

EARGO

HEAR LIFE TO THE FULLEST

GAAP TO NON-GAAP RECONCILIATION

MAY 11, 2023

GAAP TO NON-GAAP RECONCILIATION

(all \$ in 000's)

	Q1'20A	Q2'20A	Q3'20A	Q4'20A	Q1'21A	Q2'21A	Q3'21A	Q4'21A	Q1'22A	Q2'22A	Q3'22A	Q4'22A	Q1'23A	FY20	FY21	FY22
Gross Systems Shipped	7,030	9,040	10,077	12,096	11,704	12,548	13,117	7,767	5,773	4,455	5,156	8,863	8,705	38,243	45,136	24,247
Unit Growth Rate YoY	31%	82%	92%	68%	66%	39%	30%	(36%)	(51%)	(64%)	(61%)	14%	51%	68%	18%	(46%)
Sales Return Accrual Rate	(28%)	(27%)	(25%)	(24%)	(23%)	(24%)	(46%)	(34%)	(34%)	(33%)	(32%)	(35%)	(37%)	(26%)	(32%)	(34%)
Net Revenue	\$12,669	\$15,921	\$18,186	\$22,378	\$22,048	\$22,883	(\$22,869)	\$10,060	\$9,176	\$7,247	\$7,908	\$12,917	\$11,813	\$69,154	\$32,122	\$37,248
YoY Growth	73.8%	122.5%	135.3%	110.8%	74.0%	43.7%	(225.8%)	(55.0%)	(58.4%)	(68.3%)	(134.6%)	28.4%	28.7%	110.9%	(53.5%)	16.0%
QoQ Growth	19.4%	25.7%	14.2%	23.1%	(1.5%)	3.8%	(199.9%)	(144.0%)	(8.8%)	(21.0%)	9.1%	63.3%	(8.5%)			
GAAP Gross Profit	\$8,013	\$10,716	\$12,751	\$15,800	\$15,751	\$16,421	(\$30,421)	\$2,415	\$3,685	\$2,514	\$1,901	\$6,160	\$5,122	\$47,281	\$4,166	\$14,260
% Gross Margin	63.2%	67.3%	70.1%	70.6%	71.4%	71.8%	133.0%	24.0%	40.2%	34.7%	24.0%	47.7%	43.4%	68.4%	13.0%	38.3%
SBC expense	\$5	\$4	\$9	\$43	\$186	\$113	\$104	\$335	\$22	\$37	\$35	\$32	\$42	\$60	\$738	\$126
Non-GAAP Gross Profit	\$8,018	\$10,720	\$12,761	\$15,843	\$15,937	\$16,534	(\$30,317)	\$2,750	\$3,707	\$2,551	\$1,936	\$6,192	\$5,164	\$47,341	\$4,904	\$14,386
% Non-GAAP Gross Margin	63.2%	67.3%	70.2%	70.8%	72.2%	72.3%	132.6%	27.3%	40.4%	35.2%	24.5%	47.9%	43.7%	68.5%	15.3%	38.6%

GAAP TO NON-GAAP RECONCILIATION (CONTINUED)

(all \$ in 000's)

	Q1'20A	Q2'20A	Q3'20A	Q4'20A	Q1'21A	Q2'21A	Q3'21A	Q4'21A	Q1'22A	Q2'22A	Q3'22A	Q4'22A	Q1'23A	FY20	FY21	FY22
GAAP S&M	\$10,859	\$10,828	\$12,354	\$15,484	\$16,855	\$21,903	\$24,444	\$22,557	\$13,290	\$12,734	\$11,282	\$15,641	\$13,401	\$49,525	\$85,759	\$52,947
% of Net Rev	85.7%	68.0%	67.9%	69.2%	76.4%	95.7%	-106.9%	224.2%	144.8%	175.7%	142.7%	121.1%	113.4%	71.6%	267.0%	142.1%
SBC expense	(\$123)	(\$126)	(\$344)	(\$1,035)	(\$1,856)	(\$1,899)	(\$1,841)	(\$5,618)	(\$637)	(\$696)	(\$642)	(\$745)	(\$890)	(\$1,629)	(\$11,213)	(\$2,720)
Non-GAAP S&M	\$10,736	\$10,702	\$12,009	\$14,449	\$14,999	\$20,004	\$22,603	\$16,939	\$12,653	\$12,038	\$10,640	\$14,896	\$12,511	\$47,896	\$74,546	\$50,227
% of Net Rev	84.7%	67.2%	66.0%	64.6%	68.0%	87.4%	-98.8%	168.4%	137.9%	166.2%	134.5%	115.3%	105.9%	69.3%	232.1%	134.8%
GAAP R&D	\$2,809	\$2,208	\$2,871	\$4,157	\$4,778	\$5,148	\$7,296	\$8,010	\$5,847	\$3,879	\$4,963	\$4,124	\$4,605	\$12,045	\$25,232	\$18,813
% of Net Rev	22.2%	13.9%	15.8%	18.6%	21.7%	22.5%	-31.9%	79.6%	63.7%	53.5%	62.8%	31.9%	39.0%	17.4%	78.6%	50.5%
SBC expense	(\$164)	(\$91)	(\$295)	(\$272)	(\$1,067)	(\$1,100)	(\$1,584)	(\$3,188)	(\$985)	\$550	(\$707)	\$103	(\$653)	(\$822)	(\$6,939)	(\$1,039)
Non-GAAP R&D	\$2,645	\$2,118	\$2,577	\$3,885	\$3,711	\$4,048	\$5,712	\$4,822	\$4,862	\$4,429	\$4,256	\$4,227	\$3,952	\$11,223	\$18,293	\$17,774
% of Net Rev	20.9%	13.3%	14.2%	17.4%	16.8%	17.7%	-25.0%	47.9%	53.0%	61.1%	53.8%	32.7%	33.5%	16.2%	56.9%	47.7%
GAAP G&A	\$6,078	\$3,257	\$5,163	\$6,084	\$7,487	\$8,432	\$16,887	\$17,076	\$14,934	\$17,344	\$11,702	\$10,279	\$9,908	\$20,582	\$49,882	\$54,259
% of Net Rev	48.0%	20.5%	28.4%	27.2%	34.0%	36.8%	-73.8%	169.7%	162.7%	239.3%	148.0%	79.6%	83.9%	29.8%	155.3%	145.7%
SBC expense	(\$233)	(\$250)	(\$719)	(\$1,376)	(\$2,022)	(\$2,129)	(\$1,949)	(\$2,740)	(\$1,341)	(\$1,367)	(\$1,673)	(\$1,699)	(\$1,822)	(\$2,578)	(\$8,841)	(\$6,080)
Non-GAAP G&A	\$5,845	\$3,006	\$4,444	\$4,708	\$5,465	\$6,303	\$14,938	\$14,336	\$13,593	\$15,977	\$10,029	\$8,580	\$8,086	\$18,004	\$41,041	\$48,179
% of Net Rev	46.1%	18.9%	24.4%	21.0%	24.8%	27.5%	-65.3%	142.5%	148.1%	220.5%	126.8%	66.4%	68.4%	26.0%	127.8%	129.3%
GAAP Total Operating Expenses	\$19,746	\$16,293	\$20,388	\$25,725	\$29,120	\$35,483	\$48,627	\$47,643	\$34,071	\$33,957	\$27,947	\$30,044	\$27,914	\$82,152	\$160,873	\$126,019
% of Net Rev	155.9%	102.3%	112.1%	115.0%	132.1%	155.1%	-212.6%	473.6%	371.3%	468.6%	353.4%	232.6%	236.3%	118.8%	500.8%	338.3%
SBC expense	(\$520)	(\$467)	(\$1,358)	(\$2,683)	(\$4,945)	(\$5,128)	(\$5,374)	(\$11,546)	(\$2,963)	(\$1,513)	(\$3,022)	(\$2,341)	(\$3,365)	(\$5,029)	(\$26,993)	(\$9,839)
Non-GAAP Total Operating Expenses	\$19,226	\$15,826	\$19,030	\$23,042	\$24,175	\$30,355	\$43,253	\$36,097	\$31,108	\$32,444	\$24,925	\$27,703	\$24,549	\$77,123	\$133,880	\$116,180
% of Net Rev	151.8%	99.4%	104.6%	103.0%	109.6%	132.7%	-189.1%	358.8%	339.0%	447.7%	315.2%	214.5%	207.8%	111.5%	416.8%	311.9%
GAAP Loss from Operations	(\$11,733)	(\$5,577)	(\$7,637)	(\$9,925)	(\$13,369)	(\$19,062)	(\$79,048)	(\$45,228)	(\$30,386)	(\$31,443)	(\$26,046)	(\$23,884)	(\$22,792)	(\$34,871)	(\$156,707)	(\$111,759)
Stock-based compensation	\$525	\$471	\$1,367	\$2,726	\$5,131	\$5,241	\$5,478	\$11,881	\$2,985	\$1,550	\$3,057	\$2,373	\$3,407	\$5,089	\$27,731	\$9,965
Non-GAAP Loss from Operations	(\$11,208)	(\$5,106)	(\$6,269)	(\$7,199)	(\$8,238)	(\$13,821)	(\$73,570)	(\$33,347)	(\$27,401)	(\$29,893)	(\$22,989)	(\$21,511)	(\$19,385)	(\$29,782)	(\$128,976)	(\$101,794)
OI&E	(\$5)	(\$1,015)	(\$2,090)	(\$1,874)	(\$252)	(\$260)	(\$267)	(\$268)	(\$259)	(\$1,001)	(\$24,581)	(\$19,787)	\$870	(\$4,984)	(\$1,047)	(\$45,628)
GAAP Loss Before Income Taxes	(\$11,738)	(\$6,592)	(\$9,726)	(\$11,799)	(\$13,621)	(\$19,322)	(\$79,315)	(\$45,496)	(\$30,646)	(\$32,444)	(\$50,627)	(\$43,671)	(\$21,922)	(\$39,855)	(\$157,754)	(\$157,387)
Non-GAAP Loss Before Income Taxes	(\$11,214)	(\$6,121)	(\$8,359)	(\$9,073)	(\$8,490)	(\$14,081)	(\$73,837)	(\$33,616)	(\$27,660)	(\$30,894)	(\$47,570)	(\$41,298)	(\$18,515)	(\$34,766)	(\$130,023)	(\$147,422)
Income Tax Provision												\$100				\$100
GAAP Net loss and comprehensive loss	(\$11,738)	(\$6,592)	(\$9,726)	(\$11,799)	(\$13,621)	(\$19,322)	(\$79,315)	(\$45,496)	(\$30,645)	(\$32,444)	(\$50,627)	(\$43,771)	(\$21,922)	(\$39,855)	(\$157,754)	(\$157,487)
Stock-based compensation	\$525	\$471	\$1,367	\$2,726	\$5,131	\$5,241	\$5,478	\$11,881	\$2,985	\$1,550	\$3,057	\$2,373	\$3,407	\$5,089	\$27,731	\$9,965
Non-GAAP Net loss and comprehensive loss	(\$11,214)	(\$6,121)	(\$8,359)	(\$9,073)	(\$8,490)	(\$14,081)	(\$73,837)	(\$33,615)	(\$27,660)	(\$30,894)	(\$47,570)	(\$41,398)	(\$18,515)	(\$34,767)	(\$130,023)	(\$147,522)
COGS	\$5	\$4	\$9	\$43	\$186	\$113	\$104	\$335	\$22	\$37	\$35	\$32	\$42	\$60	\$738	\$126
S&M	\$123	\$126	\$344	\$1,035	\$1,856	\$1,899	\$1,841	\$5,618	\$637	\$696	\$642	\$745	\$890	\$1,629	\$11,213	\$2,720
R&D	\$164	\$91	\$295	\$272	\$1,067	\$1,100	\$1,584	\$3,188	\$985	(\$550)	\$707	(\$103)	\$653	\$822	\$6,939	\$1,039
G&A	\$233	\$250	\$719	\$1,376	\$2,022	\$2,129	\$1,949	\$2,740	\$1,341	\$1,367	\$1,673	\$1,699	\$1,822	\$2,578	\$8,841	\$6,080
Total stock-based compensation	\$525	\$471	\$1,367	\$2,726	\$5,131	\$5,241	\$5,478	\$11,881	\$2,985	\$1,550	\$3,057	\$2,373	\$3,407	\$5,089	\$27,731	\$9,965