

EARGO

HEAR LIFE TO THE FULLEST

SVB LEERINK GLOBAL HEALTHCARE CONFERENCE

FEBRUARY 26, 2021

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact contained in this presentation are forward-looking statements including statements regarding our addressable market, product launches and launch timing, the insurance market opportunity and our intention to pursue additional coverage for our products in the future. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions that could cause actual results and events to differ materially from those anticipated, including, but not limited to, risks, uncertainties, and assumptions related to: our expectations concerning additional orders by existing customers; our expectations regarding the potential market size and size of the potential consumer populations for our products and any future products, including our ability to increase insurance coverage of Eargo hearing aids; our ability to release new hearing aids and the anticipated features of any such hearing aids; developments and projections relating to our competitors and our industry, including competing products; our ability to maintain our competitive technological advantages against new entrants in our industry; the pricing of our hearing aids; our expectations regarding the ability to make certain claims related to the performance of our hearing aids relative to competitive products; our expectations with regard to changes in the regulatory landscape for hearing aid devices, including the implementation of the pending over the counter hearing aid pathway regulatory framework; and our estimates regarding the COVID-19 pandemic, including but not limited to, its duration and its impact on our business and results of operations. These and other risks are described in greater detail under the section titled “Risk Factors” contained in Eargo’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on November 20, 2020 and the company’s other filings with the SEC. Any forward-looking statements in this presentation are made pursuant to the Private Securities Litigation Reform Act of 1995, as amended, are based on current expectations, forecasts and assumptions, and speak only as of the date of this presentation. Except as required by law, the company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

The company may report non-GAAP results for gross profit/loss, gross margin, operating expenses, operating margins, net income/loss, and basic and diluted net income/loss per share in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company’s financial measures under GAAP include charges such as stock-based compensation, as listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this presentation. Management has excluded the effects of this item in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance. Reconciliations of non-GAAP measures disclosed in this presentation appear below. The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business.

TRANSFORMING THE HEARING AID INDUSTRY

Large Market with Significant Unmet Need

- ✓ 43M U.S. adults have hearing loss^{1,2}, but only ~27% owned a hearing aid in 2019³

Low Penetration Due To

- ✓ Stigma of visible hearing aids (~88% of 2019 U.S. market)
- ✓ Discomfort of existing in-the-ear hearing aids (~12% of 2019 U.S. market)
- ✓ High cost
- ✓ Inconvenient, cumbersome experience; many visits to the audiologist

Eargo Addresses This Unmet Need

- ✓ Virtually invisible, in-the-ear, FDA regulated, exempt product; high-quality audio
- ✓ Comfortable, all-day wear
- ✓ Lower cost to consumer
- ✓ Efficient, DTC model offers education, purchase and telecare support from home

Strong Financial Profile

- ✓ \$22.4M 4Q20 net revenue, up 110.8% YoY
- ✓ \$69.2M FY20 net revenue, up 110.9% YoY



1. Prevalence of Hearing Loss by Severity in the United States, Adele M. Goman, PhD, and Frank R. Lin, MD, PhD, 2016
2. U.S. Census International Database
3. Hearing Review; Hearing Industries Association, Industry reports; Eargo estimates

LARGE, UNDERPENETRATED MARKET



>\$8B

ANNUAL U.S. HEARING AID SALES IN 2019¹

43M U.S. ADULTS WITH HEARING LOSS

But only ~**27%** own a hearing aid



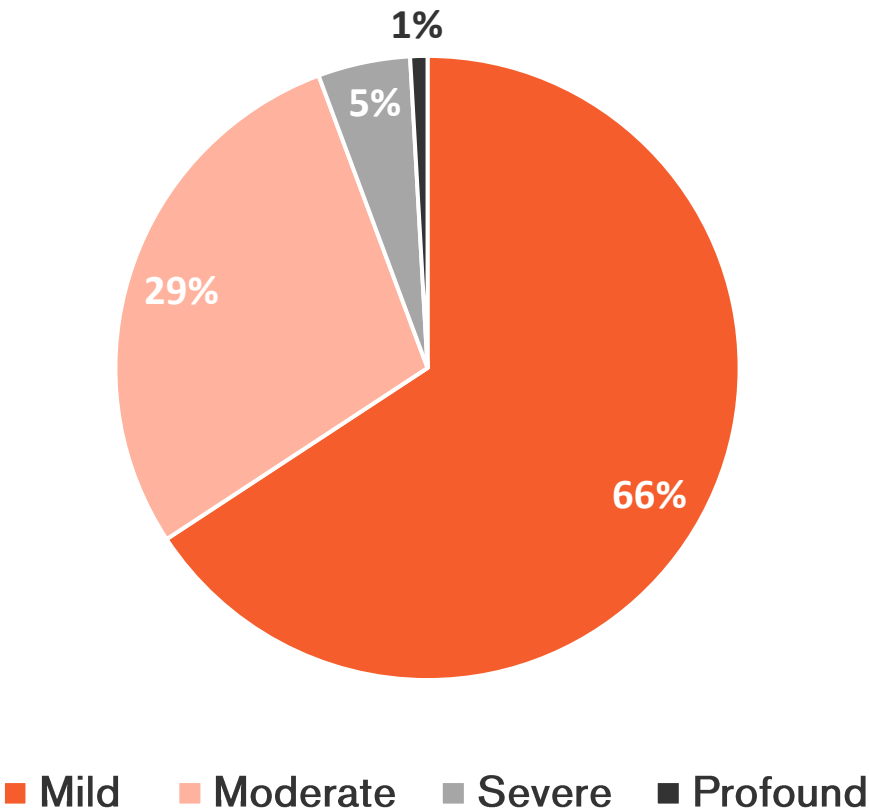
WHY?

- ✓ HIGH STIGMA
- ✓ HIGH COST
- ✓ HIGHLY INCONVENIENT

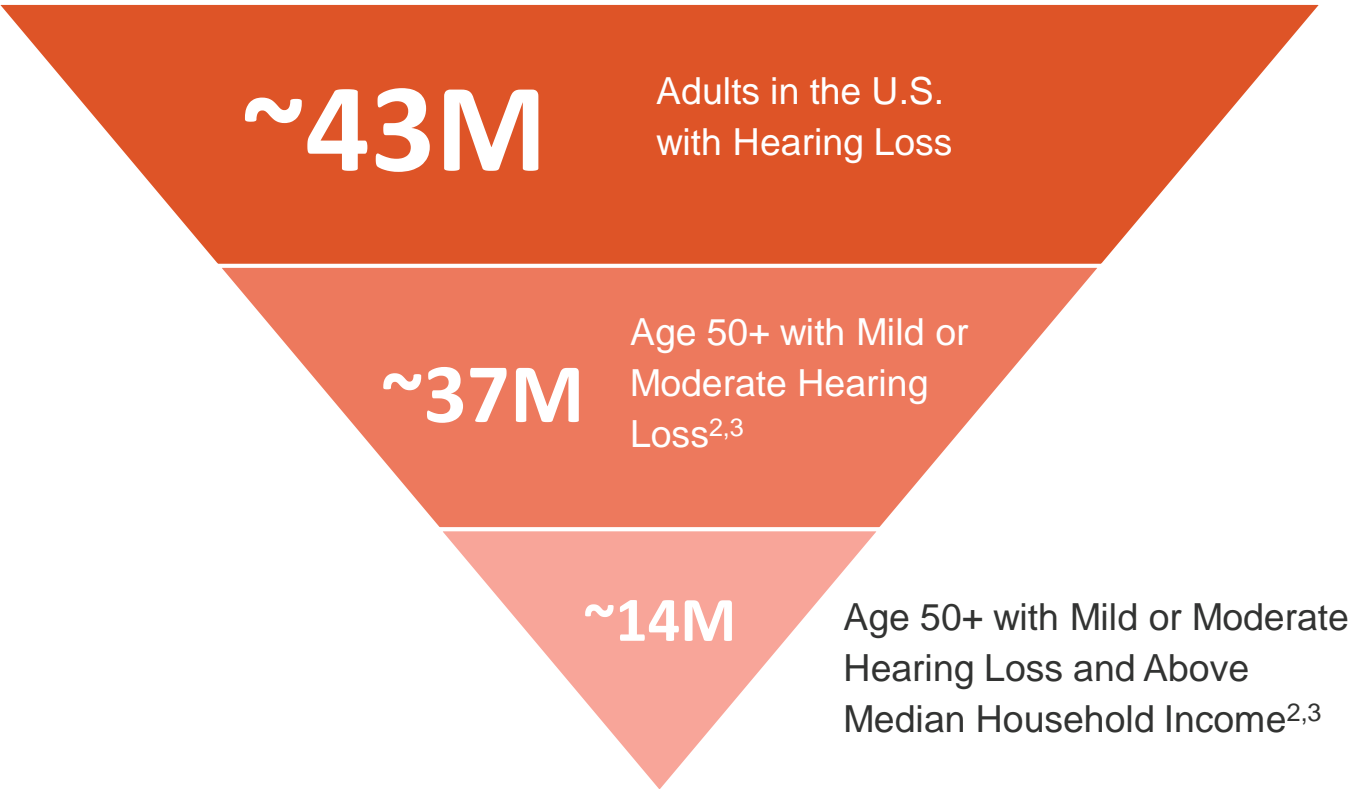
1. Hearing Review; Hearing Industries Association. Includes estimated spend by consumers in private sales (including Costco) and purchases by the U.S. Department of Veterans Affairs, which then distributes devices at no cost to end users.

MILD AND MODERATE HEARING LOSS: 94% OF U.S. MARKET

Hearing Loss Prevalence by Severity¹



EARGO U.S. ADDRESSABLE MARKET





>\$30 Billion

2019 U.S. Addressable Market⁴

1. Lin, F. R., Niparko, J. K., & Ferrucci, L. (2011). Hearing Loss Prevalence in the United States. Archives of Internal Medicine, 171(20), 1851–1852.; Prevalence of Hearing Loss by Severity in the United States, Adele M. Goman, PhD, and Frank R. Lin, MD, PhD, 2016
2. .Prevalence of Hearing Loss by Severity in the United States, Adele M. Goman, PhD, and Frank R. Lin, MD, PhD, 2016
3. U.S. Census Bureau, Current Population Survey, 2019 Annual Social and Economic Supplement.
4. ~14M consumers multiplied by Eargo average selling price of \$2,200

TRADITIONAL HEARING AIDS HAVE SIGNIFICANT LIMITATIONS

	Behind-the-ear hearing aids		In-the-ear hearing aids	
	BEHIND-THE-EAR	MINI BTE	IN-EAR	IN-CANAL
				
	Approximately 88% market share ¹		Approximately 12% market share ¹	
APPLICABILITY	Fit the widest range of hearing loss		Mild to severe hearing loss	
VISIBILITY	Most visible		Less visible	
COMFORT AND OCCLUSION	Most comfortable and least occlusive		Very occlusive	
RECHARGEABILITY	Some		Some	None
AVERAGE COST	\$4,600 ²			
TRIAL PERIOD	Varies; average ~48 Days ³			

¹ Hearing Industries Association
² Represents estimated average retail costs per pair of hearing aids sold through traditional channels in the United States. Hearing aids with custom features that reduce device visibility or improve comfort can retail for significantly more than the industry average.
³ Industry data, Eargo estimates

EARGO ADDRESSES THESE LIMITATIONS



TRADITIONAL HEARING AIDS

STIGMATIZED, VISIBLE, UNATTRACTIVE

EAR CANAL OCCLUSION, DISCOMFORT

BATTERY CHANGING HASSLE

DISEMPOWERING, CUMBERSOME PROCESS

B2B, LAYERS OF COST

\$4,600 AVERAGE COST^{1,2}



EARGO



VIRTUALLY INVISIBLE



COMFORTABLE, NON-OCCLUSIVE



RECHARGEABLE, EASY-TO-USE



EMPOWERING, CONSUMER-CENTRIC PROCESS



DTC, VERTICALLY INTEGRATED



\$1,850 - \$2,950²

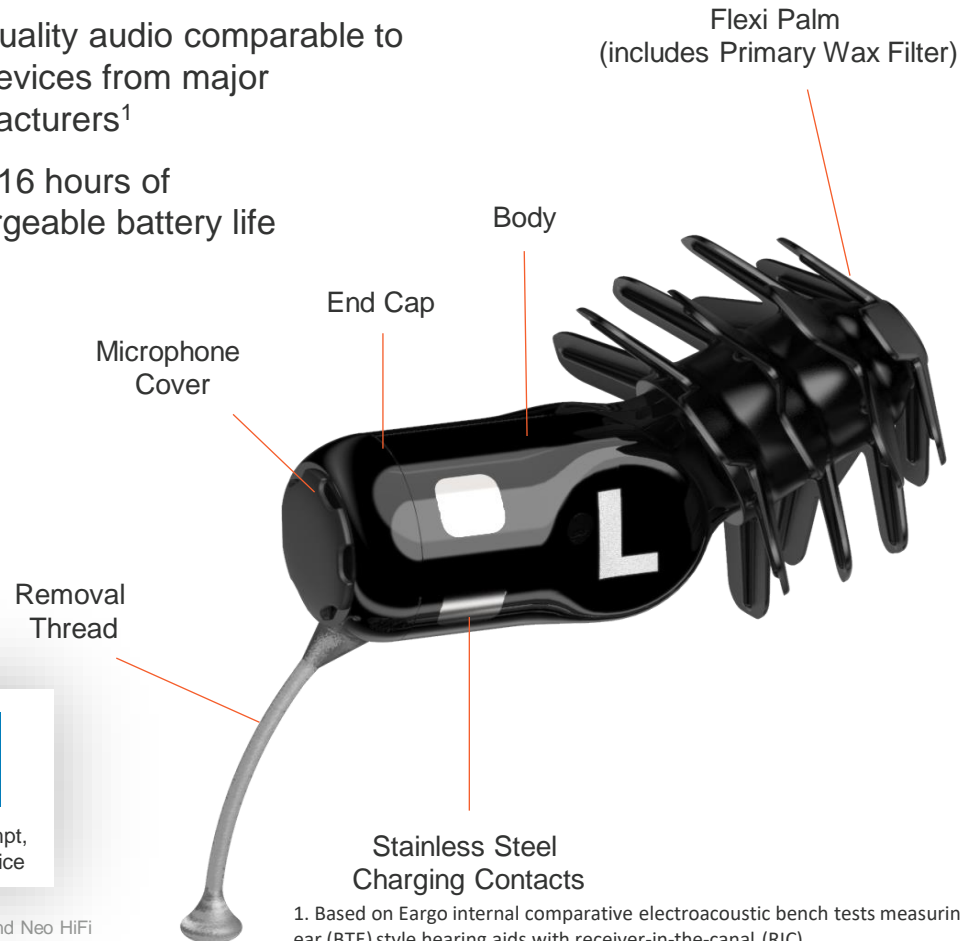
1. Eargo Estimates of hearing aids sold through traditional channels in the United States
2. Cost data is on a per pair basis

“FIRST AND ONLY” TECHNOLOGY; TELECARE SUPPORT

Eargo Hearing Aid

(Close-up View)

- ✓ Patented FlexiPalm design provides comfortable, non-occluding fit
- ✓ High quality audio comparable to BTE devices from major manufacturers¹
- ✓ Up to 16 hours of rechargeable battery life



FDA-regulated, exempt,
Class II Medical Device

*Only available on Neo and Neo HiFi

Personalized, Telecare Support

- ✓ Unlimited, lifetime support from licensed hearing professionals
- ✓ No clinic visits: interact via phone, email, text or video
- ✓ Real-time audio profile personalization via the internet*



1. Based on Eargo internal comparative electroacoustic bench tests measuring Eargo Neo against Starkey Livio AI 2400, the Phonak Audeo Marvel M90, and the Resound Linx Quattro 5, all behind-the-ear (BTE) style hearing aids with receiver-in-the-canal (RIC).

HIGH CADENCE OF PURPOSEFUL INNOVATION

2017 | **EARGO PLUS**
+ Improved durability



2018 | **EARGO MAX**
+ Improved acoustic performance



2019 | **EARGO NEO**
+ Refined cosmetics
+ Connected charger
+ Smartphone app



2020 | **EARGO NEO HIFI**
+ Improved Flexi Palms
+ Improved fidelity, feedback cancellation, and noise reduction



2Q21[^]

EARGO Next Generation
+ Improved fit and output
+ In-situ hearing assessment and adjustments
+ Increased water resistance
+ Refurbishment capability

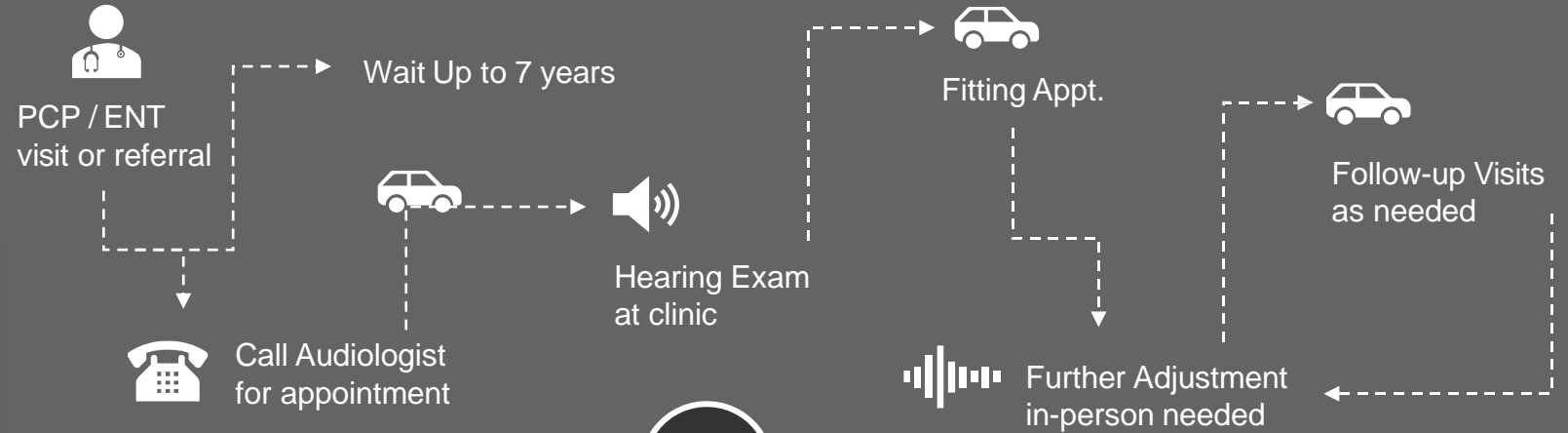


Improving Performance, Fit and Comfort

[^]Anticipated 2Q21 launch

TELECARE MODEL TRANSFORMS CONSUMER JOURNEY

Traditional Path: Weeks to Months



Eargo's Telecare model is:

- Simple
- Convenient
- Empowering
- Personalized
- Scalable

VS

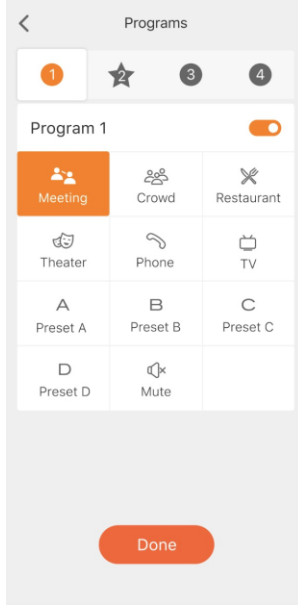
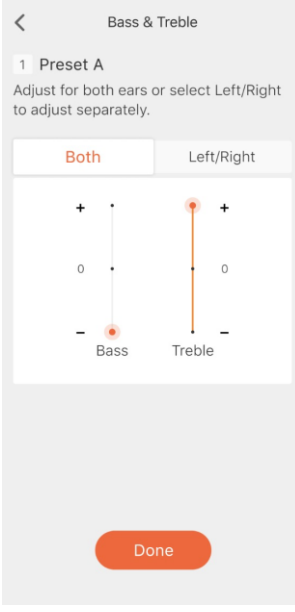
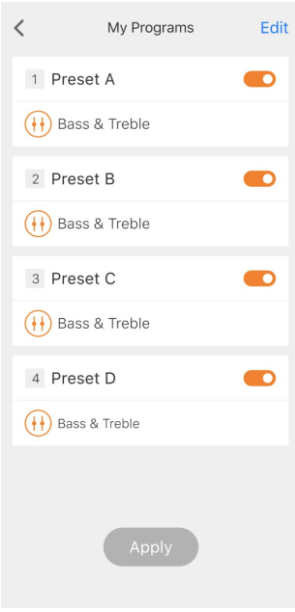
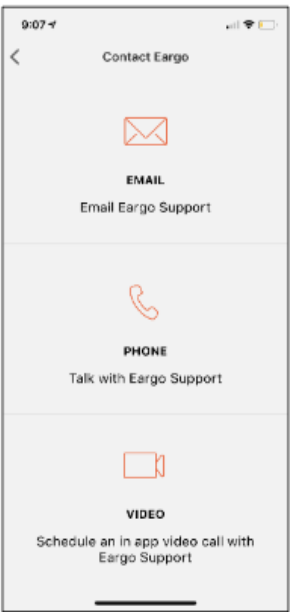
EARGO — As little as 3 Days



EARGO TELECARE MODEL

Unlimited Lifetime Support

- ✓ Initial consultation
- ✓ Hearing screening / results analysis
- ✓ Guidance on proper insertion, charging and cleaning
- ✓ Real-time audio settings modification for individual hearing loss
- ✓ Provided Telecare to 80% of customers within first month of product ownership for the twelve months ended December 31, 2020



EFFICIENT, MULTI-CHANNEL CUSTOMER ACQUISITION

Awareness/
Demand Drivers



ONLINE



TV



PR



OFFLINE/PRINT

Lead Collection

Inbound Phone

Lead Form
(Web)

Direct Purchase
(Web)

Lead Conversion

Sales Consultants/
Hearing Professionals

Online Hearing
Assessment

Online Experience

Email / Text / Chat

Promotions

Customer Type

Cash Pay

Insurance

Repeat
Purchases

Retail Experience via
Partnerships
(Future)

PRODUCT SHIPMENT



EFFICIENT CUSTOMER ECONOMICS

Cash Pay

- ▶ Customer pays for hearing aid out of pocket
- ▶ Most common way to get a hearing aid but no longer the only way

Conversion Rate



Customer ASP



Return Rate



Insurance

- ▶ Customer reimbursed for some or all of hearing aid cost
- ▶ ~12M in the U.S. over 50 who have both hearing loss and access to hearing aid benefits under certain health insurance plans^{1,2}
- ▶ Eargo provides national claims processing



Repeat (Cash Pay)

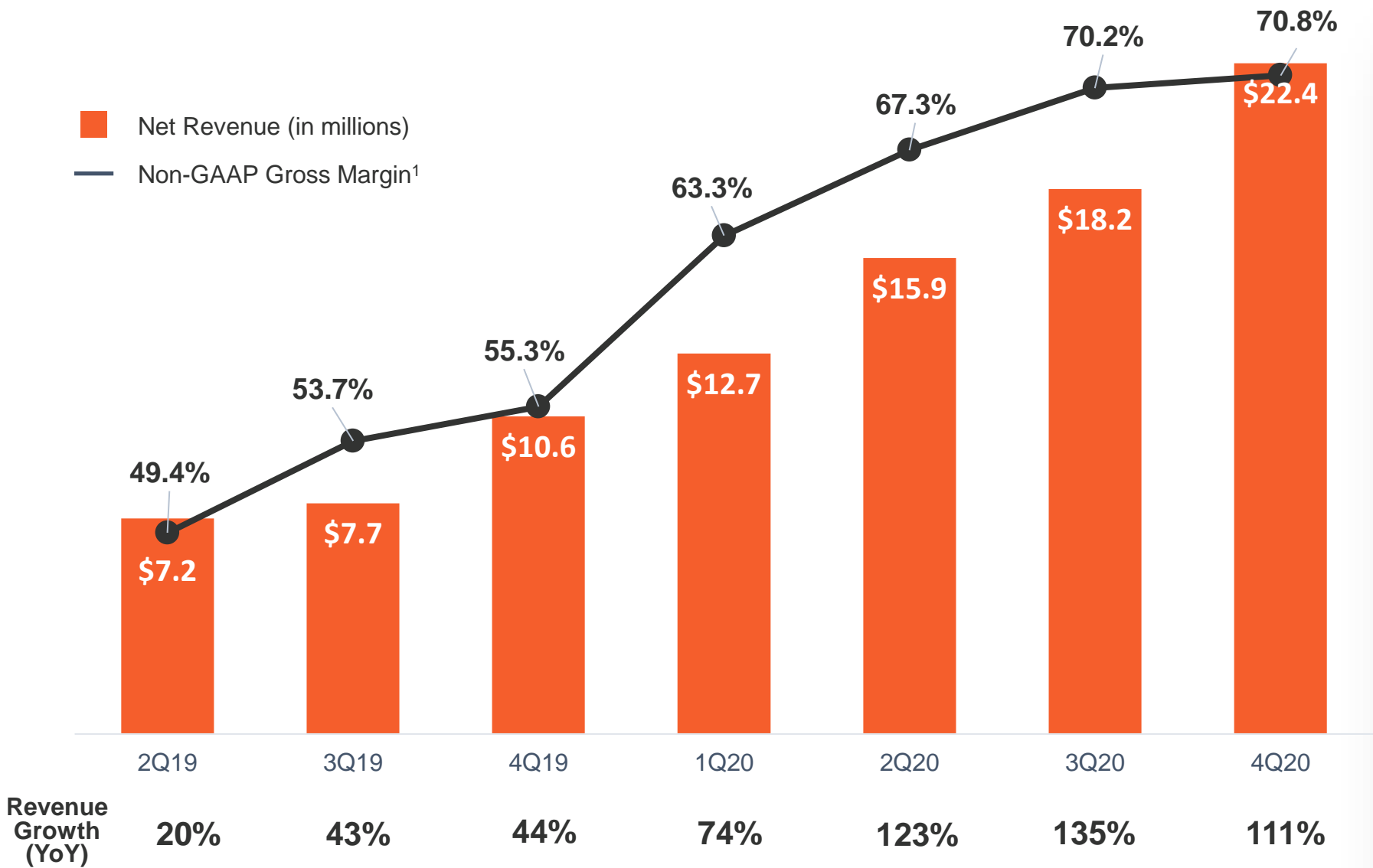
- ▶ Substantial portion of traditional hearing aid purchases are repeat customers
- ▶ Eargo installed base of ~16,000 units >2 years old³



1. CMS; U.S. Office of Personnel Management; California Healthcare Foundation, Kaiser Family Foundation, US Census, Eargo estimates.
2. Eargo has achieved only limited coverage of Eargo hearing aids under these health insurance plans, and Eargo intends to pursue additional coverage in the future.
3. As of December 31, 2020

Graphs are illustrative in nature and do not represent actual customer economics.

STRONG FINANCIAL PERFORMANCE



- ✓ **Expanded** awareness driven by national advertising
- ✓ **Accelerated** consumer adoption of Telecare model
- ✓ **Rapid penetration** of insurance market segment
- ✓ **More efficient** customer acquisition

1. Non-GAAP Gross Margin excludes stock-based compensation expense. Please see GAAP to non-GAAP reconciliation

THANK YOU

Appendix

GAAP TO NON-GAAP RECONCILIATION

(all \$ in 000's)

	Q1'19A	Q2'19A	Q3'19A	Q4'19A	Q1'20A	Q2'20A	Q3'20A	Q4'20A	FY19	FY20
Gross Systems Shipped	5,363	4,955	5,257	7,212	7,030	9,040	10,077	12,096	22,787	38,242
Unit Growth Rate YoY					31.1%	82.4%	91.7%	67.7%		67.8%
Total Return Rate	(37%)	(34%)	(35%)	(34%)	(28%)	(27%)	(25%)	(24%)	(35%)	(26%)
Net Revenue	\$7,290	\$7,155	\$7,730	\$10,615	\$12,669	\$15,921	\$18,186	\$22,378	\$32,790	\$69,154
YoY Growth					73.8%	122.5%	135.3%	110.8%		110.9%
QoQ Growth		(1.8%)	8.0%	37.3%	19.4%	25.7%	14.2%	23.1%		
GAAP Gross Profit	\$3,467	\$3,528	\$4,147	\$5,858	\$8,013	\$10,716	\$12,751	\$15,800	\$17,000	\$47,281
% Gross Margin	47.6%	49.3%	53.6%	55.2%	63.2%	67.3%	70.1%	70.6%	51.8%	68.4%
SBC expense	<u>\$1</u>	<u>\$3</u>	<u>\$3</u>	<u>\$9</u>	<u>\$5</u>	<u>\$4</u>	<u>\$9</u>	<u>\$43</u>	<u>\$16</u>	<u>\$60</u>
Non-GAAP Gross Profit	\$3,467	\$3,531	\$4,150	\$5,867	\$8,018	\$10,720	\$12,761	\$15,843	\$17,016	\$47,341
% Non-GAAP Gross Margin	47.6%	49.4%	53.7%	55.3%	63.3%	67.3%	70.2%	70.8%	51.8%	68.5%
GAAP S&M	\$7,663	\$7,745	\$9,290	\$11,027	\$10,859	\$10,828	\$12,354	\$15,484	\$35,725	\$49,525
% of Net Rev	105.1%	108.2%	120.2%	103.9%	85.7%	68.0%	67.9%	69.2%	109.0%	71.6%
SBC expense	<u>(\$7)</u>	<u>(\$46)</u>	<u>(\$73)</u>	<u>(\$62)</u>	<u>(\$123)</u>	<u>(\$126)</u>	<u>(\$344)</u>	<u>(\$1,035)</u>	<u>(\$188)</u>	<u>(\$1,629)</u>
Non-GAAP S&M	\$7,656	\$7,698	\$9,217	\$10,965	\$10,736	\$10,702	\$12,009	\$14,449	\$35,537	\$47,896
% of Net Rev	105.0%	107.6%	119.2%	103.3%	84.7%	67.2%	66.0%	64.6%	108.4%	69.3%
GAAP R&D	\$2,669	\$2,893	\$3,219	\$4,060	\$2,809	\$2,208	\$2,871	\$4,157	\$12,841	\$12,045
% of Net Rev	36.6%	40.4%	41.6%	38.2%	22.2%	13.9%	15.8%	18.6%	39.2%	17.4%
SBC expense	<u>(\$16)</u>	<u>(\$84)</u>	<u>(\$83)</u>	<u>(\$49)</u>	<u>(\$164)</u>	<u>(\$91)</u>	<u>(\$295)</u>	<u>(\$272)</u>	<u>(\$232)</u>	<u>(\$822)</u>
Non-GAAP R&D	\$2,654	\$2,809	\$3,136	\$4,011	\$2,645	\$2,118	\$2,577	\$3,885	\$12,609	\$11,223
% of Net Rev	36.4%	39.3%	40.6%	37.8%	20.9%	13.3%	14.2%	17.4%	38.5%	16.2%
GAAP G&A	\$2,421	\$2,677	\$3,683	\$3,689	\$6,078	\$3,257	\$5,163	\$6,084	\$12,470	\$20,582
% of Net Rev	33.2%	37.4%	47.6%	34.8%	48.0%	20.5%	28.4%	27.2%	38.0%	29.8%
SBC expense	<u>(\$84)</u>	<u>(\$300)</u>	<u>(\$298)</u>	<u>(\$222)</u>	<u>(\$233)</u>	<u>(\$250)</u>	<u>(\$719)</u>	<u>(\$1,376)</u>	<u>(\$903)</u>	<u>(\$2,578)</u>
Non-GAAP G&A	\$2,337	\$2,378	\$3,385	\$3,467	\$5,845	\$3,006	\$4,444	\$4,708	\$11,567	\$18,004
% of Net Rev	32.1%	33.2%	43.8%	32.7%	46.1%	18.9%	24.4%	21.0%	35.3%	26.0%
GAAP Total Operating Expenses	\$12,753	\$13,315	\$16,192	\$18,776	\$19,746	\$16,293	\$20,388	\$25,725	\$61,036	\$82,152
% of Net Rev	174.9%	186.1%	209.5%	176.9%	155.9%	102.3%	112.1%	115.0%	186.1%	118.8%
SBC expense	<u>(\$106)</u>	<u>(\$430)</u>	<u>(\$454)</u>	<u>(\$333)</u>	<u>(\$520)</u>	<u>(\$467)</u>	<u>(\$1,358)</u>	<u>(\$2,683)</u>	<u>(\$1,323)</u>	<u>(\$5,029)</u>
Non-GAAP Total Operating Expenses	\$12,647	\$12,885	\$15,738	\$18,443	\$19,226	\$15,826	\$19,030	\$23,042	\$59,714	\$77,123
% of Net Rev	173.5%	180.1%	203.6%	173.7%	151.8%	99.4%	104.6%	103.0%	182.1%	111.5%
GAAP Loss from Operations	(\$9,286)	(\$9,787)	(\$12,045)	(\$12,918)	(\$11,733)	(\$5,577)	(\$7,637)	(\$9,925)	(\$44,036)	(\$34,871)
Stock-based compensation	<u>\$107</u>	<u>\$433</u>	<u>\$457</u>	<u>\$342</u>	<u>\$525</u>	<u>\$471</u>	<u>\$1,367</u>	<u>\$2,726</u>	<u>\$1,339</u>	<u>\$5,089</u>
Non-GAAP Loss from Operations	(\$9,180)	(\$9,354)	(\$11,588)	(\$12,576)	(\$11,208)	(\$5,106)	(\$6,269)	(\$7,199)	(\$42,698)	(\$29,782)
OI&E	\$63	\$28	(\$112)	(\$429)	(\$5)	(\$1,015)	(\$2,090)	(\$1,874)	(\$450)	(\$4,984)
GAAP Net loss and comprehensive loss	(\$9,223)	(\$9,759)	(\$12,157)	(\$13,347)	(\$11,738)	(\$6,592)	(\$9,726)	(\$11,799)	(\$44,486)	(\$39,855)
Stock-based compensation	<u>\$107</u>	<u>\$433</u>	<u>\$457</u>	<u>\$342</u>	<u>\$525</u>	<u>\$471</u>	<u>\$1,367</u>	<u>\$2,726</u>	<u>\$1,339</u>	<u>\$5,089</u>
Non-GAAP Net loss and comprehensive loss	(\$9,116)	(\$9,326)	(\$11,700)	(\$13,005)	(\$11,214)	(\$6,121)	(\$8,359)	(\$9,073)	(\$43,147)	(\$34,767)
COGS	\$1	\$3	\$3	\$9	\$5	\$4	\$9	\$43	\$16	\$60
S&M	\$7	\$46	\$73	\$62	\$123	\$126	\$344	\$1,035	\$188	\$1,629
R&D	\$16	\$84	\$83	\$49	\$164	\$91	\$295	\$272	\$232	\$822
G&A	\$84	\$300	\$298	\$222	\$233	\$250	\$719	\$1,376	\$903	\$2,578
Total stock-based compensation	\$107	\$433	\$457	\$342	\$525	\$471	\$1,367	\$2,726	\$1,339	\$5,089

Totals may not tie to financial statements due to rounding