Risk Factors Comparison 2023-08-11 to 2022-08-12 Form: 10-K

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Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other cautionary statements and risks described elsewhere, and the other information contained, in this Report and in our other filings with the SEC, including our subsequent reports on Forms 10- Q and 8- K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition and results of operations could be seriously harmed. In that event, the market price for our common stock will likely decline, and you may lose all or part of your investment. Summary of Risk Factors The following is a summary of the risks that are more fully described in the following section below: Risks Related to Our Business and Industry • Our inability to compete successfully in our markets may harm our business. • Consolidation in the health care industry could have an adverse effect on our revenues and results of operations. • **Global macroeconomic conditions, including inflation, supply chain disruptions, and fluctuations in foreign currency exchange rates, could continue to adversely affect our operations and profitability. •** Our business, financial condition and results of operations could continue to be harmed by the effects of ~~the~~ **outbreaks of** COVID- 19 ~~pandemic~~ or similar public health crises. • We are subject to various risks relating to international activities that could affect our overall profitability. • Our products are the subject of clinical trials conducted by us, our competitors, or other third parties, the results of which may be unfavorable, or perceived as unfavorable, and could have a material adverse effect on our business, financial condition, and results of operations. • We are subject to potential product liability claims that may exceed the scope and amount of our insurance coverage, which would expose us to liability for uninsured claims. • Our intellectual property may not protect our products, and / or our products may infringe on the intellectual property rights of third parties. • If we fail to ~~attract~~ **source**, develop and retain key employees our business may suffer. • Our leverage and debt service obligations could adversely affect our business. Risks Related to Manufacturing, IT Systems, Commercial Operations and Plans for Future Growth • Disruptions in the supply of components from our suppliers could result in a significant reduction in sales and profitability. • We are increasingly dependent on information technology systems and infrastructure. • Actual or attempted breaches of security, unauthorized disclosure of information, **attacks such as** denial of service ~~attacks~~ **,** or the perception that personal and / or other sensitive or confidential information in our possession is not secure, could result in a material loss of business, substantial legal liability or significant harm to our reputation. • We may not be able to realize the anticipated benefits from acquisitions, which could adversely affect our operating results **. • If we are unable to support our continued growth, our business could suffer** . • Our business depends on our ability to market effectively to dealers of home healthcare products and sleep clinics. • Our SaaS business depends substantially on customers entering into, renewing, upgrading and expanding their agreements for cloud services, term licenses, and maintenance and support agreements with us. Any decline in our customer renewals, upgrades or expansions could adversely affect our future operating results. ~~• If our SaaS products fail to perform properly or if we fail to develop enhancements, we could lose customers, become subject to service performance or warranty claims and our market share could decline.~~ - 22- PART IItem 1ARESMED INC. AND SUBSIDIARIES • If **our SaaS products fail to perform properly or if we fail to develop enhancements, we could lose customers, become subject to service performance or warranty claims and our market share could decline. • If** there are interruptions or performance problems associated with our technology or infrastructure, our existing SaaS customers may experience service outages, and our new customers may experience delays in the deployment of our platforms ~~. • If we are unable to support our continued growth, our business could suffer~~ . • Climate change and related natural disasters, or other events beyond our control, could negatively impact our business operations and financial condition. Risks Related to Non- Compliance with Laws, Regulations and Healthcare Industry Shifts • Healthcare reform may have a material adverse effect on our industry and our results of operations. • Government and private insurance plans may not adequately reimburse our customers for our products, which could result in reductions in sales or selling prices for our products. • ~~Failure~~ **We are subject to various risks relating to our compliance with fraud and abuse laws and transparency laws relating to our interactions with our customers, health care providers, and patients, which could subject us to government investigation, litigation, or other penalties to the extent our activities or relationships are found not** to comply **,** ~~with anti- kickback~~ and ~~fraud regulations~~ could result in ~~substantial penalties and~~ changes in our business operations **that could harm our ability to successfully market and sell our products and services** . • Our use and disclosure of personal information, including health information, is subject to federal, state and foreign privacy and security regulations, and our failure to comply with those regulations or to adequately secure the information we hold could result in significant liability or reputational harm. • Our business activities are subject to extensive regulation, and any failure to comply could have a material adverse effect on our business, financial condition, or results of operations. • Product sales, introductions or modifications may be delayed or canceled as a result of FDA regulations or similar foreign regulations, which could cause our sales and profits to decline. • We are subject to substantial regulation related to quality standards applicable to our manufacturing and quality processes. Our failure to comply with these standards could have an adverse effect on our business, financial condition, or results of operations. • Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, cleared or approved or commercialized in a timely manner or at all, which could negatively impact our business. • Off- label marketing of our products could result in substantial penalties. • Laws

regulating consumer contacts could adversely affect our business operations or create liabilities. • Tax laws, regulations, and enforcement practices are evolving and may have a material adverse effect on our results of operations, cash flows and financial position. • We are subject to tax audits by various tax authorities in many jurisdictions. **• Environmental, social, and corporate governance (ESG) issues may have an adverse effect on our business, financial condition and results of operations and reputation.** Risks Related to the Securities Markets and Ownership of Our Common Stock ~~• Our results of operations may be materially affected by global economic conditions generally, including conditions in the financial markets.~~ • Our quarterly operating results are subject to fluctuation for a variety of reasons. • Delaware law and provisions in our charter could make it difficult for another company to acquire us.- 23- Our inability to compete successfully in our markets may harm our business. The markets for our products, which encompass Sleep and Respiratory Care products and SaaS offerings, are highly competitive and are characterized by frequent product improvements and evolving technology. Our ability to compete successfully depends, in part, on our ability to develop, manufacture and market innovative new products **and enhance existing products** . For our Sleep and Respiratory Care business, the development of innovative new products by our competitors or the discovery of alternative treatments or potential cures for the conditions that our products treat could make our products noncompetitive or obsolete. Current competitors, new entrants, academics, and others ~~are trying to~~ **currently may be developing, or may** develop **,** new devices, alternative treatments or cures, and **targeted or indirect** pharmaceutical solutions to the conditions our products treat **that could provide better features, clinical outcomes or economic value than those that we currently offer or subsequently develop** . For SaaS, the market for business management software is highly competitive, rapidly evolving, subject to changing technology, with low barriers to entry, shifting customer needs and frequent introductions of new products and services. Many prospective customers have invested substantial personnel and financial resources to **create,** implement and integrate their current business management software into their operations and, therefore, may be reluctant or unwilling to change from their current **in- house** solution or provider to one of our platforms or products. Additionally, some of our competitors have greater financial, research and development, manufacturing and marketing resources than we do. The past several years have seen a trend towards consolidation in the healthcare industry and in the markets for our products. Industry consolidation could result in greater competition if our competitors combine their resources, if our competitors are acquired by other companies with greater resources than ours, or if our competitors become affiliated with customers of ours. ~~This~~ **Conversely, the health care space is attractive to many companies, particularly new entrants interested in developing digital health models to compete with offerings of more established companies like us. Additionally, one of our competitors, Philips, has an ongoing product recall. We cannot predict the timing or nature of their substantial return to the market or the impact to our business, financial condition, and results of operations. Continuing** competition could increase pressure on us to reduce the selling prices of our products or could cause us to increase our spending on research and development and sales and marketing. If we are unable to develop innovative new products, maintain competitive pricing **, enhance existing products** , and offer products that consumers perceive to be as good as those of our competitors, our sales and gross margins could decrease which would harm our business. Consolidation in the health care industry could have an adverse effect on our revenues and results of operations. Many home health care dealers and out- of- hospital health providers are consolidating, which may result in greater concentration of purchasing power. **Numerous initiatives and reforms by legislators, regulators, and third- party payers to curb the rising cost of healthcare have catalyzed a consolidation of aggregate purchasing power within the markets in which we sell our products.** As the health care industry consolidates, competition to provide goods and services to industry participants may become more intense. These industry participants may try to use their market power to negotiate price concessions or reductions for medical devices and components produced by us. If we are forced to reduce our prices because of consolidation in the health care industry, our revenues may decrease and our consolidated earnings, financial condition, and / or cash flows may suffer. **Global macroeconomic conditions, including inflation, supply chain disruptions, and fluctuations in foreign currency exchange rates, could continue to adversely affect our operations and profitability. The global decline in economic conditions, geopolitical instability, and other macroeconomic factors, including inflation, supply chain disruptions, interest rate and foreign currency rate fluctuations, and volatility in the capital markets could continue to negatively impact our business, financial condition, and results of operations. The growth of our business and demand for our products are affected by changes in the health of the overall global economy. Deterioration in the global economic environment may cause decreased demand for our products which could result in lower product sales, lower prices for our products, and reduced reimbursement rates by third- party payers, while increasing the cost of operating our business. Macroeconomic conditions have impacted our global supply chain, primarily through constraints on raw materials and electronic components. These constraints on raw materials and electronic components are also impacting companies outside of our direct industry, which has and continues to result in a competitive supply environment causing higher costs, requiring us to commit to minimum purchase obligations as well as make upfront payments to our suppliers. These disruptions have impacted and may continue to impact our ability to produce and supply products in quantities necessary to- 24- satisfy customer demand, which could negatively impact our results of operations. These highly competitive and constrained supply chain conditions are increasing our cost of sales, which has and may continue to adversely impact our profitability. Global economic conditions have also impacted foreign currency exchange rates relative to the U. S. dollar. Although the majority of our net sales and cash generation have been made in the U. S., as our business in markets outside of the U. S. continues to increase, our exposure to foreign currency exchange risk related to our foreign sales and operations will increase. Fluctuations in the rate of exchange between the U. S. dollar and foreign currencies, primarily the Australian Dollar, Singapore Dollar, Euro, Chinese Yuan, and Canadian Dollar, have had and could continue to have an adverse effect on our financial results, including our net sales, margins, gains and losses, as well as on the values of our assets and liabilities.** Our business, financial condition and results of operations could continue to be harmed by the effects of ~~the~~

outbreaks of COVID- 19 ~~pandemic~~ or similar public health crises. We are subject to risks associated with public health threats, including ~~the global~~ **outbreaks associated with** COVID- 19 ~~pandemic~~ **and its variants** , which have had and may continue to have an adverse impact on certain aspects of our business. ~~The~~ **While most countries have removed or reduced the restrictions initially implemented in response to COVID- 19, the** extent to which the COVID- 19 pandemic **or another public health crisis** ~~and measures taken in response thereto~~ impact our business, results of operations, and financial condition will depend on future developments which are highly uncertain and are difficult to predict. These developments include, but are not limited to, future resurgences of the virus and its variants, actions taken to contain the virus or address its impact, ~~and~~ the timing, distribution, and efficacy of vaccines and other treatments ~~. Although~~ **, and** ~~there~~ -- **the imposition of government lockdowns** ~~is still substantial uncertainty associated with the COVID- 19 pandemic~~ , **quarantine** ~~we believe the global demand for ventilators~~ and ~~other respiratory support devices used to treat COVID- 19 patients has largely been met. In most markets, diagnostic pathways for sleep apnea treatment, including physician~~ - **physical distancing requirements** ~~practices, HME distributors, and sleep clinics have largely recovered towards pre- pandemic levels. Likewise, within our SaaS business we have observed stabilizing patient flow in out- of- hospital care settings impacted by COVID- 19. The COVID- 19 pandemic has continued to impact the global supply chain, primarily through constraints on raw materials and electronic components. These constraints on raw materials and electronic components are also impacting companies outside of our direct industry, which is resulting in a competitive supply environment causing higher costs, requiring us to commit to minimum purchase obligations as well as make upfront payments to our suppliers. Further, we are being allocated certain components from our suppliers, particularly semiconductor chips, and we are thus being forced to allocate our outbound products to our customers. These disruptions have impacted and may continue to impact our ability to- 24- produce and supply products in quantities necessary to satisfy customer demand, which could negatively impact our results of operations. Additionally, we have observed a reduction in both inbound and outbound transportation capacity as a result of port closures and delays associated with the pandemic, which is causing longer lead times in receiving raw materials into and distributing finished goods out of our manufacturing facilities, as well as increased freight costs. These highly competitive and constrained supply chain conditions are increasing our cost of sales, which has and may continue to adversely impact our profitability. Given the ongoing uncertainty regarding the duration and extent of the COVID- 19 pandemic, we are uncertain as to the duration and extent of constraint on our supply chain. While we expect COVID- 19 may continue to negatively impact certain aspects of our business, given the rapid and evolving nature of the virus and the uncertainty about its impact on society and the global economy, we cannot predict the extent to which it will affect our global operations. Furthermore, future public health crises are possible and could involve some or all of the risks discussed above~~ . We are subject to various risks relating to international activities that could affect our overall profitability. We manufacture substantially all of our products outside the United States and sell a significant portion of our products in non- U. S. markets. Sales in combined Europe, Asia and other markets accounted for approximately **36 % and** 37 ~~% and 39~~ % of our net revenues in the years ended June 30, ~~2022~~ **2023** and June 30, ~~2021~~ **2022 ,** respectively. Our sales and operations outside of the U. S. are subject to several difficulties and risks that are separate and distinct from those we face in the U. S., including: • fluctuations in currency exchange rates; • economic conditions such as inflation or recession; • tariffs and other trade barriers; • compliance with foreign medical device manufacturing regulations; • difficulty in enforcing agreements and collecting receivables through foreign legal systems; • reduction in third- party payor reimbursement for our products; • inability to obtain import licenses; • the impact of public health epidemics / pandemics on the global economy ~~, such as COVID- 19 that has spread globally~~ ; • the impact of global geopolitical tensions and / or conflicts; • changes in trade policies and in U. S. and foreign tax policies; • possible changes in export or import restrictions; • the modification or introduction of other governmental policies with potentially adverse effects; and • limitations on our ability under local laws to protect our intellectual property. In December 2021, the United States adopted the Uyghur Forced Labor Prevention Act (“ UFLPA ”) which creates a rebuttable presumption that any goods, wares, articles, and merchandise mined, produced, or manufactured in whole or in part in the Xinjiang Uyghur Administrative Region of China or that are produced by certain entities are prohibited from importation into the United States and are not entitled to entry. These import restrictions came into effect in June 2022. Additionally, the military conflict between Russia and Ukraine has resulted in the implementation of sanctions by the U. S. and other governments against Russia and has caused significant volatility and disruptions to the global markets. While we are not presently aware of any direct impacts these restrictions have had on our suppliers’ supply chains, disruptions resulting from the conflict in Ukraine and the UFLPA may materially and negatively impact our suppliers’ ability to obtain **- 25-** a sufficient supply of raw materials necessary to meet the quantity and / or timing of our product demands. Further, it is not possible to predict the short- and long- term implications of this conflict, which could include but are not limited to further sanctions, uncertainty about economic and political stability, increases in inflation rate and energy prices, cyber- attacks, supply chain challenges and adverse effects on currency exchange rates and financial markets. We are continuing to monitor the situation in China, Ukraine, and globally as well as assess its potential impact on our business. Although our sales into Russia and Ukraine did not constitute a material portion of our total revenue in **fiscal year** ~~2022~~ **2023** , further escalation of geopolitical tensions, or new geopolitical tensions, could have a broader impact that expands into other markets where we ~~- 25-~~ do business, which could adversely affect our business and / or our supply chain, business partners or customers in the broader region. Any of the above factors may have a material adverse effect on our ability to increase or maintain our ~~non- U. S.~~ sales **or otherwise have a material adverse impact on our business, financial condition, and results of operations** . Our products are the subject of clinical trials conducted by us, our competitors, or other third parties, the results of which may be unfavorable, or perceived as unfavorable, and could have a material adverse effect on our business, financial condition, and results of operations. As a part of the regulatory process to obtain marketing clearance for new products and new indications for existing products, or for other reasons, we conduct and participate in numerous clinical trials with a variety of study designs, patient populations, and trial endpoints. We, our competitors, or other third parties may also conduct clinical trials involving our commercially marketed products. The results of

clinical trials may be unfavorable or inconsistent with previous findings, or could identify safety signals associated with our products. Current or future clinical trials may not meet primary endpoints, may reveal disadvantages of our products and solutions for various markets we address, or could generate unfavorable or inconsistent clinical data. Clinical data, or the market' s or regulatory bodies' perception of the clinical data, may adversely impact our ability to obtain product clearances or approvals, and our position in, and share of, the markets in which we participate. Moreover, if these clinical trials identify serious safety issues associated with our marketed products, potentially adverse consequences could result, including that regulatory authorities could withdraw clearances or approvals of our products, we could be required to halt the marketing and sales of our products or recall our products, we could be required to update our product labeling with additional warnings, we could be sued and held liable for harm caused to patients, and our reputation may suffer. Any of these could have a material adverse impact on our business, financial condition, and results of operations. We are subject to potential product liability claims that may exceed the scope and amount of our insurance coverage, which would expose us to liability for uninsured claims. We are subject to potential product liability claims as a result of the design, manufacture and marketing of medical devices. Any product liability claim brought against us, with or without merit, could result in the increase of our product liability insurance rates. In addition, we would have to pay any amount awarded by a court in excess of our policy limits. Our insurance policies have various exclusions, and thus we may be subject to a product liability claim for which we have no insurance coverage, in which case, we may have to pay the entire amount of any award. We cannot assure you that our insurance coverage will be adequate or that all claims brought against us will be covered by our insurance and we cannot assure you that we will be able to obtain insurance in the future on terms acceptable to us or at all. A successful product liability claim brought against us in excess of our insurance coverage, if any, may require us to pay substantial amounts, which could harm our business. We may also be affected by the product recalls and other risks associated with the products of our competitors if customers and patients are uncertain if issues affecting our competitors may also affect us. Our intellectual property may not protect our products, and / or our products may infringe on the intellectual property rights of third parties. We rely on a combination of **owned and licensed** patents, trade secrets and non- disclosure agreements to protect our intellectual property. Our success depends, in part, on our ability to obtain and maintain U. S. and foreign patent protection for our products, their uses and our processes to preserve our trade secrets and to operate without infringing on the proprietary rights of third- **parties. We have in the past and may in the future be required to license patents and other intellectual property rights owned by other** parties. We have a number of pending patent applications, and we do not know whether any patents will issue from any of these applications. We do not know whether any of the claims in our issued patents or pending applications will provide us with any significant protection against competitive products or otherwise be commercially valuable. Legal standards regarding the validity of patents and the proper scope of their claims are still evolving, and there is no consistent law or policy regarding the valid breadth of claims. Additionally, there may be third- party patents, patent applications and other intellectual property **held by entities much larger than us, that are** relevant to our products and technology which are not known to us and that block or compete with our products. We face the risks that: **- 26-** • third- parties will infringe our intellectual property rights; • our non-disclosure agreements will be breached; • we will not have adequate remedies for infringement; • our trade secrets will become known to or independently developed by our competitors; • third- parties will be issued patents that may prevent the sale of our products or require us to license and pay fees or royalties in order for us to be able to market some of our products; or ~~- 26-~~ • third- parties may assert patents and other intellectual property rights against our suppliers, causing interruption in supply of components or other essential inputs. Litigation may be necessary to enforce patents issued to us, to protect our proprietary rights, or to defend third- party claims that we have infringed on proprietary rights of others. If the outcome of any litigation ~~or~~ **,** proceeding **or claim** brought against us were adverse, we could be subject to significant liabilities to third- parties, could be required to obtain licenses from third- parties, could be forced to design around the patents at issue or could be required to cease sales of the affected products. ~~A~~ **If we become involved in any intellectual property litigation, we may be required to pay substantial damages, including but not limited to treble damages, attorneys' fees and costs, for past infringement if it is ultimately determined that our products infringe a third party' s intellectual property rights. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive and may divert management' s attention from other business matters. In addition, a** license may not be available at all or on commercially viable terms, and we may not be able to redesign our products to avoid infringement. Additionally, the laws regarding the enforceability of patents vary from country to country, and we cannot **provide** ~~assure~~ **assurance** ~~you~~ that any patent issues we face will be uniformly resolved, or that local laws will provide us with consistent rights and benefits. If we fail to ~~attract~~ **source** , develop and retain key employees our business may suffer. Our ability to compete effectively depends on our ability to ~~attract~~ **source** and retain key employees, including people in senior management, sales, marketing, technology, and research and development positions. Competition for top talent in the healthcare, technology and SaaS industries can be intense. Our ability to recruit and retain such talent will depend on a number of factors, including hiring practices of our competitors, compensation and benefits, **flexibility regarding virtual and hybrid work arrangements,** work location, work environment ~~and~~ **,** industry economic conditions **, and corporate culture** . If we cannot effectively recruit, develop and retain qualified employees to drive our strategic goals, our business could suffer. Our leverage and debt service obligations could adversely affect our business. As of June 30, ~~2022~~ **2023** , our total consolidated debt was $ ~~0~~ **1** . ~~8~~ **4** billion and we may incur additional indebtedness in the future ~~, including as a result of our pending acquisition of MEDIFOX DAN, which is expected to close during our fiscal year 2023~~ . Our indebtedness could have adverse consequences, including: • making it more difficult to satisfy our financial obligations; • increasing our vulnerability to adverse economic, regulatory and industry conditions; • limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • limiting our ability to borrow additional funds for working capital, capital expenditure, acquisitions and general corporate or other purposes; and • exposing us to greater interest rate risk. Our debt service obligations will require us to use a portion of our operating cash flow to

pay interest and principal in indebtedness, which could impede our growth. Our ability to make payments on, and to refinance, our indebtedness, and to fund capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory, and other factors, many of which are beyond our control. Disruptions in the supply of components from our suppliers could result in a significant reduction in sales and profitability. We purchase configured components for our devices from various suppliers, including some who are single- source suppliers for us. Disruptions to our suppliers ~~, including disruptions in connection with COVID- 19 and its variants,~~ may limit our ability to manufacture our devices in a timely or cost ~~-- 27~~ - effective manner, which could result in a significant reduction in sales and profitability. We cannot assure you that a replacement supplier would be able to configure its components for our devices on a timely basis or, in the alternative, that we would be able to reconfigure our devices to integrate the replacement part. A reduction, delay or halt in supply while a replacement supplier reconfigures its components, or while we reconfigure our devices for the replacement part, would limit our ability to manufacture our devices in a timely or cost- effective manner, which could result in a significant reduction in sales and profitability. We cannot assure you that our inventories would be adequate to meet our production needs during any prolonged interruption of supply. In particular, a global semiconductor supply shortage ~~is having~~ **has had and continues to have** wide- ranging effects across multiple industries, and it has impacted suppliers that incorporate semiconductors into the parts they supply to us. High demand and shortages of supply have adversely affected and could materially adversely affect our ability to obtain sufficient quantities of semiconductors ~~- 27 -~~ and electronic components on commercially reasonable terms or at all. While we have entered into agreements for the supply of many components, there can be no assurance we will be able to extend or renew these agreements on similar terms or that suppliers will fulfill their commitments under existing agreements. Furthermore, in order to secure such necessary components, we may be obligated to purchase them at prices that are higher than those available in the current market and / or may incur significant price increases from these suppliers in the future. In addition, we **have and** may **continue to** be required to commit to greater purchase volumes and / or make prepayments to our suppliers. **Purchase obligations,** ~~Extended~~ **extended** lead times **,** and decreased availability of key components may also cause an adverse effect on our financial condition or results of operations. Delays in our ability to produce and deliver our devices could cause our customers to purchase alternative products from our competitors. In response to the global semiconductor supply shortage, we ~~have recently~~ expanded our global offering of devices to include Card- to- Cloud (C2C) versions of our prior model AirSense 10 and AirCurve 10 offerings that do not incorporate a communications module. We introduced C2C models to address the growing backlog of patients waiting for therapy with ~~ResMed~~ **our** devices **during and after the COVID- 19 pandemic** . Because C2C devices do not include communications capability they ~~involve~~ **are not as appealing to our customers creating** a ~~more manual workflow~~ **risk that we will be forced to liquidate inventory of those devices as communications modules become available** for our ~~customers,~~ **AirSense 10** and **AirSense 11** ~~may face resistance in the market as the backlog of patients waiting for treatment is reduced. The C2C offering, while appropriate in the short term, also may not be consistent with our long term strategy of connecting all~~ devices ~~with AirView~~ . Additionally, **substantial** increases in product demand, including in response to a product recall by one of our competitors, Philips, have resulted and could continue to result in ~~shipment delays,~~ higher costs for materials and components, and increased expenditures for freight and other expenses, which have and could continue to negatively impact our profit margins. If supply constraints continue, our ability to meet **increased** demand and our corresponding ability to sell affected products may be materially reduced. ~~We have and may continue~~ **Alternatively, the reintroduction of products by Philips could lead** to **reduced demand** ~~be required to allocate or prioritize orders~~ for our ~~devices, and our failure to timely deliver desirable~~ products ~~to meet demand may harm relationships with our customers~~ . We are increasingly dependent on information technology systems and infrastructure. Our technology systems are potentially vulnerable to breakdown or other interruption by fire, power loss, system malfunction, unauthorized access and other events. Likewise, data privacy breaches by employees and others with both permitted and unauthorized access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public, or may be permanently lost. While we have invested heavily in the protection of data and information technology and in related training, there can be no assurance that our efforts will prevent significant breakdowns, breaches in our systems or other cyber incidents that could have a material adverse effect upon the reputation, business, operations or financial condition of the company. In addition, significant implementation issues may arise as we continue to consolidate and outsource certain computer operations and application support activities. Actual or attempted breaches of security, unauthorized disclosure of information, **attacks such as** denial of service ~~attacks~~ **,** or the perception that personal and / or other sensitive or confidential information in our possession is not secure, could result in a material loss of business, substantial legal liability or significant harm to our reputation. Despite the implementation of security measures, our internal computer and information technology systems and those of our vendors and customers are vulnerable to attack and damage from computer viruses, malware, denial of service attacks, unauthorized access, or other harm, including from threat actors seeking to cause disruption to our business. We face risks related to the protection of information that we maintain — or engage a third- party to maintain on our behalf — including unauthorized access, acquisition, use, disclosure, or modification of such information. Cyberattacks are increasing in their frequency, sophistication and intensity and have become increasingly difficult to detect. Cyberattacks could include the deployment of harmful malware, ransomware, denial- of- service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. A material cyberattack or security incident could **- 28-** cause interruptions in our operations and could result in a material disruption of our business operations, damage to our reputation, financial condition, results of operations, cash flows and prospects. We receive, collect, process, use and store a large amount of information from our clients, our patients and our own employees, including personal information, protected health and other sensitive and confidential information. This data is often accessed by us through transmissions over public and private networks, including the Internet. The secure transmission of such information over the Internet and other mechanisms is essential to maintain confidence in our information technology systems. We have implemented security measures, technical

controls and contractual precautions designed to identify, detect and prevent unauthorized access, alteration, use or disclosure of our clients', patients' and employees' data. However, the techniques used in these attacks change frequently and may be difficult to detect for periods ~~- 28 -~~ of time and we may face difficulties in anticipating and implementing adequate preventative measures. We may face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. Beyond external criminal activity, systems that access or control access to our services and databases may be compromised as a result of human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Because the techniques used to circumvent security systems can be highly sophisticated and change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address all possible ~~techniques~~ **threats** or implement adequate preventive measures for all situations. If ~~someone is~~ **threat actors are** able to circumvent or breach our security systems, they could steal any information located therein or cause serious and potentially long **-** lasting disruption to our operations. Security breaches or attempts thereof could also damage our reputation and expose us to a risk of monetary loss and / or litigation, fines and sanctions. We also face risks associated with security breaches affecting third parties that conduct business with us or our clients and others who interact with our data. While we maintain insurance that covers certain security incidents, we may not carry appropriate insurance or maintain sufficient coverage to compensate for all potential liability. We are subject to diverse laws and regulations relating to data privacy and security, including HIPAA and European data privacy laws. Complying with these numerous and complex regulations is expensive and difficult, and failure to comply with these regulations could result in regulatory scrutiny, fines, civil liability or damage to our reputation. In addition, any security breach or attempt thereof could result in liability for stolen assets or information, additional costs associated with repairing any system damage, incentives offered to clients or other business partners to maintain business relationships after a breach, and implementation of measures to prevent future breaches, including organizational changes, deployment of additional personnel and protection technologies, employee training and engagement of third- party experts and consultants. Additionally, the costs incurred to remediate any ~~data~~ security ~~or privacy~~ incident could be substantial **. In addition, on July 26, 2023, the SEC issued a new proposed rule intended to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance and cybersecurity incident reporting, which will require us to develop additional policies and procedures to comply with these new rules and provide additional disclosure on our Annual Report on Form 10- K for the fiscal year ended June 30, 2024** . We cannot assure you that any of our third- party service providers with access to our, or our clients, patients and / or employees' personally identifiable and other sensitive or confidential information will ~~maintain appropriate policies and practices regarding data privacy and security in compliance with all applicable laws or that they will~~ not experience ~~data~~ security breaches or attempts thereof, which could have a corresponding effect on our business. We may not be able to realize the anticipated benefits from acquisitions, which could adversely affect our operating results. Part of our growth strategy includes acquiring businesses consistent with our commitment to innovation in developing products for the diagnosis and treatment of sleep apnea and respiratory care as well as our SaaS business. For example, we acquired MatrixCare in November 2018, Propeller Health in January 2019, and ~~in June 2022 we signed a definitive agreement to acquire~~ MEDIFOX DAN **in November** ~~which is expected to close during our fiscal year 2023~~ **2022** . The ~~MEDIFOX DAN acquisition remains subject to regulatory clearances and other customary closing conditions and should the acquisition fail to close, we will not realize the benefits that we expect to receive from the acquisition. Moreover, the~~ success of our acquisitions ~~will depend~~ **depends** , in part, on our ability to successfully integrate the business and operations of the acquired companies. Additionally, our management may have their attention diverted while trying to integrate these businesses. If we are not able to successfully integrate the operations, we may not realize the anticipated benefits of the acquisitions fully or at all, or may take longer to realize than expected. Acquisitions involve numerous risks and could create unforeseen operating difficulties and expenditures. There can be no assurance that any of the acquisitions we make will be successful or will be, or will remain, profitable. Moreover, we have recorded intangible assets, including goodwill, in connection with our acquisitions. At least on an annual basis, we must evaluate whether facts and circumstances indicate any impairment of the intangible assets' values. **- 29-** The qualitative and quantitative analysis used to test goodwill is dependent upon various considerations and assumptions, including macroeconomic conditions, industry and market characteristics, projections of acquired companies' future revenue, discount rates, and expectations of future cash flows. While we have made such assumptions in good faith and believe them to be reasonable, the assumptions may turn out to be materially inaccurate, including for reasons beyond our control. Changes in such assumptions may cause a change in circumstances indicating that the carrying value of intangible assets may be impaired. Consequently, we may be required to record a significant charge to earnings in the financial statements during the period in which any impairment of intangible assets is determined. If we are unable to support our continued growth,our business could suffer.As we continue to grow,the complexity of our operations increases,placing greater demands on our management.Our ability to manage our growth effectively depends on our ability to implement and improve our financial and management information systems on a timely basis and to effect other changes in our business including the ability to monitor and improve manufacturing systems,information technology,and quality and regulatory compliance systems,among others.Unexpected difficulties during expansion,the failure to attract and retain qualified employees,the failure to successfully replace or upgrade our management information systems,the failure to manage costs or our inability to respond effectively to growth or plan for future expansion could cause our growth to stop.If we fail to manage our growth effectively and efficiently,our costs could increase faster than our revenues and our business results could suffer. Our business depends on our ability to market effectively to dealers of home healthcare products and sleep clinics. We market our products primarily to home healthcare dealers and to sleep clinics that diagnose OSA and other sleep ~~- 29 -~~ disorders, as well as to non- sleep specialist physician practices that diagnose and treat sleep disorders. We believe that these groups play a significant role in determining which brand of product a patient will use. The success of our business depends on our ability to

market effectively to these groups to ensure that our products are properly marketed and sold by these third- parties. We have limited resources to market to ~~the~~ **physicians,** sleep clinics, home healthcare dealer branch locations and to the non- sleep specialists, most of whom use, sell or recommend several brands of products **. We are limited under applicable fraud and abuse laws in the ways in which we market and sell to customers and patients** . In addition, home healthcare dealers have experienced price pressures as government and third- party reimbursement has declined for home healthcare products, and home healthcare dealers are requiring price discounts and longer periods of time to pay for products purchased from us. We cannot assure you that physicians will continue to prescribe our products, or that home healthcare dealers or patients will not substitute competing products when a prescription specifying our products has been written. We have expanded our marketing activities in some markets to target the population with a predisposition to sleep- disordered breathing as well as primary care physicians and various medical specialists. We cannot assure you that these marketing efforts will be successful in increasing awareness or sales of our products. Our SaaS business depends substantially on customers entering into, renewing, upgrading and expanding their agreements for cloud services, term licenses, and maintenance and support agreements with us. Any decline in our customer renewals, upgrades or expansions could adversely affect our future operating results. We typically enter into term-based agreements for our licensed on- premises offerings, cloud services, and maintenance and support services, which customers have discretion to renew or terminate at the end of the initial term. In order for us to improve our operating results, it is important that new customers enter into renewable agreements, and our existing customers renew, upgrade and expand their term- based agreements when the initial contract term expires. Our customers have no obligation to renew, upgrade or expand their agreements with us after the terms have expired. Our customers' renewal, upgrade and expansion rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our offerings, our pricing, the effects of general economic conditions, competitive offerings or alterations or reductions in our customers' spending levels. If our customers do not renew, upgrade or expand their agreements with us or renew on terms less favorable to us, our revenues may decline. If our SaaS products fail to perform properly or if we fail to develop enhancements, we could lose customers, become subject to service performance or warranty claims and our market share could decline. Our SaaS operations are dependent upon our ability to prevent system interruptions and, as we continue to grow, we will need to devote additional resources to improving our infrastructure in order to maintain the performance of our products and solutions. The applications underlying our SaaS products are inherently complex and may contain material defects or errors, which may cause disruptions in availability or other performance problems. We have from time to time found defects in our **- 30-** products and may discover additional defects in the future that could result in data unavailability, unauthorized access to, loss, corruption or other harm to our customers' data. While we implement bug fixes and upgrades as part of our regularly scheduled system maintenance, we may not be able to detect and correct defects or errors before implementing our products and solutions. Consequently, we or our customers may discover defects or errors after our products and solutions have been deployed. If we fail to perform timely maintenance, or if customers are otherwise dissatisfied with the frequency and / or duration of our maintenance services and related system outages, our existing customers could elect not to renew their contracts, delay or withhold payment, or potential customers may not adopt our products and solutions and our brand and reputation could be harmed. In addition, the occurrence of any material defects, errors, disruptions in service or other performance problems with our software could result in warranty or other legal claims against us and diversion of our resources. The costs incurred in addressing and correcting any material defects or errors in our software and expanding our infrastructure and architecture in order to accommodate increased demand for our products and solutions may be substantial and could adversely affect our operating results. Further, if we fail to innovate or adequately invest in new technologies, we could lose our competitive position in the markets that we serve. To the extent that we fail to introduce new and innovative products, or such products are not accepted in the market or suffer significant delays in development, our financial results may suffer. An inability, for technological or other reasons, to successfully develop and introduce new products on a timely basis could reduce our growth rate or otherwise have an adverse effect on our business. If there are interruptions or performance problems associated with our technology or infrastructure, our existing SaaS customers may experience service outages, and our new customers may experience delays in the deployment of our platforms. We depend on services from various third parties as well as our own technical operations infrastructure to distribute our SaaS products via the Internet. If a service provider fails to provide sufficient capacity to support our ~~- 30-~~ platform or otherwise experiences service outages, such failure could interrupt our customers' access to our service, which could adversely affect their perception of our platform **'** ~~'~~ **'** s reliability and our revenues. Any disruptions in these services, including as a result of actions outside of our control, would significantly impact the continued performance of our SaaS products. In the future, these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of these services could result in decreased functionality of our SaaS products until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated into our infrastructure. To meet our business needs, we must maintain sufficient excess capacity in our operations infrastructure to ensure that our SaaS products are accessible. Design and mechanical errors, spikes in usage volume and failure to follow system protocols and procedures could cause our systems to fail, resulting in interruptions in our SaaS products. Any interruptions or delays in our service, whether or not caused by our products, or as a result of third- party error, our own error, natural disasters or security breaches, whether accidental or willful, could harm our relationships with customers and cause our revenue to decrease and / or our expenses to increase. Any of the above circumstances or events may harm our reputation, cause customers to terminate their agreements with us, impair our ability to obtain contract renewals from existing customers, impair our ability to grow our customer base, result in the expenditure of significant financial, technical and engineering resources, subject us to financial penalties and liabilities under our service level agreements, and otherwise harm our business, results of operations and financial condition. If we are unable to support our..... and our business results could suffer. Climate change and related natural disasters, or other events beyond our control, could negatively impact our business operations and financial condition. Natural disasters and other business disruptions could

adversely affect our business and financial condition, and global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. The impacts of climate change may include physical risks (such as frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well- being), compliance costs and transition risks, shifts in market trends and other adverse effects. Such impacts may disrupt parties in our supply chain, our customers, and our operations. For example, if a natural disaster strikes our manufacturing facilities, we will be unable to manufacture our products for a substantial amount of time and our sales and profitability will decline. Our facilities and the manufacturing equipment we use to produce our products would be costly to replace and could require substantial lead- time to repair or replace. In the event our facilities were affected by natural or man-made disasters, we could be forced to rely on third- party manufacturers. Although we believe we possess adequate insurance for the disruption of our business from causalities, such insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all. **- 31-** In addition, the increasing concern over climate change has resulted and may continue to result in more legal and regulatory requirements designed to mitigate the effects of climate change on the environment, including regulating greenhouse gas emissions, alternative energy policies and sustainability initiatives. If such laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet the regulatory obligations. ~~Further, there may be increasing scrutiny and changing expectations from the market and other stakeholders with respect to Environmental, Social and Governance (ESG) practices. Any such regulatory changes or increased market expectations could also have a significant effect on our operating and financial decisions, including those involving capital expenditures to reduce emissions and comply with other regulatory requirements or stakeholder expectations.~~ ~~- 31-~~ Healthcare reform may have a material adverse effect on our industry and our results of operations. In March 2010, the ACA was signed into law in the United States. The ACA made changes **, effective over time,** that significantly impacted the healthcare industry, including medical device manufacturers. One of the principal purposes of the ACA was to expand health insurance coverage to millions of Americans who were uninsured. The ACA required adults not covered by an employer or government- sponsored insurance plan to maintain health insurance coverage or pay a penalty, a provision commonly referred to as the individual mandate. The ACA also contained a number of provisions designed to generate the revenues necessary to fund the coverage expansions. This included new fees or taxes on certain health-related industries, including medical device manufacturers. Beginning in 2013, entities that manufacture, produce or import medical devices were required to pay an excise tax in an amount equal to 2. 3 % of the price for which such devices are sold in the United States. This excise tax was applicable to our products that are primarily used in hospitals and sleep labs, which includes the ApneaLink, VPAP Tx and certain Respiratory Care products. Through a series of legislative amendments, the tax was suspended beginning in 2016, and permanently repealed effective January 1, 2020. In addition to the competitive bidding changes discussed above, the ACA also included, among other things, directions to develop organizations that are paid under a new payment methodology for voluntary coordination of care by groups of providers, such as physicians and hospitals, and the establishment of a new Patient- Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research. The increased funding and focus on comparative clinical effectiveness research, which compares and evaluates the risks and benefits, clinical outcomes, effectiveness and appropriateness of products, may result in lower reimbursements by payors for our products and decreased profits to us. Other federal legislative changes have been proposed and adopted since the ACA was enacted. These changes included an aggregate reduction in Medicare payments to providers of 2 % per fiscal year, which went into effect on April 1, 2013. The CARES Act, which was signed into law in March 2020 and subsequently amended, suspended the payment reductions from May 1, 2020 through December 31, 2020, and extended the sequester by one additional year, through 2030. In addition, on January 2, 2013, the American Taxpayer Relief Act of 2012, was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The full impact on our business of the ACA and other new laws is uncertain. Nor is it clear whether other legislative changes will be adopted, if any, or how such changes would affect the demand for our products. Future actions by the administration and the U. S. Congress including, but not limited to, repeal or replacement of the ACA could have a material adverse impact on our results of operations or financial condition. Additionally, all or a portion of the ACA and related subsequent legislation may be modified, repealed or otherwise invalidated through other judicial challenge. On June 17, 2021, the U. S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court' s decision, President Biden issued an executive order to initiate a special enrollment period for purposes of obtaining health insurance coverage through the ACA marketplace, which began on February 15, 2021 and remained open through August 15, 2021. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how other healthcare reform measures of the Biden administration or other efforts, if any, to challenge, repeal or replace the ACA will impact the ACA or our business. Various healthcare reform proposals have also emerged at the state level within the United States. The ACA as well as other federal and / or state healthcare reform measures that may be adopted in the future, singularly or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations. **- 32-** Government and private insurance plans may not adequately reimburse our customers for our products, which could result in reductions in sales or selling prices for our products. Our ability to sell our products depends in large part on the extent to which coverage and adequate reimbursement for our products will be available from government health administration authorities, private health insurers and other organizations. These third- party payers are increasingly challenging the prices charged for medical products and services and can, without notice, deny **or reduce** coverage for our products or treatments that may include

the use of our products. Therefore, even if a product is approved for marketing, we cannot ~~- 32 -~~ make assurances that coverage and reimbursement will be available for the product, that the reimbursement amount will be adequate or that the reimbursement amount, even if initially adequate, will not be subsequently reduced. For example, in some markets, such as Spain, France and Germany, government coverage and reimbursement are currently available for the purchase or rental of our products but are subject to constraints such as price controls or unit sales limitations. In other markets, such as Australia, there is currently limited or no reimbursement for devices that treat sleep apnea conditions. As we continue to develop new products, those products will generally not qualify for coverage and reimbursement until they are approved for marketing, if at all. In the United States, we sell our products primarily to home healthcare dealers, ~~hospitals~~ **health systems** and sleep clinics. Reductions in reimbursement to our customers by third- party payers, if they occur, may have a material impact on our customers and, therefore, may indirectly affect our pricing and sales to, or the collectability of receivables we have from, those customers. A development negatively affecting reimbursement stems from the Medicare competitive bidding program mandated by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). Under the program, our customers who provide DME must compete to offer products in designated competitive bidding areas, or CBAs. **We** ~~In addition, under the ACA, in 2016, CMS adjusted the prices in non- competitive bidding areas to match competitive bidding prices. CMS phased in the new rates beginning January 1, 2016, and were fully effective July 1, 2016. This program has significantly reduced the Medicare reimbursement to our customers compared with reimbursement in 2011, at the beginning of the program. The 21st Century Cures Act retroactively adjusted rates in non- bid areas to allow for the higher phase- in rates to be paid for items furnished between July 1, 2016 and December 31, 2016, rather than the lower fully- adjusted rates. Rules issued by CMS in 2018 resumed the higher phase- in rates in rural and non- contiguous non- competitive bidding areas for items furnished between June 1, 2018 and December 31, 2020. Pursuant to the CARES Act, these higher phase- in rates were extended through December 31, 2020, or through the end of the COVID- 19 public health emergency, and were implemented in areas other than rural areas and noncontiguous areas for the same period. On March 7, 2019, CMS announced it would initiate a new round of competitive bidding, named Round 2021, with contracts effective on January 1, 2021 through December 31, 2023. In addition to adopting new bidding processes, CMS expanded the product categories included in competitive bidding to include non- invasive ventilators. However, due to the COVID- 19 pandemic, CMS removed NIVs from Round 2021 of the DMEPOS Competitive Bidding Program. CPAP, and respiratory assist devices, and related supplies and accessories, which had been included in prior rounds of competitive bidding, were included in the 15 remaining product categories that were bid for in Round 2021. However, CMS did not award competitive bidding contracts for any product categories other than OTS back and knee braces. Payment for items where contracts were not awarded – including CPAP and respiratory assist devices – will be based on adjusted fee schedule amounts. At this time, we~~ cannot predict the ~~full~~ impact the competitive bidding program and the developments in the competitive bidding program will have on our business and financial condition. If changes are made to this program in the future, it could affect amounts being recovered by our customers. ~~With respect to Medicare reimbursement, the Protecting Medicare and American Farmers From Sequester Cuts Act was signed into law Dec 10, 2021. The law extended the 2 % Medicare sequester moratorium through March 31, 2022, adjusted the sequester to 1 % between April 1, 2022, and June 30, 2022 and reinstated the full 2 % sequestration cut beginning July 1, 2022. The reduction in payment to healthcare providers is to the calculated Medicare payment after the approved amount is determined, and the deductible and coinsurance are applied, and not the 20 % coinsurance owed by the patient. Further, the law eliminated the potential for an additional 4 % Medicare sequester in 2022 due to statutory pay- as- you- go (PAYGO) requirement for one year. These additional cuts will take effect in 2023 after adjournment of the first session of the 117th Congress.~~ In addition, our products are the subject of periodic studies by third party agencies, including the Agency for Healthcare Research and Quality **(AHRQ)** in the United States, intended to review the comparative effectiveness of different treatments of the same illness **. In October 2022, the AHRQ concluded that randomized controlled clinical trials do not provide sufficient evidence that CPAP affects long- term clinically important outcomes. We believe that the AHRQ methodology was too restrictive, that retrospective and prospective observational studies should have been included, that real world evidence should have been considered, and that CPAP therapy does have long- term positive effects on health outcomes** . Although the results of comparative effectiveness studies are not intended to mandate any reimbursement policies for public or private payers, it is not clear what, if any, effect such research will have on the sales of our products **. To date, the AHRQ assessment has not impacted CMS or private payor reimbursement** . Decreases in third- party reimbursement for our products or a decision by a third- party payer to not cover our products as a result of a third- party study could have a material adverse effect on our sales, results of operations and financial condition. ~~Failure~~ **We are subject to various risks relating to our compliance with fraud and abuse laws and transparency laws relating to our interactions with our customers, health care providers, and patients, which could subject us to government investigation, litigation, or other penalties to the extent our activities or relationships are found not** to comply **,** ~~with anti- kickback~~ and ~~fraud regulations~~ could result in ~~substantial penalties and~~ changes in our business operations **that could harm our ability to successfully market and sell our products and services** . **We are subject to various risks relating to our compliance with fraud and abuse laws and transparency laws relating to our interactions with our customers, health care providers, and patients, which could subject us to government investigation, litigation, or other penalties to the extent our activities or relationships are found not to comply, and could result in changes in our business operations that could harm our ability to successfully market and sell our products and services** We are subject to healthcare fraud and abuse regulation and enforcement by federal, state and foreign governments, which could significantly impact our business. We also are subject to foreign fraud and abuse laws, which vary by country. ~~- 33 -~~ In the United States, the laws that may affect our ability to operate include, but are not limited to: • the federal Anti- Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering, or paying remuneration, directly or indirectly, in cash or in kind, in exchange for or to induce either the referral of an individual for, or the purchase, lease, order or

recommendation of, any good, facility, item or service for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of this statute or specific intent to violate the Anti- Kickback Statute itself to have committed a violation. The U. S. **- 33-** government has interpreted this law broadly to apply to the marketing and sales activities of manufacturers ~~,~~ **and** distributors ~~and revenue cycle management companies~~ like us. Violations of the federal Anti- Kickback Statute may result in significant civil monetary penalties for each violation, plus up to three times the remuneration involved. Violations of the Federal Anti- Kickback Statute can also result in significant criminal penalties and imprisonment; • federal civil and criminal false claims laws, including the False Claims Act, and civil monetary penalty laws, that prohibit, among other things, knowingly presenting, or causing to be presented, claims for payment or approval to the federal government that are false or fraudulent, knowingly making a false statement material to an obligation to pay or transmit money or property to the federal government or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the federal government. These laws may apply to manufacturers and distributors who provide information on coverage, coding, and reimbursement of their products to persons who do bill third- party payors. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act. Violations can result in debarment, suspension or exclusion from participation in government healthcare programs, including Medicare and Medicaid. When an entity is determined to have violated the federal civil False Claims Act, the government may impose significant civil fines and penalties for each false claim, plus treble damages, and exclude the entity from participation in Medicare, Medicaid and other federal healthcare programs. • HIPAA, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. A person or entity does not need to have actual knowledge of these statutes or specific intent to violate them to have committed a violation; • the federal Physician Sunshine Act requirements under the ACA, which impose reporting and disclosure requirements on device and drug manufacturers for any " transfer of value " made or distributed by certain manufacturers of drugs, devices, biologics, and medical supplies to physicians (including doctors, dentists, optometrists, podiatrists and chiropractors), teaching hospitals, **non- physician practitioners such as nurse practitioners, physician assistants, clinical nurse specialists, certified nurse anesthetists, anesthesiology assistants and certified nurse midwives,** and ownership and investment interests held by physicians and their immediate family members ~~. Beginning in 2022, applicable manufacturers also will be required to report such information regarding payments and transfers of value provided during the previous year to physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiology assistants and certified nurse midwives~~ ; • federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm customers; and • state and foreign law equivalents of each of the above federal laws, such as state anti- kickback and false claims laws that may apply to items or services reimbursed by any third- party payor, including commercial insurers; state laws that require device companies to comply with the industry' s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require device manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures. The scope and enforcement of these laws are uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Responding to investigations can be time- and resource- consuming and can divert management' s attention from the business. Additionally, as a result of these types of investigations, healthcare providers and entities may face litigation or have to agree to ~~- 34-~~ settlements that can include monetary penalties and onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us now or in the future, we may be subject to penalties, including civil and criminal penalties, damages, fines, disgorgement, exclusion from governmental health care programs, additional compliance and reporting obligations, imprisonment and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results. **- 34-** In December 2019, we entered into a settlement agreement with the U. S. Department of Justice and the U. S. Attorneys' Offices for the District Court of South Carolina, the Southern District of California, the Northern District of Iowa and the Eastern District of New York. The agreement resolved five lawsuits originally brought by whistleblowers under the qui tam provisions of the False Claims Act and allegations that we: (a) provided DME companies with free telephone call center services and other free patient outreach services that enabled these companies to order resupplies for their patients with sleep apnea, (b) provided sleep labs with free and below- cost positive airway pressure masks and diagnostic machines, as well as free installation of these machines, (c) arranged for, and fully guaranteed the payments due on, interest- free loans that DME supplies acquired from third- party financial institutions for the purchase of our equipment, and (d) provided non- sleep specialist physicians free home sleep testing devices referred to as " ApneaLink. " We agreed with the government to civilly resolve these matters for a payment of $ 39. 5 million ($ 37. 5 million to the federal government and $ 2 million to the various states) and we incurred additional fees and administrative costs that typically accompany such a resolution amounting to $ 1. 1 million. The specific allegations and the resolution of those allegations are contained in the Company' s settlement agreement with the adverse parties. The total final costs relating to these matters was $ 40. 6 million. Contemporaneous with the civil settlement, we also entered into a five- year Corporate Integrity Agreement, or CIA, with the Department of Health and Human Services Office of Inspector General. The CIA required, among other things, that we implement additional controls around our product pricing and sales and that we conduct internal and external monitoring

of our arrangements with referrals sources. The settlement agreement with the government and the CIA could result in reputational harm or the curtailment or restructuring of our operations, any of which could materially adversely affect our financial results and our ability to operate our business. In addition, our failure to comply with our obligations under the CIA could result in monetary penalties and our exclusion from participating in federal healthcare programs. The costs associated with compliance with the CIA, or any liability or consequences associated with its breach, could have an adverse effect on our operations, liquidity and financial condition. Our use and disclosure of personal information, including health information, is subject to federal, state and foreign privacy and security regulations, and our failure to comply with those regulations or to adequately secure the information we hold could result in significant liability or reputational harm. The **appropriate** privacy and security of personal information whether stored, maintained, received or transmitted electronically or in paper form is a ~~major~~ **key regulatory** issue in the **United States** ~~U. S.~~ and abroad. While we strive to comply with all applicable privacy and security laws and regulations, as well as our own posted privacy policies, legal standards for privacy, including but not limited to " unfairness " and " deception, " as enforced by the FTC and state attorneys general, continue to evolve and any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, or could cause us to lose audience and customers, which could have a material adverse effect on our business. Recently, there has been an increase in public awareness of privacy issues in the wake of revelations about the activities of various government agencies and in the number of private privacy- related lawsuits filed against companies. Concerns about our practices with regard to the collection, use, disclosure, security or deletion of ~~personally~~ -- **personal** ~~identifiable~~ information or other privacy- related matters, even if unfounded and even if we are in compliance with applicable laws, could damage our reputation and harm our business. Numerous foreign, federal and state laws and regulations govern collection, dissemination, use and confidentiality of personally identifiable health information, including (i) state privacy and confidentiality laws (including state laws requiring disclosure of breaches); (ii) HIPAA; and (iii) European and other foreign data protection laws, including the EU GDPR and the UK GDPR. HIPAA establishes a set of national privacy and security standards for the protection of individually identifiable health information, or protected health information, by health plans, healthcare clearinghouses and healthcare providers that submit certain covered transactions electronically, ~~or~~ **collectively referred to as "** covered entities, **"** and their " business associates, " which are persons or ~~- 35 -~~ entities that perform certain services for, or on behalf of, a covered entity that involve creating, receiving, maintaining or transmitting protected health information, as well as their covered subcontractors. Certain portions of our business, such as the cloud- based software digital health applications, are subject to HIPAA as a business associate of our covered entity clients. To provide our covered entity clients with services that involve access to PHI, HIPAA requires us to enter into business associate agreements that require us to safeguard PHI in accordance with HIPAA. As a business associate, we are also directly liable for compliance with HIPAA. Penalties for violations of HIPAA regulations include civil and criminal penalties. HIPAA authorizes state attorneys' general to file suit under HIPAA on behalf of state residents. Courts can award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private **- 35-** right of action allowing individuals to sue us in civil court for HIPAA violations, its standards have been used as the basis for a duty of care claim in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. HIPAA further requires business associates like us to notify our covered entity clients " without unreasonable delay and in no case later than 60 calendar days after discovery of the breach. " Covered entities must notify affected individuals " without unreasonable delay and in no case later than 60 calendar days after discovery of the breach " if their unsecured PHI is subject to an unauthorized access, use or disclosure. If a breach affects 500 patients or more, covered entities must report it to HHS and local media without unreasonable delay, and HHS will post the name of the breaching entity on its public website. If a breach affects fewer than 500 individuals, the covered entity must log it and notify HHS at least annually. If we are unable to properly protect the privacy and security of health information entrusted to us, our solutions may be perceived as not secure, we may incur significant liabilities and customers may curtail their use of or stop using our solutions. In addition, if we fail to comply with the terms of our business associate agreements with our clients, we are liable not only contractually but also directly under HIPAA. In addition, the California Consumer Privacy Act of 2018, or CCPA **, as amended by the California Privacy Rights Act (collectively, " CCPA ")**, became effective on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt- out of certain sales of personal information. The CCPA includes civil penalties for violations, as well as a private right of action for data breaches. Although the law includes limited exceptions, including for " protected health information " maintained by a covered entity or business associate, it may regulate or impact our processing of personal information depending on the context. **A To** ~~The CCPA may increase our compliance costs and potential liability. Further, the California Privacy Rights Act, or CPRA, which becomes effective on January 1, 2023, superseding the CCPA, will impose additional data~~ **date** ~~protection obligations on covered businesses~~, **approximately ten** ~~including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It will also create a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Several~~ additional US states have implemented comprehensive data privacy laws, **certain of** which ~~will become~~ **became** effective starting in January 1, 2023. ~~If~~ **Although the majority of these laws are directed to consumer, not business, data, if** we are subject to or affected by **these state laws,** HIPAA, ~~the CCPA, the CPRA~~ or other domestic privacy and data protection law, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition. In addition to these comprehensive data protection laws, to date, at least three states have adopted laws specifically regulating the collection, use, storage, and disclosure of biometrics, and additional states may seek to regulate — and / or restrict the use of — biometrics in the future. Certain of our products use, or permit the use of, information that could be classified as a biometric under these or other laws. If we are subject to or affected by

these or other laws, **including potential damages for improper use of biometrics,** we may be **subject to damages claims,** required to modify the way in which we make available our product or certain features of our product **. More recently, the FTC and the Office for Civil Rights (OCR, the agency that enforces HIPAA) have taken interest in the use of online tracking technologies that collect, use, and disclose personal information about users, including use of such online tracking tools to gather information to be used for redirected marketing. FTC has taken enforcement actions against companies that have used online tracking tools either in a misleading or deceptive manner. In response to this new area of enforcement, we have been assessing our websites and applications to assess any online tracking and to ensure compliance with privacy and security standards** . We also may be required to implement additional practices or processes or otherwise invest our resources to comply with these and other regulations. If we are unable to comply with these laws, or if these laws require us to change our products or services, we may encounter liability that could adversely affect our financial condition. We are also subject to laws and regulations in non- U. S. countries covering data privacy and the protection of health- related and other personal information. For example, EU member states, the United Kingdom, and other jurisdictions have adopted data protection laws and regulations, which impose significant compliance obligations. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personal information that identifies or ~~- 36-~~ may be used to identify an individual, such as names, contact information, and sensitive personal data such as health data. These laws and regulations are subject to frequent revisions and differing interpretations and have generally become more stringent over time. In addition, the **EU GDPR and UK** GDPR went into effect in May 2018. The GDPR imposes stringent data protection requirements for the processing of personal data in the ~~European Economic Area, or~~ EEA **or UK** . The GDPR imposes several stringent requirements for controllers and processors of personal data, and increased our obligations, for example, by imposing higher standards for obtaining consent from individuals to process their personal data, requiring more robust disclosures to individuals, **- 36-** strengthening individual data rights, shortening timelines for data breach notifications, limiting retention periods and secondary use of information (including for research purposes), increasing requirements pertaining to health data and pseudonymized (i. e., key- coded) data and imposing additional obligations when we contract with third party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EEA **and** , including to the United States, and recent legal developments in Europe have created complexity regarding such transfers of personal data from the EEA **and UK** to the United States. For example, the European Commission and the United Kingdom have adopted new standard contractual clauses under which entities may transfer personal data from the European Union and the United Kingdom, which we may be required to implement. We must evaluate such data transfers on a case- by- case basis to ensure continued permissibility under current law and consistent with the new standard contractual clauses. **GDPR** ~~European data protection law~~ provides that EEA member states **and the UK** may make their own further laws and regulations limiting the processing of genetic, biometric or health data, which could limit our ability to use and share personal data or could cause our costs to increase, and harm our business and financial condition. Failure to comply with the requirements of GDPR and the applicable national data protection and marketing laws of the EEA member states may result in fines of up to € 20. 0 million or up to 4 % of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties as well as individual claims for compensation. EU Member States and the UK also have established laws pertaining to electronic monitoring, which could require us to take additional compliance measures. Failure to comply with such laws may subject us to penalties. The ~~United Kingdom also has adopted its version of the General Data Protection Regulation (" UK GDPR "). The United Kingdom GDPR~~ mirrors the fines under the **EU** GDPR, i. e., fines up to the greater of £ 17. 5 million or 4 % of global turnover. Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time- intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. Any failure or perceived failure by us to comply with privacy or security laws, policies, legal obligations or industry standards or any security incident that results in the unauthorized release or transfer of personally identifiable information may also result in governmental enforcement actions and investigations, fines and penalties, litigation and / or adverse publicity, including by consumer advocacy groups, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Such failures could have a material adverse effect on our financial condition and operations. If the third parties we work with violate applicable laws, contractual obligations or suffer a security incident, such violations may also put us in breach of our obligations under privacy laws and regulations and / or could in turn have a material adverse effect on our business. Our business activities are subject to extensive regulation, and any failure to comply could have a material adverse effect on our business, financial condition, or results of operations. We are subject to extensive U. S. federal, state, local and international regulations regarding our business activities. Failure to comply with these regulations could result in, among other things, recalls of our products, substantial fines and criminal charges against us or against our employees. Furthermore, certain of our products could be subject to recall if the Food and Drug Administration, or the FDA, other regulators or we determine, for any reason, that those products are not safe or effective. Any recall or other regulatory action could increase our costs, damage our reputation, affect our ability to supply customers with the quantity of products they require and materially affect our operating results. Certain of our products and services include the use of artificial intelligence (AI), which is intended to enhance the operation of our products and services. **AI innovation presents risks and challenges that could impact our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Ineffective AI development and deployment practices could subject us to competitive harm, regulatory action, increased cyber risks and legal liability, including under new proposed AI regulation in the European Union.** The FTC ~~recently~~ has issued a report expressing a concern regarding AI and bias across industry sectors, including in the healthcare space, and has suggested that such bias could lead to unfair and deceptive practices, among other concerns. Any changes to our ability to use AI or concerns about bias could require us to modify our products and services or could have other negative financial impact on our business. Product sales, introductions or modifications may be delayed or canceled as a result of FDA

regulations or similar foreign regulations, which could cause our sales and profits to decline. Unless a product is exempt **or may be commercialized based on current FDA enforcement discretion policies** , before we can ~~- 37 -~~ market or sell a new medical device in the United States, we must obtain FDA clearance or approval, which can be a lengthy and time- consuming process. We generally receive clearance from the FDA to market our products in the United States under Section 510 (k) of the Federal Food, Drug, and Cosmetic Act or our products are exempt from the Section 510 (k) clearance process. The 510 (k) clearance process can be expensive, time- consuming and uncertain. In the 510 (k) clearance process, the FDA must determine that a **- 37-** proposed device is " substantially equivalent " to a **predicate** device ~~legally on the market, known as a " predicate " device,~~ with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. The FDA has a high degree of latitude when evaluating submissions and may **seek additional information before clearing a proposed device or may ultimately** determine that a proposed device submitted for 510 (k) clearance is not substantially equivalent to a predicate device. After a device receives 510 (k) premarket notification clearance from the FDA, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in the intended use of the device, technology, materials, packaging, and certain manufacturing processes may require a new 510 (k) clearance or premarket approval. We have modified some of our Section 510 (k) approved products without submitting new Section 510 (k) notices, which we do not believe were required. However, if the FDA disagrees with us and requires us to submit new Section 510 (k) notifications for modifications to our existing products, we may be required to stop marketing the products while the FDA reviews the Section 510 (k) notification. Any new product introduction or existing product modification could be subjected to a lengthier, more rigorous FDA examination process. For example, in certain cases we may need to conduct clinical trials of a **modified or** new product before submitting a 510 (k) notice. We may also be required to obtain premarket approvals for certain of our products. Indeed, recent trends in the FDA' s review of premarket notification submissions suggest that the FDA is often requiring manufacturers to provide new, more expansive, or different information regarding a particular device than what the manufacturer anticipated upon 510 (k) submission. This has resulted in increasing uncertainty and delay in the premarket notification review process. For example, in November 2018, FDA officials announced steps that the FDA intended to take to modernize the 510 (k) premarket notification pathway. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510 (k) pathway toward the use of newer predicates. These proposals included plans to potentially sunset certain older devices that were used as predicates under the 510 (k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. In September 2019, the FDA also issued revised final guidance establishing a " Safety and Performance Based Pathway " for " manufacturers of certain well- understood device types " allowing manufacturers to rely on objective safety and performance criteria recognized by the FDA to demonstrate substantial equivalence, obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA has developed and maintains a list of device types appropriate for the " safety and performance based " pathway and continues to develop product- specific guidance documents that identify the performance criteria and recommended testing methodologies for each such device type, where feasible. Some of these proposals have not yet been finalized or adopted, although the FDA may work with Congress to implement such proposals through legislation. Accordingly, it is unclear the extent to which any proposals, if adopted, could impose additional regulatory requirements on us that could delay our ability to obtain new 510 (k) clearances, increase the costs of compliance, or restrict our ability to maintain our current clearances, or otherwise create competition that may negatively affect our business. The FDA' s ongoing review of the 510 (k) program may make it more difficult for us to make modifications to our previously cleared products, either by imposing stricter requirements on when a manufacturer must submit a new 510 (k) for a modification to a previously cleared product, or by applying more onerous review criteria to such submissions. FDA continues to review its 510 (k) clearance process which could result in additional changes to regulatory requirements or guidance documents which could increase the costs of compliance or restrict our ability to maintain current clearances. The requirements of the more rigorous premarket approval process and / or significant changes to the 510 (k) clearance process could delay product introductions and increase the costs associated with FDA compliance. Marketing and sale of our products outside the United States are also subject to regulatory clearances and approvals, and if we fail to obtain these regulatory approvals, our sales could suffer. We cannot assure you that any new products we develop will receive required regulatory approvals from U. S. or foreign regulatory agencies. ~~We~~ **The definition of " device " in the Federal Food, Drug, and Cosmetic Act (FD & C Act) was amended in 2016 to exclude certain software functions. Our software offerings may include functions that fall under FDA' s jurisdictional definition of a medical device, while there may be software offerings that** are ~~subject to substantial regulation~~ **considered exempt from the " device " definition even when utilizing data coming from an FDA** ~~related~~ **regulated medical device** ~~to quality standards applicable to our manufacturing and quality processes~~ . Our **determination of** ~~failure to comply with these~~ -- **the** ~~standards could have~~ **appropriate classification of our digital offerings may lead to regulatory inquiry** ~~an~~ **and** ~~adverse effect on our business, financial~~ **the expenditure of time and resources to meet FDA feedback as to the appropriate category for particular digital offerings.- 38-** condition, or results of operations. The FDA regulates the approval, manufacturing, and sales and marketing of many of our products in the United States. Significant government regulation also exists in Canada, Japan, Europe, and other countries in which we conduct business. As a device manufacturer, we are required to register with the FDA and are ~~- 38 -~~ subject to periodic inspection by the FDA for compliance with the FDA' s Quality System Regulation requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. In addition, the federal Medical Device Reporting regulations require us to provide information to the FDA whenever there is evidence that reasonably suggests that a device may have caused or contributed to a death or serious injury or, if a malfunction were to occur, could cause or contribute to a death or serious injury. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections by the FDA. In the

European Union, we are required to maintain certain ISO certifications in order to sell our products and must undergo periodic inspections by notified bodies to obtain and maintain these certifications. Failure to comply with current governmental regulations and quality assurance guidelines could lead to temporary manufacturing shutdowns, product recalls or related field actions, product shortages or delays in product manufacturing. Efficacy or safety concerns, an increase in trends of adverse events in the marketplace, and / or manufacturing quality issues with respect to our products could lead to product recalls or related field actions, withdrawals, and / or declining sales. Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, cleared or approved or commercialized in a timely manner or at all, which could negatively impact our business. The ability of the FDA to review and clear or approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA' s ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA' s ability to perform routine functions. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for medical devices or modifications to cleared or approved medical devices to be reviewed and / or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U. S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. Separately, in response to the COVID- 19 pandemic, on March 10, 2020, the FDA announced its intention to postpone most foreign inspections of manufacturing facilities, and subsequently, on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Regulatory authorities outside the United States ~~may adopt~~ **adopted** similar restrictions or other policy measures in response to the COVID- 19 pandemic. **On** ~~Subsequently, on~~ July 10, 2020, the FDA announced its intention to resume certain on- site inspections of domestic manufacturing facilities subject to a risk- based prioritization system. **During the COVID emergency, the FDA issued numerous guidances providing for enforcement discretion or processes for issuance of Emergency Use Authorizations (EUAs) for certain devices that had the effect of relaxing certain regulatory requirements with respect to selected devices during the pendency of the COVID emergency. Recently, in anticipation of the termination of the COVID emergency effective May 11, 2023, on March 27, 2023, the FDA released two final guidance documents to assist with transitioning medical devices: (i) that were subject to certain enforcement policies issued during the COVID emergency, and (ii) that were issued emergency use authorizations (EUAs). These guidance documents finalize the corresponding draft guidance documents that were issued on December 23, 2021.** The ~~FDA intends~~ **guidances call for a " phased transition process " with respect** to ~~use this risk~~ **devices that fell within the expiring COVID enforcement policies. To the extent our devices have been authorized for market based on COVID** - ~~based assessment system~~ **related enforcement discretion or EUAs, we may need** to ~~identify~~ **implement a transition plan for such devices,** the ~~categories~~ **outcome** of **which may be uncertain and could potentially affect our ability to market such devices in the post- COVID** regulatory **environment** ~~activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities~~ . If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Off- label marketing of our products could result in substantial penalties. The FDA strictly regulates the promotional claims that may be made about FDA- cleared products. In particular, clearance under Section 510 (k) only permits us to market our products for the uses indicated on the labeling cleared by the FDA. We may request additional label indications for our current products, and the FDA may deny those requests outright, require additional expensive clinical data to support any additional indications or impose limitations on the intended use of any cleared products as a condition of **- 39-** clearance. If the FDA determines that we have marketed our products for off- label use, we could be subject to fines, injunctions or other penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our business activities to constitute promotion of an off- label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs, and the curtailment of our operations. Any of these events could significantly harm our business and results of operations and cause our stock price to decline. Laws regulating consumer contacts could adversely affect our business operations or create liabilities. Our business activities include contacts with consumers in different parts of the world. Certain laws, such as the U. S. Telephone Consumer Protection Act, regulate telemarketing practices and certain automated outbound contacts with consumers, such as phone calls, texts or emails. Our use of outbound contacts may be restricted by existing laws, or by laws, regulations, or regulatory decisions that may be adopted in the future. Similarly, certain data privacy laws, including CCPA, and ~~- 39-~~ subsequently CPRA, and the GDPR require disclosure of our privacy practices to consumers. If we are found to have violated these laws or regulations, we may be subjected to substantial fines, penalties, or liabilities to consumers. Tax laws, regulations, and enforcement practices are evolving and may have a material adverse effect on our results of operations, cash flows and financial position. Tax laws, regulations, and administrative practices in various jurisdictions are evolving and may be subject to significant changes due to economic, political, and other conditions. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain, and significant judgment is required in evaluating and estimating our provision and accruals for taxes. Governments are increasingly focused on ways to increase tax revenues, particularly from multinational corporations, which may lead to an increase in audit activity and aggressive positions taken by tax authorities. Changes or clarifications to U. S. tax laws could materially affect the tax treatment of our domestic and

foreign earnings. The Organisation for Economic Co- operation and Development, an international association of 34 countries, including the United States, released the final reports from its Base Erosion and Profit Shifting, or BEPS, Action Plans, which aim to standardize and modernize global tax policies. The BEPS Action Plans propose revisions to numerous tax rules, including country- by- country reporting, permanent establishment, hybrid entities and instruments, transfer pricing, and tax treaties. The BEPS Action Plans have been or are being enacted by countries where we have operations. Additionally, the U. S. Treasury department recently proposed the adoption of a global minimum corporate tax rate of at least 15 %, which, if enacted, could negatively impact our effective tax rate. Developments in relevant tax laws, regulations, administrative practices and enforcement practices could have a material adverse effect on our operating results, financial position and cash flows, including the need to obtain additional financing. We are subject to tax audits by various tax authorities in many jurisdictions. Our income tax returns are based on calculations and assumptions that require significant judgment and are subject to audit by various tax authorities. In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws. We regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes. On September 19, 2021, we concluded the settlement agreement with the Australian Taxation Office (" ATO ") in relation to the previously disclosed transfer pricing dispute for the tax years 2009 through 2018 (" ATO settlement "). The ATO settlement fully resolved the dispute for all prior years, with no admission of liability and provides clarity in relation to certain future taxation principles. The final net impact of the ATO settlement was **recorded during the years ended June 30, 2021 and 2022 in the amount of** $ 238. 7 million, which represents a gross amount of $ 381. 7 million, including interest and penalties of $ 48. 1 million, and adjustments for credits and deductions of $ 143. 0 million. As a result of the ATO settlement and due to movements in foreign currencies, we recorded a benefit of $ 14. 1 million within other comprehensive income, and a $ 4. 1 million reduction of tax credits, which was recorded to income tax expense. As a result of the ATO settlement, we reversed our previously recorded uncertain tax position. On September 28, 2021, we remitted final payment to the ATO of $ 284. 8 million, consisting of the agreed settlement amount of $ 381. 7 million less prior remittances made to the ATO of $ 96. 9 million. **- 40-** Tax years 2018 to ~~2021~~ **2022** remain subject to future examination by the major tax jurisdictions in which we are subject to tax **. In addition, the taxing authorities of the jurisdictions in which we operate may challenge our positions and methodologies related to transfer pricing, including valuing developed technology, intercompany arrangements and intellectual property transfers. If challenged by tax authorities, ResMed will vigorously defend our positions and methodologies** . Any final assessment resulting from tax audits may result in material changes to our past or future taxable income, tax payable or deferred tax assets, and may require us to pay penalties and interest that could materially adversely affect our financial results. **Environmental, social, and corporate governance (ESG) issues may have an adverse effect on our business, financial condition and results of operations and reputation. There is an increasing focus from certain investors, regulators, legislators, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet regulatory requirements or stakeholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, support for local communities, Board of Director and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our reputation, brand, and employee attraction and retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us. In addition, a failure to comply with new laws, regulations, or reporting requirements, could negatively impact our reputation and our business.** Our ~~results~~ **adoption** of **certain standards or mandated compliance to certain requirements** ~~operations may be materially affected by global economic conditions generally, including conditions in the financial markets. Global economic conditions~~ could **necessitate additional investments that** ~~make it difficult for us, our customers and our suppliers to accurately forecast and plan future business activities. Adverse economic conditions, including inflation and higher interest rates, could cause customers to reduce or delay their purchases, which~~ could impact our ~~revenue, our ability to manage inventory levels, collect customer receivables, and potentially decrease our~~ profitability ~~. In addition, prevailing economic conditions could constrain the supply of components used in the manufacturing of our products, which may result in higher costs and impact our ability to meet customer demand. We cannot predict the timing, strength, or duration of any economic- 40- slowdown, or the speed of any subsequent economic recovery. If the economy or markets in which we operate were to deteriorate, our business, financial condition, and results of operations may be adversely affected~~ . Our quarterly operating results are subject to fluctuation for a variety of reasons. Our operating results have, from time to time, fluctuated on a quarterly basis and may be subject to similar fluctuations in the future. These fluctuations may result from a number of factors, including: • the introduction of new products by us or our competitors; • the geographic mix of product sales; • the success and costs of our marketing efforts in new regions; • changes in third- party payor reimbursement; • timing of regulatory clearances and approvals; • costs associated with acquiring and integrating new businesses, technologies and product offerings; • timing of orders by distributors; • **inventory write downs, which may result from maintaining significant inventories of raw materials, components, and finished goods; •** expenditures incurred for research and development; • competitive pricing in different regions; • the effect of foreign currency transaction gains or losses; ~~and~~ • other activities, including product recalls, by our competitors **; and • general economic conditions, including rising interest rates, inflationary pressures, recessions, consumer sentiment and demand, global political conflict and industry factors unrelated to our actual performance** . Fluctuations in our quarterly operating results may cause the market price of our common stock to fluctuate. Delaware law and provisions in our charter could make it difficult for another company to acquire us. Provisions of our certificate of incorporation may have the effect of delaying or preventing changes in control or management which might be beneficial to us or our security holders. In particular, our board of directors has the authority to issue up to 2. 0 million shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without further vote

or action by the stockholders. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control, may discourage bids for our common stock at a premium over the market price of our common stock and may adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.