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# EDITED TRANSCRIPT

RMD.N - Resmed Inc Investor Day

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## CORPORATE PARTICIPANTS

**Amy Wakeham** *ResMed Inc. - VP of IR & Corporate Communications*

**Brett A. Sandercock** *ResMed Inc. - CFO*

**David B. Pendarvis** *ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary*

**Hemanth Reddy** *ResMed Inc. - Chief Strategy Officer*

**James R. Hollingshead** *ResMed Inc. - President of Sleep & Respiratory Care Business*

**Kaushik Ghoshal** *ResMed Inc. - President of SaaS Business & CTO*

**Michael J. Farrell** *ResMed Inc. - CEO & Director*

**Robert A. Douglas** *ResMed Inc. - President & COO*

## CONFERENCE CALL PARTICIPANTS

**Andrew Paine** *CLSA Limited, Research Division - Research Analyst*

**Craig Wong-Pan** *RBC Capital Markets, Research Division - Analyst*

**Dan Hurren** *MST Marquee - Healthcare Analyst*

**David Bailey** *Macquarie Research - Analyst*

**David A. Low** *JPMorgan Chase & Co, Research Division - Research Analyst*

**Grete Janu** *Crédit Suisse AG, Research Division - Research Analyst*

**John Deakin-Bell** *Citigroup Inc., Research Division - Director & Head of Healthcare in Australia & New Zealand*

**Lyanne Harrison** *BofA Securities, Research Division - VP*

**Malgorzata Maria Kaczor Andrew** *William Blair & Company L.L.C., Research Division - Partner*

**Matthew Ian Mishan** *KeyBanc Capital Markets Inc., Research Division - VP & Senior Equity Research Analyst*

**Michael K. Polark** *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

**Sean M. Laaman** *Morgan Stanley, Research Division - Australian Healthcare Analyst*

**Steven David Wheen** *Jarden Limited, Research Division - Analyst*

**Suraj Kalia** *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

## PRESENTATION

**Amy Wakeham** - *ResMed Inc. - VP of IR & Corporate Communications*

Good morning, good afternoon and good evening to all of our investors and shareholders joining us from around the world. Welcome to ResMed's 2021 Investor Day. We're so pleased you could join us today. My name is Amy Wakeham, ResMed's Vice President of Investor Relations and Corporate Communications, and I'm going to review just a few details before I turn the day over to our speakers.

First, I'd like to let you know that we are recording today's meeting and the webcast replay, along with these slides will be posted to the Investor Relations section of our corporate website later today, and the video replay will be within 48 hours.

I do need to remind you about our forward-looking statements. The materials, presentation and discussion today may include forward-looking statements, which are subject to risks and uncertainty. Our actual results could differ, and I do encourage you to review our SEC filings for a discussion of the risks and uncertainties that could impact our business.

Let's now turn to the agenda for the day. I'm very excited that we are welcoming a group of speakers with us from around the organization, many of whom you don't get to hear from on a regular basis. They're all looking forward to sharing with you about ResMed and our focus on digital health and connected solutions to drive our long-term sustainable growth.

I know that today is a long day, and some of you may not be able to join us for the entire portion. So I'd like to highlight that we'll be having two Q&A sessions, if you need to hop in and out. The first at 2:40 p.m. for about 30 minutes, followed by a 15-minute break and the second at 4:15 Pacific for 45 minutes, and we expect to end around 5:00. I do encourage you if you're hopping in and out to join us for those Q&A sessions as that is your chance to interact with our speakers and ask the questions that you may have on your mind.

So with that, sit back and enjoy. And I'd like to welcome Mick Farrell, ResMed's CEO.

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**Michael J. Farrell - ResMed Inc. - CEO & Director**

Well, hello, everybody, and thank you very much for joining us here on our Virtual ResMed Investor Day. It's great to have all of you here in attendance. And normally, in these investor sessions, the banking conferences and so on, you hear from me, Rob and Dave and Brett. This time, we're going a lot deeper to get a lot more information, a lot more detail from our team. And so I will go through with a 15-minute sort of overview of our strategy and direction. And then hand over to Hemanth Reddy, our Chief Strategy Officer, to walk you through our ResMed 2025 strategy.

So here are the 4 points that I'd really like to leave you with from my session. Number one, ResMed is positioned to continue winning in huge underserved respiratory medical markets, sleep apnea, COPD, asthma and beyond. We have a patient-centric approach, a customer-centric approach and a unique ResMedian culture. And we have over 30 years of history, but more importantly, we have a really exciting future. And a big part of that future is the takeaway point too, is that ResMed is leading the market in digital health. We are the world's leader with 9 billion nights of medical data in the cloud, over 15 million 100% cloud connectable medical devices on people's bedside tables and every day, we're unlocking value from those data to help patients, to help providers, to help physicians and to help total healthcare systems.

Point three, we're transforming out of hospital care at scale. That starts with our core business of sleep apnea, helping tens of millions of people sleep better, breathe better and live better lives. It continues with our work in COPD, where we are helping people with cloud-connected inhalers, where we are helping people with high-flow therapy solutions and helping people with noninvasive and even life support ventilation solutions. And it's also the transformation that we're doing in out-of-hospital software, Software as a Service for home medical equipment, home health and hospice, skilled nursing facilities, private duty home care, life plan communities and beyond.

And the fourth point is that we are executing towards our ResMed 2025 strategy. If you just take the last 12 months, we surpassed \$3.2 billion in revenue, but more importantly, we helped 126 million people sleep better, breathe better and live better lives outside the hospital. Over 15 million of those were helped with medical devices and full mask systems, and over 105 million of those were helped with software solutions that helped remind them to take their medications or helped them manage their business in out-of-hospital care.

We're going to grow every year between now and 2025 at double digits on a volume basis, so that we turn 126 million lives that we've impacted the last 12 months into 250 million lives that we're going to impact in the year 2025. And we're incredibly excited about that vision and about that mission, and it keeps all 8,000 ResMedians impassioned and engaged in our mission.

So here's just a quick snapshot of ResMed. Many of you know this, we were founded in 1989 with the management buyout from Baxter Healthcare for AUD 1.2 million. And we've moved up to now a market capital in the New York Stock Exchange today of around \$42 billion. We have over 8,000 of us, ResMedians, that's what we call ourselves, operating in over 140 countries worldwide. And our main businesses are obstructive sleep apnea, COPD, neuromuscular disease, respiratory care and Software as a Service.

One of the main takeaways from this slide is we're really quite a balanced business. When you look at the split between our business, 50% of our revenues come from medical devices, 38% of our revenues comes from masks and associated accessories and a strong 12% of our business now comes from Software as a Service in a very high-margin environment. We're also balanced geographically. Around 53% of our sales are in U.S., Canada, Latin America in our Sleep and Respiratory Care division, around 35% of our revenues are in Europe, Asia and Rest of World from our Sleep

& Respiratory Care business with the remainder being the 12% in our SaaS business, which is, at the moment, 100% U.S., but we have the scale to look at global scale on that as well.

I'd like to walk you through a little view of where we started, where we were and where we are and where we're going. So ResMed started in 1989, and I think really for the first 16 years, we've focused like a laser on masks for CPAP, APAP, bilevel, and we were known as the world's leader in air pressure masks. And we have great brands like Mirage and Ultra Mirage that really transformed the market with smaller, quieter and more comfortable delivery of the pneumatic stent to the upper airway that solves the problem of obstructive sleep apnea for patients worldwide.

And around 2005, 2006, as we launched the eighth generation, our S8 device, we really took the market lead and became the world's leader in flow generator devices for sleep apnea, as well as keeping our leadership in masks. But then in 2014, based upon a strategy that we've been working on for at least 2 years, probably 10 years before when we're doing experiments in digital health, we executed on what I call a disruption of the industry and what I call a reverse Amazon play. Amazon was a software company who created a hardware device, the Kindle, at a phase of their company development to then sell more software books through that Kindle hardware device.

ResMed, from 1989 to 2014, was really a hardware company in med tech. But we created a software platform called Air Solutions that engulfed our AirSense 10 device and our whole platform, and we used those software solutions to then drive adoption and sales of our medical devices and mask systems. We created an end-to-end value chain from screening, diagnosis, treatment and management to ongoing care for patients within the sleep apnea environment.

I am incredibly excited about that history. But what I'm more excited about and what you're going to hear from today from the rest of the speakers is our future, how we're going to use artificial intelligence, AI, ML, MI, and we're going to take the 9 billion nights of data that we have in the cloud, that grows every day, and unlock value for patients, for providers, for physicians and for whole healthcare systems across the ecosystem.

So thinking about where ResMed began, we were born global. ResMed was born in a country that's large geographically, but pretty small population-wise. Australia is just a country of 20 million people in a world of 7.5 billion. ResMed was born global. ResMed thinks globally and ResMed can scale globally. We already have and we sell in over 140 countries worldwide, the red dots on this slide show all the places where we have direct offices, but we sell in many, many countries around the world. Not only have we scaled well globally, we have the positioning with privacy, cybersecurity and interoperability in our data to scale our digital solutions and, of course, our medical devices to countries all around the world.

So what about our culture, who are we? Who are these ResMedians? We're leaders, we're team players, we're innovative. We are obsessed by the customer. And we think big C customer. Customer, the ultimate customer is a person who suffocates or has trouble breathing, right, that patient. But it's also -- the customer is the physician who writes those prescriptions, that provide -- follow through for our products. It's also providers, home care providers, out-of-hospital healthcare providers, physician providers. But it's also payers who pay the bills for that diagnostic and screening. And so we have to take care of everyone from the person who suffocates to the person who says, "What's the return on investment of diagnosing and treating patients?" And our big data has to unlock value for people across that ecosystem.

We're also inclusive here at ResMed. I think our environment here is about honesty, integrity and doing the right thing when no one's watching, as C.S. Lewis said, but it's that in play at scale in 140 countries that really brings our culture to bear. And you're going to see that in all the presenters today and hopefully in the Q&A as you see us interact with each other and take on your great questions.

Belonging, inclusion, diversity for success is our take on D&I. This has been part of our DNA since the start of the company and my father founded this company 1989. We keep those core tenets that every ResMedian counts and every ResMedian is valuable, and we always have. Now we have the systems and procedures to scale through our Belonging, Inclusion, Diversity for Success Program.

So what about ESGs, the sort of external facing side of our great culture? Well, for me, there is no conflict between doing good for the world and also doing well for our shareholders. In fact, the overlap of those 2 circles, if you think about a Venn diagram, is precisely where we focus all our time and effort. As a healthcare company, that's quite easy because every time we take care of someone, we get revenue for it, we're actually

helping someone who is suffocating with sleep apnea or had COPD untreated or who needed care outside the hospital. But ESG has always been in our DNA. But that overlap in doing good for the world and doing well for shareholders just makes sense.

In the environment side, those double-digit reductions in the use of energy and fuel and fossil fuels and water, that produces great savings for our shareholders. The investments we make in volunteer time off for people to work on cancer charities, diabetes charities and COPD charities, is good for them as return on soul for the individual, but there's also a return on our employer brand in our big cities like San Diego, Sydney, Leone, Munich and Singapore. And we're providing great consumer branding associated with our product as well.

The last thing I'll mention on this slide is this Horizon 3 goal that by 2030, we're going to design for full circularity around our products. I think it's amazing ambition. It does amazing things to empower. And you'll hear this in Rob's session, our engineers who love to look at doing good for the world is doing -- as well as doing well for shareholders. But it also allows us to show, on a consumer brand, as our consumer brand gets stronger that ResMed really is thinking of the environment and driving that as well.

And of course, it is actually better for us. It saves money for us and allows us to invest more in R&D and all our growth. All the awards on the right, we have not gained these. We have not set up and said, "Oh, let's try and have the best gender diversity to make the top 4% of the S&P 500." We just hired great people, and then we get these awards. And I think that's the best way that I can describe our focus on the governance part.

So let me tell you a little bit about our Board of Directors and a little bit about the team. Not too much on that because you're going to hear from 5 of them today and see 7 of us interacting on Q&A. But when I look at our Board of Directors, of course, I see an experienced and diversified group. But I think about diversity, again, with a capital D, diversity of experience, diversity of industry, diversity of geography and of course, diversity of gender and other elements. But primarily, what I'm looking for is diversity of thought. If you look at this Board and think, "What's the diversity of thought in terms of payers and providers and knowledge of the healthcare system?" Well Carol Burt and her experience at Anthem brings that in spades. What about diversity of thought in terms of geography and understanding Europe or Asia Pacific? Well, Jan De Witte is a native European and brings that capability as the CEO of Barco and beyond of his European knowledge and med tech knowledge from GE. Harjit Gill lives and works in Asia Pacific and ran a multibillion-dollar consumer business in the region.

What about diversity of thought in startups in Medtech and understanding those ecosystems? Well, Karen Drexler started up 2 diabetes companies, sold one to Roche and one to J&J. And she's on the boards of at least 5 Medtech start-ups, including having been CEO of those and supporting other CEOs in the game. That knowledge of that medtech ecosystem from Karen is incredible diversity of thought. And of course, we have Rich Sulpizio and his knowledge of semiconductors and communications tech from Qualcomm; and Ron Taylor, who started up and sold Pyxis, so knows a little bit about drug delivery and working with hospital systems. I think you'll see great diversity of thought on this Board of Directors, and we will continue to advance on the technology side, more diversity of ResMed as we look forward.

Okay. Really quickly on our team. I see here a huge functional experience. You've got strategy, operations, technology, medical people diversity, you've got geographic experience from Europe, Asia, United States, industry experience from med tech, pharma, biotech, semiconductors, private equity, digital health, strategy consulting and beyond. I won't spend too much time here because again, you're going to hear from 5 of the folks -- 5 others of the folks from this slide today, and you'll have 7 of us for the 2 Q&A sessions during the day.

So let me close with this. ResMed is the world leader in digital health. We have 9 billion nights of data, 15 million cloud connected nodes and every day, both of those numbers go up. We focus on improving the quality of life for patients. That symptomatic relief is huge in sleep apnea and COPD and our out-of-hospital care, and it gives us great consumer and customer loyalty. We look to lower the acuity of care and the acuity of costs associated with diseases, and we look to lower the costs, the total costs of chronic diseases and the burden that has on our broken healthcare systems. And we look to improve outcomes by giving a return on investment to the payer providers, but also a return on investment to the ultimate customer, the patient, by increased quality of life, and through the latest peer-reviewed, evidence we can actually say now, increased quantity of life. CPAP, APAP, lowers mortality.

And the right slide -- right-hand side of this slide will be my final close, we have a huge total addressable market, over 1.6 billion people worldwide suffer from sleep apnea, COPD and asthma and many, many hundreds of millions more need great out-of-hospital care. So with that, I will conclude, and I will hand the reins over to Hemanth strategy -- Hemanth Reddy, who is our Chief Strategy Officer, and he's standing right beside me. Hemanth?

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**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

Thank you, Mick.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Yes. No worries at all.

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**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

Thank you, everyone, and it's a real pleasure to join you all for our Virtual Investor Day. My name is Hemanth Reddy as Mick mentioned, and I'm ResMed's Chief Strategy Officer. Over the course of the next 15 minutes, I'm really looking forward to engaging with all of you on our global corporate strategy, and in particular, cover 2 main topics. The first is a quick recap of our 2025 strategy; and the second, where I'll spend the bulk of my time, is to outline some key concepts for how we're executing our strategy.

So turning to our strategy. This slide represents a synthesis of our 2025 corporate strategy on a single slide. And it's a slide that we've used in previous investor materials. So should be familiar to many of you and I'll, therefore, keep it at a pretty high level and cover some of the key points. The first is that our strategy is patient-centric, digitally enabled. It is a transformative strategy, and it's a data-driven strategy. These 4 concepts will come through loud and clear through my presentation as well as the remaining presentations that you'll see today.

We have an ambitious goal of improving 250 million lives in 2025. And as Mick just shared, we're well on our way there, with having improved 126 million lives in the last 12 months. Our purpose is to empower people to live happier, healthier and higher-quality lives in the comfort of their home. The home is a key distinguishing factor of our focus. This is where patients want to be cared for, and this is where care is transitioning to. We are a purpose-driven company, and this purpose is a key source of motivation for the 8,000 strong ResMedian team around the world.

In terms of our growth focus, the markets that we choose to compete in and play in, we're focused on massive underserved markets across sleep apnea, COPD, asthma, as well as care and out-of-hospital settings to our SaaS solutions. These are fast-growing markets. These are markets where we have domain expertise, where we have market leadership and where our focus gives us a key basis of advantage.

Turning to our growth advantage, how we win. Ours is an innovation-driven strategy. And what we are doing is we're transforming care through innovative therapies and innovative digital solutions as well as taking a tech-driven approach to deliver integrated care. You will hear much more about these 2 concepts in my segment as well as the coming segments.

And finally, in terms of the growth foundations, the capabilities that underpin our strategy, it starts with our ResMed team. We are a high-performing diverse and entrepreneurial group of individuals who are truly passionate about improving the lives of patients around the world. We have industry-leading innovation. We have a strong focus on business and operating excellence. And that, combined with our leadership in digital health technology as well as scientific leadership, positions us well to win.

A key set of points for you to take away from this slide is, one, our strategy is incredibly well aligned with the major trends playing out across healthcare globally. As populations age, as chronic disease burdens increase and as digital technologies get adopted to care for these individuals, we're incredibly well-positioned. In particular, if we look at the major shifts that have played out as a result of the pandemic over the last 18 months, with care shifting to lower acuity and home-based settings, with care becoming increasingly remote and virtual, we are well-positioned for those shifts as well.

So turning to the execution of our strategy. The execution of our strategy is really based on 3 broad pillars. The first is to grow our markets through commercial excellence and expanded market access. The second is to continue to drive digital innovation across Sleep and Respiratory Care to radically improve patient experiences and outcomes. And the third is to transform out of hospital care at a scale that very few other players can. I'll cover each of these in a bit more detail in the subsequent slides.

Starting with how we grow our market through commercial excellence and market access, it's really 3 major points to cover. The first is that we've had a long-standing history of driving growth in our core channels. We have incredibly valued and long-standing relationships with thousands of customers around the world, and we will continue to drive growth through our customers by serving them with innovative solutions and superior service models. To complement the growth in our core channels, we are expanding into new channels as well as forging new partnerships as a way to reach and serve many more patients. I'll share a bit more about that in the next slide. And then finally, we have great leadership as it relates to generating clinical and economic evidence across sleep apnea, COPD and asthma. We've been innovating the ways in which we drive this evidence as well as the advocacy that we are able to do with this evidence, and I'll share a lot more about that as well.

So starting with new channels and partnerships and we'll start with new channels on the left of the slide. Consumers are increasingly seeking and accessing healthcare through new channels. And as new models emerge and new players play a bigger role across healthcare, we are also expanding the channels in which we operate. An exciting example of this is the work we've been doing with CVS Health. With CVS, we have created a streamlined sleep apnea patient journey that's delivered in their HealthHUB locations across the U.S. Through this journey, patients can now be screened, assessed and set up on therapy in CVS locations as well as purchase products for sleep apnea through CVS's offerings. This is a fantastic opportunity for patients to experience a much more integrated experience and an integrated patient journey.

A supporting element of that is we've been working closely with CVS to educate their colleagues and to provide input into their digital efforts to more effectively identify the risk of sleep apnea among their consumers as well as set up the appropriate recommendations to ensure that these individuals get tested and ultimately get set up on therapy. We're really excited about the opportunities in collaborating with CVS Health. And in particular, as CVS Health expands its services across HealthHUB locations in the U.S., we expect to reach many more new patients and serve them through a really delightful and streamlined patient experience.

Turning to partnerships. As you all will know and observe in the marketplace, digital innovation is exploding. There's a proliferation of innovation by large, well-established companies, healthcare companies, technology companies, as well as earlier stage innovative ventures. And so that digital health ecosystem is rapidly emerging and evolving in the U.S. and around the world. Our position as it relates to this ecosystem is to partner with the leading players and the emerging leaders in key aspects such that we can continue to identify patients, reach and serve them in new ways and meet their needs across sleep apnea, COPD and asthma.

A good example of this is the work we've been doing with Verily through our joint venture, Primasun. The purpose of this joint venture is to develop software solutions to identify, engage and enroll individuals who suffer from sleep apnea and other sleep disorders and guide them to get diagnosed and treated. In addition, we have a fantastic opportunity to partner with other Verily sister companies or companies in Verily's ecosystem, and through their different business models and services, reach and serve sleep apnea patients through different ways as well. Finally, we are focused on generating incremental evidence to show the positive impact of treating sleep apnea on other chronic conditions.

Collectively across these 2 examples, I hope you see that we are expanding the way in which we reach and serve patients in new ways. And another important point to highlight is across new channel partners and other partnerships, ResMed is a preferred partner, and we're a preferred partner because of our domain leadership, our innovative solutions and our collaborative culture. And so expect to see plenty more of activity and developments on this front as we reach and serve patients in new ways.

Turning to our evidence generation and advocacy efforts, we have a very strong capability in evidence generation. This is built on a solid foundation across clinical trials, it's complemented by capabilities across health economics and outcomes research as well as population health research. And more recently, we've been taking big data approaches and advanced analytics approaches as a way to generate real-world evidence studies jointly with KOLs. That capability positions us to be a really strong leader in terms of publications. And as you'll see on the chart in the middle, we have very strong leadership as it relates to peer-reviewed publications.

A key point to emphasize here is because of the digital and big data approaches we're taking, the pace of evidence generation has been increasing. And so over the last 8 years alone, we've published over 600 papers. And at the current ERS Congress that's taking place right now, we have 14 abstracts being presented. All of this capability and evidence generation allows us to do a few key things on the advocacy front. The first is to advocate for supportive reimbursement and access for our solutions; the second is to drive thought leadership as it relates to, for example, remote monitoring reimbursement across various markets around the world; and the third is to inform and engage in key policies and guidelines. For

example, in the U.K., the NICE, the National Institute of Health and Care Excellence, recently updated their guidelines to recommend CPAP as a first-line treatment for mild sleep apnea patients. So collectively across our commercial efforts as well as our evidence generation efforts, we are continuing to accelerate the growth of our markets.

Turning to the second pillar of our execution. We are driving digital innovation across sleep and respiratory care in new and innovative ways, building on the strong track record we've had to date. Over the last 30 years, we've innovated to make our devices smaller and our therapies smaller, quieter and more comfortable. Since 2014, by adding connectivity, we have liberated the data of the devices -- of our devices and in doing so, are driving much greater patient engagement and much greater provider effectiveness through our myAir solution and AirView solutions. That, in turn, is allowing us to drive much greater patient success with therapy, with much lower labor intensity.

We now sit at over 16 million cloud connectable medical devices in the marketplace; over 3 million patients using myAir; and over 16 million patients being managed through AirView. That collection of data now represents about 8 billion nights of sleep data. The data assets we have, the connected footprint we have, all set us up for even more exciting innovation going forward. And in particular, two key points to highlight. The first is we're going to drive intelligent data solutions using AI, ML to make our solutions deliver much more customized and personalized experiences. And the second is we're going to drive much more integrated innovation.

What do we mean by integrated innovation? And I touched on this notion of integrated care models in my -- in the strategy slide. What we mean by integrated care models is really care models that expand our innovation purview across the entire sleep -- patient journey, starting from identification, all the way to ongoing care management. And in doing so, we will identify patients more effectively. We'll be able to engage and motivate them to get diagnosed and treated and manage them to much greater therapy success. All of this will allow us to reach many more patients, deliver a much more seamless patient experience, drive much greater provider coordination and ultimately, enable new care models. You'll hear much more about this in Jim Hollingshead's section coming up.

Turning to our SaaS business unit. We have an unparalleled portfolio across our SaaS business unit in terms of breadth, scale and capabilities. Bobby Ghoshal, our new President for our SaaS business will cover much more about this, but some key statistics to highlight for you. We have over 105 million lives improved through our SaaS solutions; over 250,000 patients managed on a daily basis to MatrixCare; and over half the HMEs in the U.S. use Brightree. The collection of our reach, the customer relationships we have, the breadth of care contacts we cover and the data assets we have, allows us to innovate to deliver much more coordinated care and ultimately, drive much better outcomes with much greater efficiency. And we're going to innovate very aggressively on that front. In addition, we're going to continue to build our SaaS portfolio and our capabilities through acquisitions, both tuck-ins as well as additive acquisitions to our portfolio.

A key concept across our business strategies is this data-driven flywheel. We have incredibly rich data sets across our sleep business and our SaaS business. That allows us to derive actionable insights to deliver much better outcomes and personalized solutions, which in turn allows us to develop these solutions, commercialize and ultimately identify, engage and manage patients, drive much better outcomes for patients, providers and payers, which in turn drives brand preference for ResMed solutions and drive patient access for us. This flywheel perpetuates our advantage, and it's truly a win-win-win-win, a win for the patient, a win for providers, a win for peers and a win for our ResMed shareholders. It's a key concept that you'll hear Jim and Bobby speak about in particular.

I've just covered a lot, but one final concept before I wrap up, which is M&A. We have a long and successful track record of M&A across our businesses. M&A remains a key accelerator of our strategies. And in particular, we are strategy-led across these 5 areas: portfolio enhancements, such as Brightree; geographic expansion such as the recent acquisitions in Korea; added capabilities such as across -- with SNAP and Apacheta; market development, as we've done in Australia, and Rob will comment on this much more; and a stronger competitive position, such as in China when we acquired Curative to become the leading player in the Chinese market. We are a prudent investor as well an acquirer. And so we will remain active, but we'll seek to earn strong financial returns. And Brett will cover much more about the fiscal metrics and financial metrics we look for in our acquisitions.

Finally, to reinforce some of the 4 points that Mick introduced, we're incredibly well-positioned to continue to win in large, massively underserved markets, given our innovation focus and our ResMed culture. We are a leader in digital health and will continue to drive innovation through our

leadership. The combination of the assets and capabilities we have across our sleep and RC business as well as our SaaS business means that we can transform out of hospital care at a scale that very few other players can, and we're making great progress in executing our 2025 strategy.

So with that, I'd like to introduce Jim Hollingshead to take you through our sleep and RC strategy. Thank you.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Thank you, Jim.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Good morning, good afternoon, everybody. I'm Jim Hollingshead, and I'm really pleased to have a few minutes to share with you how we're going to continue to grow ResMed's Sleep and Respiratory Care business. I want to start with a couple of key points that are really my key takeaways for this presentation.

First one is ResMed is the clear market leader in our space, creating device plus digital solutions for people who struggle with chronic respiratory conditions. Our largest and core market is, of course, sleep apnea and the treatment of sleep apnea with our CPAP devices. But we're helping millions of patients with other chronic conditions such as COPD and asthma and some others. And we have that leadership position because we have a long track record of constantly improving the patient experience on therapy. So we've been doing that for years.

That's very -- in chronic disease, it's really important to give a good experience to the patient because by definition, patients who have chronic disease need to get on therapy and stay on therapy usually for their whole lives, for the long-term. And so we need to give them a comfortable and sustainable experience. And we have a long track record of improving that experience constantly. We've done that for a long time with our devices, with our CPAP devices, with our ventilators and our masks. And since 2014, we've added to that equation digital solutions, which have given us an entirely new method of improving the patient experience. And that's been really important for patients to get on and stay on therapy.

And the digital component of our offerings has really allowed us to accelerate the way we're solving problems for the stakeholders across our entire ecosystem, so for patients to have a better experience, but for our provider customers like home medical equipment providers in the U.S., healthcare providers, and hospital systems in Europe and in other geographies, but also for payers solving problems for them such that we're building value across the whole ecosystem and really driving that flywheel that Hemanth references, and I want to come back to that point.

Just some quick stats, a quick snapshot of our business. Through fiscal '21, SRC grew to \$2.8 billion in global revenue. We're active in 140 countries. As Hemanth mentioned, we have 16.5 million, actually more than 16.5 million patients in our AirView platform. And we've been gathering data. Since we put digital solutions in place, we've been gathering a lot of data, which is a real asset for us in driving actionable insights, and I'll come back to that a bit. But right now, we have more than 9 billion nights. It's kind of a mind-blowing number, more than 9 billion nights of de-identified therapy usage data. So the data that comes off of a device as a patient uses it. And that allows us to continue to innovate on the digital side of the business.

We have a lot of geographic diversity. North America is our largest market, really U.S. is our largest market, but you can see we generate significant revenues across the globe. And just over half of our revenues come from devices with about 43%, 44% of our revenue coming from masks. There's an important component there that I think investors should understand, which is the gearing effect, the recurring revenue effect of the consumables on these chronic -- in chronic therapy. So if a patient gets on therapy, stays on therapy, in almost all of our large markets, what happens is the patient gets resupplied in one way or another with masks and tubing and so on. And so Brett will talk to you later about recurring revenue in our business. A lot of times, I think investors see that as a SaaS division component of our business. Actually, recurring revenue is an important part of the SRC business model as well.

These are our three large therapeutic area markets that we're tackling. Sleep apnea again is our core business. This is a large -- almost 1 billion people worldwide struggle with sleep apnea that should be treated with CPAP as the gold standard therapy, which is our main product offering.

This is a market that's underpenetrated, it's underdiagnosed, and it's typically underserved. We have here on the slide, still more than 80% of patients worldwide undiagnosed. I think that's a very conservative estimate. I think even in our most penetrated markets, we're probably in-between 80% and 90% diagnosed, maybe less. So there's a lot of runway left in sleep apnea, a lot of patients left to help.

COPD, massive public health problem in its own right. You can see that almost \$100 billion a year is spent in European and U.S. markets in treating COPD patients, rather, with the knock-on effects that COPD causes. 380 million patients struggling with COPD worldwide, again, underpenetrated, underserved market.

And then asthma is a newer market for us, it has in common here with COPD and sleep apnea is that -- an incurable disease that's chronic, it's respiratory, and it drives a lot of healthcare utilization. So patients with chronic asthma tend to show up in the ER more often than other patients. There a lot of cost for health systems, and it's very inconvenient for the patient, but it's manageable. And so we have the tools, especially with the growth of our digital offerings, we have the tools to help asthma patients manage their care more effectively. And that's what we're doing across this whole space. We're really well-positioned -- I think, uniquely positioned at ResMed to help these millions, really 1.5 -- more than 1.5 billion patients that need our help, and we're really well-positioned. That's our mission. That's what we get up in the morning every day to do, is to help these patients manage their conditions, breathe easier and live better lives.

Now to participate in those markets and to have a right to win and have the right to help those patients, we have a number of sustainable competitive advantages. First, I'll start with our IP and our knowledge base. I was -- when I joined ResMed 11 years ago, I was quite surprised to find out just how much intellectual property there is in our products. We have the largest IP base of anybody competing in our space. That's been true of us for devices and for masks for a long time. We have a growing and active IP base in digital solutions as well. We also have a lot of trade secret knowledge. You'd be shocked, I think, to learn how much goes into making a comfortable mask that fits well. So we have a fantastic knowledge base, which is a real advantage for us.

Because we've been the market leader for so long, we have a very well-established relationships in our core channels, HMEs, as I said, HCP's hospital systems. And now we have the opportunity to grow in new channels, which I think is a really exciting part of our business right now and over the coming several years. We have the largest installed base and the most used software platform in our space, AirView, 16.5 million patients. And that's allowed us to gather the most data on patients and their usage of therapy, always -- and always honoring privacy, always HIPAA protected, always de-identified. But we have more than 9 billion nights of sleep therapy usage data, which we're now starting to deploy in innovation models in AI and ML to help us -- and with health claims to help us really drive innovation in the space. We are uniquely positioned to do that. So we're building the capabilities to do it. And we also have the best people and world-class processes to drive this innovation in the market.

ResMed has always enjoyed the advantage of having, really, I think the best people in our industry and product development, R&D and commercial roles in the sales field, our sales force has always been the best in the industry in these large markets. We're now adding to that talent base. Bobby is going to come back and talk a little bit more about how we're adding software engineering and data sciences and recruiting people because of our mission. And we've combined that in the last 1.5 years into a new set of processes in product management, where we're really driving to a set of processes around designing, delivering products to the market in a way that looks a lot more like Silicon Valley than it does like traditional medtech. We have a lot more velocity and a lot more focus on solving presenting customer problems, whether they're patients or providers or payers.

So if I position this now in Hemanth's three pillars of growth, SRC is growing the market. We're doing that by making it easier for patients to get into the funnel and stay on therapy, and that's growth in both sides because we bring more patients in but we also keep patients on therapy for longer, which is a way to grow the market, both for our investors but also for our provider customers. We're using, of course, digital solutions to drive that innovation. And we're leveraging scale. There's a lot of ways that SRC leverages scale and Rob is going to talk a bit about supply chain and continuous improvement. And data is about -- Bobby is going to talk a bit about data scale. I want to talk about the scale of our solutions and intelligent products and how we use data at scale to drive innovation.

So let's start with just our OSA therapies. These are our physical devices in OSA, and I don't want to go into depth on every one of these. But across the top here, we have our basic PAP products, the AirSense 10 and the AirCurve 10 products in the middle here are our core flagship products. They were the first products launched with the cell chip on board and full connectivity to the cloud. The AirMini is our award-winning travel PAP.

And there on the left is our AirSense 11, and I'm going to tell you a little bit more about that very exciting product launch that we're underway with right now.

On the bottom of this chart, you see we have the widest range of masks on the market. These are our frontline masks. We have a very wide range because we want to be able to fit the widest range of patient faces with the appropriate mask that's the most comfortable and in its own right, will drive long-term adherence to therapy.

That's the physical product side of our sleep solutions. This is a slide talking a bit about our data solutions in the sleep space. And I want to talk about both halves of this. We can talk a lot about what we're doing with data in sleep, but just to feature these 2 main offerings. On the left here, we have myAir, which is our patient app. And this is an app that -- when you go to sleep with a CPAP on, you can't see what's going on as a patient. This app allows you to see how your therapy is going. So you can see we give a score to how the patients slept using components like duration of sleep and mask leak and other things. We provide contextualized coaching for the better use of therapy. And this is an app that's driven up adherence rather dramatically. It's very widely adopted. It's one of the most widely-adopted health apps in the world. We have 3.5 million users with the myAir app. We've just upgraded this to make it completely cloud-based in myAir 2.0, which we just completed the process on.

On the right, so that's the patient solution with myAir. On the right, we have AirView, which is the provider solution, cloud-based provider solution that allows our provider customers to manage their patients by exception, so they can focus their efforts on the patients who need help and less effort, less human labor in support and coaching on the patients who are already adherent. That was a revolution when we launched it in the market, in the cloud. What that does is it lifts adherence, which means that an HME who's in, say, the Medicare payment system gets paid more for an adherent patient, and it lowers HME costs, and so it streamlines their workflow and makes the work of supporting these chronic condition patients with sleep apnea less costly for them, less human labor involved in it. So we've shown that we can lift adherence with AirView by 10 full points and lower costs, almost 60% for an HME.

So to give you an idea of the impact of these 2 platforms, if a patient, if a so-called naive patient gets set up on CPAP for the first time and doesn't have any digital support, their adherence is typically in the 60% range using Medicare rules. A patient on AirView, being managed by exception, that adherence rate goes up from the mid-70s, already a dramatic lift on adherence, which was a real benefit to our HME provider customers. A patient who walks into myAir, we've proven now with matched cohorts of hundreds of thousands of patients, myAir lifts adherence according to Medicare rules up to 87%. It's unheard of adherence levels in chronic care, all with digital solutions. All of that creates a lot of value for patients and their experience, but also for our provider customers.

If I turn to respiratory care, we're doing the same sort of thing across our RC business. And so across the top here, we're using AirView to manage ventilation patients by exception. That was an offering we had launched in the U.S. before COVID. We accelerated the launch in Europe for COVID patients, proved to be a huge benefit to managing ventilated patients in the COVID crisis remotely. We acquired Propeller Health, which very similar to myAir as a patient engagement app that allows a patient who's using dry inhaled meds for either COPD or asthma to manage their own care, drives up adherence. It drives down healthcare utilization. And then all of our devices here are cloud connected, allowing patients to be managed remotely. The way we think about respiratory care is we want the right device for the right patient at the right time. But the cloud connection and the digital tools are creating a lot of value, better patient experience. Again, better economics, better streamlined workflows for providers.

So that's the patient and provider impact, what's the business impact of our digital solutions? What this chart is attempting to show, just to tell you what's on the slide here, the blue line represents ResMed's U.S. market share for CPAP products over time. Now we've deliberately not put the numbers on because we don't publicly report our share numbers, but that will give you a sense of how our market share has grown with the advent of our digital solutions. You can see over there in Q3 of '14, where our share was when we launched AirSense 10, that first spike up is the launch of AirSense 10. We've been taking share the entire time over that period. We've just launched AirSense 11, and you can see a spike up in market share there. We have a lot of aspirations for taking incremental share with AirSense 11 and keeping incremental share.

The shaded area here shows you the adoption of our digital solutions and the patients who are being managed in the cloud. The light gray area that peaks up there on the right at 16.5 million patients is patients in AirView globally. And the purple area is patients who've opted into myAir. And that's mostly U.S. patients, the adoption rate of U.S. patients into myAir is very, very high, very high attach rate of about 40%. And so you can see over that time, the digital solutions have really become important in the market. What you cannot see on this slide is the way we've been able

to continue to innovate with software releases over time. And we're now to a point where we're releasing new versions of our software, so we're doing monthly releases of AirView. Very, very rapid, constant innovation, solving real customer problems, real patient problems with our releases. And we've been doing that with the AirSense 10 platform, which is a one-way communication platform that then sends usage data into the cloud.

One of the reasons we're so excited about AirSense 11 is AirSense 11 is a two-way communication platform, and it brings that ability to innovate on a rapid basis. Together with the device, it integrates that in a new way. And so I want to just share with you just a brief peek at the AirSense 11 with this video.

(presentation)

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Okay. So hopefully, you picked up on a lot out of that video. But what I want to do is pick up on some key points with this slide and just some of the things you just saw. As I said before, AirSense 11 is actually a two-way communication platform, and it has a number of technical features that represent genuine advances.

First of all, it's got a very high-resolution touchscreen, easy to use, easy to launch for the patient and easy to go to the menu routine. It has both cell connectivity, which the AirSense 10 had and it has Bluetooth connectivity. And what that allows us to do with the device is to have it still shoot data into the cloud the way AirSense 10 has done, but it's a really rich direct pairing with our new upgraded myAir 2.0. So it's a very rich experience for the patient who walks in to use myAir and a seamless connection between their myAir app and their device.

It also allows us very -- and I think very powerfully to put patient engagement, questions and prompts straight into the device. So patients do not have to adopt myAir to get questions and coaching. I think that's going to be really, really important for us as we start to customize and personalize care for patients. The device, because it's a two-way communication platform, is built for over-the-air upgrades. So this is like if AirSense 10 was a cell chip put on a CPAP, this is like a cellphone attached to the CPAP. And what that means is as we add new features, as we add new innovations, as we customize offerings to say, payer systems or certain HME customers and so on, we can do an over-the-air upgrade straight into the firmware to add those features to the device over time. So we don't need to wait for the next CPAP platform to add new innovations into the device. Very, very powerful innovation for us.

This is all going to lead to improved patient adherence, which is the core value creator in the market, and it's going to lead to even more streamlined workflows for our HME customers. So for example, at launch, we're launching with this an app called patient -- Personal Therapy Assistant for patients to do remote setup, seamless pairing, patients guided through set up, they can either do that on their own or they can do -- that, that can be a guided prompting for remote setup for an HME that wants to use that routine.

Finally, this is going to add for us the ability to improve our patient management, and we'll be able to do things. We'll be able to ask patients questions. So we've launched with this -- with launch today, we're launching Care Check-In, which asks patients questions about how they got into therapy, how sleepy they are and so on. It's very -- this is beginnings for us. And as they answer those questions, they already get targeted prompts to help them adapt to and adopt to their therapy and stay on therapy. But over time, as we're able to ask questions of patients about their experience on therapy, we can now add that patient-reported outcome metric data to usage data and really start to understand what drives the patient experience and what drives patient success on therapy. I think that will be very, very important for continued improved adherence, continue to personalize care, but it will also be important as we work to convince payers that finding and treating sleep apnea patients pays back.

And so with that, as a bridge point, I want to talk a little bit about Propeller Health as an example of that idea. So we acquired Propeller Health, which is an app that connects to clip on device for dry inhaled meds. Propeller is the market leader in that space. And Propeller has already proven that by taking that personalized coaching approach into dry inhaled meds for COPD and asthma patients, we can not only improve adherence to medication, but we can reduce utilization of the healthcare system. So what this slide shows is the patients that use Propeller end up with fewer ED visits -- emergency department visits and fewer hospitalizations. That's a big cost benefit to payers in the system. That's exactly the sort of thing we want to prove the case for with sleep therapy.

So how does this all come together? We started -- I started above by talking about 9 billion nights of data. What are we going to do with that data? We can do something with it now, but we're right on the cusp of doing even bigger things with it. Right now, with all of that data we have with patient usage of therapy, we can give contextualized coaching to patients who are using myAir, we can help them refit their mask, we can help them understand if they're having a leak, we can help them understand how many hours they're using it, we can prompt them with e-mails and help them use their therapy. For providers, we're streamlining workflows, which is taking out cost; we're driving up adherence, which is driving up revenue and is driving up recurring revenue for providers. And so that's already -- for providers, it's already a really good solution to manage their cost down, manage up the revenues. And for payers, we're able to demonstrate with higher adherence that there is an ROI for finding and treating sleep apnea patients.

Now take all of that and move it into the world of machine learning and AI, and what we'll be able to do, for patients, we'll be able to really personalize care, not just in context care but personalized coaching based upon how they're using therapy and how -- and what they're telling us about how they're using therapy. For providers, we can take them from management by exception to management by prediction. We've already built -- we have in production right now, a predictive model for adherence that we're working to commercialize. And for payers, we can take those 9 billion nights of data, we can de-identify it, tokenize it, tie it to claims data and finally make the definitive case. We can prove that finding and treating a sleep apnea patient pays back for the healthcare system. And you're going to see publications from us over the coming months that make that case.

This is really exciting. It's all enabled by the infrastructure we've built, the digital strategy we have built, AirSense 11 and our data sciences capabilities coming together to drive that. And so that's how SRC drives our part of the flywheel. And this is the flywheel that Hemanth presented to you. I just want to share with you the specific SRC flywheel, which really starts with a better patient experience, what we've always anchored the business on. Better patient experience means more patients get on therapy, more patients stay on therapy, which means we have more data to constantly just turn that wheel and improve the experience, and it's a self-reinforcing circle.

But we have a three-layered flywheel in SRC because as we can drive better patient experience and better adherence, we also drive better economics for our provider customers. They get more revenue for a compliant patient and they get more revenue for patients who get resupplied over time. That means that they have preference for our platforms, which means we have higher market share, which means we have more patients, which means we get more data, and that just spins the flywheel. And increasingly, what we're going to see is that payers are going to also benefit from this flywheel, because we're going to show that we can improve outcomes and lower costs, which means payers will prefer our platform, we'll get more patients, we get more data and the flywheel just spins.

So that's the SRC business in a nutshell. Just as a reminder, we're the market leader in the large markets with patients -- 1.5 billion patients who need our help, who are currently underdiagnosed and underserved. We have a unique capability that's proven to constantly improve the patient experience, both with our devices and our digital therapies, which we bring together in a very unique way in the market. And because our digital strategy complements our very effective and market-leading device therapies, we're able to meet the needs of all the stakeholders in our ecosystem. And that's how we're going to continue to grow the SRC business.

Thank you very much. And now I'd like to hand it over to Bobby Ghoshal, who's going to talk about our SaaS business.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Thanks, Jim. Bobby?

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**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

Super exciting. All right. Well, thank you for the opportunity to speak with you today. I have two sections, one before the break and one after the break. So for now, it will be about the Software as a Service business, our SaaS business. It's a role I've been in for a week total. And then after the break, we'll talk about digital health technology, in a role that I've been CTO for the last 3-plus years.

So first, the SaaS business. Before I begin, a little bit of background about myself. Although I'm new to the role for SaaS, I'm not new to SaaS. I was part of the team that acquired Brightree, our largest acquisition to date. I was the integration lead and then subsequently, the Chief Operating Officer for a couple of years at Brightree. And I remember it was just an amazing experience. We set up the operating model between a DNA of software in the Brightree side and bringing that into a leading medical devices company, ResMed, and also taking the rigor and the innovation and the scale of ResMed into Brightree.

I remember, we even started a new product, Brightree Analytics, based on data, pure data product during those days at Brightree and we grew enormously. So it was an amazing experience. So I thought I'd share that with you, a little bit of background about myself. But enough about me. Let's talk about the business.

I have 3 key takeaways for us here that I hope you'll remember from this session. One is that we are the leading provider of SaaS solutions, and we provide mission-critical software across a broad set of very attractive markets and out-of-hospital care. Secondly, we are uniquely positioned and we create this differentiated value within our SaaS portfolio, and we'll go through the breadth of it, the depth that we have, the scale, the amazing functionality that our software portfolio covers, our commitment to innovation, and we'll talk about how it makes sense, and we have the synergy between the SaaS portfolio and our core business in Sleep and Respiratory Care. And finally, we are really well-positioned for sustainable growth with innovation, our commercial excellence partnerships and Hemanth mentioned this, how we grow and accelerate our growth using M&As.

So with that, let's get into the business. What's our product? So we offer mission-critical software and related services for out-of-hospital care. And it starts with the market-leading offer from Brightree, which services are home medical equipment providers, and we are growing into pharmacy and infusion. And then under our MatrixCare brand, we have home health, hospice and private duty in the home setting, and we have skilled nursing, senior living and life plan communities in the facilities-based setting. And we have, in MatrixCare, one of the best EHRs, electronic health records, a very rich source of data about the patients that we serve there, and we'll talk a little more -- a little bit more about this. So with this broad portfolio, with a market-leading product, market-leading EHR, we believe we are the gateway to out-of-hospital care here in the United States.

So that's the breadth. Let's talk about the depth and the scale that we have in our business. So these thousands of providers and between Brightree and MatrixCare, we have, I believe, over 6,000 providers, who then serve 105 million patients every day. And that's a huge number. We also have a great ecosystem. So our partner ecosystem connects on a daily basis, and we have over 10 million API calls from our ecosystem into our partner ecosystem, that tells you we are an integral part of the healthcare -- overall healthcare system here. We have over 700,000 users who use our system to deliver care to those 105 million patients.

In terms of our positioning in the market, we are by far the leaders in HME. And as I said, we are expanding into pharmacy and home infusion, both stand-alone kind as well as the hybrid HMEs, who also do home infusion. KLAS is a leading healthcare IT research group. And they have this award every year, and the top award is called Best in KLAS. And you can see here, we have been awarded Best in KLAS for many years running in home health and hospice in the home health large segment, in skilled nursing facility. So we are really well-positioned. Together, our portfolio makes up about \$374 million of revenue in a serviceable market of \$2 billion, and that's growing on a yearly basis. We have room to grow here organically.

So this is the scale and depth. How about the functionality? So we have extremely rich functionality. As I've mentioned, this is mission-critical software for our thousands of providers who use our software to manage patients and run their day-to-day operations, and that includes the EHR, of course. We pride ourselves in best-in-class clinical functionality, where we provide the automated end-to-end workflows for our providers to manage their patients. I remember from my Brightree days, we have an iPad-led solution, which our clinicians absolutely love in terms of delivering care to home health patients. This best-in-class clinical functionality as well as business functionality gets enhanced on a weekly, monthly basis. We invest in a -- significantly in our R&D team. And these group of talented engineers, data scientists, are continually building new functionality.

But we just don't do this organically. We also partner. And so build by and partner into the ecosystem to bring the best-in-class functionality to our customers. All of this means a huge amount of rich data assets. You've heard Hemanth talk about it, Jim, so well articulated this, the flywheel effect of having this data. It's the same over here. We have amazingly rich data and contextual data about our patients, which our data scientists have now turned into products, which here, in this case, we have an example of falls predictor, which by the way, is one of the biggest adverse events that people in our provider community would have.

And so our ML, machine learning-driven insights helped reduce those risks. And this has been an extremely successful product in the market. There's a huge demand for it. But there is a flywheel effect. As we learn more about our patients, we get more data, and that data is more useful in improving our products and improving our patient outcomes. And that's the same flywheel that Jim talked about, we have over here.

Interoperability. Obviously, our systems have to operate in the broader ecosystem. So we have an API-first interoperability-first approach to the design of our software. And you see that in the number of API calls, over 10 million daily, that shows the interoperability of our system. So very powerful software with rich functionality.

Let's zoom out a little bit from our portfolio into the circumstances and the industry at large that we play in. We have huge tailwinds. The aging population and chronic conditions drive increasingly needs for long-term care. On a daily basis, baby boomers, there's 10,000 baby boomers who reach the age of 65 every day in the United States. And we have about 13% of our population who are 65 and over, and that number is going to be 18% in 2030. So a huge trend in demographics. Mick talked about the rising healthcare costs, which takes the system more towards value-based care. That, in turn, creates the pressure to reduce overall acute care spend. And so patients are transitioning from hospital to out-of-hospital care settings.

At the same time, our providers have a lot of challenges. They see, on a daily basis, the regulatory changes, payment policy changes, that creates enormous administrative burden and complexity for our providers to work through, to run their business. At the same time, there's an acute shortage of caregivers. This is the #1 challenge our providers face. And that, in order to overcome and mitigate these challenges, we need technology. And also the lack of visibility across these care settings, this is another area where we think our -- we are really well-positioned to take advantage of all of these market trends and the challenges that our providers face every day.

I want to share with you about a few examples as to why I feel we are uniquely positioned and we create value every day. First, within our SaaS portfolio itself, and you see this broad range of care settings that our software platforms play in. Starting with home medical providers, HME, all the way into life plan communities, but we see a trend here in conversations with a lot of our large customers, they are diversifying. And the lines are blurring across this continuum. We see, for example, skilled nursing facility owners, they're moving into home-based care. So it's SNF at home. And they're asking us in conversations with MatrixCare to solve for 2 different things. One is the ability to have a consistent experience to run operations across these care settings in a seamless way; and number two is a single view of the patient across this care continuum. And we are helping solve for those.

Another example. If you know HME providers and hospice, there's \$1 billion of business transacted between these 2 segments yearly. I remember a conversation I had here in San Diego with a large hospice provider, who was looking to Brightree to solve a problem of meeting an SLA. So a hospice requires equipment, but they have an SLA of 3 hours. And they have come to Brightree to ask for, "Could you help us with a solution that can manage that?" And we came up with a couple, one was Apacheta, the logistics solution, that is part of the Brightree family, but also data. So real-time analytics to manage this SLA of 3 hours. So this incredible amount of opportunity here between these care settings. Again, just to reemphasize here, all of these solutions supported by the richness of data across these care settings.

Another example, and this is between our SaaS portfolio and our core business in sleep and respiratory care. I think Jim mentioned this about the razor blade solution, right? So this is about resupply in sleep. The process of that a provider goes through to set up a patient and then take that patient all the way through billing, through the compliance stages and then into resupply is very complicated. And resupply by itself is a very complex process. There is a lot of documentation that is required all the way from referral for compliance and then into resupply.

What we have done here is incredible. We have a slew of solutions on the Brightree side, which we have integrated back into AirView and myAir, such that from the point of getting a patient and registering a patient, taking that patient all the way through compliance and then into resupply, we have integrated and automated their entire workflow such that it is a no-touch workflow. And this has been amazing in terms of efficiency for the industry. And so this is a great -- another great example as to how on our portfolio and the ResMed's core business has come together, and we are providing unique value and driving efficiency across the industry.

And to end here, I want to emphasize I'm really confident about our long-term growth opportunity. We have a great tech team in place, we have an amazing culture, we continuously innovate and we do invest in R&D, and we have a proven ability to take these tech solutions to market. We

will accelerate our organic growth here with proven M&A, and we've done a few of those. We've obviously had the big 2 with Brightree and MatrixCare. We also have a lot of tuck-in acquisitions that we have successfully integrated, and we've proved that ResMed is the best owner in all of these cases.

With that, I'll leave you back to our 3 main takeaways: We are the leading provider of SaaS solutions; we create differentiated value across our portfolio and into our core business; and we are really well-positioned for sustainable growth.

Thank you. And I think we go for a break from here.

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## QUESTIONS AND ANSWERS

**Amy Wakeham** - ResMed Inc. - VP of IR & Corporate Communications

Great. Thanks, Bobby, and thanks to all our speakers. So we're now going to pause for our first Q&A session of the day. (Operator Instructions)

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

It looks like we might have our first question coming in from Matt Mishan.

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**Matthew Ian Mishan** - KeyBanc Capital Markets Inc., Research Division - VP & Senior Equity Research Analyst

My first question involves ResMed and the CVS relationship. Is CVS working to become a DME provider where they actually set up the therapy? Are you exclusive with them? And are they considering resupply? And then the last question with that one is, does -- can that eventually extend to Propeller Health?

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Our relationship is nonexclusive, but we do have a strategic partnership, and we've been working together for some time to build that model jointly with them. It's an important part of their HealthHUB offering. And we embarked upon that partnership. Actually, we were deep into launching that partnership pre-COVID and then CVS unsurprisingly ended up shifting a lot of their attention to driving vaccinations. And so -- but their HealthHUB offering is growing. It's almost semantics to say "are they a DME or not?" because where they're providing the care, they actually typically do have DME licenses. But what they're really trying to drive is patients who would come into a CVS HealthHUB who would go through a screening to see if they need to be diagnosed for sleep apnea. They are doing their own diagnoses and they are setting up patients on care.

Right now, what they're typically doing is cash pay patients. I don't think they're yet into a reimbursed model with patients. But it's also an important offering that they're taking through their business to payers. And so they're out pitching sleep therapy, the importance of sleep therapy to different commercial payers is that -- in that part of their business. And that's one of the reasons we found that partnership so attractive because as a partner, they're actually doing demand gen, both with patients and trying to get patients more aware of the potential need for sleep therapy, and also with payers to drive payers into the market and prove to payers that it makes sense to find and treat those patients. On the Propeller side, there are discussions underway. I won't disclose more than that, but Propeller and CVS have been in conversation for some time.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. So it looks like we're looking for our next question. I know this is an audience that is not shy. Looks like we've got Dan Hurren from MST Marquee. Dan, welcome.

**Dan Hurren** - *MST Marquee - Healthcare Analyst*

Look, sorry, I've got a follow-on from that just in regards to CVS. Your distribution partners at the moment in locations where CVS is operating, which suggest there's no shortage of CPAP distributors already in place, what has been your feedback from the channel? And how will you manage any pushback from your existing channel?

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**David B. Pendarvis** - *ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary*

Terrific. Thanks, Dan. I guess that's Jim, I'll throw it to you.

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**James R. Hollingshead** - *ResMed Inc. - President of Sleep & Respiratory Care Business*

That's a great question, Dan. Well, I would say that most of our DME customers understand that a big bottleneck in the market is awareness. So patient awareness about the need for care and for payers to understand the importance of care. So there's a positive for all of our DME customers in what CVS is building. And we've talked to our customers about that.

But the other side to that is we have something on the order of 5,500 to 6,000 DME customers in the U.S. And in effect, what we have here is another large DME customer. And so the -- all of our big customers understand that they're in a competitive market. And I won't say that we got a bunch of accolades when we announced the partnership. But I do think there's upside for most of our HME customers in driving awareness and driving patients into the funnel, and I think they recognize that.

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**David B. Pendarvis** - *ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary*

Thanks, Dan. Margaret Kaczor, William Blair. Good to see you.

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**Malgorzata Maria Kaczor Andrew** - *William Blair & Company L.L.C., Research Division - Partner*

You'll get the third question on partnerships from me now. And this one is kind of more focused on the size, not specific to CVS. But it just seems like a lot of these, whether they're payer partnerships, CVS or other ones, there are multiples, the size of the existing partnerships that you're in today versus, again, that physician-by-physician, DME-by-DME. So the question for me is, what is the ultimate reach of these partnerships? How close are you to scaling them focusing on sleep initially?

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**David B. Pendarvis** - *ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary*

Great. Thanks for the question. Maybe Mick, Hemanth, one of the two of you could take that?

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**Michael J. Farrell** - *ResMed Inc. - CEO & Director*

Well, I mean, Hemanth set it up really well, and you hear from me every 90 days. So Hemanth?

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**Hemanth Reddy** - *ResMed Inc. - Chief Strategy Officer*

I'm happy to take it. Yes. So we are in a number of discussions regarding partnerships to grow our sleep business. I'd say the scale and sort of scope of these actually varies quite a bit. We have a number of conversations with larger entities that I referred to as well as some smaller and up-and-coming players.

As you've probably noted, there's a whole bunch of innovation happening across digital health by large players and small. And really, what we're seeking to do is position to be the preferred partner for sleep and respiratory care solutions. And so with that positioning, we're now engaging with a bunch of players in a way to say, "How else can we reach patients, identify patients pretty early on, drive the awareness to motivate the individual to seek to get diagnosed and then treated, and then on to care therapy." And that's the path we're going down. We're still early days in a number of conversations, but expect to see quite a bit more activity on that front, and we'll certainly share milestones as we reach them.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Does that take care of it for you, Margaret?

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**Malgorzata Maria Kaczor Andrew** - William Blair & Company L.L.C., Research Division - Partner

That works. Thanks, guys.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks. So we've got a question now that came in through the text or e-mail, and this is probably Jim, for you or Bobby on integrating technology. So it's from LJ at Two Towers Capital.

And the question is, can you talk about the potential for integrating technology with adjustable base manufacturers for mattress companies like Serta Simmons or Tempur Sealy? Also, what is the status of your partnership with Mattress Firm? What is the vision for this partnership?

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

I'll take that. So that's another potential avenue that we've looked at for some time. And the measurement, the objective measurement of sleep with mattress companies has actually been something we've seen in the market for a while. The way we're participating in that right now is actually through SleepScore Labs, which is a company, a start-up company we founded 4 or 5 years ago. We're still a minority investor in that. And SleepScore Labs has actually launched a partnership with Mattress Firm, who's the largest provider of mattresses and the SleepScore Labs app is being used by Mattress Firm to measure sleep with their patients. That's an early -- it's early days in that partnership. Mattress Firm has actually invested in SleepScore Labs.

And so that's typically how we are participating as ResMed in consumer plays, is through partnerships like that and SleepScore Labs is, at the moment, our main avenue for consumer partnerships, consumer markets, in the U.S., actually, I should say. You might -- somebody might want to add something about maybe Rob wants or Mick, do you want to talk about ALA or ANZ and what we're doing there?

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Yes. Rob, do you want to talk a little bit about Asia, Latin America and Australia, New Zealand?

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**Robert A. Douglas** - ResMed Inc. - President & COO

Just in general, on those -- in all of those areas, all of those markets are consumer pay markets. So we used to and we have -- and I'll talk later about this, we have the skill set of getting consumers to contribute to their treatment. And one of the many aspects we do, approaches we take is sort of specific partnerships. So I can't bring out any specific ones to talk about publicly here, but certainly, our teams on the ground are a partner of all different types of channels into those markets.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks for the question, LJ. So John Deakin-Bell from Citi should be arriving on video any time now for the next question. John, welcome.

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**John Deakin-Bell** - Citigroup Inc., Research Division - Director & Head of Healthcare in Australia & New Zealand

Sorry, I had a little technical problem. My question is kind of a longer-term strategic question. The adherence rates have been improving over time, but there must be millions of patients who have tried the therapy and then gone off it. I never quite understood what the strategy is to get those patients back. You talk a lot about awareness and new patients. But how can you use the data that you have to reengage with the existing patients that don't use the therapy anymore?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Mick, maybe you can take that one?

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Well, I'll start off, and then I'll maybe hand to Hemanth to talk a little bit more. I think it follows on to the Verily partnership because I think that -- when I look at the Verily partnership, which is partnered with the sister company of somebody who has 1 billion searches a day over there at Google Search, the Verily team, the goal is to identify, engage and enroll new patients but it can also be used to identify, engage and enroll patients who tried the grandfather CPAP that was too loud in the '80s or '90s. And I think there's a lot of scope there, Hemanth. So without stealing too much of that thunder, I think that Verily partnership can get noncompliant, recompliant and new patients.

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**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

I agree. I think there's two ways to think about this. The first is upstream to therapy setup, if you will. As we're looking to identify, engage and enroll patients, some of those patients could well be folks who have tried CPAP therapy before and fell off therapy. And so we're looking to reengage them and motivate them to get set up on therapy again and be successful with therapy. The second is I think what Jim spoke to quite a bit in his session, which is we now have the analytics and predictive abilities to determine when an individual may be at risk of falling off of therapy.

And so it can intervene much more proactively to help them be successful with therapy. And if the conclusion is made clinically that perhaps the patient should try an alternative therapy, whether an ASV that's more comfortable or an oral appliance that may be more suitable for the individual, those options also exist as a way to rescue that patient and prevent them from falling off of therapy. And so we're coming at it at both levels, right up front in the patient journey as well as on an ongoing basis.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Can I just -- I just want to tag on one quick thing. That is another avenue for the CVS partnership as well. So CVS very explicitly is thinking about the fact. So I'm going to get the stat wrong, and we can follow up with the right stat later, but I think CVS has a store within 5 miles of 75% of the U.S. population, something -- some stat like that. And by putting our devices on display and our masks on display in those stores that have a lot of retail footfall, I think a very explicit part of CVS's plan is people who may have lapsed from therapy or might be on a really old device and don't understand the advances that have happened in device size and comfort and quietness could become -- there, a lapsed patient can come back on to therapy.

And so that's one avenue that we've been pursuing. And we've dabbled over time in different ways to do that. But I think through these partnerships, we have a really -- we have some pretty clean shots on goal in that area. It's a great question, John. Thanks.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Rob, did you want to add on?

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**Robert A. Douglas** - ResMed Inc. - President & COO

Just one other comment, John. Another reason why we should do it, despite having so many new patients still to treat as well. Just today, there was a paper released looking at a study out of the French National Health database, followed 150,000 patients for 3 years and took half of them who had dropped off treatment early on. They found this half of patients that have dropped off treatment during the first year and compared them to the ones that stayed on treatment. There was a significant improvement in survival rates, something like 40% more likely not to survive the period if you would drop off your treatment. And so that's a mammoth difference. We really need to be getting these patients onto treatment.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks, John. Does that take care of it for you?

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**John Deakin-Bell** - Citigroup Inc., Research Division - Director & Head of Healthcare in Australia & New Zealand

Yes. Thanks.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Okay. So it looks like we've got Andrew Paine in the on-deck circle. We'll put you up at bat, Andrew. Go ahead.

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**Andrew Paine** - CLSA Limited, Research Division - Research Analyst

Great. So the key theme seems to be the integration across the entire treatment pathway. So are there any areas along that pathway that you're looking to target specifically or where you think you're deficient? And how does the potential shift towards home-based care and away from traditional treatment, provide opportunities here given your obvious strengths in home-based care?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Hemanth, do you want to take it?

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**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

I'm happy to give it a first shot and then others, please chime in. So I'd say, in general, we are looking at -- yes, I'd say it's less about weak links in the chain and more about what are integrated pathways that best suit a given patient persona or profile, right? Certain individuals may be -- sort of -- may require a bit more motivation and education upfront may start off on a, say, a mandibular repositioning device to start with before they get to CPAP. Others may have, say, a chronic cardiac condition and are strongly recommended by the cardiologist to get onto an ASV treatment as soon as possible.

So depending on the pathway for the patient, we're going to come up with customized interventions, if you will. And so it's less about gaps and more about how do we develop those pathways that are customized and tailored for a given individual, given their context, their needs and what may be best for them. So that's the way we're thinking about it.

**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

I'll just add to that. I think that if you think about what we've done with digital solutions over time, we've taken the therapy engine and built it out. And so we drive really high adherence. Once a patient is set up on therapy, they get acclimated and we help them get acclimated to therapy. We help them stay on therapy. And so it's kind of that handed to the -- the patient comes into the HME long-term. We've been pretty good at that, better in the first 90 days. And there's a couple of avenues you can think about with integrated care and sleep. One is make it much easier for a patient to get diagnosed.

So even now, in our large markets, there can be a long wait time for a patient to -- a patient might go into their general practitioner, their doc and say, "I'm having trouble sleeping." Take a while for that patient to end up in a sleep lab. And so might take a while for the doc to recommend it. It might take a while, they might hesitate to do it. Then there's a wait list for the sleep lab and there's a wait time to get their diagnosis, then there's a wait time for an appointment in HME. And so if we can compress that time for patients, by making the diagnostic pathway a lot easier, we really want to do that. We want to work with our sleep physician partners and with technology to really compress that time.

And one -- there's a credibility issue there because if a patient has told, "Hey, I know you've waited 6 weeks for this, but it's really important for you to get on this therapy." There's -- sometimes, if the wait is long, they take it less seriously. So streamlining the front end is really important. And I think on the back end, as I said in my brief talk, if we can get payers to understand the benefit to the healthcare system, the benefit to their own operations of finding and treating these patients so that they can avoid downstream chronic disease, which comes with a lot of cost, what will happen is payers will start to find those patients. They'll start to screen high-risk patients and get them on to therapy. And so it's -- that's why our efforts are kind of two-pronged. One is to simplify the therapy model with digital technology. And now, I think focusing more on the front end of that now than on just therapy engine where we've been really successful. And the other is to get the healthcare system by using data and the findings from our data to convince them to prove that it pays to find and treat those patients.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks for the question, Andrew. We've got one now that came. I think this might be a quick one from -- it has to do with AirMini. It's from Catherine McLaughlin from PIMCO Management.

And Katherine's question is, with the AirMini, when will it be connected to myAir? A personal contact was relating to truckers on the road are having difficulty uploading data to fulfill DOT, which is Department of Transportation regulations. Thanks for all you do.

So Jim, Bobby?

**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

I can take that. Yes, that's a great question and we get this often about patients who have multiple devices, for example, and they'd like to see a single view of the data. And that's exactly where we are headed. It is on our road map to connect the systems and provide that single view to a patient across all devices because we hear that for AirMini users who have Air Solutions, right? We have AirSense 10 or AirSense 11 as well.

And so yes, that is definitely on the road map. We're going to talk, maybe in the next section, you'll hear a little bit more, I'll talk about patient-centric architecture. And so this is really relevant to that particular aspect of where we are headed.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks, Katherine. Now we have a question from Rosemary Tan at Perpetual.

And the question is, do the MatrixCare and Brightree systems talk to each other? Where, for example, you might have a patient who progresses from a respiratory disease, could you identify and cross-refer this patient?

Bobby, let's come back to you with that.

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**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

That's a great question. This is all about blurring of the care settings, isn't it, right? Now the question is the context is important. It depends upon which specific context you're talking about. There are ways that we have created interoperability between the Brightree systems. So remember, we had home health and hospice under the Brightree brand, and now it's under the MatrixCare brand. There are connectivity points into, for example, SNF (skilled nursing facilities). Data is the connector between it all. And data is an abstracted layer from sort of the transactional systems, if you will. And through a single place where all of the data is connected, we do connect into different care settings. I give the example of hospice and HME connecting together and that truly is a great example of doing that.

I see us working more and more in these areas as our customers are coming to us and asking us to connect their care settings in a seamless way. So I'll see -- I do see us accelerating this.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Bobby. We've got Craig Wong-Pan from RBC on video.

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**Craig Wong-Pan** - RBC Capital Markets, Research Division - Analyst

My question is just on myAir and those attachment rates. Could you share how that's tracked up over time to that 40%? And what are the things you might be able to do to increase that attachment rate?

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Absolutely, it's a great question, Craig. myAir -- when we launched myAir in 2014, to be honest, it was a bit of a flyer. We weren't sure how many patients would -- how patients would acclimate to it, how many patients would adopt it. And the pitch was really to HME customers and mostly in the U.S., which is where we launched it first, that it would reduce their work because patients can get their questions answered in the app, and that proved to be true.

And it took off. It took off at a very rapid pace, and it got up to around 40% attach rate right now in the U.S. market, which we think is really high and really successful. With AirSense 11, myAir is seamlessly integrated with the device, and our goal there is to drive a 60-plus percent attach rate, which we achieved in our controlled product launch. And so that will get even more patients into the app and get the benefit of higher adherence and also the benefit of greater streamlining for HME customers.

And of course, with AirSense 11 we can do a simpler version of patient engagement just on the device. It doesn't require an opt-in. We can ask patient questions and give prompts on the device. And so AirSense 11s are -- really supercharges what we're trying to do with patient engagement.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Good. Thank you, Craig. So we now have David Low from JPMorgan, coming in on video. Here he comes. David, good to see you.

**David A. Low** - JPMorgan Chase & Co, Research Division - Research Analyst

You can hear me?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

See you and hear you.

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**David A. Low** - JPMorgan Chase & Co, Research Division - Research Analyst

Great. Some of the data that you gave was on adherence rates, 70% with AirView, 87% with myAir and you talked about it being based on CMS rules. I'm just wondering what trends do you see with patient longevity? How long do patients stick with the therapy? What are the trends? And is that data going to be made more widely available, given you've got access to it? And I think given that researchers would be very interested in it.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

That's a really insightful question, David. So what we see is it varies quite a lot. This is one of the really interesting things about having data on a range of patients. There's a very clear difference regionally, demographically, here's differences by age, there's differences by gender. There's actually differences driven by insurance coverage in terms of the longevity of different patients.

And we haven't -- we have made the decision so far to not publish a lot of that because we think that our insights are proprietary and give us a competitive advantage. But what we do see is by using our digital tools, we're actually able to move that curve up, right? So for any chronic therapy, you get sort of an adoption and a drop-off curve. And we see that with CPAP therapy in the myAir app, in AirView, we see it in Propeller Health as well. But we're meaningfully able to bend that curve upwards with the use of digital tools.

And I think that, that's really important. And in terms of publishing specific data, that's something I think we'll have to take under advisement. I really think our insights are proprietary and give us a competitive advantage. I think we'll do it where it's clinically relevant, and we'll likely do it more and more with payer system -- with systems and payers that we're talking to so we can set benchmarks that we can work against. But I don't think we'll kind of broadcast the data that we have on that front.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thank you, David. And now we have a question from Anthony Petrone from Jefferies and it has to do with Propeller.

So can you provide an update on the prior initiatives to marry the Propeller Health solutions with a variety of COPD solutions? Specifically, is there any update on prior discussions with AstraZeneca, GlaxoSmithKline and Novartis? And lastly, a recap on the total addressable market opportunity around improving drug compliance in the COPD space.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

On that last point, I think we'll have to come back with that data later because I don't know that number off the top of my head. In terms of partnerships, Propeller has done a really good job. I mean, just to back up and talk about Propeller broadly. We're still very bullish on Propeller. And if you think about Propeller in the ecosystem, what it's seeking to do is to drive up adherence on meds, which would be better for patients, but to also reduce overall utilization which is better for health systems and payers. And that's the slide that I showed, that showed that reduced hospitalization and emergency department visits.

That's very similar to what we're trying to do in sleep because we're trying to drive up adherence to CPAP therapy and prove the case that we're driving down utilization with the use of CPAP therapy. And it's almost like we have the opposite sides of that model built out with the two businesses. So we're very bullish on Propeller, and we've learned a lot from Propeller. We have with Propeller, the largest coverage of inhaled meds of any smart inhaler offering on the market. We've made real strides in our partnerships with pharma companies. We can't disclose everything that's going on.

I will say that my understanding is that Novartis has just done a press release in the last couple of days, and they're going to be presenting at ERS some adherence data on their Breezhaler offering, which includes the Propeller -- they're naming the results very promising adherence numbers using the Propeller Health digital solution with Novartis. And so that's on the pharma side.

On the system side, COVID had really slowed down and put some headwinds on the system side of the Propeller offer and so slowed down a lot of our conversations because most health systems were focused on, no surprise, the pandemic. Those conversations are really starting to reenergize and get momentum. So I think we'll continue to see some progress and some good developments for Propeller over the next 12 to 18 months.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Perfect. Then we're coming up at the end of our time, but we've got Suraj from Oppenheimer.

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**Suraj Kalia** - Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst

Sure. Can you hear me all right? Sorry, I'm having a bad connection here.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Loud and clear on our end.

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**Suraj Kalia** - Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst

Perfect. I'll just quickly chime in. Two things. One, Mick, maybe you could help us understand the roles and responsibilities between ResMed and the CVS partnership? And specifically, the reason I asked is because if I remember in the yesteryears, Philips also tried something that Kroger Pharmacies and Kroger Health, and I'm just curious how this is structured differently?

And if I could to Bobby or Hemanth, how would -- do you expect your SaaS data, the entire body of evidence you are developing, to guide your future M&A activities?

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Thanks, Suraj. Well, I mean I'm going to hand to Jim to talk to the details of it because we actually don't know what happened with our competitor and the convenience store, the supermarket chain that they were looking at. We know that it was put on the retail side, but it didn't have a lot of support, and it was at a sort of almost a grocery store element. So I see the CVS partnership is completely different in that they're putting it as part of HealthHUB, which has a medical orientation that they can do things like injections, like follow-up, like almost primary care physician visits and -- or nurse practitioners. And so Jim, what are your thoughts on -- without really, I think talking about their failure. Why has this been successful in these first milestones and what's the future look like for CVS?

**James R. Hollingshead** - ResMed Inc. - *President of Sleep & Respiratory Care Business*

So yes, I think it's a great question, Suraj. What I would say is I think that past experiments in the industry retail models are really just as retail models. And in this case, I think we have a real alignment of understanding and purpose with CVS and their HealthHUB model, and we can't represent CVS's strategy on this call, obviously. But what they're public about is what they're trying to do with HealthHUBs is do in-community chronic disease management. And so -- and they understand -- you can go on to their website and see their Chief Medical Officer talking about the importance of sleep to overall, well-being, and the importance of CPAP therapy, to long-term chronic care for patients, the knock-on effects of poor sleep.

And so we have a real alignment of purpose with them. We think what they're trying to do with the HealthHUB is quite innovative. And our partnership has been designed to be able to build that model for both of us to get patients aware of the need for care and to give them a point of care where they can be serviced with high quality.

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**Kaushik Ghoshal** - ResMed Inc. - *President of SaaS Business & CTO*

I'll take the second part. Suraj, it's a really good question around how we'll utilize data. Here's what I would say. The data is there for us to engage with our customers, to help them be successful. So I think we'll be customer-led in terms of what's important for us to pursue. And they, in turn, will be looking at patient outcomes. We do have a very rich data set, and we'll be leveraging that. And as the conversations happen, if we find a gap in what our customers need, and that -- and there's an opportunity with our partnerships with various players. That's an opportunity that I'm sure Hemanth will drive. But we will be customer-first and patient-first in our approach.

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**David B. Pendarvis** - ResMed Inc. - *Chief Administrative Officer, Global General Counsel & Corporate Secretary*

Terrific. Well, thanks for that question, Suraj. Thanks to everyone who asked questions. It got a lot of good discussion. Hopefully, you found it the same.

We're going to take a short break now. And we're going to come back online at 3:25. So 25 minutes past the hour wherever you are. So please get your coffee, get your afternoon, evening beverage, get whatever you want, but stay there, keep your monitor on and come back at 25 minutes past the hour. Thanks.

(Break)

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## PRESENTATION

**Kaushik Ghoshal** - ResMed Inc. - *President of SaaS Business & CTO*

All right. Welcome back from our break. We had an amazing Q&A session. I thought the questions were great. And well, I'm so energized to hear the number of questions around data, and we had even one around architecture, and we'll get much deeper into that in this session.

So I've taken off my SaaS hat, I've put on my digital health technology jacket, and I'm going to wear my CTO hat for this session. Welcome back, everybody.

So before I begin, the -- I just want to reflect with you what you heard from Mick, Hemanth, Jim and my other hat wearing the SaaS logo. And I think you'll agree with me that there were some really common themes across all of these sessions. So what did we hear? Definitely digital, right? Digital is central and key. We heard a lot about data and how data is absolutely central to the future of our business and how we take the outcomes, our patient outcomes, our customer outcomes to the next level using data. So we're going to talk a lot about data in this session.

We also heard about innovation and the need to accelerate innovation across our product offerings. We heard about how important it is to keep patient experience and the patient at the center of what we do. So the patient-centric approach as well as customer experience, which is really,

really important. And throughout, you heard about interoperability and the need for seamless transition from one system to another. So really, those are the 4 key takeaways that I have for this session.

Before we get -- dive into our proverbial data lake, I wanted to take a minute to talk about our team because this is really at the end of the day, the most important asset. The most important thing for us is the talent, the team and the people that we have in our technology organization. Of course, all across ResMed, I take great pride in our technology organization. And really in the last few years, especially during COVID where digital was accelerated, we've significantly grown our team of technologists, our data scientists, our ML engineers, our data engineers, our software engineers by 4x, so it's an immense growth.

And what I have found is ResMed with our great purpose has been a magnet for top talent from across different industries. We now have in our team, people from big tech to fintech from Silicon Valley to the East Coast. So there is -- including our VP of Data Science. So this has been a -- I think, a great experience for me where top talent across industries are interested to come in and work at a company with a purpose such as ours. And I can say that, that's been huge in terms of both attracting talent and retaining key talent. So we have a super team of PhD data scientists, all the way into graduate, fresh engineers.

And speaking of graduate engineers, we have this partnership now with MIT for their LGO program. And we have a few interns from the MIT LGO program, working on some of our key challenges and our most difficult challenges around patient experience, around our operations in various parts of our company. And I'm happy to say that we were one of the most sought-after employers at this -- the interview round of MIT LGO program. MIT is one of the universities we are working with. We are actually working with quite a few other universities to set up our talent pipeline from fresh graduates all the way up to PhDs. So we are -- we have a place of amazing culture. And I'm really proud of what we've built both as a team and the culture of the organization.

And what has this team been working on so far. This is the scale of our operations. In the last 3 years, we've grown our nights of sleep data 500% to the 9 billion number that Mick, Jim, Hemanth talked about. So we also -- you saw the chart that Jim shared around our AirView and myAir usage, that has grown significantly. But what's really amazing here is our myAir engagement has gone even higher. And you can see that in the myAir sign-ups as well as the myAir patients, which has grown 250% in the last 3 years.

I'll also want to share with you this insight around how engaged our users are, whether it's patients or customers. And you can see that in these 2 numbers. One is the 700% increase in the API calls within our ecosystem and into our partner ecosystem, we have customers' workflows connected with Air Solutions, AirView and myAir systems. And you can see this has been an area of huge growth. We also see that the number of settings changes done digitally has grown 400% in the last 3 years. Now COVID had something to do with it. But I also believe our ease of use and the stickiness of our overall ecosystem, digital ecosystem has something to do with it. So this shows not only our growth on the patient level, but the engagement level, which is far outgrowing even the growth in the demographics within our ecosystem.

All of this to show that our cloud-connected systems work over 70-plus devices that are connected over -- in over 140 countries over 430 carriers. These are -- I think every major carrier in the world now carries our data from our devices into our cloud systems. And so this is the scale that we have, and we have a huge digital -- a really robust digital platform that can scale even higher and take us orders of magnitude greater than where we are today.

We talked a lot about data. And so I wanted to share with you how we are using it in our enterprise. We are a data-first enterprise. And really, our end-to-end operations across ResMed is supported by a robust data platform in the cloud that is highly scalable. And it allows us, from -- whether it's supply chain -- and our team is working feverishly to work through the supply chain constraints that we are currently under to help meet the demand caused by our competitor recall. And we almost kept hourly updates in a circumstance where the dynamics are changing every day. So our team has to keep up with data in almost real-time mode, and we have the platform that enables that. So it's from the supplier side all the way into planning into manufacturing, distribution, logistics, marketing sales support, all the way through the chain. So really, in every part of our enterprise, we use data to run our day-to-day operations.

I wanted to share another example of data. And this is taking our 9 billion nights of sleep data, and you've heard that referenced multiple times, and how we are converting that into a data product, finally, into a digital offering that has a patient outcome or a customer outcome. So this

particular example is around the 90-day compliance. So the first 90 days in the United States is most important. And so we take -- the first step in this process is the aggregation of data from AirView, from myAir, from our out-of-hospital SaaS system all into a single data lake in the cloud. It's highly elastic, highly scalable. And this is where our data scientists run their -- first they run their hypotheses, and they build models and train their data models using this rich contextual information for each patient.

Jim talked about how we are personalizing this. So all of this data for one patient we run every day. So there's a model that runs daily for each patient within the 90-day compliance window, predicting the probability of the patient to reach compliance in a 90-day period. Not only that the model also puts out some recommendations on what interventions might help improve the probability of that particular patient to reach compliance and take that probability higher.

And we -- this is a closed loop system. So we are manifesting these machine learning models through myAir nudges or interventions or through companion apps on AirView. So the same models that work in terms of personalizing each patient's daily compliance probability is used in multiple ways to personalize the experience for our patients, but at the same time, allow for a population level, management of patients for our providers through AirView. And that's 1 example of how we've converted this amazing asset of 9 billion nights of data into a data product that helps improve patient outcomes and our -- and a customer outcome. So this is an example of that personalization at scale.

Now the other aspect of what our team has been working on is around the architecture transformation. Before I get into the specifics of the dimensions of architecture, and there's several dimensions to discuss here, I wake up every morning thinking about our patient data, security and privacy. This is really critical for us.

And as you know, we operate in so many different markets. For example, in our EU instance, we are guided by GDPR regulations. In California, we have CCPA. We have our SOC 2 certifications. We've gone to the extent of getting certified for HTS in France, which if you look it up, there's only a few big tech companies such as Amazon, Google, who -- Microsoft, who have gotten this certification. We have that certification because we are invested in privacy and security of the data that we are stewards for, for our patients. And so that's central, and this is built into our platforms.

We are a huge believer in security by design and privacy by design. So every product that we build does not have to reinvent what we do for security and privacy. This is part of our digital platform that is scaled across all countries and all of our products. So I wanted to start it -- stop there.

Really starting -- the other dimension around our architecture transformation is going patient-centric. And you've heard this in various ways from Jim and Hemanth and Mick has talked about that as well. What it means from a system architecture point of view is the question we had at Q&A is about, hey, if a patient uses AirMini and also uses AirSense 10, how do we ensure that we are providing a single view of the data for a patient that's using multiple devices. It's using this patient-centric architecture. It's a data model that puts the patient at the center and all of the attributes about the patients can come in, whether it's device-driven or it could be app-driven engagement data. And this liberates data and allows us to create more value much faster by having this transformation being patient-centric in our approach to systems.

The other aspect is cloud transformation, which is as you know, extremely key. Going cloud native is valuable to us in multiple ways. One is the velocity of innovation, having elasticity and scalability in the cloud right out of the box, that's a big win for us. And we've made -- most of our products are already cloud and -- in the cloud and getting cloud native.

The other part is where our team focuses our efforts. So we are not trying to reinvent the infrastructure aspects of delivering digital solutions. We are focused on the value areas where if we put the effort in our time to deliver value to the patient and customer ratio. So this is a huge part of our transformation.

One great example of this cloud transformation is our myAir 2.0 app, which we have rearchitected and rebuilt from the ground up to be cloud native, serverless. And what that has done is take our ability to release software and features through our myAir app in a matter of days. It's like 2 to 3 days. And we probably used to take -- something that probably used to take weeks or even months to do before this transformation.

And finally, interoperability. We are adopting fire standards. This is the fast healthcare interoperability resources. This is the standard that most healthcare companies and the industry has adopted at large. This is what we are adopting as well and going API first and having fire-based interfaces into all our systems to ensure that we have an interoperable system.

So where are we headed with all of this is the leading digital health platform that is data-driven, patient-centric, scalable and has consistency and standardization with security and privacy built in at scale. And this, I believe, I would say, is the leading digital health platform in our industry at the scale that we operate in.

I think we have Rob after me, and over to Rob. Thank you for your time.

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**Robert A. Douglas** - ResMed Inc. - President & COO

Thank you, Bobby.

Well, thank you, everyone, for joining us. And thank you for staying through our presentation. And I'm going to talk about operational excellence and after me, Brett's going to follow-up on our financial strategy, and then we'll be back to questions.

Just before I start on the slides, I just must say it's been a very interesting 18 months for everyone around the world. In our industry, it's been really interesting. You know, we had the incredible challenges of huge, ventilated demand last year at the same time as having to go virtual in all of our operations. And this year, we've had a competitive recall that's really changed the demand environment for our operations and for all of our teams in how we service customers around the world. So I'm really proud of the ResMed team and how we've responded to all of that. And it's amazing what we've been able to do.

It's been a huge learning experience for us as well. And some of the things that we've learned -- really, we've learned how to do a global virtual transition in the company and go virtual almost overnight. We've learnt the importance of communication, [of over communication] and the importance of being inclusive and keeping everyone included in the company while we're in that virtual mode. And we haven't missed a beat as we've gone that virtual. It's been incredible.

We've obviously learned a lot about flexing the supply chain, and I'll talk more about that as well. And we've learned the importance of a principled approach to these situations. And our #1 principle has been putting the patient first. And we believe that's really stood us in good stead.

So now as I go through -- into the slides, I'm going to give you a little bit of insight into how we've done all of this. My key messages that I'm hoping you'll take away from this is really focused on the patient experience. The patient and the experience of the patient is what inspires us, what we focus on through there. Our operational excellence plans and how we think about that is really a cultural thing that's across the whole business. And our focus on innovation and really radically changing things and utilizing digital-enabled solutions is really important for our approach.

And then we have this leveraging opportunity from our scale. Not only do we have 930 million patients in our sleep apnea business that we need to be targeting and treating around the world. We've also today got the scale of being the market leader in the huge number of products that we get there. And that leverage actually enables us to really optimize solutions and improve outcomes for many, many patients.

We've got a lot of competitive advantages around supporting our operational excellence program, but our culture is one of the #1 things here. We're so -- we continue to be medically focused, and we're focused on high-quality treatments for patients. And that focus on high-quality treatment means that we really always do the right thing.

Consequently, we are the industry leader. We've got a really strong reputation, both for innovation and quality. And this quality is really important. Our engineering teams focus so much on quality in our production and supply. And everyone through our whole delivery channel is really focused on the quality of that patient experience.

You've heard from Bobby talking about the amounts of data that we've got and Jim in our sleep and RC business. That data is really important, gives us a lot of opportunity to analyze and improve things. But we have to be trusted with that data, and we've got really good systems for managing that data and managing the security of them and making sure we do the right thing and protect privacy and protect confidentiality and really look after that data and only use it for the right applications, which really is improving outcomes. And to that point, we've developed a really strong expertise and a strong capability in analyzing all of this complicated data.

And then the scale is a big deal. When -- we're building millions and millions of CPAP machines a year and many, many millions of masks. We have the processes that we can really streamline and really optimize and get really good, high-quality outcomes from that. And our supply chain is actually very strong, even in these times of considerable stress on supply chains around the world.

Now Mick talked a bit about our ESG program. I thought I'd focus a little bit into -- a little bit of the environmental stuff and give you some insight into how we're thinking about that. Again, this is going to be a continuous improvement journey, looking at ways to eliminate waste out of our programs, out of our products and make sure we're driving sustainability across there. We can use mostly recycled materials in our packaging, and we're moving towards that rapidly.

We've actually been, in our Sydney facility, ISO 14001 certified for many, many years. And we've got quite a developed program around that, and we're using that to build on our sustainability program and to take that into our other operations around the world. But we have a really engaged team and many of the people we hire and our young engineers are really focused on this. And actually, in the ResMed culture, they're providing leadership, if you like, for that as to how we're going to focus on sustainability and what types of changes here.

And I have a short video here that could explain much better than I could, the approach that some of our team are making. So we'll just flip to that video now.

(presentation)

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**Robert A. Douglas** - ResMed Inc. - President & COO

So I hope you can see the passion that our team have and the passion for innovation and creating solutions. And this is just the start of the approach that many of our team will be taking. So we're really excited about that.

I thought I'd also talk a little bit about our overall supply chain and the architecture of our supply chain. We've got a really strong global supply chain. We've set it up over many years, and really to manage risk in the supply chain has been one of our key drivers. So we've got great facilities in our -- in Singapore and Sydney, they're our major manufacturing, another really good facility in Malaysia. But we've also got strong capacity in the markets as well in the U.S. and in Europe. And with this diversified manufacturing, we think we can manage any sort of regulatory and political risk in the supply chain.

We do have a China facility, and that's focused on products designed and manufactured in China for China. And that's working well, helping us on our long-term plan, helping people in China have treatment for their sleep apnea, which is really important there as it is everywhere else in the world. With this supply chain architecture, we think, it's really resilient and very, very able to cope with the challenges that we've got.

And in fact, we have significant capacity in our supply chain. And one example of that, that I wanted to mention was also just our most recent investment in manufacturing capacity in Singapore. And this is a many, many multi-year program that we've worked on. It's a significant increase in manufacturing capacity. And in fact, with this factory in place and our Sydney factory and our other ones, we've got much excess capacity in terms of our internal manufacturing systems to meet demands through there. And so we've got a really nice, spacious layout and we can really optimize processes.

I'm really proud of the team on this. They've designed and implemented this factory and transferred production into it without missing a beat, all during a pandemic, which has huge challenges with lockdowns going on in these countries as well. But this is the type of investment we're doing.

We've got extreme confidence in the long-term volumes that we're going to need to provide because we can see the patient flows and see the needs of patients around the world. So that's been a good program.

We're talking a little bit about automation as well and some of the processes that we use. Generally, our strategy and our factories is to have really as simple as possible assembly processes of highly qualified and highly functional parts from really strong suppliers. And ideally, the suppliers are contributing intellectual property as well, but they've got to be quality and got to be highly functional. We do the test and regulatory and all of that, and we can actually scale and flex that really quickly.

But sometimes, you do need automation and particularly in areas when it relates to employee safety is really important, but also efficiency is important. And when it helps quality as well, and particularly in our mass manufacturing, where we -- our processes are, let's say, deeper than they are in the assembly houses. We have a lot of automation that's providing scalability and replicability of the many, many millions of masks that we do. And we continue this investment as we go on. And its -- these teams have really integrated with our product development teams as well and so that, that innovation cycle can just accelerate through.

One case study of accelerating capacity increase actually occurred last year during the COVID crisis. And early in the COVID crisis, there was a huge demand around the world for ventilators to use in acute settings. We normally provide home care ventilators, but they work well in acute settings. But through much reorganization and structuring and working around lockdowns and all of that, our team, we managed to do over a 3.5x increase in volume of these products.

Now that turned out to be very good learning for what's happening this year as well because we've had significant increase in demand for our products. With our assembly architecture and that flexibility in the in-house manufacturing capacity, we've actually got the ability to scale that manufacturing easily to meet market demand, provided we can get all the parts that we need. And the reliance on suppliers then is a huge issue for us. And often, we're now finding that we've got to have much greater involvement in -- with suppliers as we go through these crises.

Luckily, it's been an area of investment for us for many years, and we have really strong engineering and process management and commercial management teams of significant size, actually managing these suppliers. And they're the ones bringing forward where all the bottlenecks and these might be multiple tiers down in the supply chain. But we are finding that if we can talk to the right people in the supply chain that may be experiencing challenges delivering electronic components, and we can say to the right people and these suppliers, you know these components you deliver us are going to save a life, that's a very compelling argument. And generally, we can find that we can get the allocation we need, if we can talk to the right people in time and do that.

And so certainly across the senior management in ResMed, we've been working and helping our supply team with those long-term relationships, improving them and building them so that we can get these supply components because our #1 focus at the moment is really to hit the volumes needed to make sure we can get as many patients around the world on treatment as possible, and that's our #1 principle. So we're working very hard on that at the moment.

Changing gear a little bit, globally, we have a really good model of distribution. We're in over 140 countries. Now you know every healthcare system around the world is as complex as the next one and different, and that has their own challenges and their own things that are important. And this is the reason why we need really strong, confident teams in these markets around the world. But we have, if you like, 4 main models, let me just go through them.

The one we talk about a lot and you hear about a lot is the HME model, home medical equipment provider model in the U.S. And you heard Jim and Hemanth talk about some of our strategies around there. We've got really long-term relationships with these customers and our solutions, including the ResMed AirView solutions and our Brightree solutions actually are really helping those businesses thrive in all of the challenging times they've been through.

In other countries, particularly in Northern Europe, there may be more centralized health systems and often we'll be doing government sales based on tenders. And we've got very strong teams that are highly versed in how to build, run tender programs and how to win tenders and we've got good market share there, and we're able to get very good patient care there.

You may recall, in Germany, we have a very strong home healthcare business, and that's actually the business of our customers in many other countries. And we manage over 250,000 patients in Germany and do the [bill it calls] for referrals and do the billing and manage patients through that. And so we actually have, sitting around our executive table, someone who's running a business very similar to our customers, and it's really great for us to learn and know what's important for them.

And then finally, we have, as I mentioned on the Q&A, we have these markets that are direct-to-consumer because there is little reimbursement for the treatment and the -- typically, we have to convince the patients to pay and we have direct-to-consumer marketing programs.

I want to give you a quick case study of Australia on that. It was an underpenetrated market. There was a lack of awareness on sleep apnea. We had to get patients, as I say, to pay for their own treatment and it wasn't really growing at the rate we would have liked to do. So in thinking about what we could do, we focused on new channels. We actually acquired a lot of our wholesale distributors. Not all of them, though, and so we've got a multichannel model.

We set up and invested in additional retail stores, implemented pharmacy distribution and acquired e-commerce distribution that input in place a branding overlay on all of these channels with the ResMed brand and focusing on the "Awaken your best" campaign and convincing people and letting people know how they can have a better life and better outcomes if they are on treatment. We made our retail experiences more like going to the spa than going to a medical outlet. And out of that, we saw a significant change in the growth trajectory of the Australian business. It has been really successful in that market. And so we're using that as a learning experience into other markets.

And finally, I wanted to just talk about our overall continuous improvement mindset. This is, again, embedded in the culture across the company. But we were looking for ways to link out strategy that you heard Hemanth talk about our 2025 strategy down to what people need to do on a day-to-day basis. And we've used what we call OKRs. It's a standardized objectives tracking tool that's been used in the tech industry and started off in the chip industry many years ago, but it's really effective.

And we've got over 160 teams now using this framework, and it's setting up meaningful objectives and then fairly short-term results that we measure. The objectives have got to be really challenging, and the results really have to make a difference towards those objectives. But it's certainly helping us contribute to build a line and then execute towards this 2025 strategy. And that bias to action and focus on execution has been really important in ResMed's success up to date and will continue to be into the future.

So finally, just to recap, I really hope you appreciate that we're really focused on this patient experience. It does inspire what we do. Operational excellence is across all of our business. It's very important for us in terms of delivering value to patients and consequently to all of our stakeholders. And our scale and our use of technology and our ability to use data to optimize what we're doing means we're really actually only just getting started on all of this, and we've got a long way to go and we could make a lot more improvements as we go ahead.

And with that, I'd now like to hand over to our Chief Financial Officer, Brett Sandercock, who's going to explain our financial strategy to you. Thank you, Brett.

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**Brett A. Sandercock** - ResMed Inc. - CFO

Right. Thanks, Rob. And good morning and good afternoon, everyone. It's a pleasure to be with you today, virtually from Sydney. And in this last session, I'd like to provide an overview of our financial strategy.

So there are 4 key messages around our financial strategy. The first one is building on our strong track record of revenue growth. And we participate in large, hugely underserved markets, so there is compelling opportunities there. And these will really be driven by innovation and by the accelerating adoption of digital health technologies for both sleep apnea and COPD. Two is growing our portfolio of value-adding businesses. And in particular, expanding recurring revenue in large markets, and I'll talk a little more about that later.

And three, driving operating margin expansion. And we'll do this through revenue growth, through operating excellence that Rob just discussed, through SG&A leverage while importantly continuing to invest in R&D. And fourth, leveraging our strong cash flow and balance sheet, for both organic and inorganic investments, with our overarching objective being to really drive stakeholder value.

So you can see from these bar charts on the slide, we really do have a strong track record of execution and shareholder returns. So you can see on the left, revenue growth, double digits. So 12% growth between FY '17 and '21 for our revenue CAGRs. And also, our operating income growth and EPS growth through that period exceeded our revenue growth. So we drove revenue growth and operating leverage over that period of time. And we continue to work hard on improving our operating margins. And you can see a real material improvement really from FY '17 through to FY '21. So we want to continue to work hard in that area. And these strong financial results really have power at excellent shareholder returns. So you can see here the TSRs in the 1-year, 3-year and 5-year periods at 29%, 146% and 318%, respectively.

So we have consistently delivered strong free cash flow over a long period of time. One back, please. We'll continue on. So we have delivered -- so we have consistently delivered free -- a strong free cash flow over a long period of time. Notwithstanding that the timing of working capital movements can impact cash flow from a year-to-year basis. And we typically maintain a positive cash conversion ratio. And we are a relatively low capital intensity business. So these characteristics, along with healthy EBITDA margins, all underpin a strong cash-generative business.

So this is resulting in a strong balance sheet with ample liquidity. And we have focused on paying down debt over the last few years. With the result that our balance sheet now is very conservatively geared and really with net debt at the moment of only \$360 million.

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**Brett A. Sandercock** - ResMed Inc. - CFO

So with this strong balance sheet, this means we are well-positioned to deal with the ongoing volatility and uncertainty in the current global environment -- It also means we have ample capacity for acquisitions and for capital management initiatives. And to this end, we have \$1.6 billion available for drawdown under our existing revolver facility. So plenty of capacity. And I think in summary, low leverage and strong liquidity really does provide us with financial flexibility.

So as Jim noted earlier, for the Sleep and Respiratory Care business, recurring revenue is really an important element of that business. So let me spend a little bit of time to talk through that, really talk through our mask recurring revenue model or what I've called here is a mask growth paradigm. So I'll just step through the graph on the left here. And so there's a number of factors that contribute to mask growth over time. And at the bottom there, we have new patients, and new patients coming in the funnel and new patients coming into the installed base. And that installed base continues to grow. And on top of that, you've heard from the team, you've heard from Jim and Bobby, we continue to see increased long-term adherence. And this is really an important aspect because it really has a compounding impact on mask growth. We have a growing installed base. And if those patients are then using therapy for much longer and much more regularly, that drives mask resupply and the utilization of those masks. So it's a virtuous circle that we're in. So it's really important that we drive that long-term adherence.

Next is new product introductions. And this remains important, and it does support our mask segmentation strategy that we have, and that supports patient needs. So we'll continue with that continued innovation that's an important element of our mask growth. And then finally, automated resupply solutions. And you've heard -- Bobby gave a really good example of that. And these really make it much easier for our customers to implement resupply programs and actually do them much more efficiently. So all these factors combined really drive mask growth.

And to summarize, two key elements for me is: digital innovation has powered mask growth, and our long-term patient adherence results in increased recurring revenue. And you can see in the bottom right there, our mask growth has improved over time. So between FY '12 and '16, our CAGR was 8%. And if you look at FY '17 to '21, the most recent period, our CAGR was 10%, and that's despite the impacts of COVID-19 in that period as well. So it's been really strong growth. And that compounding impact, that virtuous circle really underpin long-term sustainable mask growth and recurring revenue growth. So we are focused on driving increased mask growth to drive recurring revenue.

So let me now turn to our strategic capital allocation framework or how we prioritize the deployment of our capital. And you can see here on the -- and we've listed these from highest priority down to lower priority. And our first priority is really to reinvest for growth. And that's really reinvesting

in products and solutions for high return -- organic returns. And to this extent, we do invest around 7% of revenues into R&D activities. And to put that into perspective nowadays, that on current run rate, that's approaching \$0.25 billion a year that we're investing in R&D.

Next, we'll continue to pursue M&A activities, and Hemanth talked to this earlier today. And at any one time, we are actively evaluating potential acquisitions, and we'll continue to do that. We'll pursue targets that are aligned with long-term strategic goals and financial objectives. And I'll go through those in a moment.

Third, we'll support dividends. And I think it's important that we maintain a regular dividend and return cash to shareholders. So we've been doing that. And -- but we want to do that at a level that's meaningful and sustained. And you'll see recent -- most recently, we increased our quarterly dividend by 8%.

And fourth is to opportunistically repurchase shares under our repurchase program. And you may recall that the current program was suspended following acquisitions of MatrixCare and Propeller and then more recently, the COVID-19 pandemic, but that remains a capital management lever for us.

And on the left-hand side, on the wagon wheel there, the capital deployed over the last 3 years of -- in the order of \$2 billion. And you can see that was fairly evenly distributed between reinvesting in R&D for organic growth, for acquisitions and for, obviously, dividends back to shareholders. So my key message here is that we will maintain a disciplined focus on return on invested capital and delivering strong total returns.

So we have a disciplined and strategic M&A approach. And Hemanth earlier today articulated the strategic intent that we follow for acquisitions and how we assess those. So what I'd like to do is just touch on the financial criteria that we evaluate for acquisitions. And the first one is enhancing our revenue profile. And so we'll look at the stand alone growth trajectory of the target. And we'll also look at, obviously, the future trajectory of those revenues.

But the other thing we'll do is we look at any synergistic revenue opportunities that we may obtain from the acquisition with our existing revenue base and existing revenue businesses. So we'll look at that from both angles. Second, we'll look for acquisitions with an attractive operating margin. All businesses that have a capability to expand those operating margins over time. We'll also look for EPS accretion relatively quickly, and that would typically be within two years. And also, we need to be confident that return on invested capital will exceed our weighted average cost of capital within a designated timeframe. So that really depends on the acquisition and the relative maturity level of that acquisition, but we certainly make that assessment.

We have a strong track record of M&A. Our transformative acquisitions have enabled tuck-in opportunities, and they have created capabilities for us, particularly in our SaaS portfolio. And you'll see the larger acquisitions, Brightree, MatrixCare and Propeller that we've undertaken. We've also undertaken a number of smaller tuck-in acquisitions over time, so you can see from 2017 all the way from Conduit Technology through to Citus Health most recently in 2021. And these acquisitions have all added capabilities and value to our SaaS portfolio.

And we have a proven ability to integrate and leverage both larger acquisitions and smaller tuck-in acquisitions. And we do now have a really good process for the tuck-in acquisitions around identification, around a due diligence process and around integrating these businesses. And so that's really been turned up over the years and is working particularly well.

So what are our long-term financial goals? Well, the first is to meet or exceed annual market growth ranges. And I have these market growth expectations on the slide. And devices, mid-single digits; masks and accessories, high single digits. And our SaaS portfolio at mid- to high single digits in the segments we operate in. And our objective is to meet or exceed those growth rates.

Second is drive operating margins of 30% plus. And this will be driven by continued positive operating leverage. It will be disciplined supply chain management. But it'll also be about executing on our operating excellence that Rob talked about earlier. It will be around scale benefits that the team has talked about. We have scale now but we'll have scale for tomorrow, and that will be really important to sustaining our operating margins. It will be around manufacturing efficiencies. It will be around back-office efficiencies. And it will be around innovation and product design. So all these factors will combine to maintain and drive our operating margins.

Fourth is increased recurring revenue. And this will be driven by patient adherence. It will be driven through SaaS solutions, through our digital solutions, and it'll drive revenue growth from mask and device resupply as well. And importantly, our SaaS portfolio will also drive recurring revenue because that model is inherently a recurring revenue model. So they are all key drivers of our recurring revenue model and our, really, focus on driving recurring revenues.

And finally, reinforce geographic diversity. So almost 40% of our revenues is derived from international markets. So we really do have a significant international business. And that's important because we want to be able to participate strongly in high-growth markets. So think about Asian and Latin American markets where we've got significant underpenetration and huge markets, and we're really well-positioned to participate there and to drive those markets. So that's important. The other element to that is we're able to build a best-in-class global workforce and footprint. We're able to leverage our business footprint. We're able to access global talent. And that will be incredibly important going forward to drive our business and to drive growth.

So finally, I just leave you with: we plan to meet or beat market growth rates across all segments we operate in.

So this is my final slide. So let me recap on the key takeaways from the financial strategy that I'd like to leave you with. So the first, building on our strong track record of revenue growth; two, growing our portfolio of value-adding businesses; three, driving operating margin expansion; and four, leveraging our strong cash flow and balance sheet.

So thanks, everyone. And with that, I'll hand the call back to Mick for his closing remarks. Thank you.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Well, thanks, Brett, and thanks to Bobby and Rob as well for that great overview of our operations, our technology and our financial underpinnings, 3 foundations that really power what ResMed's all about and the great total shareholder return that we've been able to produce the last 1 year, 3 year, 5 years, actually, the last 31 years.

I want to close here really briefly just for a couple of minutes, and then I'll get miked up and head over to the group of 7 over there for Q&A with you all for 45 minutes, and you'll hear some intro remarks from Amy before that. But let me close with the 4 points that I opened up with. Number one, ResMed's positioned to continue winning and leading the world in out-of-hospital healthcare. We've been doing that for 31 years -- 32 years since 1999, and we're well-positioned through 2025 and the strategy we've outlined and for years beyond that.

We're leading the market in digital health. We have over 9 billion nights of medical data. We have over 15 million 100% cloud-connectable medical devices, and we are transforming lives. We're also transforming out-of-hospital healthcare at scale across 140 countries worldwide. And the fourth point, we're executing, as you heard from Hemanth, to our 2025 strategy. We're going to help 250 million people sleep better, breathe better and live better lives outside the hospital.

So with that, I will now hand over to Amy for some instructions on the Q&A. And I will run around to the other room and see you all for 45 minutes of hopefully, as the last session, some great questions to close out the session. And just on a personal note, thank you all for joining today. This has been an incredibly engaging session. I look forward to the final Q&A. So thank you very much.

And Amy, over to you.

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**Amy Wakeham** - ResMed Inc. - VP of IR & Corporate Communications

Great. Thanks, Mick.

So it's now time, like Mick said, for our second Q&A session. Just as a reminder, like Mick said, again, we had a great discussion during the first Q&A session. (Operator Instructions) We do have 45 minutes for this session, and we'll try to get to as many questions as we can so we encourage some really active dialogue.

And with that, I'll go ahead and now turn the meeting over once again to David Pendarvis, who will help us moderate. Thanks.

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## QUESTIONS AND ANSWERS

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Amy.

And welcome back. So we're happy to have you back for another Q&A. We've been joined, obviously, by Brett down in Sydney and the folks here live. And I believe we have a first question coming in on video from Gretel at Crédit Suisse. So Gretel, love to hear from you. Good to see you.

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**Gretel Janu** - Crédit Suisse AG, Research Division - Research Analyst

So I've got a bit of a longer-term question on your supply chain management. So clearly, you have some constraints currently. But I guess what are you learning at the current point? And how will that put you in a better position post dealing with the Philips recall? And what type of benefit will you be in, say, in 12, 18 months' time? And where will we see kind of margins go from here?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Do you want to take that?

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**Robert A. Douglas** - ResMed Inc. - President & COO

Sure. And I'm sure Mick might want to chime in as well as we go.

Thanks, Gretel, that's a very good question. We've actually learned a lot. And actually, last year, we instituted a resilience program across our supply chain. When we saw the risks that happened -- and some of these have been sort of happening with the challenges around the world in terms of the sort of deglobalization and some of the political barriers, so we've had to really think carefully through that. But when we went through the issue with the ventilator supply limits and also now the challenges around electronics, we've really learned that we've got to have a very strong map of the whole depth of the supply chain and understand and manage carefully the bottlenecks deep through the supply chain, not only the ones that are sort of close to us.

And so our team has done a wonderful job really driving through that, our ongoing process of working with suppliers. And we run supplier award programs and our quality system engineers are really right in there with the suppliers as well. We do want the suppliers to be contributing their IP as well, rather than us having to do all of the IP. And we get that. And if we can do that, that should give leverage to our innovation programs as well.

Obviously, in the short term, with the challenges that are going on, freight is a real problem and just some cross-border issues and then short term, some issues in Southeast Asia, particularly where COVID's very strong. These are all short-term things we have to go over, making sure you've got the right risk manager. Sometimes you have dual source. Sometimes for really custom things, you don't want to do that. But sometimes you want to have a custom source actually manage their second sources only as well. So we have all of those programs going on.

And I'm pretty confident it won't happen this year and for the next little while, but I'm pretty confident we'll get back to the program where we could see that every successive generation of product we're able to design to cost less than what the previous one did. And usually, we'll do that by designing parts out of the product and making them simpler. And then once we have those products in the market, our continuous improvement programs, we'll see process optimization, not only in our own factories but in our supplier factories, go through and sort of create value and take cost out of the things. So long-term, I expect we'll be back to that.

In the short-term, it's not a great environment for negotiating with suppliers in terms of that because really, the main thing we're looking at now is ensuring supply so that we can meet all of these needs that have been created by competitive recalls and things like that.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Gretel.

The next question that we have is -- has to do with COVID. And so it's from Steven John Lloyd and from -- Mick, I'd give this to you. So are you seeing any impacts on COPD from COVID damage to lungs?

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

So it's a great question, and I'll open up to anyone actually on the panel of seven here who want to jump in on it. I'll frame it in this way that we actually don't know. It's like we're in the heat of battle -- actually panel of eight, Brett, you can join in as well, of course.

We're in the heat of battle here with COVID. Delta wave now in the U.S. and just went through that in India. And we'll run out of Greek letters of the alphabet for the variants that are going to happen as this pandemic goes into becoming endemic over time into our regular flu season. What we do know from the early, peer-reviewed published evidence is that there are some chronic impacts of people who went through severe cases of COVID. So those who had intubations, ventilations or at least lots of inflammation and phlegm formation in their lungs do have some issues that are appearing at an early stage, right? We're only 18 months post the first patients, really, at scale.

And we are seeing that there are prescriptions for high-flow therapy, noninvasive ventilation. So I think bilevel S, ST, ST-A, as well as stronger levels of mechanical ventilation that are being used in these patients. We won't know the exact impact on the prevalence of chronic obstructive pulmonary disease (COPD), which is a very broad covering of many lung diseases. But I do think the prevalence of COPD will increase because of -- they call it long COVID or chronic COVID implications. And we will see more patients coming into the funnel. It's too early to say how fast that will be and what the implications will be. What I can tell you is I'll go back to what we said: 1.6 billion patients with sleep apnea, COPD and asthma. Sadly, that number is going up because of these chronic implications from COVID.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Good question, Steven, thank you.

Up next, we've got a live question from Lyanne Harrison of Bank of America. I think she's just coming through on audio for us. Lyanne?

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**Lyanne Harrison** - BofA Securities, Research Division - VP

Yes. I'm here. Just a question was on mask growth. I know Brett had a slide up that showed that mask growth has accelerated from 8% to 10%. I was wondering, how do you leverage, I guess, the current competitive dynamics in devices to maintain that double-digit mask growth at 10% or even accelerated in the near term?

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Okay. You were crackling a little bit on the line there, Lyanne, but I think we got the gist of it, which is how can we maintain that strong mask growth, particularly in light of the situation that we have with the strength of our device demand. And maybe that's a Jim Hollingshead question.

**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Yes. That sounds great. Thanks, Lyanne. I -- we continue to win on masks and grow with masks in a couple of ways. One is we do have the best mask offerings on the market. And I think that's pretty well-established. We're the market leader already. We have a very high attach rate, both obviously on our devices, but also on competitor devices. And so that dynamic remains the same.

I also think that our largest competitor is quite distracted right now by what they're doing. So we've actually seen over the span, some growth in our mask share. We are obviously seeing a lot of growth in device share because our competitor -- our main competitor is out of the market effectively for new patients. But we've seen some measurable market share gain in masks as well, which I think is a really good sign as we go through this -- through the market long-term.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Lyanne.

The next question comes from Saul Hadassin at Barrenjoey, and it's another CVS question. So will CVS begin doing home-based sleep studies and what will their sleep assessments consist of? So Hemanth, Jim, I'm not sure who's best to answer that.

**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

I'm probably in the best possession -- position to do that one, although keep me honest, right? So yes, they're doing home-based tests. And so they have a third-party partner that they work with to do home sleep testing. I believe they're doing exclusively home sleep testing. And it's just like any home sleep test, it meets the requirements. And so the -- they're doing most of that through their -- either the HealthHUB or their MinuteClinic setting, the patient is taking home a device or in some cases, is mailed a diagnostic device. The data goes up into the cloud, it's read by a physician just like any home sleep testing service.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Yes. Terrific. Thanks.

And then the next question will come from Mike Matson at Needham live on video.

Mike, you there?

**Michael J. Farrell** - ResMed Inc. - CEO & Director

We could flip to to Mike Polark from Baird, who seems to be online and on the confidence monitor ready to go.

**Michael K. Polark** - Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Yes, this is Mike Polark at Baird. Can you hear me?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

We can hear you just fine, Mike. Thanks.

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**Michael K. Polark** - Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Sorry. Yes. I'm not the other Mike, I guess. I got a bigger -- quick, bigger picture question long-term, there's some interesting, very early-stage emerging therapies under development to treat patients with obstructive sleep apnea. A lot of these products sit behind CPAP therapy, thinking neurostimulation. There's rumored to be some pharmaceuticals under development, some new approaches to dental devices. I'm just curious for your perspective on some of these products and small companies that are working in the early stages. And what role, if any, does ResMed have to play here in furthering some of these items along their development journey?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Good question, Mike.

Mick, do you want to take that? That's maybe on substitute and alternative therapies.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Yes. Look, I'll frame it up and I'll ask Hemanth to jump in and others on the panel of seven as well.

Mike, it's a great question. It's one we've had for 31 years, right? CPAP is a great solution. But at best now, even with all our technology, we're getting to 87%, 90% adherence, that's still 10% of people that we can't get over the line. So what are you going to do with those who can't get adherent on CPAP, APAP, bilevel or any of our therapies? And as we looked at all the different dental solutions, and we did a lot of due diligence around that. We eventually found a great 3D-printed scalable dental solution that we bought, called Narval, and we are now the number one provider in Western Europe and Northern Europe and many other parts of the world for 3D-printed dental solutions as a substitute for noncompliant CPAP to then have a backup with dental solutions. Other substitute technology you talked about, obviously, there's hypoglossal nerve stimulation. And we have a public company out there who is sort of a technology that we looked at and decided not to invest in that one. But we did invest and now that this is public through the IPO of a company called Nyxoah, N-Y-X-O-A-H, if you want to look it up. Nyxoah went public on a European stock exchange and might be doing more raisings. They have produced some great clinical data. It's another hypoglossal nerve stimulation technology, but it's implanted with a very small amount of metal into the hypoglossal nerve in an innovative way with external capabilities in digital that we think will take that market of hypoglossal nerve stimulation to the next level.

It's always going to be second or third tier after CPAP and APAP. I mean if you -- no matter what country you're listening to this webcast on, you go on Google, what's the price of a CPAP. It's going to be a lot less than the price of an invasive surgery to put a hypoglossal nerve stimulator and the capabilities behind it on you. And so a much higher cost and not as effective as CPAP and APAP. So clearly, second and third tier. But ResMed is participating in that through a minority stake and will be part of that as it goes up. On the pharmaceutical side, the stuff in terms of minority investments that I don't think we're publish -- public on yet, but we are looking at those substitutes, and we are involved as the number one provider of sleep therapy and sleep apnea treatment in the world, not just CPAP, sleep apnea treatment in the world. And that's sort of the big picture that we think about it.

But anything that I left off there, Hemanth or did I covered it?

**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

The only thing I'll add is, which I think Mick got to, which is big picture, if you zoom out, we're keenly scanning the marketplace for what innovations are taking place outside of ResMed to treat sleep apnea for different patient segments in different ways. And so we're constantly tracking the landscape and as and when it makes sense to engage with those companies, either by way of a partnership of some type or a minority investment, we certainly do that.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks very much. So the next question is from Michael Cockburn at BigPond. And I think it's a question actually is for me. So you all can just relax for a minute.

**Michael J. Farrell** - ResMed Inc. - CEO & Director

Why didn't you ask yourself that question, Dave?

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

So thanks, Michael. The question is early this week in the Sydney Morning Herald, there was an article about the New York University accusing ResMed of patent infringement and then making some form of claim on the company. Can you please give us some further information about this like do we need to be worried? Is it frivolous? What's the process? How can it be resolved? How much is the dollar amount of the claims? Is it material? Is it cash payment likely? And could the claims stop or limit production or limit the use of some current features?

So good question, Michael. We are familiar with the patents that are at issue here. It affects the auto ramp feature of our CPAPs, which is a feature that we've had for 25, 30 years on these products.

We don't believe these patents are valid or affecting our products. It's very early days in litigation. So we don't know all of what they're after. But at the moment, it's a suit that's filed in Delaware Federal Court, only seeking damages. It's filled by a nonpracticing entity. This is not someone who has their own products, does their own manufacturing, does their own sales. So it's just an attempt for royalties. We believe we're going to be able to win the case, and we'll fight it fairly strongly, but it is very early days. And we'll update you as it progresses. But thanks for the question.

And then we have a question from David Killian from Boston Capital Partners. And back to mattresses. So what is the market potential for embedded sleep trackers and mattresses that track heart rates, respiration and other biometrics? Do you think that ResMed will open up a consumer-grade business to compete with companies like Whoop, Oura, Eight Sleep, and other consumer sleep tech companies, maybe.

**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

I'm happy to get started and then Jim, if you want to jump in. We're very excited about the fact that sleep is becoming of increasing interest for various companies, technology companies, mattress companies, consumer health companies. There's obviously a lot of sensor innovation where folks are trying to figure out how do we monitor sleep and sleep quality in different ways. We actually are looking to that group of companies as potential partners rather than us getting into that space ourselves because we feel like we're best at once a patient is identified as being at risk of sleep apnea, getting them diagnosed, treated and cared for an ongoing basis. And so while the innovation is happening upstream of us, we remain positioned as the partner of choice to then work with those companies and actually having a number of discussions with many of the sensor-based companies as a way to drive that. Mattresses, in particular, is one form of it. But equally, we're seeing a lot of the innovation happening with wearables and other types of patches and sensors, body-worn sensors.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. So the next question is going to be from David Hurren from MST Marquee, who has a question about global reimbursement evolution. I think David is going to come back and be live on video.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

It looks like David Bailey is there live on screen. Maybe he wants to come on now.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Well, let's bring David Bailey on now, and we'll get Dave Hurren in a second. David, welcome.

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**David Bailey** - Macquarie Research - Analyst

A question for me just in relation to reimbursement. Just wondering if there's any clinical studies or initiatives being undertaken to support reimbursement in countries where it's not currently provided, or expand coverage in countries where reimbursement is currently in place?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Let's go over to Rob on that one.

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**Robert A. Douglas** - ResMed Inc. - President & COO

Sure. Thanks, David. I'll start, and others can chime in as usual. So the big country that was an interesting reimbursement initiative was Korea a few years ago where they introduced reimbursement for CPAP and that hadn't happened in a developed country for quite a while, and it was a big change, and we actually made targeted investments there to make sure we're in the right spot in that industry and to help guide it and shape it to what it should be.

The fact of CPAP treatment is effective and that it works and it saves money for healthcare systems is well-established. Most recently, we had the really exciting news about the NICE organization in the U.K. picking up a study that we'd actually sponsored that showed that there was actually a really good cost benefit from treating mild-to-moderate sleep apnea. And they've introduced recommendations that we believe will be implemented to fund treatment of mild-to-moderate sleep apnea with telemonitoring to get the compliance benefits and show that. So that's one example of the type of work that we do. In many -- it's got to be done on a country-by-country basis. That's the scale challenge on it because every country will only believe its own data and their own facts. And so we've got a team, a really strong Government Affairs team that's operating globally and sharing the data and making sure we've got the best contacts and the best information. And I'm quite optimistic we're going to see more of these improvements in reimbursement come through. There are other ones that others can talk about, but Germany comes to mind of introducing new rules around telemonitoring, stuff like that. They're all really important.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Yes. We've been active in Brazil. I mean I would just add to that, that our Market Access team is -- that's a capability that we've built out globally. And we're very active in developing "value dossiers" and taking it to regulators. And I think both to get therapy reimbursed where it's not, but also to, as I said before, really drive the evidence that finding and treating a patient with sleep apnea is really important for long-term healthcare costs for a system. And on both of those fronts, we're pretty active. We don't have anything new to announce today, but we're very active globally on those fronts.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, David. Okay. Now we're going to go to Mike Matson at Needham, but I think this is an e-mailed question rather than live. So Mike's question has to do with SaaS growth. What do you need to do to drive faster growth? Mike's referring to Slide 46. We're only 18% to 19% penetrated, but then why is growth only mid- to high single digits? So Bobby, what do we need to do to drive that growth higher?

**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

Quite a few things. One is just to remind everybody, COVID was tough on the industry. So we are still in the recovery phase in terms of the industry facing the headwinds that COVID had. So we know that the industry grows at maybe a mid single-digit level and our aim is to beat that market growth. We do that in many ways. We talked about it. We have the best solutions, and we are investing in R&D, and we are also accelerating that growth through M&As. Now if you look at the whole ecosystem, there are areas that we can continue to help and grow and looking at the data, and that's going to be so important to see how -- where we can bring more value. And the way we connect it is between all the care settings, also between our core business, and into SaaS.

So there's multiple levers here that we are very interested in moving, using digital, using the power of data. So I'm very confident about that.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. And then Mike's got a follow-up here. He said while the SaaS growth is slower than Respiratory Care is actively -- or actually dragging down our returns. So would you ever consider divesting it or spinning it off? So Mick, maybe we'll give that to you.

**Michael J. Farrell** - ResMed Inc. - CEO & Director

Yes. Look, Not -- no. Our SaaS division has produced incredible return, not only intrinsically within itself since the Brightree acquisition back in 2016. And then MatrixCare just a couple of years ago, incredible returns from the 12% of our revenue that now comes from Software as a Service. And there's also back-end capabilities on cybersecurity, on interoperability, on cloud system management with Microsoft Azure and Amazon AWS, and all the capabilities that we have that go across that just as a foundational level.

But we don't think that the market growth is going to stay -- really, it was low single-digits a couple of quarters ago. It's mid-single digits now. We grew at 5% in the June quarter. And as Bobby presented, we're going to see mid-single digits go to high single-digits just of the market growth over the coming 12, 24 months. And we don't just accept market growth here at ResMed, we drive ahead of that, and we beat market growth. And so Bobby and the team are going to be saying, "well, how do we do better and better through organic solutions through actually leveraging COVID and some of the COVID management technologies that we have in skilled nursing facilities and hospitals and so on?". But also then looking at as the question was in the prior strategic question session around what's the movement of patients, the seamless flow of patients. What's the sort of leverage you can get on the front customer end by managing across multiple care settings outside the hospital.

We are the only strategic player in SaaS, and in terms of a public company, we have the best ability, the best capital, and the best team, and we're going to see incredible growth over the coming years from this area. So no way divest, I say, reinvest and up the investment to get ahead of those market growth rates and then drive our performance. And I actually hope it's a beautiful competition between two colleagues on stage here who's achieving greater growth in EBITDA, and we all share in the returns, which is flowing back into the R&D investment we have across the portfolio.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. And thanks, Mike, for that opportunity for us to put the stake in the ground. The next question is going to come from Steve Wheen at Jarden, and he's going to be live on video. Steve.

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**Steven David Wheen** - Jarden Limited, Research Division - Analyst

Can you hear me?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Loud and clear.

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**Steven David Wheen** - Jarden Limited, Research Division - Analyst

Yes, great. I just wanted to ask about your manufacturing strategy with regards to the AirSense 11 and the AirSense 10. It would seem from talking to some DMEs in the U.S. that they only can access the AirSense 11. Is the U.S. market being prioritized for that product? And AirSense 10 is being shipped around the rest of the world? And then the second part to my question is around what line of sight you have in the supply chain for semiconductors because most DMEs appear to be on allocation of devices given the extraordinary demand that's happening. So what sort of line of sight do you have around semiconductors to the point where that bottleneck gets alleviated? And then finally, just on the app that goes with the AirSense 11, it was to be the ResMed Pulse. I'm just curious as to what happened to that? Or has that just been rebranded as myAir 2.0?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Steve. So Jim, maybe talk to you about the allocation strategy and the app.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Yes. I'll do one of three--

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Then we'll go -- we'll let Rob take us up on line of sight into semiconductor availability.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Perfect. So thanks, Steve. So the AirSense 11 has been approved and launched in the U.S. It has not yet been approved and launched in other markets. And so we're using AirSense 11 volume to largely service the U.S. right now. Both devices are still being sold in the U.S., AirSense 10, AirSense 11, and we feel very strongly that we have the best and the second best flow generators on the market, AirSense 11 is better than AirSense 10, but both of them are better than any competitor offering. But because AirSense 11 has not yet been launched in other markets, it's not being shipped to other markets. And that's what you're seeing with DMEs in the market. And then I'll jump to the third question. Pulse was the name we had on that app, which had the Personal Therapy Assistant and the Care Check-In portion of that offering in our controlled product launch. It was always intended to fold into the myAir app, which is what we've done now. So it's -- so the Pulse name was really kind of a draft products like a CPL name, and it's now just folded into myAir is always intended. And Rob, on suppliers.

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**Robert A. Douglas** - ResMed Inc. - President & COO

Yes. Thanks, Steve. I mentioned in my earlier comments, how we are working with these electronic suppliers. And if we could get to the right people in the right companies, down in tiers in the supply chain, and make the case that they had the opportunity to improve people's lives rather than say, improve and add somewhere or something like that, it's sort of an opportunity they should take. And generally, that argument is well accepted.

What I didn't say there, though, is also these -- in terms of us as a customer for the electronics industry, we're a good customer because our business is relatively forecastable. And so we're able to make very long-term commitments to the suppliers. And that's actually one of our strategies have been. We've greatly extended the duration of our commitments. And we're fine to do that because we've got the headwind -- sorry, the headway of so many patients coming into the system, we can see and forecast our long-term growth. What we couldn't forecast though was a competitor taking their product off the market overnight.

And so that actually sort of brought forward a lot of that demand and we've had to negotiate that and bring that up. And that's the only problem we've got. It's that short-term spike in demand coming through on top of a constrained system already that wasn't in place to flex. But we should be able to put in place very long-term commitments and see those products flow through that we can then get to our patients on the -- around the world. It's actually incredibly frustrating for us that this has occurred on top of that electronics constraint because normally, our system would flex pretty well on this, and we would have been able to really meet the demand much more quickly than we can. But confident though that we're going to have steady increasing volumes. They're already much larger than what they were last year. And so -- and we'll keep driving that through. Make sure we've got these long-term relationships, make sure we have really long-term commitments. We're driving the right parts. As Jim said, we've actually got two platforms to feed into it, and that's helping us long-term as well.

And we'll probably see the Air 10 on the market longer than we would have thought so a year ago, as well.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

The only thing I'd add on to that, which I think is a great commentary is that the team, Rob, that we have, they're really through Andrew Price and the global Operations team, just seeing them operate in this crisis a year ago, what they did to pivot and get quintuple production, 350% production over our whole ventilator line in those 6 months of 2020, Jan 1 to June 30, 150,000 ventilators. That same sort of Six Sigma Black Belt of supply chain experts and then knowing when to use the IQ right, on the stats, but then the EQ. They bring in you, they bring in me, they bring in all of us to go talk to these suppliers. I was personally on the phone to our supplier's supplier's supplier's supplier's supplier, explaining exactly what Rob just said to a major global semiconductor company.

And they said, wow, we didn't know our product went down into this great medical device that is changing lives, that you've got this really crisis upon a crisis, let's -- we will allocate this much production, and now we have to work through their customer's customer's customer's customer's customer to make sure that we get it through the channel. We have a great team that's doing that. And if that one change happens, it's almost like a wack-a-mole game, our whole ability to supply moves up x percent and then we find another constraint somewhere else in the market. And this will be a situation probably for the next 3, 6, 9 months. But with a team of experts like that, that have done this before, I'm confident that we're going to be able to achieve the \$300 million to \$350 million in incremental sales that we said on our last earnings call. And every 90 days, we'll give you an update, up or down, as to what we see in terms of that supply chain, but it's really dynamic right now, but we have a great team on it, and they're doing things that have never been done before in our industry.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Perfect. We just had a telepathic mind meld with Mike Matson, who wanted to know, are we still expecting \$300 million to \$350 million of revenue? So Mike, we got your answer on that one.

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**Brett A. Sandercock** - ResMed Inc. - CFO

Well I mean I don't have my reading glasses on, Mike. So I wasn't reading over Dave's iPad just ahead. I just was waxing lyrically on Rob's great answer.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

But there's a second question back to Rob on supply capacity. And can you use new space in Singapore to meet device demand from the recall?

**Robert A. Douglas** - ResMed Inc. - President & COO

Yes. Actually, it's not a constraint. Internal capacity for us at this stage really isn't a constraint. We do have to build test systems that automate the testing. But other than that, we've got all the space that we need for that. It really is a matter of working with the suppliers to get the components that we need when we need them.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Great. Thanks, Mike. And now we're going to go to Sean Laaman from Morgan Stanley on video. Sean?

**Sean M. Laaman** - Morgan Stanley, Research Division - Australian Healthcare Analyst

My question relates to the opportunity for remote patient monitoring and trying to better understand the differences between the S10 and S11 platforms. So we know that CMS introduced some reimbursement codes in the earlier part of last year, in response to the pandemic, to really encourage, I guess, general uptake of remote patient monitoring practices.

And it's relatively easy to join the dots with Propeller and see how that might be used as a tool in development of such practices. Now thinking about your earlier comments on the S10, S11 -- and S11, if I understand this correctly, the S10 is more data-out device, but the S11 is data-out and data-in device. We know that DMEs generate revenue from essentially monitoring patients through things such as Brightree to sell them more resupply. But I'm wondering if the S11 now provides an opportunity for the physician to generate a billable event through remote patient monitoring practice, and therefore, add another level of granularity of profitability?

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Perfect. Great question, Sean. I think we'll go to Jim.

**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Yes, and I'll ask anybody on the panel to join in on that. So Sean, I don't think we yet have clarity on the sleep side of how those codes are going to play out. I think it is very promising but we're working on that. And our Government Affairs and Regulatory team is working on that right now. We do have codes on the Propeller side that will go into effect in January that are slightly different and wouldn't necessarily apply directly into the sleep business. So that's an exciting potential development for Propeller. But I think it's a live space, and I don't think we have great clarity. We're actually working with CMS and regulators and working to drive some of those codes because we know that telemonitoring creates value. And we think that we'll get a lot more adoption in the market, which would benefit patients and benefit the system if we could drive kind of billable events, but we don't yet have a clear path to that, I would say. But I would -- maybe Dave, you have a comment or others might have a comment on that.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

No, I would say -- I think you're right, Jim. The -- how those codes are going to be used in practice is playing out, and physicians' willingness to adopt and bill for them is also a work in progress. But it is very encouraging that the U.S., and as well we hope in other countries will follow the model of valuing and paying for remote patient monitoring. We're seeing some progress in France with their recent coding to suggest that the ongoing patient monitoring and paying more for patients who are adherent is something they're going to continue to recognize as valuable and pay for. So we're seeing that as a trend across the world, but it will take some time to play itself out.

**Michael J. Farrell** - ResMed Inc. - CEO & Director

Well, I mean, right next door in Germany, there are some good codes at the state level that Katrin is working on in terms of myAir and some of our -- in the future, potentially Propeller and certainly with some other partners. And the U.K. even talked about telemonitoring and responsiveness there.

I think the France model has proved that there's an ROI for a government healthcare system to invest in digital health when they put that differential between a cloud-connected CPAP and a non-cloud-connected CPAP, obviously, we saw share grow and all that and replenishment grow, but they saw a reduction in total healthcare costs. And that's why they saw that investment. And I think that has flowed over to Germany into the U.K., and Japan sort of experimented with maybe doctor-driven ones, I think you're going to see countries go step by step along this process. I think it's the start of many.

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**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

I agree, if I may jump in. This is the start of a digital ecosystem, right? That was accelerated during COVID, especially with telehealth coming in. And what we see is remote patient monitoring connects to telehealth. So if there's reimbursement for telehealth, which then is compounded and really improved with remote patient monitoring, I feel that we'll see more reimbursement with those two combined, right? And then it becomes a digital ecosystem, just a different way to deliver healthcare.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Good question. You're very welcome. Thank you. Our next question is returning to the video screen, Craig Wong-Pan from RBC. Craig, good to see you again.

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**Craig Wong-Pan** - RBC Capital Markets, Research Division - Analyst

My question, I want to go back to some of the things that Jim said about digital solutions. He outlined some really exciting new set of products that are being developed around sort of personalized coaching, myAir, and patient management by predictions, or those sort of things. I was wondering if you could provide any rough time line for when we might see some of those things come through.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Thanks, Craig. That's a great question. We broke our own rule earlier this year when we talked about the launch of AirSense 11, we basically never before have talked about when something was going to come out of the road map. So I'm not going to break my own rule again and put dates on it. I will say, however, as I said in my presentation, we actually have a predictive model for adherence in production, meaning that we have it up and running, and we're working with it, and we're piloting it. But that's -- there are steps before we can commercialize something like that. And the move of myAir into the cloud will make our ability to embed those kind of predictive models and the kind of personalized prompting into myAir, a lot easier, a lot more rapid. And so I think it's -- I think we're talking months and not years. But I'm not going to go beyond that unless anybody else on the panel wants to break the rule.

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

You're getting very close to breaking it. Tapping on the glass, but I'm not going to break it. Bobby, do you want to tap a little more?

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**Kaushik Ghoshal** - ResMed Inc. - President of SaaS Business & CTO

No, I'm not going to break the glass.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Thanks for the question, Craig. Yes. And they are very exciting, Craig. We firmly agree with you on that one. Great. And now we've got another live question. This one coming from Matt Mishan at KeyBanc. Matt, you're up.

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**Matthew Ian Mishan** - KeyBanc Capital Markets Inc., Research Division - VP & Senior Equity Research Analyst

It's actually funny. It's like your Australian analysts, their homes and offices are getting brighter as the day goes along. Your U.S. analysts, are getting darker. In any case, I think my general takeaway from the day is that it just seems like you've really demonstrated and reinforced kind of how well-positioned ResMed is to capture growth from underlying structural drivers. But I guess my question is, I know you're not trying to overpromise but what are some of the things that could surprise you to the upside that could inflect market growth over the next couple of years from that mid-single, high single-digit range that you were talking about in your various end markets?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks, Matt. Well, I think you have captured the key point. And then upside surprises. Mick, do you want to try to take that?

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**Michael J. Farrell** - ResMed Inc. - CEO & Director

Yes. Look, I'll have a go and again, open it up to the group of seven, including Brett there, and it's getting lighter for him as well. The coffee will be kicking in, in for him in Sydney.

But look, Matt, it is incredibly exciting. As you said, we've got all these digital solutions. We have the biggest foundation across all of med tech, probably across all of healthcare in terms of digital health, in terms of a platform with a number of patients, a number of -- sort of clinical data we have there. I see it as limitless, the artificial intelligence, machine-learning, machine-intelligence approach. I mean, only limited by really the bandwidth of our production engineers, our software engineers and our product managers to prioritize the best and the brightest of those algorithms, technologies and data analytics to get through. I think we've actually promised quite a lot here today, Matt. I talked about 126 million lives changed in the last 12 months and double-digit growth, strong CAGR of that volume of patients' lives changed over the next 4 years to hit our 2025, pretty aggressive goal, of 250 million lives impacted in the year 2025. I think that's a very strong growth. When we talk about mid- to high single-digit growth of devices and masks and across our SaaS platform, the different parts of Brightree and MatrixCare, that's what the market is going to grow at.

We want to meet and beat that every quarter, every year and push it ahead. And I think our foundation, the digital health foundation we've created allows us the opportunity to do that. Inflection points, I actually -- Hemanth, maybe -- what could be some inflection points?

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**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

Clearly, in the near term, it's about unlocking the supply constraints and to the extent we can do that, we drive -- there's upside to our performance. In the mid- to long-term, it comes down to a few things. One is the extent to which we can accelerate our traction in terms of opening up the market through partnerships and through other means and therefore, accessing new patients and getting them diagnosed and treated and cared for. That's a key sort of source of upside to our forecast. And the other one would be acquisitions, particularly on the SaaS front, where we acquire products and bolt-ons to our offering, and are able to commercialize those products across our customer base.

We've got leading customer bases across both our MatrixCare and Brightree businesses. And so there's a great opportunity to drive adoption of solutions that we acquire across those customer bases, which could also be sourced to upside.

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Good. Great question, Matt. Thanks again, and don't let it get too dark there. Our next question is back to the light, Dan Hurren at the MST Marquee.

Dan.

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**Dan Hurren** - MST Marquee - Healthcare Analyst

Thanks for the follow-up question. I just want to ask, if my memory is right, the hospital opportunity has been at least a part of the ResMed strategy up until fairly recently. But today, you've been very explicit that the future is out-of-hospital. Is that correct? And is that a sort of you are excluding hospital-dedicated products for ResMed in the future? And if that's the case, what has driven that?

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**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

So good question. I think we probably get-- all to my right, I'll start off with Mick and then probably Jim and Hemanth, then I'll take this one on.

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**James R. Hollingshead** - ResMed Inc. - President of Sleep & Respiratory Care Business

Yes. Look, Dan, it's really been a focus of ResMed since the start was treatment in the home, right? We were founded upon the industry of sleep apnea treatment, which has always been home care. And we started out as the leader in masks for home care. We added on to become the leader in flow gens and masks for healthcare and that sort of mid-2000s. And then with our sort of reverse Amazon pivot there, in 2014, we became the leader in digital health and devices and masks.

But if you look at our last 5 years of financials, 90% to 95% of our revenues and profits have come in out-of-hospital healthcare. And the 5% that we still hold there, and I say out-of-hospital healthcare, we still want to be there because ventilators often are used in hospitals and then prescriptions come from that. High flow therapy is used in hospitals and then prescriptions come from that. So we need the pulmonary doctors, the critical care medicine, the anesthesiologists, like our Chief Medical Officer, Carlos Nunez, who were and are hospitalists to understand our products, but our primary scale is in lower-cost, lower-acuity, where the healthcare system wants people to get care, where patients want to get care and where doctors actually now, because they become sort of investors in these payer provider networks, want to give the care.

So we're in line with where the market is going. We're ahead of it because we're already invested there. And frankly, we're lucky, I think, as a company that we don't have a division with 50% of our revenues and profits coming from the hospital, and we feel embedded in what I would call a sick care system that likes people at these high-cost areas and has them in do loops coming in and out of high-cost unsustainable for the world in terms of percentage of GDP expanded on healthcare in hospital systems that play a pure hospital treatment is healthcare treatment.

So I think ResMed is skating to where the puck is going to go to use a North American term here for the people where it's getting dark. Wayne Gretzky go where the puck is going to out-of-hospital care. We're skating there, and we're going to kick goals from there, and we're going to win there. And I think it differentiates us from other investments in medtech and healthcare because of that focus of what we are, what our current revenues are. But I look at our future towards 2025. I mean 95% might become 96%, 97%. I think we'll always play in hospitals, but it's red ocean strategy to want to compete in hospitals. The blue ocean is out-of-hospital healthcare, and that's where ResMed is going to win.

**Hemanth Reddy** - ResMed Inc. - Chief Strategy Officer

I'd say the only other sort of build to that would be we value relationships with health systems and hospital systems, not only in the U.S. but around the world because they are an important source of patient referrals for our customers and for us. So a lot of sleep apnea patients start off in the hospital and then make their way into the home and gets their diagnosis and treated as they're leaving the hospital or as a consultant physician who's hospital-based. In various markets around the world, whether it's the U.K., the Nordics and other markets around the world. They are hospital-based health systems. And so a lot of our patients are -- essentially start their journey from the hospital out. And in those instances, we certainly value relationships with the hospitals.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Terrific. Thanks. And I think we've got time for one last question. Mick, I'm going to give this one to you. And I apologize in advance if I mispronounced your name here, but this is from Davin Thillainathan at Aware Super. And the question is, does the Philips recall allow you to beat the 250 million lives target by 2025?

**Michael J. Farrell** - ResMed Inc. - CEO & Director

Wow. Well, the Philips recall impact is 9 to 12 months, right, if we believe the latest information that they're putting out there. And so that's -- I would say it's a step change in terms of the extra \$300 million to \$350 million of revenues. But more importantly, our ability to get our digital solutions, end-to-end solutions that Bobby walked through, that Jim explained in a lot of detail and you heard some of that functionality. I think when customers, and I mean customers in broad context, patients get addicted, if you like, to myAir 2.0. Doctors get addicted to the latest information from AirView and how well it interacts with their Cerner or Epic EMR, EHR system. And then healthcare provider systems, payer providers look at the ROI and the combination of our data and their data. I think that value is very sticky and it creates moats around customers, but more importantly, it drives value for them and unlocks value for them that they never had before and that they won't go back.

So I think it allows us to achieve that 250 million by 2025 and maybe to get a little ahead of it, but there's going to be a lot of work between now and the next 12 months and the next 4 years. And before I move that number up on the team, I'm going to say 250 million, 0.25 billion lives is a huge impact. But then you've got the 1.6 billion that we can treat. And I can talk about that all day, but I see Amy lining up because we're about to finish up our Q&A and our great day. Thank you for the fantastic question, sellside and buy-side. What a great conversation. Really appreciate this, and thank you for signing on for this great conversation.

**David B. Pendarvis** - ResMed Inc. - Chief Administrative Officer, Global General Counsel & Corporate Secretary

Yes. Great. And good to finish on the impact on those millions of lives because that's really what we're all about. So with that, I'll turn it over to Amy, and Amy will close us out for the day. Thanks again.

**Amy Wakeham** - ResMed Inc. - VP of IR & Corporate Communications

Thanks, David, and thank you all once again for joining us. I know it's been a long stretch, but we appreciate you sticking it out and sticking around. Hopefully, you found this session very useful and informative. And as I said at the beginning of the day, we will post a replay of the webcast to the Investor Relations website within 48 hours, and the slides should already be there.

And as always, please don't hesitate to reach out to our Investor Relations team if you have any questions at all or if you'd like to follow up around anything that we discussed today. With that, once again, thank you so much for joining us, and that does conclude our meeting for the day.

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