists, and we'll be back.

[Break]

PRESENTATION

Operator

Please welcome SVP, Chief Investor Relations Officer, Amy Wakeham.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

All right. We're going to get started with the second half of our event. I love to see all the chatter and the discussion. And I know we left a number of hands raised with your questions unanswered. So there will be another Q&A session.

And then following the event there's a cocktail reception, where you'll have the opportunity to connect with any of the ResMed executives. But I'm really excited to welcome a panel of ResMed leaders to the stage to talk to you about how we're going to execute our 2030 strategy and really drive commercial enablement and execution.

And I'm pleased to welcome to the stage a long-time ResMed partner and the Head of Capital Markets at Breakwater Strategy to moderate our panel. So Mark Hayes, please join me on stage.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Hi, good afternoon. I have the distinct pleasure of welcoming to the stage to join me, Katrin Pucknat, ResMed's Chief Marketing Officer; Mike Fliss, ResMed's Chief Revenue Officer; and Dr. Carlos Nunez, our Chief Medical Officer. Thanks for being on the panel today.

Carlos, let's start with you. How do you see the market for sleep apnea growing in the context of wearables as we described earlier?

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Did you ask me that question because I'm the nerdiest doctor in the world? So technology is an area of great interest for me and obviously, an area of great interest for ResMed. And you heard Bobby mention the Silver Tsunami, we'll call this the technology tidal wave. The two largest consumer companies in the world, Samsung and Apple, have entered the sleep apnea market in a way that is extremely complementary to the work that ResMed does.

We now have the most popular wearables on the planet telling people, you may be at risk of sleep apnea, you need to see your doctor. And as Mick described earlier, we need to be ready to capture this tidal wave of patients who are going to be showing up. A few years ago actually, more

than a few years ago, about 7 years ago, ResMed joined the Consumer Technology Association. And the industry probably scratched their heads a little bit wondering what is ResMed doing there?

But when we go there and we sit on the Health Division Board of the Consumer Technology Association, we're sitting with companies like Samsung, Apple, Microsoft, Dexcom, Elevance, a payer. There are four not-for-profit health systems that are members of the Consumer Technology Association. And the reason we are all there, having probably the most impactful conversations about digital health is because the consumer doesn't make that distinction in their mind between what's consumer tech and what's health tech.

They have personal technology, many of whom have become completely digital natives in many ways that they rely on for so much and they demand that their personal technology works the way that health tech should. My 84-year-old mother wonders why she can order groceries on our Amazon app and they show up in two hours, but she still struggles to make an appointment with her PCP on the somebody's EHR app.

And so ResMed is perfectly suited to capture this and to play in this really interesting space where consumer tech and health tech are colliding. Mick said it earlier. We talk about patient centricity, but it's really people centricity. One billion people suffer from sleep apnea and 2.3 billion suffer from the other conditions that we talked about. But most of them, and we're talking about sleep apnea, don't even know they have it. In the US, 80% don't even know they have it. They're undiagnosed and untreated. But in some of our fastest growing, most underpenetrated markets, it might be 1% that are being treated. So we have an amazing opportunity to use the world of technology that is pervasive and has now entered our space in a complementary way to drive patients into the funnel.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Carlos, thanks for setting the stage. Mike, what is our near-term plan to drive revenue growth in that context?

Michael Fliss - *ResMed Inc - Chief Revenue Officer*

Yes. Thanks, Mark. The 2030 strategy is, as you've all heard, that's going to enable us to drive revenue growth, but also to increase our operating leverage. And so that means for us, consecutive or consistent execution across the next 20 quarters.

From a revenue leadership team and a revenue team that hopefully you had a chance to speak with in the product showcase, but a team that is known for delivering and execution. Specifically, if I think through the last 18 quarters since March of 2020, at which point our health care systems changed the way our patients ended up on therapy changed considerably. The way we do business changed, but also the competitive landscape had changed quite a bit, right, throughout that time.

And it was about a year ago, so last summer when we started to get a good feel we felt for what the competitive landscape was going to look like going forward. And I was in a meeting with Jeff, who runs our sales team in the US and Ben, who runs our global sales ops.

And in that meeting, we had a long discussion about what the market needed from us going forward to drive that same level of execution that we're used to, and how it was different from what we needed in the past.

So at that point, what the team did was they just reestablished what our roles and responsibilities for the team that you're seeing here. But those roles and responsibilities would be, but they also needed to free up resources because now I'm a bit biased here when I say this is a best-in-class, a world-class sales organization and revenue team that we have.

And what our team wanted to do, what Jeff specifically wanted to do was put them in the place where they could leverage our competitive advantages, right? So we know that global scale is a competitive advantage of ours. We know that our consistent innovation, right, we're going to continue to invest 7% back into research and development, but also our market expertise, right?

This team is very, very skilled. Our teams are very, very skilled at not just being able to articulate but also to optimize the value that our solutions can bring to payers, providers and to the end users. So when I think about how are we going to be successful near-term, Mark, it's about our execution and it's about efficient execution with the teams.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Mike, thank you for that. Katrin to you. How are we adjusting marketing strategies to engage consumers and really support revenue growth?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

I think we've heard in the last sessions a lot about the funnel. And so this is really where marketing starts to change the way we've done marketing in the past. So historically ResMed has focused very much on our B2B audiences, our home health care provider customers. We're looking at the funnel from two sides now. You have a patient, a consumer who wants to become aware of the problem, get diagnosed, seek therapy and stay on therapy. But that's not a singular journey.

You also have to match that against a provider journey that's happening on the other side of that funnel, right? If that patient doesn't get caught by a PCP, by a specialist, by an HME that can help that patient become successful on therapy, it won't work.

So we have constructed a new model in marketing where we're actually addressing both sides of the funnel very effectively by looking at bringing people into the funnel and then converting them through the various stages.

And I heard in one of the questions was about retention. That's actually a huge focus of ours because that's a very low-hanging fruit for us to really drive retention with patients, reminding them of the value that this therapy creates for them and their health.

So that's kind of how we're addressing the change in dynamics in the market. With that, we've run a couple of experiments because it's not just about us turning into a consumer marketing company. It's very expensive and a lot of companies don't do it successfully.

So what we are doing is being very responsible in how we're thinking about scaling some of our experiments. We're running a lot of experiments with our new team to really understand what it takes to bring people in, and it's very encouraging because we're seeing that what Mick talked about demand capture is actually very possible because there are so many people out there who have a problem and they're looking for a place to land. We just need to create that landing pad for them.

Demand generation is another tactic that we're employing. And again, it's very being very thoughtful around where we want to spend the dollars and what allows us to scale. So we're very hyper-targeted in our thinking.

We're using a lot of data and analytics. We brought in an incredible team to build a data analytics platform in marketing and a martech infrastructure that really allows us to do hyper targeted outreach to these patients and these consumers and bring them in.

And so again, these first experiments we've been running over the last couple of months have really shown that we have a very high ROI in doing that. And now we're starting to slowly scale these experiments to then drive that growth across the business.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thanks for that, Katrin. Staying with you for a moment. Where did some of the new folks who joined your team come from?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

We look like a Formula 1 race car. We actually really recruited people, best-in-class in their space from all over the industry, whether it's Microsoft, Coca-Cola, Amazon, just to name a few. But again, it wasn't so much about sort of the legacy of brands they work for what we were looking for was for all the functions we now have in marketing to find incredible subject matter experts that really know their field better than anybody else. And so we feel very good about the team we've assembled over the last couple of months.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Yes. Thanks for walking us through that, Katrin. Carlos, back to you, how would you describe some of ResMed's scientific strengths? And how do those translate into our ability to be successful longer term and a sustainable competitive advantages?

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Sure. So as many of you probably know, for the last 35 years, ResMed is the undisputed scientific leader in our field. We have published over 1,000 peer-reviewed publications and present dozens of research studies every single year. We're actually more prolific than some universities and academic centers. I like to encourage the team by saying, we are the most prolific industrial research team on the planet.

And over the time that I've been at ResMed, approaching a decade now, we have evolved just as science has evolved. We still do the typical types of randomized controlled trials and registries, but we also have built a world-leading team, actually, the leader of that team is sitting back there, and you can ask her all about this stuff during one of our breaks, Kimberly Sterling.

And that world-leading team of data scientists, health economics and outcomes research, patient-centered research with behavioral science and other epidemiology and other disciplines. And it has started to pay incredible dividends, not only the work that we do that helps us talk to all of you, the 811,000 patients that Mick refers to, but some of the other studies, the ALASKA study that showed that if you and I are diagnosed with CPAP today and you use your device and I don't, I have a 39% higher risk of dying this year from any medical cause than you do.

So research like that, that leads the industry the number, 1 billion. We talked about 1 billion people with sleep apnea. That's ResMed research that we published in 2019. And I remember when it was quoted in the Wall Street Journal and not referenced to our study as the doctor scientist, I got a little angry and Mick said to me, he says, no, that's a good thing because your research is now common knowledge. There are 1 billion people with sleep apnea, and everybody believes it.

So that legacy of scientific leadership leads the way that my team also works with Katrin's team or with Mike's team, with Justin's team. We have a dedicated team of scientists that support early-stage product development.

The research team I talked about that supports near market and post-market research. And then the work we do on everything from due diligence when we look at new technologies, all the way through to helping design these beautiful pathways that Mick talked about as we get better at things like behavioral science, patient science, trying to understand things like how cognitive behavioral therapy can be implemented more broadly.

So I have the best job in all of ResMed because I get to work with the brightest scientists, the most amazing statisticians and gifted clinicians and people who just love what they do, love their patients as much as people love their CPAP. And as a CPAP user myself, that science has not only led to me being happier and healthier, but boy, my wife loves my CPAP too, because now I don't snore and she can sleep.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Carlos, thanks for walking us through that. Katrin, coming back to you and Carlos ended that with using the word love. When we think about some of what we heard about earlier about GLP-1s, wearables and increasing awareness of sleep health, how are we thinking about that in the context of our brand?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

So, we were actually very intentional, and Mick pointed to that earlier about choosing the word love because it's very different to create products that people love, to create products that people like. To love something, it has to be intuitive.

It has to be really thoughtful. It has to become pretty much an integral part of yourself. I think Apple does it, for instance, really well. So we've hung the bar really high for us and our teams, and we want to convey that through the brand. I think the second aspect of the brand though that is equally important is the fact that we want to be cut where we are and we want to remain the trusted brand.

I think ResMed already has incredible brand equity with its users around the world. We want to scale that to all these people that are out there. But what people really appreciate about our brand is the fact that they can trust our quality, they can trust our efficacy they can trust our attitude towards data, privacy and data security.

This is something where we've led over the last couple of years, and we'll continue to do so. So we'll bring that together, creating this brand of products that people love, pairing that with the trust that we can bring.

I would say that, though, the most important piece is the greatest brands in this world weren't just made by somebody coming up with a brand name or a fancy logo. It's about making a promise to a customer. When we all see a brand, we infer certain things with that brand.

We expect something from the brand and the best brands in the world consistently deliver on those promises, and that means that customer service, clinical efficacy, product design, all have to consistently deliver on that brand promise. And we are just the ones in marketing really who need to send the message out there.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Kind of just. Look, I just wanted to tie the two things together very quickly. I mentioned there are one billion people with sleep apnea and just to make the math easy, let's say, 800 million are undiagnosed and untreated. I could publish 800 million more papers.

Those people aren't reading scientific journals. It's the work that Katrin and her team are going to do based on the evidence that we do, the research that we do to help people understand why this is so important. Those 800 million people deserve to breathe better and sleep better and this new focus on the way we do marketing, communications and brand is going to bring them into the funnel in ways that we never imagined before.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

Right.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Carlos, thanks for walking through that. Katrin, just sticking with you for a moment. How do we think about building a global marketing strategy and then having that manifest itself in some of our local markets?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

The marketing organization changed about a year ago. So we've restructured the entire Marketing team to be a functional team as I talked about, subject matter experts that really understand their space. They work together in agile teams. Justin talked about that. So we're not just agile and product, we're actually employing those same mechanisms in marketing to be very flexible, very fast, very adaptive. We are conceiving strategy campaigns and content at the global level with the ability to then deploy that very fast into local geographies.

So that doesn't mean that we're not catering to the unique needs of any market. But what we're not doing is coming up with bespoke solutions for 160 countries around the world because that would be highly inefficient as an organization.

I would say the only caveat is China. Justin pointed to that, China is an incredible opportunity for us. Things are different in China. So we're having China a stand-alone full-stack marketing team, but we're collaborating heavily and really sharing those insights and learnings between our global teams outside of China and the China team and bringing the best of both worlds together.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Katrin, sticking with you for one more question. You just mentioned Justin. Can you talk a little bit about how your team works with Justin's team and Mike's team to really bring some of the marketing to life?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

I think what we really love is the fact that we, as three teams kind of operate as one team. And when you think about the concept of agile, it's not just that you assemble different SWAT teams from different functions within a function, so not just within marketing, we actually partner and collaborate across multiple functions. Carlos talked about that.

So I'll give you an example, when we derive some of those new campaign experiments that we've done, we partner a team from Medical Affairs, from Product, from Revenue, from Marketing, and we bring them together to really think about what we want to achieve, how we're going to achieve that.

And then once we have that global strategy done, we are very fast at then implementing those first pilots and executing them. And we've actually done that now a few times, and we're very happy now.

What's really good is too that because we have such a good relationship, we can also work through the, I would say, the issues that come up with such a new way of working. Not everything is smooth in the beginning. You have to work through sort of making everybody appreciate and understand this new way, and we've been able to work through that pretty well.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thanks for walking us through that, Katrin. Mike, Katrin talked to us a little bit about how we're actually focusing globally in terms of our marketing strategy, but also locally. Can you talk to us a little bit about how we're growing revenue in some of our major markets?

Michael Fliss - *ResMed Inc - Chief Revenue Officer*

Sure. If you think about our established markets, the way we've got to grow is the story that I referenced earlier. We've got to continue to optimize the customer engagement, right? So we need to make sure that we have the right people calling on the right customers. We also need to make sure that we continue to deliver that top-tier experience that our customers are used to getting from us.

So I'm going to go on a little bit of a personal journey here with all of you. I've been with ResMed for over 22 years. And in those 22 years, they've all been customer-facing roles.

And to Katrin's earlier point, when you talk to our customers about our products, they embrace our products, they appreciate our products, but they trust our products. And that is a very important piece of who ResMed is.

And I was with Justin. He mentioned how he was in Chicago 10 days ago talking about products. So Justin and I went on the road with Bridget, who's our strategic account manager and she was the goal was for us to talk to these key opinion leaders and these HMEs and these providers about what we're doing going forward.

We also happened to bring Charles with us. Charles was on the product team that brought the F40 to market. The minute they heard that message, that commandeered the beginning of the call, right? They wanted to talk about how ResMed solutions have impacted a patient, how this product has changed the way they do setups. So after 35 years, we still have customers that are excited and trust our products.

So we need to continue to put our team in the position to position those products going forward in those established markets. And when I think about our high-growth markets. Now that's our omnichannel presence and some of the products that you've seen over there. We've got a broad portfolio of products that we sell in those markets. So that allows us not just to drive the revenue growth and have free cash flow generation, but it also allows us to get a good feel for the user journey.

And we get to participate in the user journey from the patient first finding out just a critical role that sleep plays in their overall health, all the way through helping them to improve their adherence to the question earlier, to improve their adherence by being on a ResMed resupply program going forward. So slightly different strategies in the markets, but great opportunity.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

Can I add something to that. We're partnering heavily between Marketing Operations and Sales Operations to create a data and technology infrastructure that allows us to digitalize actually a lot of those initial efforts that used to be done myself to scale our sales capabilities.

And with new audiences we need to talk to, we mentioned PCPs earlier that sheer volume of those PCPs is impossible to call on with a sales force, the size we have. So we have to establish these digital tactics to do that. And so we're partnering together on making that happen them.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thanks, Katrin. Talking about the future, Carlos, as we become more of a health technology company, what role does innovation play as part of our 2030 strategy.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

So innovation is key. As you saw, the way to continue to grow our core business is innovating in that PAP space, making our devices better, more connected, more lovable. But thinking back to Justin's slide, where there is the core business then what do we do to innovate beyond PAP, how do we then innovate beyond PAP to sleep, to sleep health and greater health? My teams, the teams that do research in ResMed are focused across the gamut of solutions that we're looking at.

And as I mentioned, we have a team focused on helping product delivery, accelerate product delivery through evidence generation, through due diligence, bringing new technologies, evaluating new technologies. We have connections to the top key opinion leaders and subject matter experts around the world. We bring in advisory boards of everything from payers to patients, to providers to understand.

And so from my perspective, from the medical, the scientific and I also lead our government affairs, so from policy and reimbursement, we view innovation through that lens on how can we bring it and how can we help support the company's quest to continue to be the most innovative sleep and breathing company on the planet.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Carlos, thank you for that. Mike, back to you. You talked a little bit about how we're going to drive revenue in the near term. We talked a little bit about how we're operationalizing that in some of our major markets. How are you thinking about growth longer term?

Michael Fliss - *ResMed Inc - Chief Revenue Officer*

So growth longer term, I mean, that's a collaborative effort, right? That's 10,000 ResMedians that's working very closely with Katrin and with Justin. It's also capturing that market demand that we've talked about, right? The mega trends and also the work that Katrin and her team are doing.

When you think about how ResMed therapies are going to capture that demand, and I keep doing this, but I'll do it one more time. ResMed therapies, the advantages we have were safe, were effective and then were connected, right?

So if you think about some of the slides you saw earlier from Bobby and from Justin and just the amount of data we have, we have a really good view of the user experience. When you overlay that with our market expertise and some of the partnerships that Hemanth has talked about that we have in the markets, that gives us a really good picture overall of where our sales team can spend their time where they can pinpoint where they need to spend their energy in order to yield the highest return. So the other piece of that right, it's feeding that information back, as Katrin said, through our operations teams and getting it back to Justin and his team so they can continue to innovate the products at the areas where they're going to have the highest impact. So thinking again about our long-term growth strategy; that's on all of us, but we have a path to get there.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thanks for walking us through that, Mike. Katrin back to you. As we think about the long term, how are we ensuring that our marketing strategies are remaining flexible in order to take advantage of the considerable market opportunity ahead?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

So I talked earlier about the marketing structure. And one of the key things that I personally believe in if you have really good process, it's almost like liberating because if a good process, it actually gives you that ability to be flexible.

We also have technology, which we're actually moving away from using some monolithic systems we had in the past to some more cutting-edge technologies that we're using for demand generation and things like that, a fundamental aspect of it is data.

So with the Marketing Data team that we formed and then again, the person that we have leading that team, we not only have real-time analytics today, but we can also start to look at predictive analytics into the future. What are the social media trends? What are we seeing on search? What is sort of social listening, telling us? And that allows us to tailor our outreach and our messaging to what's happening in the market.

I also mentioned that we are doing a very hyper-targeted approach. So we're overlaying different levels of data on both the provider and the consumer side to make sure that we are very, very specific and intentional around where we're spending the dollars. And again, that ability gives us the platform to say, okay, if we need to shift something, if we need to shift something into another geography, if we want to turn up or down the dial-in on a certain topic, we can do that very, very quickly now.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Katrin, thank you for that. Let's stick with you for a moment. You mentioned before we had run some tests. Can you give us some color on how those turned out and what we've learned?

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

Yes. So we ran a couple of experiments over the last couple of months. Some were just about better understanding the opportunity behind demand capture and Mick mentioned that. So demand capture is the people that are floating around there that have a need and that kind of need a landing space. How good are we at giving them that landing plan. So that was one aspect of the pilots we've run.

We've looked at how good are we actually from that initial demand generation, so doing outbound marketing, bringing somebody in to actually getting them on therapy and measuring that and establishing that.

And then we've run some initial pilots where we're trying to bring people in the door and then help find them a landing space with telehealth providers and other service providers. And so again, I don't think it's the right place to go into number details, but what we are seeing is way above and beyond what you would expect as an industry.

So we're very encouraged by those experiments. But again, the experiments, we're looking at hundreds of patients that we're seeing come through in the funnel. But we're now starting to slowly dial those up. And as we dial up those experiments and we see we can hold those ratios of return on investment that it would be extremely positive.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thank you for that. Mike, we're now going to turn to our wrap up. What's one final thought you'd like to leave investors with?

Michael Fliss - *ResMed Inc - Chief Revenue Officer*

Final thought. I guess I'd start by saying thank you. Thank you for spending half your day with us here today. So I appreciate that. I'd also like to say after 35 years, I still ResMed is still uniquely positioned to drive efficiency, capture share and drive long-term shareholder value.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Thank you, Mike. Carlos, how about you?

I'm going to have to say two things.

Two things?

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Your final thoughts, Carlos.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

So you saw the slide earlier, the 19 billion days and nights of sleep and respiratory data, the 28 million patients that are sitting in our myAir database. Think about that every single day, we wake up to tens of millions of new data sets.

And that data is so powerful. As we know, the new economies are built on data. And we have built a research team inside of ResMed that takes advantage of these data to do really meaningful evidence generation, real-world evidence studies published in the top journals in the world. So for me, that's one thing that gives me so much promise.

The other thing is everybody sleeps and everybody breathes. And no one does what we do better than we do. No one innovates better than we do. This team, as Mick mentioned, is the best in the world. And I'm talking about the 10,000 strong team, not just the few that you see on the stage.

And together with the data, with the culture of innovation, the hundreds of millions of patients, billions of patients who are struggling to breathe and sleep every night, ResMed couldn't be better positioned for this, not just next 5 years, but the next 50 years of the future of health tech.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Appreciate that, Carlos, Katrin, in terms of fair play, few final thoughts from you.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

That's fine. I think that if you distinguish between good and great companies, great companies have two things going for them. One is they're highly relevant. Their offering is highly relevant to their audience. And the second piece is that they're highly distinguished from the competition. And I think we have both.

Now the job we have to do, especially in the Marketing, I'm very selfish right now, I'm talking about my function is that we have to help people who have that relevance to actually see that we are the place that can get them help.

And the other piece is to then draw attention to all the things that differentiate us from the other solutions that are out there. That can be done though. And I think that we're now doing this in a very professional scalable way is a huge game changer for us in the future.

Mark Hayes - *Breakwater Strategy - Head of Capital Markets*

Katrin, Mike, Carlos, thanks so much. Appreciate the time. Terrific panel. Amy?

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Thanks, Mark.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Thank you, guys. I don't know about you, but I could listen to the three of them all day long. It's super exciting to hear them talk about how they're going to bring our strategy to life.

So we're next going to hear from Brett Sandercock. I know this is the moment you've all been waiting for. You want to get to the financial drivers. So let's get right to it. Brett? Please welcome Chief Financial Officer, Brett Sandercock.

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

Well, yes. Thank you. Good afternoon, everyone. It's great to see you all in New York. I'd like to spend a little bit of time talking about our strong financial health and foundation that will enable our 2030 strategy. We have a significant financial capacity to grow our unmatched sleep franchise,

capitalize on market opportunities in the broader sleep health and breathing health adjacencies and continue to build out our integrated digital ecosystem, a key component of our competitive advantage.

We have a solid track record of delivering value for ResMed's shareholders, and let me highlight 4 key elements to this. First, we have created sustained value. We have consistently generated top quartile return on equity, and we've expanded our presence and market share in key markets and continue to innovate in next-generation products. Since our last Investor Day, we have generated a revenue CAGR of 14%, and our return on equity in FY '24 was 23%.

Second, we remain focused on execution and improving operational efficiency. We've benefited from our new operating model, improved cost structure and build a resilient supply chain in the face of many challenges over the last several years.

Indeed, since our last Investor Day, we've expanded our operating margin by 157 basis points. Third, we generate significant free cash flow and remain disciplined on capital allocation. Our capital allocation focuses on R&D investment, strategic acquisitions, dividend growth and share repurchases.

Fourth, we continue to practice prudent financial management. We set clear and realistic targets. We have an exciting strategy and importantly, an executable strategy. And we maintain a strong balance sheet to support our growth aspirations.

We have sustained history of strong revenue results with a five-year revenue CAGR of 12%. Drilling down on revenue by product, you will see that device revenue represents just over half our revenue, while our mask and residential care software revenue, which can largely be considered recurring revenue represents almost half of our revenue.

On a geographic revenue split, our domestic market remains our single biggest market. However, we have significant revenue outside the US And these are major markets with the opportunity for higher growth through omnichannel pathways that Justin highlighted earlier today.

At the same time, we've also delivered operating leverage with a five-year operating profit CAGR of 16% and an EPS CAGR of 16% as well. This also reflects operating margins consistently at or above 30%.

And these results compare favorably to our peers. ResMed is in the top quartile of our peer group across key financial metrics, including EBIT margins, EPS growth and return on equity.

This really reflects the enormous market opportunities we have combined with strong and focused execution delivered by a committed team over many years.

While we are performing in the top quartile, we still believe we have opportunities for gross margin expansion and operating leverage. Our gross margin has improved over the past four quarters, and we expect to make further steady progress over the medium term with a pipeline of initiatives, including delivering through economies of scale, new product introductions, transition to the AS 11 platform and manufacturing efficiencies.

Additionally, product mix, which has been unfavorable over the last few years is likely to be a tailwind going forward. These combined should more than offset cost inflation impacts on components, labor and freight.

More recently, we have seen stability in component costs. And with ongoing product life cycle part qualifications and engineering efforts, this may also provide some tailwinds to gross margin over the medium term.

For SG&A, we expect to make incremental investments in demand generation and demand capture activities that you've heard about today. And to support our strategic goals, these should be offset by economies of scale, automation and AI applications and back office productivity.

Our new operating model also facilitates a more centralized and coordinated approach in areas such as marketing that Katrin touched on, where we can develop campaigns and programs centrally and then deploy them for local market execution. This has and will deliver programs more efficiently and effectively.

In relation to R&D, we have always remained committed to sustained and significant long-term investment through economic cycles and market vagaries. As Justin outlined, this will continue to be a fundamental element in our 2030 strategy. We will ensure our level of investment delivers on new product velocity and drives our competitive advantage in the marketplace.

Finally, I would like to make the point that we have a degree of flexibility through our P&L And as you heard from the team today, we have significant opportunities ahead of us. We are alert to capitalizing on future opportunities that have the potential to unlock additional growth and value. This may involve additional investments in our R&D program or our marketing and commercial activities. As an example, the growing macro awareness of sleep health increasingly driven by things like wearables and GLP-1s are creating a much larger top of funnel opportunity as Mick, Justin and Katrin described.

If these trend gains momentum faster than we expected, we're prepared to move quickly to scale investments to capture that rising demand. Essentially, we will be proactive to maximize growth and shareholder value.

We generate robust operating cash flows with low capital requirements. We expect our annual capital expenditure will continue to be modest and in the range of $100 million to $150 million. Our key liquidity measures and cash conversion are very solid. In particular, our debt-to-EBITDA ratio is now less than 1x, and our free cash flow conversion in FY '24 was 114%. We also have unused borrowing capacity of almost $1.5 billion. In short, we maintained a strong liquidity position.

Our capital allocation strategy prioritizes innovation. First and foremost, we focus on core innovation, those that deliver high returns, and we will continually track and evaluate our product road maps, milestones and funding requirements.

Currently, we invest over $300 million a year in R&D, representing almost 7% of our revenue. And this is invested across core innovation in sleep health, breathing health, residential care software and incubation activities.

Second, we look for strategic tuck-in acquisitions that enhance value creation. We have a disciplined approach to M&A, with a focus on post-acquisition integration and synergy realization.

Recently, our areas of interest have been in digital health, diagnostics and residential care software. I've listed several of these acquisitions on the slide, and these have added significant value as we build out our digital health, resupply capability and diagnostics ecosystem.

Third, we look to maintain a conservative debt-to-equity ratio. As you can see from the chart on the right of the slide there. We have prioritized debt repayments during FY '24, representing around 52% of our operating cash flow. Additionally, 20% was distributed as dividends, 11% in share repurchases and 7% in CapEx.

Looking forward, given our current debt levels, we expect to return capital to shareholders through modest dividend growth and continuing our share repurchase program. We will likely increase our quarterly share repurchases during FY '25. Finally, we do not expect the current interest rate cycle will materially impact our capital allocation framework.

We have established a leadership position in residential care software driven by key acquisitions, including Brightree, MatrixCare and MEDIFOX DAN.

Residential care software now represents approximately 13% of group revenue or around $600 million in annualized revenue. And we project revenue growth year-over-year will be in the high single digits to low double digits. Operating margins are approximately 28%.

We have delivered significant revenue and cost synergies and Bobby has articulated some of those examples earlier today. We've deployed over $2.7 billion in capital. We have done this while maintaining a strong balance sheet. Going forward, we are focused on delivering revenue growth and expanding operating margins. Additionally, we will likely make further tuck-in acquisitions to create additional shareholder value.

And today, we've provided long-term targets driven by our 2030 strategy and strong financial foundation. You are familiar with our near-term guidance on the left of the slide, gross margin of 59% to 60%. SG&A at 18% to 20% of revenue and R&D at 6% to 7% of revenue.

In addition to this, on a 5-year outlook, we expect revenue growth to be in the high single digits and earnings growth to be higher than our revenue growth.

These targets are underpinned by our 2030 strategy, increasing overall market growth, optimizing the patient pathway to diagnosis and therapy, delivering on our pipeline of next-generation products and continuing to drive operating excellence.

Thank you very much, and I'll hand back to Amy for the Q&A session.

QUESTIONS AND ANSWERS

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Fantastic. Thank you, Brett. So I'd like to go ahead and invite our panelists. All of our presenters and panelists back to the stage. So we're going to have everybody on to ask a question just like last time, raise your hand, we'll bring a mic to you.

We'll give a minute to get set up here, and then I am going to start with an online question because we've had a couple come into the queue. So I want to give them a chance to get their questions started. We have about 30 minutes for the session as well, and it will follow with our medical panel.

All right. So our first question comes from Lyanne Harrison from BofA and she asks about the strategy of attracting more patients into the funnel. And she's curious about, is it easier to attract new patients or to bring back those who had previously desisted or stopped therapy? And then can ResMed reengage with patients who had previously stopped therapy?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

It's a great question. I've got a whole panel here and Katrin can start. I'm the backup speaker.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

So it's actually, I would say, that capturing the demand capture of patients that are out there and looking for that landing pad is probably the lowest hanging fruit right now. At the same time, we have run experiments, rescuing patients back into therapy.

So patients who had previously quit therapy. And you really have to look at what the reason was why they were quitting. Some need an alternative therapy, which in Europe, we've done some really successful trials where we actually have routed patients back into other therapies like Narval, our mandibular repositioning device. Some of the patients just couldn't handle the mask was lack of support.

So there's a pretty high chance to get patients back on to therapy as well. It costs a little bit more effort to really understand what the cause is and how to then triage them and the best solution to bring them back. But the capture of demand from patients that are already out there and looking for landing pad is definitely the lowest hanging fruit for us right now.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

And I've got just a quick add. So one of our key opinion leaders, Dr. Jean-Louis Pepin out of France actually did a small study looking at what is the most common alternative therapy for someone who fails PAP. And it was PAP. People will fail, they will try other stuff, and they will come back. So it is difficult to often find them, but when they come back more often than not, they end up on PAP therapy.

Brett Fishbin - *KeyBanc Capital Markets Inc - Analyst*

All right. Just a question from me, Brett Fishbin again from KeyBanc Capital Markets. So on the financial outlook, I think that's what everyone is interested in. You gave a high single-digit 5-year revenue outlook. Just curious if that's an organic target? And then what's the algorithm to get there given mid-single-digit market growth in devices, which is still the largest piece of the business?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Brett, do you want to start?

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

Yes. I mean that really that's organic that's predicated on organic growth on that and really through growing the overall market through demand generation through demand capture on that. And really driven by those mega trends that are out there that we're seeing, particularly around the wearables, around pharma, there's that top of funnel and it's up to us in terms of demand capture to make sure we capture them and get those patients on the therapy. So that's what we're building out in the ecosystems that we're building out to allow us to do that.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I mean I've got color that maybe there's some tuck-ins like you think about the SNAP technology, which was within Brightree and was Software-as-a-Service revenue, within our residential care software, but it was also resupplied revenue. So it was a two for one in terms of two parts of our business and was a tuck-in. I look at Mementor and Somnio, if we're able to work with insomnia and get any improvement, the overlap of those patients who have insomnia or an OSA will have a benefit to the software business that will get paid for the app in addition to our core business.

So a lot of those types of synergies we can get by looking at tuck-ins that are technology driven, but they can drive revenue across ResMed's global reach. I would say we're sort of envisioning we should be able to create or buy tuck-ins that can do both of those. But yes, it doesn't include major M&A. There's lots of hands up people. Oh, yes, just go.

Dan Hurren - *MST Financial Services Pty Limited - Analyst*

Dan Hurren from MST. A lot of discussion about having patients love your products and a lot of love in the room. I mean, as I understand it, in most of your markets, it's the payer, the distributor or the clinician who really decides what therapy the patient will get. Are you suggesting the markets are evolving? Or are future products going to have more of a patient choice involved in the channel?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

You want to start because I've got a lot of thoughts.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

Sure. So what we are observing is that the patients become much more vocal about what they want. And yes, there is in many markets around the world that can specifically speak for instance, to Europe where I'm from. The payers or the HME have an impact on what devices ultimately dispensed. But when patients ask for a specific device, it's all about making sure that patients ultimately is happy on therapy.

And so what we observe is that there is quite a flexibility on the side of the partner to give the patient what they need to become adherent to therapy. That being said, in the future, if the devices are so good that people actually love them, we will see a propensity to also pay for those second technologies out of pocket, but I would defer to Justin actually to talk more to that.

Justin Leong - *ResMed Inc - Chief Product Officer*

Sure. I mean, in our non-reimbursed markets, CPAP is absolutely more of a consumer product. So people are doing their research and they're going to buy the device they want.

In the reimbursed markets, you're still seeing that behavior as well. So you're seeing people do the research before they go to the doctor or after their diagnosis. They're looking to see what are the best devices out there in the market. They're reading all the reviews. And I think absolutely, they would like to express a preference often for ResMed.

So I think whether it's attracting more people or making people love their products so that they stay on their they're using their product for longer. I think that's the real intention here.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Look, I will pile on. You're going to have a key opinion leader, a physician on the next panel, from Stanford, ask Dr. Pelayo. If a patient comes in and requests A, B or C, what will you say? Because I actually don't know. I haven't prepped him but I've known him for decades. I'd love to hear what he says.

But as we look at the market, ResMed's 35 years old, we've always created the product to the end user, the person who's suffocating will love because it actually overlaps with everything. If the patient loves it, the physician loves that, because they adhere to it, the payer loves that because they stay out of hospital and the bed partner loves it most of all. So there is a lot of love in the room. And it is driven by the ultimate customer, who's that person who suffocates. And so if you take care of that and you add on the other parts, then you can get, I think, accelerated revenue.

Consumer-driven markets absolutely always driven by that end consumer. But I would say even where there are HMEs, HCPs, physicians and payers and providers there, we've done for three decades, a very good job of making sure that product is so good that it works with that system.

But I think the megatrend, one that I talked about earlier today that consumers are more engaged in their health care is global. I do not think that's only in cash driven markets that ResMed operates in. I think everyone all around the world is has more access to more information than they've ever had and now has technologies that can convert even complex stuff like peer-reviewed published evidence about epidemiology or outcomes of health care. They can ask in English and get a response that works with them and converses with them.

So I think as I said, we're changing the basis of competition again in our field. And it's based on GenAI and AI/ML, and ResMed has got the best opportunity to do that. Empowering consumers, physicians, providers and payers will be a huge part of that. And I think the future of medicine is patient-led, is person-led. It always has been. Doctors have always wanted that. And I think tech is going to enable it more. And ResMed is going to leverage that.

Anthony Petrone - *Mizuho Securities USA - Analyst*

Anthony from Mizuho. One on strategy for Mick and then one couple on modeling for Brett. So maybe strategically, we spoke about software a bit, quite a bit today, but wondering about orals and hypoglossal nerve stimulation. What's your latest thinking there? You have minority investments in Apnimed as well as in Nyxoah.

And then the modeling questions we're getting pinged on just when we think about high single-digit growth, where do devices fall in that, where do masks fall in that? Our devices, let's say, 7%, 8%, and resupply is 10%, 12%. And then if you reverse engineer earnings, operating margin flushes out to 35%, 36% by 2030. Does that sound right?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

So the first question, I have a whole panel here. Anthony, you get to hear from me every quarter. Strategy, I would hand to my Chief Strategy Officer, Hemanth.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

Thanks, Anthony. Yes, so we're obviously tracking the innovations that are happening across the sleep apnea therapy landscape. And frankly, we welcome it. I think the more innovation that goes on in our market, the greater the awareness is, and the broader the range of solutions are to, ultimately help 1 billion people sleep better and breath better over the course of the night.

So we're tracking earlier-stage companies, more established companies as they innovate in our space. And because there's a whole host of new form factors and modalities coming into play, we've decided to pick and choose some of the more interesting ones for our minority investment activities. And so we are minority investors in Apnimed, as you've noted and in Nyxoah.

That gives us visibility to how the implants space is developing, how the pharma space is developing, and we'll continue to do that as we see innovative new approaches to treating sleep apnea.

Often, what we're starting to see is a better together proposition. These solutions don't fully address the sleep apnea and there could well be a better together proposition that helps drive longer-term adherence to CPAP therapy. And so that's a potential possibility as well.

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

Yes. I mean what we're saying here is we think we continue to get operating leverage through that period. So it will mean an expansion in our operating margins. We're not putting a number on it, but you can kind of make some assumptions there. And then in terms of kind of devices and masks, think about that, we think we can improve the kind of historical industry growth rates, but that will be both devices and masks moving up.

Operator

Mike Polark from Wolfe Research.

Michael Polark - *Wolfe Research - Analyst*

Maybe for Bobby. Bobby, you mentioned some interesting stats on resupply. I think several million patients kind of in the network today, 55% market share. My question is, how penetrated are those folks on resupply in the US? And you also brought up the opportunity of bringing SNAP to non-Brightree customers. What's the bigger opportunity on resupply, the non-Brightree customers, or still the base, how could you quantify it?

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

That's a great question. It's both, actually. So within our customer base, we still have some runway in terms of adoption of SNAP itself. There are still customers who have not yet gone on the full platform. So that's one segment. The other truly is around customers who are not getting the benefit of the overall Brightree ecosystem.

However, they may want to just go for resupply, and we want to give them an option to try SNAP and also get the benefit of resupply through that platform without having to go for the entire billing platform of Brightree, which, in my opinion, still is the best, the combination of the two. But there's still runway and significant opportunity ahead for both inside our installed base as well as looking outside.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

And if you look sort of top down like the from a payer's perspective, payer provider perspective, as we get more and more of the literature and frankly, the interaction of the data from our database with Kaiser Permanente or Intermountain or any sort of ACO, IDN that's created payer provider-type capabilities. They can actually track the data that I was saying earlier that for an adherent patient has a lower mortality rate, has a lower rehospitalization rate.

And for every hour of sleep, you get 7% reduction in ER visits. And so it becomes actually a way that sure, we'll work with our home care providers to help them get better at it. But actually doing that and having the payer come down from their perspective.

And then thirdly, the patient empowered to know, oh, wow. I saw a photo from Professor Pelayo, we were just catching up, haven't seen each other for a number of years, and he showed me a picture of a mask, a patient brought into his lab. And I'm not breaking any HIPAA laws by saying this thing was two generations old and it had been glued together and duct tape.

The person didn't know they had ability to get it. So as people, oh, you've maxed out, resupply? No. In Stanford, one of the most educated parts in the Bay Area, a person going to staff a medical clinic did not know they had a chance for a new mask.

HMEs haven't done outreach as well as they could. Patients themselves haven't been empowered by ResMed. I take the full responsibility for that too. So I think we've got good work to do in tech, the Brightree and SNAP and beyond.

I think we've got a better job in leveraging 8.3 million on myAir. So if you've clicked that box saying, I want to hear, why don't we tell people you are here for a new mask, your co-pay would be this. Click here if you want to have that happen.

And so I think the opportunity is huge. And we spent this whole question on the US We're in 140 other countries. And there we have lots of interactions with those patients. I think resupply is far less leveraged in those countries.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

And one little tidbit. We've also published a study that shows that when patients receive regular resupply, they are more adherent to therapy. So it is actually better because if you're more adherent, you're less likely to show up in the hospital, less likely to be admitted, you cost the health system less. So for the cost of a couple of masks a year, you save thousands of dollars in health care costs. So resupply is an important part of the care paradigm.

Matthew Taylor - *Jefferies - Analyst*

Matt Taylor from Jefferies. So Brett, I wanted to ask you about some of the assumptions for the long-range plan. Obviously, you're implying you're going to gain market share and you have a high market share now. So maybe just talk about how you could do that and whether you contemplated Philips coming back in those plans?

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

Yes. I mean, really the strategy is around growing the overall market, right? Because we have significant shares. So the aim is to grow that market through demand generation, then capture that demand. So that's what we're focused on. With the new product introductions, with the innovation that we have, we still think we've got a significant competitive advantage. So, do we think we'll take some share along the way, yes, but it's predominantly about growing that overall market. That's where I think we'll get. That's what's going to drive the strategy on that.

And then in terms of Philips, look, yes, it's factored in. The base case is they come back in FY '26. But really, the basis of competition or the landscape has always been there. And the Philips are not there, and Philips come back. To us, it's just in the overall mix of the competition. We've got to continue to innovate through products, through channels, through demand gen and demand capture activities, through our ecosystem, which we think is a very significant competitive advantage. If we continue to do that, that's really the basis of competition is at that value proposition. So that's what we're focused on. But to you specifically, yes, we factor them coming back at some stage.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

And they're already back in many countries, in terms of Europe and Asia, they've had to catch up, number five, four, three, two position. And really, I mean, six, 12, 18 months in different countries, it's been a nonfactor. I don't know, but most of this today has been looking forward.

Looking back, I would like them back Monday, so we don't get the question. Yes, they're back, still winning, and we'll continue to. But it's about growing the demand, getting more patients in and making sure they find their pathway through and looking forward. And that's where the future is.

David Rescott - *Robert W. Baird & Co. Incorporated - Analyst*

Dave Rescott with Baird. You talked a lot about the opportunities to drive market accelerating growth across the broader segment. And so my question is to the team, does that mean that market growth accelerates towards the higher end of what these different growth buckets are for SaaS and for devices and masks or could that be that device growth goes into the high single digits or SaaS goes more above the double-digit numbers? And when you think about what the guidance is set out there over the next five years, does that imply that the market does accelerate or would acceleration be upside to that outlook?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Look, I think if we're talking about with our market share position that we're going to accelerate the market, it does mean the, market accelerates, right, where we're at. And we are not quantifying down to the 50, 75, 100 to 125 basis points. We've got so many models coming out from our finance team. We know we're going to beat what we what the world would think marketable growth would be if you didn't have not just the 15 people you're seeing today, but the 10,000 ResMedians doing what they're doing.

But it's going to be product leadership, revenue leadership, marketing leadership and really changing the game of how patients flow through the funnel. So it will be higher than those basis rates. It has to be. But mathematically, it doesn't have to go that much high.

You think of device growth it can be sort of linear, but then you get sort of exponential on the masks and accessories were a patient with a resupply rate. And on the software side of the business, residential care software here, you heard Bobby talk about high single-digit and low double-digit growth in the top line and certainly getting double-digit growth on the bottom line.

So you can sort of look at it and see us able to achieve Brett's pretty broad guidance over those 5 years. And if you haven't felt it so far today, we have a lot of confidence in being able to achieve this to meet or beat these goals.

David Rescott - *Robert W. Baird & Co. Incorporated - Analyst*

And then to follow up, I guess, on some of the other questions you talked a lot about either M&A or partnerships or R&D. And obviously, the numbers on the undiagnosed opportunity is a lot bigger than that of what you could recapture from those that either going to third-line therapies or improving the adherence rate. So when you think about the investment across those three buckets, where do you see the biggest opportunity for ROI to drive this longer-term growth again, either from bringing more in, keeping some of those from falling out. Just any color on that.

Hemanth Reddy - *ResMed Inc - Chief Strategy Officer*

Yes, happy to take that. And so in general, we get strong ROIs across our investments across the board. Organic investments in particular, deliver a very strong ROI because they're not nearly as capital intensive. But in general, what I'd say is, we want to take a very disciplined approach to our investments. And we want to ensure that our investments really reinforce each other.

So we get a multiplier effect across our investments. So marketing reinforced by product, reinforced by commercial investments with strategic partnerships and potentially some M&A, all accelerating the patient flow through the pathway, right? And so that's the approach we think about versus one-off investments and evaluating them on a one-off basis.

So that's broad strokes how we think about the investments we're making, M&A versus partnerships versus organic. There really are they feed each other and reinforce into each other as a way to drive strong ROIs. It's ultimately in the spirit of driving the strategy.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

All right. We've got a question from the online audience. This is from Peter Thompson at Coho Partners. I think probably for Brett or for Bobby. So you've talked about the growth rate of SaaS. Where do you think SaaS could be as a percentage of total revenue by 2030 if it continues to grow at a higher rate.

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Brett, do you want to start?

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I want to say this. I don't want it to grow because I wanted the core business and SaaS, our residential care software business to grow so well together. You can stay at 12% to 14%, and we all grow incredibly strong. It's not either or, but it's both and, Brett first and then Bobby.

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

Yes. I mean it's we've got high single digits, low double digits there. So you think we'll probably that's growing a little bit faster in terms of our outlook or guidance, I guess, for long term. We do want to make some tuck-ins, particularly in the residential care software. And Bobby, they've proved really, really effective in bringing capabilities in and driving revenue.

So if we get some upside from those tuck-ins, maybe that goes a little bit faster and sort of it edges up. But look, the reality is our core business is growing really strongly. So kind of inroads in as a percentage of revenue, I think, will take time. But yes, it should edge up over time, I think. Tuck-in acquisitions maybe accelerate that a little bit. Bobby, I don't know what do you think?

Bobby Ghoshal - *ResMed Inc - Chief Commercial Officer - SaaS*

Yes. So we continually evaluate build by partner, right? So how do we bring the most value to our customers and their customers, the patient's ultimate customer. And through this rubric, we always try to figure out what is the best way and the fastest way we can reach value and get the value. I do think, as Mick has mentioned, we are going to grow high single digits to low double digits, and we aspire to always meet the market growth rates in each of our care settings, and we'll continue to do that.

And we'll do that profitably. So one of the clear focus areas is how do we get leverage in the business. So we just want to not just grow but grow really profitably and ensure that our margins are expanding continually as well.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

If there's one slide that speaks to that, which wouldn't be achieving this go up higher as a percentage of some internal pie is the fact that Bobby could identify I mean I personally visited a MEDIFOX DAN customer in nursing home, 500 residents, right? Take the average prevalence of people in their 70s, 80s, aging in place in a nursing home.

And I said to the head of the nursing, I'm walking around, great software, MEDIFOX is scaling. I said, Well, how many patients do you have? I didn't say on ResMed CPAP, I just said, how many patients do you have on CPAP here? 500 residents. We have one, Mr. Smith, what? One out of all this with Bobby, like this, I think. I think one of the biggest opportunities here is, yes, grow the core with the capabilities of the software and share that great growth together.

So that metric is not one that Bobby or anybody is measured on. It's a good one. It's an interesting one, but it's not nothing no one internally should be measured on that because you grow more patients in the funnel and you grow that business. It's both and not either or.

Laura Sutcliffe - *UBS Investment Bank - Analyst*

Laura Sutcliffe from UBS. This is a demand capture question. Every time we talk to sleep doctors, they say, my waiting list is getting longer and longer. People are showing up. But you guys don't make any more money unless someone absolutely writes a script, right? So how do you help that bottlenecking situation? And then I have a related question for Brett after that.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

So I think that the first part is that the bottleneck is different in different regions, right? So in the US, if you look at the different states, we have different situations in terms of wait time. So when I mentioned earlier, we're looking to target our marketing activities, we can actually overlay that with capacity in a given region.

So we don't want to create a lot of demand in a market where patients then have to wait forever. So that's number one. Number two, in terms of business model innovation, we are looking to partner with companies that help accelerate that throughput in the pathway by offering alternative ways to get on to therapy get that prescription. But those are the two elements that I think make that make the difference.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Mike, I don't know if you want to talk to. I mean, we've got partnerships with people who are scaling models that aren't all facility-based that look at home sleep apnea testing, that look at telemedicine, that look at remote patient setup, and these are at scale, but they're regional. And Mike, do you want to talk to some of those?

Michael Fliss - *ResMed Inc - Chief Revenue Officer*

Yes. This comes back to the answer I had given earlier, where with the data that we have now and the sales the market expertise to the sales team, we're able to identify those areas and where the hangups are. And then as I said, that's part of our go-forward strategy is discussing that with Justin and his team because it's a product solution in many cases, not just or an access solution. So we continue to evaluate those partnerships and find out the ways regionally that we can expedite that process for patients.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

So the Revenue team is seeing whether our capability is up. And then the Marketing team looking from a tech down to say, this group of PCPs have the scalable model, they are GLP-1 prescribers and they have a sleep channel, and they're open to being communicated with as I said earlier, that's sort of an overlap of those three circles, pretty high-tech stuff and scaling it and your test, you find out and you find out did it work. If it does, you accelerate it.

If it doesn't, you find another region and go again. But it will be I mean it's an exciting time because we've got tools that we didn't have 5 years ago. And we've got a world post-COVID, post pandemic where people are open to digital medicine, remote medicine, digital screening and remote patients set up in digital health like never before.

Laura Sutcliffe - *UBS Investment Bank - Analyst*

So, it sounds like those are things that could take some time depending on what they are. So my question to Brett is whether the growth you've mentioned is back-end loaded in some way?

Brett Sandercock - *ResMed Inc - Chief Financial Officer*

I mean, the demand I think it will build over time, right, because wearables have just come out, GLP-1s coming out. So I think that will be a cumulative or gradual build through that. It's not going to suddenly kind of like snap your fingers as their next quarter.

So I think it will build through that. It does, I think, give us a bit of time to build through some of these virtual pathways and we're building out the ecosystem. We've made some strategic investments with Somnoware, which is around sleep position software, around Ectosense, NightOwl for home sleep testing. So we're quite active in building out the ecosystem and what we think is the infrastructure we need.

But I wouldn't quite get it's back-end loaded, but I think it will be kind of linear, will be gradual as these build and then we won't build behind it. But we want to move pretty quickly on those. And that's why we're so active in trying to build these partnerships in these pathways and making some of these strategic acquisitions because we really want to set that infrastructure up.

The patients we think will be identified and then it's up to it's really up to us to make sure those pathways are there. They get diagnosed and they get on therapy.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Yes, I think this is going to go pretty fast. I mean you look at the flow of our consumer technology product roles. It's a software upgrade to a phone that rolls out. So the flow of patients is going to come in very strongly. How fast we can scale up these experiments and pivot? That's on us.

And that was like earlier, the question was what's successful or failure here? Success, and achieving these goals is making this happen and pivoting with an agile team that can test, try, if it works, double down, if it doesn't, reassess.

And it's not rocket science, and we've got the team to be able to do it. It's a once in a generation tidal wave of patients, and you we will be able to achieve this. And this isn't all 29 to 30. No, this will start January 1, 2025.

There will be patients starting to flow in. They will start Monday morning slowly, right? But it will be an exponential wave of patients. They're just coming. And so now on us, stretch the system, educate the system and make it happen.

Katrin Pucknat - *ResMed Inc - Chief Marketing Officer*

And actually, just one more comment. It's very US-centric, but outside the US in some of those high-growth markets, we're actually not constrained by capacity issues. So there, the charter on us is really just to make sure that the demand generation and demand capture efforts we are doing are sensible in terms of cost.

We don't want to spend incredible dollars on customer acquisition costs. We want to be really good tailoring it in the right way and really understanding the right model. And so we've been developing a lot of intelligence right now on that, but we're already scaling some of those efforts outside of the United States.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

So we've got two minutes, maybe a lightning round.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

So we've got one question from online. I think this is probably going to be our last question. So how do you see the evolution of your product mix in the future, especially as you think about now having more software and leaning more into HealthTech at Home.

Justin Leong - *ResMed Inc - Chief Product Officer*

Yes. I mean our core sleep apnea business is always going to be the engine that drives our business. So we think that's going to continue to grow. We'll continue to bring out more devices and more masks. So you'll see both of those grow.

And we also expect our software offerings to grow. I mean the key thing, back to Laura's point, to increase capacity in our pathway is better use of the software tools that can make sleep labs more efficient, DMEs more efficient. I mean we see with our new Somnoware sleep lab software, the sleep labs are actually able to perform more sleep tests once they have the software than before, right?

So it's these software tools that sort of underpin the patient pathway that are going to create the extra capacity. And as we increase velocity of the product launches and devices mask and also within Bobby's area, you'll see that adoption being able to be captured through that pathway.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

What Brightree was to HME efficiency and growth, Somnoware will be and should be towards sleepwear growth. And we have both assets. And as the team said, this is one, the interoperability, they're all within the ResMed ecosystem. And the tech teams across ResMed are tightly looking at that interoperability, making sure it's seamless and therefore, can provide the capacity to deal with this tidal wave of patients.

And that's a close.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

That's the close. Thank you. All right, folks. We're in the home stretch. Very excited to introduce our next session. We've got a wonderful panel for you. Carlos Nunez, our Chief Medical Officer, will be joined on stage by Dr. Pelayo from Stanford.

PRESENTATION

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Thank you, Amy. All right. So thank you all. To wrap up the day, I think we've got a really, really interesting conversation here. And I'll give a very, very brief introduction to what we're going to talk about and to Dr. Pelayo, but we'll start by letting him introduce himself. But as you've heard, my name is Carlos Nunez, I'm the Chief Medical Officer at ResMed.

And Dr. Pelayo is at Stanford University, as you've heard mentioned a couple of times today. He and I have only physically met three times, and two of those were last night and today. I've met him once before the pandemic.

We did not prep for this other than we talked in general that we're going to have a nice conversation. I have asked him to be as open and honest. He is a practicing physician, scientist, a teacher, an accomplished world-renowned key opinion leader in the world of sleep. And we're going to start by having him introduce himself and tell you a little bit about him and then we're going to ask him some questions. So go ahead.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

Thank you so much. Yes. My name has been mentioned a few times already. No pressure for me, but I'm impressed with the questions that you guys have been asking the analysts. I'm not an employee of ResMed. I don't own any stock in the company. I don't have any grants from this company. So if your first conclusion is I'm a lousy business person, you're right. I'm not a business person.

I didn't understand any of what the CFO was talking about, really, I can't follow any of that. And also my university has not allowed me to endorse any products. I'm not endorsing anything here. My job is to take care of patients and to teach other doctors how to take care of those patients and to teach younger people about the importance of sleep health.

So my professional loyalties are to my patients and to my students. And I'm happy to talk to you guys about any aspect of sleep. I got what happened with me was over 20 years ago, I wrote a letter to the founder of the company, Peter Farrell, and asked him simply said, thank you because your product is making my life easier as a doctor because the patients are doing better with them. So that's how it all began with me.

So I just don't know about doing this. I never heard of an Investors Day. This first time I heard about this. First time I have been here. I'm from New York. I was born here. Puerto Rican family and live in California now, but I'm just going to glad to be here with you guys. So I'm happy to answer any of your questions. Some of them are very clinical questions and very insightful questions. So I'm happy to go over the stuff with you folks.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes. And he's being a little modest also in some ways. So Stanford, we talked about Colin Sullivan, the inventor of CPAP in Australia. But Stanford is where sleep medicine was essentially invented. And we had a really interesting conversation earlier where Colin Sullivan, the developer of CPAP, and Dr. Dement from Stanford, they were sitting in Dr. Dement's backyard and the two of them were discussing who was going to win a Nobel Prize and just it's amazing to think that, that and you were like the fly on the wall. It was just to hear the story to see your face light up was great.

And Stanford again, because of this legacy in sleep medicine has attracted some of the most important KOLs. And another thing, just to mention, just to give you some props, I learned recently that Dr. Pelayo is very involved in the efforts to delay start times for schools because as we know, sleep for younger people is so important, they need more sleep than those as we get older. And so he's an internationally renowned figure in helping students sleep better and do better.

So the first question is kind of open ended, and I just want you to talk about whatever excites you about the field of sleep, maybe a little more specific towards sleep apnea, but what do you see that's exciting today? And then looking 5, 10 years in the future, what gets you the most excited?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

I have been saying for some time to my students and my patients that we're living now in the golden era of CPAP. It's just never been better. I mean I've been saying that for a long time that just hasn't gotten better. When I first started, people didn't know what sleep apnea was. I told people, I was a sleep doctor, they assumed I was an anesthesiologist, they had no idea about this field.

And now that it's much more mainstream, there are medications approved for all these different sleep disorders, it's an amazing thing to just see this process begin. I think we had a big black eye with that Respironics' recall.

And I'm actually grateful how ResMed responded to that, that you didn't cut us off, you still went through the effort. I know Mick did a lot of work on that to get the chips to get it going, that I didn't have to prescribe other brand machines. The question earlier about that the mask is the machine selections driven by the DME, that's ridiculous because they're always going to pick the cheapest machine, the highest margin that they have. The prescription is written by the physician.

So we need physicians who know what they're doing and specify what they want for their patients. Nobody is coming to Silicon Valley for me to cut corners. That's not what's happening. They want the best available, and that's what we're just going to try to do for them.

So we're always going to pick whichever the individual physician thinks is the best tool available to treat that patient. That's what we're doing. So that's where I think we're at right now. I think it's CPAP has never been better.

And that's actually a misnomer to think of it as just CPAP. We keep calling it CPAP traditionally, but it's not CPAP. It's not a continuous pressure device at all. It's an automatic machine. So this is a dynamic condition. There's been a lot of talk about the GLP-1s. I'm sure we'll talk about it later. But if you take a GLP-1, you're not going to cure your sleep apnea tomorrow. It's going to take years, if at all, if it's going to happen at all. And you need a device that's going to be dynamic and change with the patients.

We've already had this experience because we have patients who are pregnant. Pregnant patients have dynamic changes in their breathing and we need a machine that's going to adapt with them as they go through their pregnancy. It's going to be the exact same situation here.

So it's a great opportunity for this. There's a lot of other things I can talk about. I'm not sure at the stage. I mean this comes up, I mean, this has been happening over and over in the conversation I'm hearing around here. I think three or four times I have heard of the "death knell" of CPAP.

This is not going to happen it happened to us when the radiofrequency stuff came out, happened to us when bariatric surgery came out and patients were told once you have your surgery you won't need the CPAP. And nobody bothered checking whether this was residual sleep apnea. Happened to us with medications, too. It's happened before.

I haven't touched the hypoglossal nerve simulators. This came about also that the patients will be using these devices. So patients routinely would come in now and they've seen a bunch of patients like this, they come in saying, they saw the commercial on TV for Inspire, and those commercials make fun of the CPAP use.

And the patients say, I came here because of that commercial. And I say, Fine. Great. I'll refer you to our surgeons for the Inspire device. We have a hypoglossal nerve simulator program at Stanford. We have surgeons devoted to just doing that.

So I'm happy to refer you to that. And they go, Wait, nobody said anything about surgery. I am like, yeah, it's an implantable device. And they said, well, I didn't want that. And I say, well, would you like to see what the new CPAPs look like and the new masks.

So more often than not, when somebody comes in asking because of the commercial that they saw it on TV. They leave with a prescription for CPAP machine and CPAP device. So this is happening over and over again. And I think the same thing happened with the GLP-1s. Patients are going to be looking for them. We'll be prescribing them.

I'm going to learn how to manage [pancreatitis] apparently. But what will happen after that is that these patients will probably be using these devices anyway as a bridge. So I think there's going to be a lot of use of this stuff going on.

There was actually if I may, Mick, you made a slight mistake in what you said earlier. I am so sorry to be critical of you. I guess, obviously, I don't work for this company, I can say whatever I want about you. But you referred to the Apple Watch as a screening device. And I'm in Silicon Valley.

That's Cupertino is right next to us. And the guy that helped do that work, Dr. Matt Bianchi is a friend of mine. He actually volunteered at Stanford, he went over the white paper with me. He actually tutored me a little bit on the device last Thursday, and he said, we don't call it a screener. And you may have heard screener because it's actually set up a screening device has high sensitivity.

And they made something with high specificity, which that means is that it's going to sensitivity will have false negatives. This specific device will minimize that. So, they picked the device that has it's more for moderate-to-severe sleep apnea.

And that's important to know that because it's kind of easy to pick moderate-to-severe sleep apnea. I don't need a watch. I mean, the best detector is your bed partner, your spouse. I think that's who is your best detector of that.

And I told my patients all the time. Patients tell me that my wife claims or my husband claims that I have sleep apnea. And I'm like go home and give them a kiss. They may have saved your life. I have not seen a spouse to be wrong yet.

So the device is set up to detect moderate-to-severe sleep apnea. And I think it's a good thing because people are going to come in with it. So you're going to have even more people coming in all the time, and they will avoid some of these arguments. And the other minor thing I noticed today, I did not know you'd have the new mission statement, if I may.

That's a good statement. But I'd add one phrase to it, because it says this is at the home period. And I'd say home and wherever they sleep, because you've got great devices people use. And this happens to be the time. Patients say, I use my CPAP at home but not when I travel. I am like, well, you're not going to get a heart attack when you travel? I mean this is ridiculous, and people do this all the time. So it's whenever they're sleeping, and I think it's a good tool to think about. I would add that.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes. It's a good point because when you think of our residential care solutions, some of those patients, they're home, maybe a nursing home or an assisted living facility. So, it truly is wherever you call home or wherever you happen to be sleeping that night.

So, let's talk about the condition a little bit. In the break, you mentioned that one of the questions really resonated with you from one of the analysts. So, I want to talk about the prevalence and the lack of penetration in the market, but we'll talk about it from sort of a medical way.

And this is a line I've been saying recently a lot. There are 1 billion people with sleep apnea. 80-plus percent are undiagnosed and untreated. I mean there is no condition as prevalent in humans where we tend to be okay, mostly ignoring these patients.

And then when you look in popular media and you see a PAP device or a mask depicted in media, it's often the butt of a joke, right? They don't look like that. It's the big Darth Vader mask that hasn't been in the market for 20 years.

A device this big, probably hasn't been in the market for 20 years. It is a joke. And it's amazing to think that we are okay ignoring 800 million patients and making fun of the most effective therapy. How do you work with your patients to help get past the stigma that most of them bring about PAP therapy and help them understand that, guess what? Adherence to PAP therapy is actually better in most cases or can be better in most cases than adherence to medications?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

Several points to that. Actually, I went to a comedy show with a I won't say that person's name, but the fact that he finishes a routine. He's a nationally known comic with a whole routine about CPAP was he was actually good because I mean, it was funny enough, that he was mainstream that he can make jokes about it. Actually, I lost my train of thought thinking about the comedian a little bit. Sorry, guys.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

No, about the big, how you help your patients under.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

So a few things about this. Yes. People say things like if somebody is single, they think, oh, I'm not going to be attractive to my bed partner. And Dr. Dement, the founder of our field, said that the fountain of youth is in your bedroom.

And in fact, if anything, the CPAP machines bring couples together. And actually a lot of weird innovational things happened. I remember when the first CPAP machines came out, the first remote controls came out, the engineers not from this company, but from another company. What would happen is the remote control worked on a single frequency.

So when you turned on your machine, you also turned off the machine. So if you had the engineers had not anticipated a couple would both be using CPAP. So if you turn yours on, you turn off your partners. If this would happen. And now the patients know, there's remote control built into it, it's your nose. Now you turn on the machine automatic when you need to do it.

So if anything, the CPAP brings couples together, this happens more and more. In fact, the marketing photos of you in your mask show couples in bed a lot with a smiling bed partner. This is very common. So CPAP brings couples together.

This happens all the time. So it's actually a good thing to do. People think that they're really noise machines and they're not. I mentioned earlier, I got out of a speeding ticket one time because I was going fast and I was giving a lecture and police officer pulled me over. I was with my son in the car, and he said, Why were you speeding? I said, I was giving a lecture. Goes, What was the lecture about? I said, I was talking about sleep.

And he goes, Ah, one of these things. And it's become the universal hand gesture for CPAP. And I go well it was not like this, it was kind of like this. That's actually is not a good symbol either. But so I actually I had one in my car.

So I pulled it out of the car, and I showed it to him. I plugged it in and my car is a hybrid, and I showed it to him. He gave me a hug. He got me out of the ticket, and he said to me that he actually was separated from his wife because his snoring was so loud, and he was actually going to change places.

So I think we have to let people know that it's a much better product than it's been. It's never been better. I tell patients all time, when the people say, Do I have to use this thing. I say, No, you get to use this thing. You don't have to, you get to use it.

And one of the common questions I will ask my patient when the first time they come in with the device, I do a lot of second and third opinion work. People say things first thing I ask them is, Do you snore with it on? And they'll say, Well, not sure. I say, Go ask your partner. They are, I snore less. We have the snoring to zero.

And I teach that all time if you snore even a little bit, it is not set up correctly. The machine is not set up correct. They are getting glasses. So your vision should be 20-20 immediately. The CPAP works right away. That's what we are talking about. I tell them all the time that this is the best bang for their buck in that sense that it works right away.

Compared to any of the medication that they will be using, there is more tools. It is good news that we have medication choices that will be developing, but this is still, considering how much the cost of the devices, it's actually really good. It's of great value to patients. I think so.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

I heard a conversation with two couples, and they were talking one guy who had sleep apnea was being treated another person didn't want had it but didn't want to be treated. It's not sexy. I don't want to go bed and forgive the but the wife of the other couple said, you know what's sexy, that he doesn't snore. And he doesn't put the mask on until it's time to sleep.

No one is sleeping when you need to be sexy. So it works. It really worked for these couples and it convinced the other guys like, you know what, maybe that's a good thing because it's not too sexy when she kicks me out of the room to the couch.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

Dr. Dement said the same joke, and I repeat the joke. He said when they first got the CPAP machines, the first couple he met, he said because the hose came on the front of the nose, he says, We may look like elephants, but now we screw like rabbits, that is what he said. That was his quote, sorry, but that's what he said.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Not a ResMed employee, I didn't say that.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

Dr. Dement said this. He has passed away. But this is a sure thing he said. People don't realize it. It's a rejuvenating thing, makes you feel better.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes. No, that's amazing. And it's that getting past that stigma is important. One of the things that we've heard when we've talked to patients, and maybe you've heard the same, some patients don't like you said, they don't want surgery.

They don't want a drug. They want something that feels natural and we started to remind people, this is just air and sometimes water. And it's not invasive. And if 1 out of 8 humans has obstructive sleep apnea. This is a part of the human condition.

This is not some rare corner case. And just like some people have flat feet or are nearsighted or farsighted. If you want to run a marathon and do your best, you might have to get insoles for your running shoes. Just like if you want to breathe, sleep and perform your best, you may need a little help keeping your airways open, and that's, I think, that's an important message for patients. So thank you. It's really important.

Let's talk about tech a little bit more, and then we'll talk a little bit about pharma as well. You mentioned the Apple Watch. And we have a lot in common. So we're both Hispanic. We're both born in New York. We're both physicians.

We both moved to California. And he gets to live in Silicon Valley, which is really cool. So he's near all these tech companies. What do you think is going to be the result of the Galaxy Watch and the Apple Watch now detecting sleep apnea. Will you start to see more patients? Is this going to be this tidal wave that we are predicting?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

I believe so. I should mention I volunteered with the National Sleep Foundation and Samsung is one of the people that helps with the National Sleep Foundation. We're seeing it now. We've been seeing it for some time.

Patients coming in with their sleep tracking devices and asking questions about it, and my score is low. We're also getting a lot of patients coming in with fears of dementia that's happening more and more that they're coming and saying, Hey, what's happening? Somebody in my family has this, a horrible disease to have. Can improving my sleep prevent this?

And when I first started, we would talk to cardiologists, and they would literally laugh at us when you say, Hey, listen, this is sleep apnea is bad for the heart, it can lower their obstructive sleep apnea can lower blood pressure, and they would laugh at it.

Now it's one of the biggest drivers of our visits, it's about 1-year wait now to see for appointments with me, it's ridiculous. We have a lot of patients. It's been growing. It's patients with atrial fibrillation coming in and they are now routinely being told, you should get your sleep evaluated. So we're seeing more and more of this.

So the funnel is wide open. There's not enough of us to take care of these patients. So I don't view any of the tech stuff as a threat to my job security.

So if anything we want more primary care doctors involved in this and to be nurse practitioners and more people to do this. Because in the end, this is everybody sleeps. This should be a primary care problem, a primary care condition is what it has to be. So the tech is actually just increasing awareness of sleep and improving sleep health. And I think it's a good thing. I'm happy with it.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

And you mentioned atrial fibrillation, just to verify with you because it's something that I've heard many cardiologists tell me. There are quite a few cardiologists who believe that a large proportion of atrial fibrillation is a result of sustained untreated sleep apnea that the repeated hypoxic insults to the tissue of the heart leads to these arrhythmias. Is that something that you think is supported by your practice?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

I think it's become routine for cardiologists to refer anybody with atrial fibrillation for an evaluation of their sleep apnea. And I think it's I'm not sure of the exact number. But I think if they've had an ablation or they've been cardioverted from the Afib, 40% chance of them going right back into it if sleep apnea is not addressed.

So now it's just good practice in cardiology to get patients treated for their sleep apnea or check for it at least. We get a lot of patients like that saying, Oh, no, nothing is wrong. My cardiologist sent me here. It happens. That's now a very routine patient for us now with atrial fibrillation. And

it really was something that they would refuse to send us for many, many years, now is routine. So we just keep seeing that change, we think it is improving.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

And the tech is important. I have a relative who works in a safety-sensitive industry and he is not allowed to work unless he submits his sleep apnea data to a physician every 3 or 6 months so that he can continue to work in his job. So it's I'm sure you see patients like that, too?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

So yes, transportation industry and stuff like that. I think this comes up a lot, trucking industry, things like that, of course.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes. So we've got about six minutes left. Let's talk a little bit about pharma. We've talked we've touched a little bit about GLP-1, someone asked about Apnimed. I'll tell you the line that I have been saying. And actually, I can't take credit for this line. So Dr. Atul Malhotra, who we both know was asked this question about GLP-1s. If these drugs can help make sleep apnea less severe, do I just put patients on these drugs and forget everything else.

And what Dr. Malhotra said is what I'll repeat, and I have been repeating a lot is you treat the whole patient. And if someone shows up who is struggling with their weight and also has sleep apnea, you don't put them on a drug that may help them a year from now, knowing that they could get into a car accident today.

Just like if they showed up with hypertension and obesity, you wouldn't just put them on a GLP-1 in the hopes that their blood pressure might go down because they could have a devastating stroke today. How is this conversation and the realities of GLP-1s affecting your patients and the way you treat them?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

I think I welcome it. It's good news. I mean we're going to have patients who in the past couldn't tolerate CPAP because they were so big that the pressure was not adequate for them. They needed a special machine for that.

And if these patients lose weight, we may be able to use a different kind of machine. Again, the importance is that we're dealing with automatic CPAP devices. So these machines will adapt with them as a patient loses weight. Hopefully they'll lose weight, the machine will adapt with them. And that's not say we're going to cure the sleep apnea.

Part of the thing a phrasing that got used a lot today was COMISA, co-morbid insomnia with sleep apnea. And I like the term. It's cute phrase now that we use it. We say, What is that? But to think back on the history of our field, I got to learn from the founders of our field, Dr. Dement, Dr. Gimino. Dr. Christian Gimino is the one who created coined the phrase, obstructive apnea syndrome. He did not say obstructive sleep apnea disease, but obstructive sleep apnea syndrome. Because he was it was 1970, I think, maybe '71.

And he was saying, these people, yes, they can be overweight and have sleep apnea and its choking their breathing, but there was a whole bunch of them who were thin, who had insomnia, too. And somebody asked earlier, well, this is a mechanical disease, how can they have insomnia? It's you have to think about how these people think. What's it like for you to be in bed?

Most of us are only with our thoughts when we're in bed, wake up being tired and now tomorrow's an important day, and I'm going to be tired tomorrow. Now that leads them to think a certain way, and that can build insomnia. Or what wakes them up for one reason, then they stay awake ruminating about other things. So these things tie in together.

So I think it's going to be really, really good that we can maybe lower the severity of these patients' illness at least some of them, or many of them, hopefully. But we're not going to correct entire problem, especially certain population, the Bay Area, we have a large Asian population. The Asian population with sleep apnea patients tend not to be obese.

They just have small jaws and a different shaped skull. So think about that also, what kind of patients we're dealing with. It's not just overweight people. That's a mistake. That's kind of almost our original sin in sleep apnea, because it came from the Pickwickian syndrome, which are these overweight people is more the overlap syndrome that Mick mentioned earlier.

Most of our patients aren't overweight. I tell patients all the time, just sit in the waiting room. Most of our patients are not obese. They're not. Especially children, we didn't talk about children today, but children typically are not obese when they have sleep apnea. Yes, overweight people can have sleep apnea, but they're not necessarily that way. There's more to it than that.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Yes. No, I mean, obstructive sleep apnea. I mean, as a sound obstruction. It is an anatomic problem, first and foremost. And as you said, many people. It's the anatomy that they're born with, whether or not they have a few or more extra pounds. One of our colleagues we were talking with earlier, another researcher in Europe says that his primary risk factor that he sees is age. As people age, they're more likely to have sleep apnea. It's not conditions like obesity that are his driver.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

And if I may, we published a paper last year. I am not the first author in it. But we talked about the possibility of preventing sleep apnea in adults by treating them as children with orthodontics. And the idea of bringing the widening the palate. So this idea that we may not only cure the disease, but also prevent it from happening.

So we're going to be comprehensive in our approach. I work with kids and adults. And if you see a kid with sleep apnea, you have to ask about their parents. If you see an adult with sleep apnea, ask about their kids, because this is a familial disorder. So this happens all the time you have to ask across the generations. It's unlikely you're the only one in your family has sleep apnea.

I teach at a college level. And I ask my college students. I have 200, 300 students sometimes. I say, how many how many of you have parents who snore, want you to raise hands because guess what, that's what you're going to do when you're older.

You're going to snore too, right? They laugh at their parents snoring, but they're going to be in that same position, too. So you got to think about this. So we may be able to prevent sleep apnea by being more aggressive treating it in children. So I think it's a great time to be involved in sleep medicine.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Thank you. Yes. No, it's familial for me, grandfather, mother, me. So for sure. We've got about 1.5 minutes. Any last thoughts you'd like to leave them with?

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

I'm just grateful of the chance to be talking to you guys here. I appreciate this chance to be here today. So, yes, I mean they're a little I'm sure there are things we can make better for this. I wish the product cycle was faster because I'm always excited when new stuff comes out. Like I didn't know that a new mask was being launched today.

I really don't work at this company. I like having a new mask because the reps they know that. So I was like really happy to see what it's going to look like. I'm looking forward to I really send pictures to my coworkers. Look, this is new mask, this is coming out today. We got to start using it. See what you guys think about it? Yes. I think it's I think it's a good time to if you're going to have sleep apnea, now is a better time to have it because there's better tools than ever for it.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

That was excellent. All right. And I think we are at the point where we're going to break and have one last, oh, no break. We have one last...

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

I'm going to do a one-minute closeout.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Oh, look at that. All right.

Rafael Pelayo, MD - *Stanford Healthcare - Panel Participant*

Thank you, everybody.

Carlos Nunez - *ResMed Inc - Chief Medical Officer*

Thank you, all.

Michael Farrell - *ResMed Inc - Chairman and Chief Executive Officer*

Thanks, Rafael. That was awesome. Well, I'm going to close with the three points that I started with, and I just hope they you felt them, heard them, got a chance to dig in. And of course, you'll have time to look at the products and talk to the team one-on-one and stay for a cocktail maybe, those of you on virtual, no.

Three takeaways. One, we have an incredible market opportunity here at ResMed, over 2.3 billion people, one in four on the planet that can be treated by us, our current products or future products and adjacencies. Two, we have a sustainable competitive advantage and an excellent track record of success, but even more exciting future ahead.

And three, we've got a phenomenal 2030 strategy together. It's about an innovation machine. It's about our existing channels and new channels. Thank you very much for coming here live to New York, and hope to see you at the breakout. Thank you very much.

Amy Wakeham - *ResMed Inc - Chief Investor Relations Officer*

Awesome. Thank you all for those of you who lasted the entire afternoon, you're amazing. We appreciate it so much. Just a reminder, the video webcast replay should be up within 15 or 30 minutes. I believe the slides and all the press releases are now available on the Investor Relations website.

And for those of you who are here, I think, you deserve a drink. So cocktails to my left. Visit the showcase. We've got an amazing mask give away for you and the items at your desk or your table are for you.

Thank you so much.