

## Risk Factors Comparison 2024-08-09 to 2023-08-11 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~~ **risks** 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~~ **healthcare care** industry **and healthcare payment reform** 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 **pandemics, epidemics, outbreaks of COVID-19 or similar other** 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 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 **which reduce availability of systems** such as denial of service, 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 **or achieve expected operating efficiencies**, our business could suffer. • Our business depends on our ability to market effectively to dealers of home healthcare products and sleep clinics. ~~-22- PART II Item 1~~ **ARESMED INC. AND SUBSIDIARIES** • 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. ~~-22- PART II Item 1~~ **ARESMED 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 ~~sales 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. • Climate change and ~~related~~ natural disasters, or other **environmental** 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 **or other cost-cutting measures, including changes in coverage policy for our products, by government or commercial payors** 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. • 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~~ **healthcare 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 **or**, and could **otherwise cause us to incur significant costs to defend our actions, and could result in substantial fines, penalties, harm our reputation, divert our management's attention, or** result in 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 **, artificial intelligence, data, biometrics** and security regulations, and our failure to comply with those regulations or to adequately secure the information we hold could result in significant liability **, regulatory investigations, legal actions,** 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. • **Sustainability** Environmental, social, and corporate governance (ESG) issues may have an adverse effect on our business, financial condition and results of operations and reputation. - 23- Risks Related to the Securities Markets and Ownership of Our Common Stock • 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. - 23-24- Our inability to compete successfully in our markets may harm our business. The **geographic** 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-sell** innovative new products and **to** 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 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 **example, certain pharmaceutical treatments, such as GLP- 1' s currently used to treat diabetes or for weight loss, may enhance patient health, lower the occurrence of obesity, potentially reduce the severity of OSA, or be approved for treatment of OSA.** For SaaS, the **market-demand** 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, **including those described above,** 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 **geographic** 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. **The** Conversely, the **health-healthcare 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-purchasers** 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-healthcare care** industry **and healthcare payment reform** could have an adverse effect on our revenues and results of operations. Many home **health-healthcare care** dealers and **OOH** 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-payors** to curb the rising cost of healthcare have catalyzed a consolidation of aggregate purchasing power **where** within the markets in which we sell our products. As the **health-healthcare 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 **volume** reductions for medical devices and components produced by us. If we are forced to reduce our prices because of consolidation in the **health-healthcare 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~~ **Global decline in** economic conditions, geopolitical instability, and other macroeconomic factors, including inflation, supply chain disruptions, **such as recent shipping disruptions in the Red Sea**, 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/or** reduced reimbursement rates by third- party **payers-payors**, while increasing the cost of operating our business. Macroeconomic conditions ~~have may impacted~~ **impact** our global supply chain, primarily through constraints on raw materials and electronic components. These constraints on raw materials and electronic components ~~are may~~ also ~~impacting~~ **impact** companies outside - 25- of our direct industry, which ~~could 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~~ **Highly** competitive and constrained supply chain conditions ~~are may increasing~~ **increase** our cost of sales, which ~~has and may continue to~~ adversely impact our profitability. Global economic conditions ~~may have also impacted~~ **impact** 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~~ **countries** 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



~~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 **globally** consistent law or policy regarding the **breadth of** 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: ~~26-27~~ • 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 • 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, 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. 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 **, or could be at risk for an injunction** 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 assurance 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 source, develop and retain key employees **, our business may suffer**. Our ability to compete effectively depends on our ability to 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 source** and retain such talent will depend on **many a number of** factors, including hiring practices of our competitors, compensation and benefits, flexibility regarding virtual and hybrid work arrangements, work location, work environment, industry economic conditions, and corporate culture. If we cannot effectively **recruit source**, 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, ~~2023~~ **2024**, our total consolidated debt was \$ ~~1.0~~ **4.7** billion and we may incur additional indebtedness in the future. 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 in~~ **the price our or suppliers supply of configured components** may limit our ability to manufacture ~~28-~~ 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 may** 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 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 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 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 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 our devices during and after the COVID-19 pandemic. Because C2C devices do not include communications capability they are not as appealing to our customers creating a risk that we will be forced to liquidate inventory of those devices as communications modules become available for our AirSense 10 and AirSense 11 devices.~~ Additionally, substantial increases in product demand, including in response to a product recall by ~~a major one of our competitors-~~ **competitor**, Philips, have resulted and could continue to result in 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. ~~The~~ ~~Alternatively, the~~ reintroduction of products by Philips could lead to reduced demand for our products. We are increasingly dependent on information technology systems and infrastructure. **We rely on information technology systems and infrastructure, including technologies and services provided by third parties, to support our business processes and activities, products and customers. Our business therefore depends on effective, reliable and secure operation of our technology systems and related infrastructure.** These 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 **which reduce availability of systems** such as denial of service, 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 **engaged** to maintain **information security** 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 **and respond to**. 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. ~~- 29-~~ We receive, collect, process, use and store a large amount of information from our **clients-customers**, our patients and our own employees, including personal information **, intellectual property**, 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~~ **internet**. The secure transmission of such information over the Internet and other mechanisms is essential to maintain confidence in our information technology systems **yet is vulnerable to unauthorized access and disclosure**. 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-~~ **customers**, patients' and employees' data. ~~The~~ ~~However, the~~ techniques used in these attacks change frequently and may be difficult to detect for periods 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 threats or implement adequate preventive measures for all situations. If 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-~~ **customers** and others who interact with our data. While we maintain insurance that covers certain security incidents, we may not carry ~~appropriate~~ **enough** 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 **GDPR, among others**. 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 customers** 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. **The** Additionally, the costs incurred to remediate any security 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 customers**, patients and / or employees' personally identifiable and other sensitive or confidential information will not experience **actual or attempted** security breaches or attempts thereof, which could have a corresponding **negative** 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 MEDIFOX DAN in November 2022.** The success of our acquisitions 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 **acquisitions these businesses**. If we are not able to successfully integrate the operations **of acquisitions**, 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 demonstrate** any impairment of the **value of acquired** 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 demonstrating** 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. **30** If we are unable to support our continued growth **or achieve expected operating efficiencies**, 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 **slow or stop**. **We continually assess opportunities for improved operational efficiency and to better align expenses with revenues, while preserving our ability to make investments in research and development projects, product and technology acquisitions and our people, which we believe is important to our long- term success.** As a result of these assessments, there have been, and may in the future be, restructuring activities, realignment of strategies and cost reduction initiatives. **These measures could yield unintended consequences, such as distraction of our management and employees, reduced employee productivity, business disruption, and inability to attract or retain key personnel, which could negatively affect our business. Moreover, our restructuring and optimization initiatives could incur additional costs which impact our operating results. We cannot guarantee that the activities under our restructuring plans or other initiatives will result in the desired efficiencies and estimated cost savings.** If we fail to manage our growth effectively and efficiently, our costs could increase faster than our revenues and our business results could suffer. **In addition, productivity initiatives may at times involve reorganization or relocation of manufacturing activities. Such manufacturing realignment may result in the interruption of production, which could increase our costs and reduce our sales. Any interruption in production capability could require us to make substantial capital expenditures to fill customer orders, which could negatively affect our profitability and financial condition**. 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 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 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 areas** 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~~. **To** ~~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 **for 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. **- 31-** 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 **sales 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~~ **Internet**. If a service provider fails to provide sufficient capacity to support our ~~platform~~ **platforms** 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. 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 displacements or harm to health and well- being), compliance costs and transition risks **(including due to regulatory changes)**, shifts in market trends **(including customer preference for sustainably produced or reusable products)** 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, **such as those in Sydney, Australia and Singapore which are vulnerable to such events,** we will

may be unable to -32- manufacture our products for a substantial amount of time and our sales and profitability will may 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 are 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, it 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 and related reporting requirements, 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, as well as adverse impacts on the availability of raw materials, manufacturing operations and the distribution of our products, which could adversely affect our operations and profitability. Healthcare reform or other cost- cutting measures, including changes in coverage policy for our products, by government or commercial payors 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 respiratory Care 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, the implementation of directions to develop organizations that are paid under a new payment methodology methodologies 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- prioritize 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 changes to Federal healthcare program coverage and reimbursement methodologies for our products which could also lead to lower reimbursements for our products by payors for our products and decreased profits revenues to us. Other federal legislative changes have been proposed and adopted since the ACA was enacted. These-- The changes included an aggregate Budget Control Act of 2011 required, among other things, mandatory across- the- board reduction reductions in certain types of federal spending, also known as sequestration. Medicare payments to providers- claims with dates- of- service or dates- of- discharge on or after July 1, 2022 and effective until further notice, incur a 2 % per fiscal year reduction in Medicare payment, which went into effect known as Medicare Sequestration Payment Reductions. In addition, on April 1 January 2, 2013 -The CARES-, the American Taxpayer Relief Act of 2012, which was signed into law in March 2020 and subsequently amended, suspended the which further reduced Medicare payment payments reductions to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from May 1, 2020 through December 31, 2020, and extended the three to five sequester by one additional year years, through 2030. In addition More recently, on January 2, 2013, the Consolidated Appropriations American Taxpayer Relief Act of 2012- 2024, (CAA) was signed into law, which, in March 2024, among Among other things, further the CAA reduced by half the 3.37 % reduction to 2023' s Medicare payments to several providers Physician Fee Schedule conversion factor that had been in place since January 1, 2024 including hospitals, increasing and increased the statute of limitations period conversion factor to \$ 33.32 for the government to recover overpayments to providers services furnished between March 9 and December 31, 2024. Absent from three-- the CAA are extensions of the Medicare telehealth flexibilities set to five expire at the end of 2024. Without Congressional action, Medicare will no longer cover most telehealth services furnished to beneficiaries in their home or to individuals residing in urban areas after the end of the years- year which could have an adverse impact on rates of diagnosis of OSA. The full impact on our business of the ACA, the Medicare Sequestration Payment Reductions, 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 -33- 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 exactly how other-- the 2024 election will impact healthcare reform measures of the Biden existing administration or whether a new administration could impose other reform efforts, ,

**including what**, if any, **to impact such** challenge--- **changes**, repeal or replace the ACA will **have on** 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 **payors** are increasingly challenging the **reimbursement models and** 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 **make** **assurances**---- **assure** 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 countries**, 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 countries**, 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, health systems and sleep clinics. Reductions in reimbursement to our customers by third- party **payers payors**, 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 services** must compete to offer products in designated competitive bidding areas, or CBAs. We cannot predict the 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 **and subsequent purchases from us**. 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 payors**, 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 payor** 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. 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 healthcare 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 **or** ; **and** could **otherwise cause us to incur significant costs to defend our actions, and could result in substantial fines, penalties, harm our reputation in the market, divert our management's attention, or** 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 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. 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 **- 34-** 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 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, **plus** **potential exclusion from participation in Federal healthcare programs**. 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; • 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 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 **even if unfounded and even if we are in compliance with applicable laws, could damage our reputation, increase our costs or, and** otherwise have an adverse effect on our business. ~~- 35-~~ 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~~ **healthcare** 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, **or** **OIG**. 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. **Our** ~~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. **Most of the obligations of the CIA expire on December 18, 2024. Absent an inquiry for additional materials from the OIG, we expect to close out the CIA by the end of fiscal year 2025.** Our use and disclosure of personal information, including health information, is subject to federal, state and foreign privacy, **artificial intelligence, data, biometrics** and security regulations, and our failure to comply with those regulations or to adequately secure the information we hold could result in significant liability, **regulatory investigations, legal actions,** or reputational harm. The appropriate privacy and security of personal information whether stored, maintained, received or transmitted electronically or in paper form is a key regulatory issue in the United States 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 personal 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, collectively referred to as “ covered entities, ” and their “ business associates, ” which are persons or 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. **Through Certain certain** portions of our business, such as the cloud- based software digital health applications, **we** are subject to HIPAA as a business associate of our covered entity clients. To provide our covered entity clients with services that **- 36-** 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 **event of a** 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. **Breach notification obligations under business associate agreements often have shorter notification timeframes which we are required to abide by contractually. We could also face contractual liability if we fail to meet our obligations under our business associate agreements.** 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 may be** 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 date~~ **We also expect that there will continue to be new laws, regulations and industry standards concerning privacy, approximately ten additional US states have implemented comprehensive data protection and information security proposed and enacted privacy laws, certain of which became effective starting in various jurisdictions 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, or other domestic privacy and data protection ~~law laws, beyond HIPAA and the CCPA,~~ 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 products** or certain features of our **product products**. 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 may be used to identify an individual, such as names, contact information, and sensitive personal data such as health data. ~~-37-~~ 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 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 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 UK 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 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. ~~-38-~~ 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 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 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. 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 - 39- medical device, while there may be software offerings that are considered exempt from the " device " definition even when utilizing data coming from an FDA regulated medical device. Our determination of the appropriate classification of our digital offerings may lead to regulatory inquiry and the expenditure of time and resources to meet FDA feedback as to the appropriate category for particular digital offerings. -38-

**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.** 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 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 . **For example, in February 2024, the FDA issued a final rule to amend and replace the Quality System Regulation, or QSR, which sets forth the FDA's current good manufacturing practice requirements for medical devices, to align more closely with the International Organization for Standardization standards. Specifically, this final rule, which the FDA expects to go into effect on February 2, 2026, establishes the " Quality Management System Regulation," or QMSR, which among other things, incorporates by reference the quality management system requirements of ISO 13485: 2016. Although the FDA has stated that the standards contained in ISO 13485: 2016 are substantially similar to those set forth in the QSR, and although our quality system is currently designed to comply with ISO standards in connection with our device certifications, it is unclear the extent to which this final rule, once effective, could impose additional or different regulatory requirements on us that could increase the costs of compliance or otherwise negatively affect our business. If we are unable to comply with QMSR, once effective, or with any other changes in the laws or regulations enforced by FDA or comparable regulatory authorities, we may be subject to enforcement action, which could have an adverse effect on our business, financial condition and results of operations** . 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 adopted similar restrictions or other policy measures in response to the COVID- 19 pandemic. 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 ~~- 40-~~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 ~~guidances--~~ **guidance call-calls** for a "phased transition process" with respect to devices that fell within the expiring COVID enforcement policies. To the extent our devices have been authorized for market based on COVID- related enforcement discretion or EUAs, we may need to implement a transition plan for such devices, the outcome of which may be uncertain and could potentially affect our ability to market such devices in the post- COVID regulatory environment. 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 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. **Developments in relevant tax laws, regulations, and administrative and enforcement practices could have a material adverse effect on our operating results, our financial position and cash flows and could impact the tax treatment of our earnings.** 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. **Furthermore, due to shifting economic and political conditions, tax policies and rates in various jurisdictions may be subject to significant change. For example, in calendar year 2022, the United States passed the Inflation Reduction Act, which made a several ~~Changes-~~changes to the Internal Revenue Code of 1986, as amended (" IRC"), including a 15 % corporate minimum tax on adjusted financial statement income or for ~~clarifications-~~clarifications companies whose average adjusted net income for any consecutive three- year period beginning after December 31, 2022 exceeds \$ 1. 0 billion. While we do**

not anticipate any materially adverse impacts to our effective tax rate, we cannot provide any assurances that these provisions will not have a materially adverse impact on our effective tax rate. Further, beginning in 2023, the Tax Cuts and Jobs Act of 2017 (“ TCJA ”) eliminated the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five years for U. S. incurred expenditures or fifteen years for non- U. S. incurred expenditures, pursuant to IRC Section 174. However, recently- 41- proposed tax legislation, if enacted, would restore the ability to deduct currently domestic research and development expenditures through 2026 and would retroactively restore this benefit for 2023 and 2024. Finally, several countries, including the United States and other members of the Organization for Economic Cooperation and Development (“ OECD ”) have reached agreement on a global minimum tax initiative (“ Pillar Two ”). Other OECD countries are also actively considering changes to existing tax laws could materially affect or have proposed new laws to align with the recommendations and guidelines proposed by the OECD, including Pillar Two. Enactment of such tax laws could increase 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 our BEPS, Action Plans, which aim to standardize and modernize global tax obligations in 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 do business or cause us to change the way we operate our business. Pillar Two will be in effect in some of the jurisdictions in which we operate beginning in 2025. We have assessed 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 impacts of these new laws in countries that we operate in and do not currently anticipate any material impacts to our effective tax rate. Developments in relevant tax laws fiscal year 2025. However, regulations, administrative practices and enforcement practices could have we cannot provide any assurance that there will not be a material adverse impact to our effect effective tax rate because of our operating results, financial position and cash flows, including the these need to obtain additional financing developments and evolving tax legislation. 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 judgement 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 and audits 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 2022- 2023 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 Although we believe our tax positions are appropriate, 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. Sustainability 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 sustainability matters. Additionally, public interest and legislative pressure related to public companies’ ESG sustainability practices continue to grow. If our ESG sustainability practices, including our external reporting thereof, fail to meet regulatory requirements or stakeholders’ evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, carbon emissions, renewable energy targets, 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. Customers and / or suppliers may also adopt policies that include sustainability provisions or they may seek to include such provisions in their terms and conditions. These sustainability provisions and initiatives can be unpredictable and may be difficult for us to meet. If we are unable to comply, 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 - 42- reputation and our business. Our adoption of certain standards or mandated compliance to certain requirements could necessitate additional investments that could impact our profitability. 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; • other activities, including product recalls, by **us and our competitors**; • **the perceived demand for our products in light of the introduction of pharmaceuticals to treat obesity and potentially OSA**; 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. **Our** ~~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~~ 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.