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## ResMed Inc. Announces Results for the Second Quarter of Fiscal Year 2021

- Year-over-year revenue grows 9%, operating profit up 12%, non-GAAP operating profit up 16%

Note: A webcast of ResMed's conference call will be available at 4:30 p.m. ET today at <http://investor.resmed.com>

SAN DIEGO, January 28, 2021 – ResMed Inc. (NYSE: RMD, ASX: RMD), a world-leading digital health company, today announced results for its quarter ended December 31, 2020.

### Second Quarter 2021 Highlights

*All comparisons are to the prior year period*

- Revenue increased 9% to \$800.0 million; up 7% on a constant currency basis
- GAAP gross margin of 57.8%; non-GAAP gross margin expanded 20 bps to 59.9%
- Net operating profit increased 12%; non-GAAP operating profit up 16%
- GAAP diluted earnings per share of \$1.23; non-GAAP diluted earnings per share of \$1.41

“Our second-quarter results reflect continued solid performance and positive trends across our business resulting in top-line growth as well as double-digit improvement in operating income and earnings per share,” said Mick Farrell, ResMed CEO. “In our core markets of sleep apnea, COPD, and asthma, we are seeing continued sequential improvement in new patient volume and ongoing adoption of our mask and accessories resupply programs. Our global teams have managed SG&A investments judiciously as we navigate through the global pandemic. We have seen great adoption of digital health and an increase in the importance of out-of-hospital healthcare these last 12 months, and that will only expand throughout 2021 as vaccines become more widely available, and our communities open up worldwide. We have continued to invest in focused R&D programs in digital health and core medtech innovation, to help accelerate our ResMed growth strategy: improving 250 million lives in out-of-hospital healthcare in 2025.”

**Financial Results and Operating Metrics**

Unaudited; \$ in millions, except for per share amounts

|  | Three Months Ended   |                      |          |                                     |
|--|----------------------|----------------------|----------|-------------------------------------|
|  | December 31,<br>2020 | December 31,<br>2019 | % Change | Constant<br>Currency <sup>(A)</sup> |
| Revenue  | \$ 800.0             | \$ 736.2             | 9 %      | 7 %                                 |
| Gross margin <sup>(B)</sup>                        | 57.8 %               | 58.0 %               | (0)      |                                     |
| Non-GAAP gross margin <sup>(B)</sup>               | 59.9 %               | 59.7 %               | 0        |                                     |
| Selling, general, and administrative expenses      | 169.5                | 171.4                | (1)      | (3)                                 |
| Research and development expenses                  | 54.9                 | 49.9                 | 10       | 7                                   |
| Income from operations                             | 221.7                | 197.8                | 12       |                                     |
| Non-GAAP income from operations <sup>(B)</sup>     | 254.5                | 218.5                | 16       |                                     |
| Net income   | 179.5                | 160.6                | 12       |                                     |
| Non-GAAP net income <sup>(B)</sup>                 | 206.4                | 176.3                | 17       |                                     |
| Diluted earnings per share                         | \$ 1.23              | \$ 1.10              | 12       |                                     |
| Non-GAAP diluted earnings per share <sup>(B)</sup> | \$ 1.41              | \$ 1.21              | 17       |                                     |

|  | Six Months Ended     |                      |          |                                     |
|--|----------------------|----------------------|----------|-------------------------------------|
|  | December 31,<br>2020 | December 31,<br>2019 | % Change | Constant<br>Currency <sup>(A)</sup> |
| Revenue  | \$ 1,552.0           | \$ 1,417.2           | 10 %     | 8 %                                 |
| Gross margin <sup>(B)</sup>                        | 58.1 %               | 57.8 %               | 1        |                                     |
| Non-GAAP gross margin <sup>(B)</sup>               | 59.9 %               | 59.6 %               | 1        |                                     |
| Selling, general, and administrative expenses      | 328.5                | 338.9                | (3)      | (5)                                 |
| Research and development expenses                  | 109.5                | 98.0                 | 12       | 9                                   |
| Income from operations                             | 438.6                | 368.9                | 19       |                                     |
| Non-GAAP income from operations <sup>(B)</sup>     | 491.6                | 409.5                | 20       |                                     |
| Net income   | 357.9                | 280.7                | 27       |                                     |
| Non-GAAP net income <sup>(B)</sup>                 | 391.8                | 311.7                | 26       |                                     |
| Diluted earnings per share                         | \$ 2.45              | \$ 1.93              | 27       |                                     |
| Non-GAAP diluted earnings per share <sup>(B)</sup> | \$ 2.68              | \$ 2.14              | 25       |                                     |

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

(B) See the reconciliation of non-GAAP financial measures in the table at the end of the press release.

**Discussion of Second Quarter Results**

All comparisons are to the prior year period unless otherwise noted

- Revenue in the U.S., Canada, and Latin America, excluding Software as a Service, grew by 5 percent, driven by strong sales across our mask product portfolio.
- Revenue in Europe, Asia, and other markets grew by 10 percent on a constant currency basis, primarily driven by sales across our device and mask product portfolio.
- Software as a Service revenue increased by 6 percent, due to continued growth in resupply service offerings and stabilizing patient flow in out-of-hospital care settings.
- Gross margin contracted by 20 basis points mainly due to restructuring expenses associated with the cessation of our portable oxygen concentrator business. Non-GAAP gross margin expanded by 20 basis points, mainly

due to benefits from manufacturing efficiencies, product mix changes, and foreign exchange rates, partially offset by declines in average selling prices.

- Selling, general, and administrative expenses decreased by 3 percent on a constant currency basis. SG&A expenses improved to 21.2 percent of revenue in the quarter, compared with 23.3 percent in the same period of the prior year. These changes in SG&A expenses were mainly due to savings in travel and other cost management as a result of the COVID-19 pandemic.
- Income from operations increased by 12 percent and non-GAAP income from operations increased by 16 percent.
- Net income grew by 12 percent and diluted earnings per share grew by 12 percent. Non-GAAP net income grew by 17 percent and non-GAAP diluted earnings per share grew by 17 percent, predominantly attributable to strong sales and controlled operating costs.
- Cash flow from operations for the quarter was \$169.9 million, compared to net income in the current quarter of \$179.5 million. During the quarter we paid \$56.7 million in dividends.

#### **Dividend program**

The ResMed board of directors today declared a quarterly cash dividend of \$0.39 per share. The dividend will have a record date of February 11, 2021, payable on March 18, 2021. The dividend will be paid in U.S. currency to holders of ResMed's common stock trading on the New York Stock Exchange. Holders of CHESSE Depository Interests ("CDIs") trading on the Australian Securities Exchange will receive an equivalent amount in Australian currency, based on the exchange rate on the record date, and reflecting the 10:1 ratio between CDIs and NYSE shares. The ex-dividend date will be February 10, 2021, for common stockholders and for CDI holders. ResMed has received a waiver from the ASX's settlement operating rules, which will allow ResMed to defer processing conversions between its common stock and CDI registers from February 10, 2021, through February 11, 2021, inclusive.

#### **Webcast details**

ResMed will discuss its second quarter fiscal year 2021 results on its webcast at 1:30 p.m. U.S. Pacific Time today. The live webcast of the call can be accessed on ResMed's Investor Relations website at [investor.resmed.com](http://investor.resmed.com). Please go to this section of the website and click on the icon for the "Q2 2021 Earnings Webcast" to register and listen to the live webcast. A replay of the earnings webcast will be accessible on the website and available approximately two hours after the live webcast. In addition, a telephone replay of the conference call will be available approximately two hours after the webcast by dialing +1 800-585-8367 (U.S.) or +1 416-621-4642 (outside U.S.) and entering the passcode 4291663. The telephone replay will be available until February 11, 2021.

#### **About ResMed**

At ResMed (NYSE: RMD, ASX: RMD) we pioneer innovative solutions that treat and keep people out of the hospital, empowering them to live healthier, higher-quality lives. Our digital health technologies and cloud-connected medical devices transform care for people with sleep apnea, COPD, and other chronic diseases. Our comprehensive out-of-hospital software platforms support the professionals and caregivers who help people stay healthy in the home or care setting of their choice. By enabling better care, we improve quality of life, reduce the impact of chronic disease, and lower costs for consumers and healthcare systems in more than 140 countries. To learn more, visit [ResMed.com](http://ResMed.com) and follow @ResMed.

**Safe harbor statement**

Statements contained in this release that are not historical facts are “forward-looking” statements as contemplated by the Private Securities Litigation Reform Act of 1995. These forward-looking statements – including statements regarding ResMed’s projections of future revenue or earnings, expenses, new product development, new product launches, new markets for its products, the integration of acquisitions, litigation, and tax outlook – are subject to risks and uncertainties, which could cause actual results to materially differ from those projected or implied in the forward-looking statements. Additional risks and uncertainties are discussed in ResMed’s periodic reports on file with the U.S. Securities & Exchange Commission. ResMed does not undertake to update its forward-looking statements.

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## RESMED INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Income

(Unaudited; \$ in thousands, except for per share amounts)

|   | Three Months Ended   |                      | Six Months Ended     |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2019 |
| Net revenue   | \$ 800,011           | \$ 736,157           | \$ 1,551,955         | \$ 1,417,213         |
| Cost of sales                                       | 321,132              | 296,975              | 622,436              | 572,976              |
| Amortization of acquired intangibles <sup>(1)</sup> | 11,164               | 12,052               | 23,143               | 25,488               |
| Restructuring - cost of sales <sup>(1)</sup>        | 5,232                | -                    | 5,232                | -                    |
| Total cost of sales                                 | <u>\$ 337,528</u>    | <u>\$ 309,027</u>    | <u>\$ 650,811</u>    | <u>\$ 598,464</u>    |
| Gross profit  | \$ 462,483           | \$ 427,130           | \$ 901,144           | \$ 818,749           |
| Selling, general, and administrative                | 169,470              | 171,422              | 328,459              | 338,862              |
| Research and development                            | 54,935               | 49,943               | 109,468              | 97,976               |
| Amortization of acquired intangibles <sup>(1)</sup> | 7,689                | 8,556                | 15,932               | 13,599               |
| Restructuring - operating expenses <sup>(1)</sup>   | 8,673                | -                    | 8,673                | -                    |
| Litigation settlement expenses <sup>(1)</sup>       | -                    | (600)                | -                    | (600)                |
| Total operating expenses                            | <u>\$ 240,767</u>    | <u>\$ 229,321</u>    | <u>\$ 462,532</u>    | <u>\$ 449,837</u>    |
| Income from operations                              | 221,716              | 197,809              | 438,612              | 368,912              |
| Other income (expenses), net:                       |                      |                      |                      |                      |
| Interest income (expense), net                      | \$ (5,792)           | \$ (10,018)          | \$ (12,517)          | \$ (20,562)          |
| Loss attributable to equity method investments      | (2,640)              | (6,924)              | (4,928)              | (13,786)             |
| Other, net  | (2,692)              | (2,115)              | 5,279                | (5,225)              |
| Total other income (expenses), net                  | <u>(11,124)</u>      | <u>(19,057)</u>      | <u>(12,166)</u>      | <u>(39,573)</u>      |
| Income before income taxes                          | \$ 210,592           | \$ 178,752           | \$ 426,446           | \$ 329,339           |
| Income taxes  | 31,078               | 18,198               | 68,560               | 48,637               |
| Net income  | <u>\$ 179,514</u>    | <u>\$ 160,554</u>    | <u>\$ 357,886</u>    | <u>\$ 280,702</u>    |
| Basic earnings per share                            | \$ 1.24              | \$ 1.11              | \$ 2.47              | \$ 1.95              |
| Diluted earnings per share                          | \$ 1.23              | \$ 1.10              | \$ 2.45              | \$ 1.93              |
| Non-GAAP diluted earnings per share <sup>(1)</sup>  | \$ 1.41              | \$ 1.21              | \$ 2.68              | \$ 2.14              |
| Basic shares outstanding                            | 145,246              | 144,212              | 145,053              | 143,966              |
| Diluted shares outstanding                          | 146,421              | 145,575              | 146,350              | 145,479              |

(1) See the reconciliation of non-GAAP financial measures in the table at the end of the press release.

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**RESMED INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets***(Unaudited; \$ in thousands)*

|  | December 31,<br>2020 | June 30,<br>2020 |
|--|----------------------|------------------|
| <b>ASSETS</b>                                      |                      |                  |
| Current assets:                                    |                      |                  |
| Cash and cash equivalents                          | \$ 255,865           | \$ 463,156       |
| Accounts receivable, net                           | 509,364              | 474,643          |
| Inventories  | 474,821              | 416,915          |
| Prepayments and other current assets               | 211,435              | 168,745          |
| Total current assets                               | \$ 1,451,485         | \$ 1,523,459     |
| Non-current assets:                                |                      |                  |
| Property, plant, and equipment, net                | \$ 459,472           | \$ 417,335       |
| Operating lease right-of-use assets                | 131,291              | 118,348          |
| Goodwill and other intangibles, net                | 2,323,490            | 2,338,492        |
| Deferred income taxes and other non-current assets | 207,118              | 189,742          |
| Total non-current assets                           | \$ 3,121,371         | \$ 3,063,917     |
| Total assets                                       | \$ 4,572,856         | \$ 4,587,376     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>       |                      |                  |
| Current liabilities:                               |                      |                  |
| Accounts payable                                   | \$ 122,166           | \$ 135,786       |
| Accrued expenses                                   | 280,332              | 270,353          |
| Operating lease liabilities, current               | 22,445               | 21,263           |
| Deferred revenue                                   | 105,238              | 98,617           |
| Income taxes payable                               | 35,166               | 64,755           |
| Short-term debt                                    | 11,988               | 11,987           |
| Total current liabilities                          | \$ 577,335           | \$ 602,761       |
| Non-current liabilities:                           |                      |                  |
| Deferred revenue                                   | \$ 86,899            | \$ 87,307        |
| Deferred income taxes                              | 12,733               | 13,011           |
| Operating lease liabilities, non-current           | 117,641              | 101,880          |
| Other long term liabilities                        | 9,481                | 8,347            |
| Long-term debt                                     | 813,732              | 1,164,133        |
| Long-term income taxes payable                     | 90,051               | 112,910          |
| Total non-current liabilities                      | \$ 1,130,537         | \$ 1,487,588     |
| Total liabilities                                  | \$ 1,707,872         | \$ 2,090,349     |
| <b>STOCKHOLDERS' EQUITY:</b>                       |                      |                  |
| Common stock                                       | \$ 582               | \$ 580           |
| Additional paid-in capital                         | 1,574,240            | 1,570,694        |
| Retained earnings                                  | 3,076,569            | 2,832,991        |
| Treasury stock                                     | (1,623,256)          | (1,623,256)      |
| Accumulated other comprehensive income             | (163,151)            | (283,982)        |
| Total stockholders' equity                         | \$ 2,864,984         | \$ 2,497,027     |
| Total liabilities and stockholders' equity         | \$ 4,572,856         | \$ 4,587,376     |

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

|  | Six Months Ended     |                      |
|--|----------------------|----------------------|
|  | December 31,<br>2020 | December 31,<br>2019 |
| <b>Cash flows from operating activities:</b>                                 |                      |                      |
| Net income   | \$ 357,886           | \$ 280,702           |
| Adjustment to reconcile net income to cash provided by operating activities: |                      |                      |
| Depreciation and amortization  | 80,046               | 77,077               |
| Amortization of right-of-use assets  | 17,911               | 12,323               |
| Stock-based compensation costs   | 31,441               | 27,309               |
| Loss attributable to equity method investments                               | 4,928                | 13,786               |
| (Gain) loss on equity investment   | (4,776)              | 5,419                |
| Restructuring expenses   | 8,673                | -                    |
| Changes in fair value of business combination contingent consideration       | 500                  | (7)                  |
| Changes in operating assets and liabilities:                                 |                      |                      |
| Accounts receivable, net   | (19,259)             | (275)                |
| Inventories, net   | (34,212)             | (28,294)             |
| Prepaid expenses, net deferred income taxes, and other current assets        | (29,875)             | (66,818)             |
| Accounts payable, accrued expenses, and other                                | (99,348)             | (88,927)             |
| Net cash provided by operating activities                                    | \$ 313,915           | \$ 232,295           |
| <b>Cash flows from investing activities:</b>                                 |                      |                      |
| Purchases of property, plant, and equipment                                  | (48,443)             | (47,771)             |
| Patent registration costs  | (8,367)              | (4,871)              |
| Business acquisitions, net of cash acquired                                  | (437)                | (3,423)              |
| Purchases of investments   | (14,446)             | (21,841)             |
| Proceeds / (Payments) on maturity of foreign currency contracts              | 19,922               | 1,064                |
| Net cash used in investing activities  | \$ (51,771)          | \$ (76,842)          |
| <b>Cash flows from financing activities:</b>                                 |                      |                      |
| Proceeds from issuance of common stock, net                                  | 18,614               | 24,297               |
| Taxes paid related to net share settlement of equity awards                  | (46,507)             | (41,091)             |
| Payment of business combination contingent consideration                     | -                    | (302)                |
| Proceeds from borrowings, net of borrowing costs                             | 55,000               | 730,000              |
| Repayment of borrowings  | (406,000)            | (700,012)            |
| Dividends paid   | (113,165)            | (112,202)            |
| Net cash used in financing activities  | \$ (492,058)         | \$ (99,310)          |
| Effect of exchange rate changes on cash                                      | \$ 22,623            | \$ 824               |
| Net increase / (decrease) in cash and cash equivalents                       | (207,291)            | 56,967               |
| Cash and cash equivalents at beginning of period                             | 463,156              | 147,128              |
| <b>Cash and cash equivalents at end of period</b>                            | <b>\$ 255,865</b>    | <b>\$ 204,095</b>    |

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## RESMED INC. AND SUBSIDIARIES

## Reconciliation of Non-GAAP Financial Measures

(Unaudited; \$ in thousands, except for per share amounts)

The measures “non-GAAP gross profit” and “non-GAAP gross margin” excludes amortization expense from acquired intangibles related to cost of sales and are reconciled below:

|   | Three Months Ended   |                      | Six Months Ended     |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2019 |
| Revenue   | \$ 800,011           | \$ 736,157           | \$ 1,551,955         | \$ 1,417,213         |
| Add back: Deferred revenue fair value adjustment <sup>(A)</sup> | -                    | 657                  | -                    | 2,102                |
| Non-GAAP Revenue  | \$ 800,011           | \$ 736,814           | \$ 1,551,955         | \$ 1,419,315         |
| GAAP Cost of sales  | \$ 337,528           | \$ 309,027           | \$ 650,811           | \$ 598,464           |
| Less: Amortization of acquired intangibles <sup>(A)</sup>       | (11,164)             | (12,052)             | (23,143)             | (25,488)             |
| Less: Restructuring - cost of sales <sup>(A)</sup>              | (5,232)              | -                    | (5,232)              | -                    |
| Non-GAAP cost of sales  | \$ 321,132           | \$ 296,975           | \$ 622,436           | \$ 572,976           |
| GAAP gross profit   | \$ 462,483           | \$ 427,130           | \$ 901,144           | \$ 818,749           |
| GAAP gross margin   | 57.8 %               | 58.0 %               | 58.1 %               | 57.8 %               |
| Non-GAAP gross profit   | \$ 478,879           | \$ 439,839           | \$ 929,519           | \$ 846,339           |
| Non-GAAP gross margin   | 59.9 %               | 59.7 %               | 59.9 %               | 59.6 %               |

The measure “non-GAAP income from operations” is reconciled with GAAP income from operations below:

|  | Three Months Ended   |                      | Six Months Ended     |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2019 |
| GAAP income from operations  | \$ 221,716           | \$ 197,809           | \$ 438,612           | \$ 368,912           |
| Amortization of acquired intangibles - cost of sales <sup>(A)</sup>      | 11,164               | 12,052               | 23,143               | 25,488               |
| Amortization of acquired intangibles - operating expenses <sup>(A)</sup> | 7,689                | 8,556                | 15,932               | 13,599               |
| Restructuring - cost of sales <sup>(A)</sup>                             | 5,232                | -                    | 5,232                | -                    |
| Restructuring - operating expenses <sup>(A)</sup>                        | 8,673                | -                    | 8,673                | -                    |
| Deferred revenue fair value adjustment <sup>(A)</sup>                    | -                    | 657                  | -                    | 2,102                |
| Litigation settlement expenses <sup>(A)</sup>                            | -                    | (600)                | -                    | (600)                |
| Non-GAAP income from operations  | \$ 254,474           | \$ 218,474           | \$ 491,592           | \$ 409,501           |



## RESMED INC. AND SUBSIDIARIES

## Reconciliation of Non-GAAP Financial Measures

(Unaudited; \$ in thousands, except for per share amounts)

The measures "non-GAAP net income" and "non-GAAP diluted earnings per share" are reconciled with GAAP net income and GAAP diluted earnings per share in the table below:

|  | Three Months Ended   |                      | Six Months Ended     |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2019 |
| GAAP net income  | \$ 179,514           | \$ 160,554           | \$ 357,886           | \$ 280,702           |
| Amortization of acquired intangibles - cost of sales, net of tax <sup>(A)</sup>      | 8,566                | 9,210                | 17,742               | 19,478               |
| Amortization of acquired intangibles - operating expenses, net of tax <sup>(A)</sup> | 5,900                | 6,538                | 12,214               | 10,392               |
| Restructuring - cost of sales, net of tax <sup>(A)</sup>                             | 4,663                | -                    | 4,663                | -                    |
| Restructuring - operating expenses, net of tax <sup>(A)</sup>                        | 7,730                | -                    | 7,730                | -                    |
| Deferred revenue fair value adjustment, net of tax <sup>(A)</sup>                    | -                    | 503                  | -                    | 1,610                |
| Litigation settlement expenses, net of tax <sup>(A)</sup>                            | -                    | (528)                | -                    | (528)                |
| (Gain) loss on equity investments <sup>(A)</sup>                                     | -                    | -                    | (8,476)              | -                    |
| Non-GAAP net income <sup>(A)</sup>   | <u>\$ 206,373</u>    | <u>\$ 176,277</u>    | <u>\$ 391,759</u>    | <u>\$ 311,654</u>    |
| Diluted shares outstanding   | 146,421              | 145,575              | 146,350              | 145,479              |
| GAAP diluted earnings per share  | \$ 1.23              | \$ 1.10              | \$ 2.45              | \$ 1.93              |
| Non-GAAP diluted earnings per share <sup>(A)</sup>                                   | \$ 1.41              | \$ 1.21              | \$ 2.68              | \$ 2.14              |

- (A) ResMed adjusts for the impact of the amortization of acquired intangibles, restructuring expenses, deferred revenue fair value adjustment, litigation settlement expenses, and the (gain) loss on equity investments from their evaluation of ongoing operations, and believes that investors benefit from adjusting these items to facilitate a more meaningful evaluation of current operating performance.

ResMed believes that non-GAAP diluted earnings per share is an additional measure of performance that investors can use to compare operating results between reporting periods. ResMed uses non-GAAP information internally in planning, forecasting, and evaluating the results of operations in the current period and in comparing it to past periods. ResMed believes this information provides investors better insight when evaluating ResMed's performance from core operations and provides consistent financial reporting. The use of non-GAAP measures is intended to supplement, and not to replace, the presentation of net income and other GAAP measures. Like all non-GAAP measures, non-GAAP earnings are subject to inherent limitations because they do not include all the expenses that must be included under GAAP.

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**RESMED INC. AND SUBSIDIARIES****Revenue by Product and Region***(Unaudited; \$ in millions, except for per share amounts)*

|   | Three Months Ended                  |                                     |          |                                     |
|---|-------------------------------------|-------------------------------------|----------|-------------------------------------|
|   | December 31,<br>2020 <sup>(A)</sup> | December 31,<br>2019 <sup>(A)</sup> | % Change | Constant<br>Currency <sup>(B)</sup> |
| <b>U.S., Canada, and Latin America</b>          |                                     |                                     |          |                                     |
| Devices   | \$ 205.0                            | \$ 203.5                            | 1 %      |                                     |
| Masks and other                                 | 221.8                               | 204.5                               | 8        |                                     |
| Total Sleep and Respiratory Care                | \$ 426.8                            | \$ 408.0                            | 5        |                                     |
| Software as a Service                           | 91.8                                | 86.7                                | 6        |                                     |
| Total   | \$ 518.6                            | \$ 494.7                            | 5        |                                     |
| <b>Combined Europe, Asia, and other markets</b> |                                     |                                     |          |                                     |
| Devices   | \$ 188.0                            | \$ 162.3                            | 16 %     | 10 %                                |
| Masks and other                                 | 93.4                                | 79.2                                | 18       | 12                                  |
| Total Sleep and Respiratory Care                | \$ 281.4                            | \$ 241.5                            | 17       | 10                                  |
| <b>Global revenue</b>                           |                                     |                                     |          |                                     |
| Devices   | \$ 393.0                            | \$ 365.8                            | 7 %      | 5 %                                 |
| Masks and other                                 | 315.2                               | 283.7                               | 11       | 9                                   |
| Total Sleep and Respiratory Care                | \$ 708.2                            | \$ 649.5                            | 9        | 7                                   |
| Software as a Service                           | 91.8                                | 86.7                                | 6        | 6                                   |
| Total   | \$ 800.0                            | \$ 736.2                            | 9        | 7                                   |

|   | Six Months Ended                    |                                     |             |                                     |
|---|-------------------------------------|-------------------------------------|-------------|-------------------------------------|
|   | December 31,<br>2020 <sup>(A)</sup> | December 31,<br>2019 <sup>(A)</sup> | %<br>Change | Constant<br>Currency <sup>(B)</sup> |
| <b>U.S., Canada, and Latin America</b>          |                                     |                                     |             |                                     |
| Devices   | \$ 402.4                            | \$ 390.4                            | 3 %         |                                     |
| Masks and other                                 | 427.5                               | 387.8                               | 10          |                                     |
| Total Sleep and Respiratory Care                | \$ 829.9                            | \$ 778.2                            | 7           |                                     |
| Software as a Service                           | 184.0                               | 173.6                               | 6           |                                     |
| Total   | \$ 1,013.9                          | \$ 951.8                            | 7           |                                     |
| <b>Combined Europe, Asia, and other markets</b> |                                     |                                     |             |                                     |
| Devices   | \$ 364.0                            | \$ 314.2                            | 16 %        | 11 %                                |
| Masks and other                                 | 174.0                               | 151.2                               | 15          | 10                                  |
| Total Sleep and Respiratory Care                | \$ 538.1                            | \$ 465.4                            | 16          | 10                                  |
| <b>Global revenue</b>                           |                                     |                                     |             |                                     |
| Devices   | \$ 766.4                            | \$ 704.6                            | 9 %         | 6 %                                 |
| Masks and other                                 | 601.6                               | 539.0                               | 12          | 10                                  |
| Total Sleep and Respiratory Care                | \$ 1,368.0                          | \$ 1,243.6                          | 10          | 8                                   |
| Software as a Service                           | 184.0                               | 173.6                               | 6           | 6                                   |
| Total   | \$ 1,552.0                          | \$ 1,417.2                          | 10          | 8                                   |

(A) Totals and subtotals may not add due to rounding.

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