

# EARGO

## HEAR LIFE TO THE FULLEST

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Patient Square Financing Announcement  
June 27, 2022

# Disclaimers and 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 the investment by Patient Square Capital, including the closing of the first and second tranche investments; the terms of the anticipated rights offering, including the timing related thereto or whether it will occur at all; and the Company's future plans, initiatives, projections, and expectations, including with respect to insurance, retail, or other opportunities as well as the pending over-the-counter hearing aid regulatory framework and any future Eargo products. 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: the closing of the notes transaction; the completion of the rights offering; the extent to which the Company may be able to validate processes to support the submission of claims for reimbursement from the FEHB program in the future, if at all, and the Company's ability to maintain or increase insurance coverage of its hearing aids; the timing or results of ongoing claims audits and medical records reviews by third-party payors; the extent of losses from hearing aids delivered to customers from September 21, 2021 until December 8, 2021; the impact of third-party payor audits and the regulatory landscape for hearing aid devices on the Company's business and results of operations; the Company's expectations concerning additional orders by existing customers; the Company's expectations regarding the potential market size and size of the potential consumer populations for its products and any future products, including insurance coverage of Eargo hearing aids; the Company's ability to release new hearing aids and the anticipated features of any such hearing aids; developments and projections relating to the Company's competitors and its industry, including competing products; the Company's ability to maintain its competitive technological advantages against new entrants in its industry; the pricing of the Company's hearing aids; the Company's expectations regarding the ability to make certain claims related to the performance of its hearing aids relative to competitive products; the Company's expectations with regard to changes in the regulatory landscape for hearing aid devices, including the anticipated implementation of a pending over-the-counter hearing aid regulatory framework; and the Company's estimates regarding the COVID-19 pandemic, including but not limited to, its duration and its impact on the Company's business and results of operations. These and other risks are described in greater detail under the section titled "Risk Factors" contained in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the U.S. Securities and Exchange Commission. 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 report. 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.

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# Summary of Patient Square Capital Investment

**Patient Square Capital's Investment of up to \$125M will enable the Company to pursue its omni-channel growth strategy**

- The Investment provides a backstop for an \$187.5M rights offering expected to occur within 180 days after closing
  - Proceeds from the rights offering would be used to repay the Investment at 150% of the Investment amount
  - The investment would be converted into any unsubscribed rights offering shares in lieu of cash repayment
- Structured as a \$100M First Tranche Investment drawn at close with additional \$25M “Second Tranche Investment” drawn at earlier of:
  - 150 days after closing; or
  - a rights offering with less than 75M shares subscribed by shareholders
- Depending on participation in the rights offering, gross proceeds to Eargo will be \$125M-\$137.5M after any cash repayment of the investment
- Eargo retains ability to seek alternative financing sources to repay the investment or to sell the Company, in which case the rights offering would not occur

# The Proposed Investment Is Intended to Finance Initiatives Designed to Accelerate Omni-Channel Growth

1

Potentially regain insurance coverage under the FEHB program



2

Refine and expand physical retail strategy



3

Optimize Cash-Pay business



4

Invest in continued innovation



# If the Rights Offering Occurs, Existing Investors May Avoid Incremental Dilution

**\$187.5M**  
**Rights Offering**  
*375M Shares*  
*\$0.50 / Share*

	Illustrative Existing Shareholder Subscription	Cash to Eargo <sup>(1)</sup>	Shares Issued to	
			Existing Shareholders	PSC
	0 Shares <i>(0%)</i>	\$125.0M	-	375M
	75M Shares <i>(20%)</i>	137.5M <sup>(2)</sup>	75M	300M
	375M Shares <i>(100%)</i>	137.5M <sup>(2)</sup>	375M	-

Note:

1. Net of any cash repayment to Patient Square Capital
2. \$125M if rights offering is completed more than 150 days after closing