



Chegg

Q2-23 Investor Presentation

Aug 7, 2023

Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by references to future periods and use of terminology such as “plan,” “believe,” “estimate,” “intend,” “project,” “endeavor,” “should,” “future,” “long-term,” “outlook,” “non-GAAP,” “will,” “expect,” “anticipate,” “guidance,” “as if,” “transition,” or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. These forward-looking statements include, without limitation, Chegg’s investment highlights, the use of artificial intelligence (AI) technology at Chegg, including creating new opportunities for Chegg, building and owning our own large language models (LLMs) and how that enhances our moat, lowers our costs, and leverages our proprietary content and subject matter experts, the accelerated timeline in delivering the new Chegg experience due to our partnership with Scale AI, the timing, functionality, features, and user experience of Chegg’s new generative experience, our intention to build the largest connected community of learners around the world, the content of Chegg’s illustrative video, Chegg’s long-term strategic focus (including subscriber growth, profitable growth, and Chegg’s lifetime value), our ability to maintain margins and cash flow, Chegg’s belief that 100 million students could potentially benefit from Chegg, Chegg’s unique value and competitive advantages, Chegg’s ESG plans, Chegg’s support of students’ mental health, improving learning and learning outcomes, improving learners’ overall return on investment in education, the non-GAAP presentations of Chegg’s results of operations, including Adjusted EBITDA and free cash flow, financial guidance and seasonality, the Required Materials transition, including annual future revenue and costs, our ability to forecast our financial results, and all statements about Chegg’s financial and business outlook, strategy, priorities and learner outcomes. These statements are not guarantees of future performance and are based on management’s expectations as of the date of this presentation and assumptions that are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from any future results, performance or achievements. Important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements include the following: the effects of AI technology on Chegg’s business and the economy generally; Chegg’s ability to attract new, and retain existing, students, to increase student engagement, and to increase monetization; Chegg’s brand and reputation; changes in employment and wages and the uncertainty surrounding the evolving educational landscape, enrollment and student behavior; Chegg’s ability to expand internationally; changes in search engine methodologies that modify Chegg’s search result page rankings, resulting in decreased student engagement on Chegg’s website; the success of Chegg’s new product offerings, including the new Chegg generative AI experience and personal learning assistant; competition in aspects of Chegg’s business, and Chegg’s expectation that such competition will increase; Chegg’s ability to innovate in response to technological and market developments, including artificial intelligence; Chegg’s ability to maintain its services and systems without interruption, including as a result of technical issues, cybersecurity threats, or cyber-attacks; third-party payment processing risks; adoption of government regulation of education unfavorable to Chegg; the rate of adoption of Chegg’s

offerings; mobile app stores and mobile operating systems making Chegg’s apps and mobile website available to students and to grow Chegg’s user base and increase their engagement; colleges and governments restricting online access or access to Chegg’s services; Chegg’s ability to strategically take advantage of new opportunities; competitive developments, including pricing pressures and other services targeting students; Chegg’s ability to build and expand its services offerings; Chegg’s ability to integrate acquired businesses and assets; the impact of seasonality and student behavior on the business; the outcome of any current litigation and investigations; Chegg’s ability to effectively control operating costs; changes in Chegg’s addressable market; regulatory changes, in particular concerning privacy, marketing, and education; changes in the education market, including as a result of AI technology and COVID-19; and general economic, political and industry conditions, including inflation, recession and war. All information provided in this presentation and in the conference call is as of the date hereof, and Chegg undertakes no duty to update this information except as required by law. These and other important risk factors are described more fully in documents filed with the Securities and Exchange Commission, including Chegg’s Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission on February 22, 2023, and could cause actual results to differ materially from expectations.

Use of Non-GAAP Measures

To supplement Chegg’s financial results presented in accordance with generally accepted accounting principles in the United States (GAAP), this presentation contains non-GAAP financial measures, including Adjusted EBITDA and free cash flow. For reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the Appendix to this presentation. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Chegg defines (1) Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted for print textbook depreciation expense and to exclude share-based compensation expense, other income (expense), net, acquisition-related compensation costs, loss from impairment of strategic equity investment, donation from Chegg Foundation, transitional logistic charges, impairment of lease related assets, and restructuring charges and (2) free cash flow as net cash provided by operating activities adjusted for purchases of property and equipment, purchases of textbooks and proceeds from disposition of textbooks. To the extent additional significant non-recurring items arise in the future, Chegg may consider whether to exclude such items in calculating the non-GAAP financial measures it uses. Chegg believes that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding Chegg’s performance by excluding items that may not be indicative of Chegg’s core business, operating results or future outlook. Chegg management uses these non-GAAP financial measures in assessing Chegg’s operating results, as well as when planning, forecasting and analyzing future periods and believes that such measures enhance investors’ overall understanding of our current financial performance. These non-GAAP financial measures also facilitate comparisons of Chegg’s performance to prior periods.

Who Are We?

We put learners first.

Our mission is to improve learning and learning outcomes by putting students first, in school and beyond.

We strive to improve the overall return on investment in education by helping learners learn more in less time and at a lower cost.

The Chegg platform provides products and services to support learners to help them better understand their academic course materials, and also provides personal and professional development skills training, to help them achieve their learning goals



Investment Highlights

- Leading Direct-To-Student Connected Learning Platform
- Large Addressable Markets in Early Stages of Growth including International, Skills, Language Learning, and Non-Academic
- High Margin Model with Strong Free Cash Flow Generation; Increased Focus on Expense Management
- History of capital returns through equity and convertible debt repurchases
- Competitive Moat Given Brand, Reach, Data, Human Expert Network, and Proprietary Content

AI at Chegg

The advances in AI create opportunities for Chegg and we've pivoted the company to harness AI to better serve learners

Building and Owning our own Large Language Models

- Enhances our competitive moat, lowers our costs, and allows us to train the models specifically for education
- Leverages our billions of pieces of proprietary content
- 150k subject matter experts help train the models and support accuracy in our generative experience
- We expect a significantly enhanced learning experience over generic models and tremendous value for Chegg

Accelerated Timeline

- Our partnership with Scale AI will allow us to accelerate our ability to deliver the new Chegg experience starting in the fall and rolling out over the course of the next two semesters.
- The experience will include a simple conversational user interface, personalized learning pathways, more in-depth content, and the ability to transform content into innovative study tools, such as practice tests, study guides, and flash cards.

83% Students prefer help from companies that specialize in schoolwork help and understand students¹

85% Students prefer study help that is adaptive to their learning needs¹

86% students prefer study help reviewed by human subject-matter experts¹

Positive Early Feedback

- The beta version of our initial generative experience launched in May with very positive feedback.
- Beta users' engagement is up, they are interacting more with each question, and they are staying for significantly longer sessions.

We're entering an exciting new chapter, driven by the advances in AI

We intend to build the largest connected community of learners around the world with a truly scalable, affordable, adaptive learning assistant



I'm still nervous. Can you help?



Hey Jason, of course!

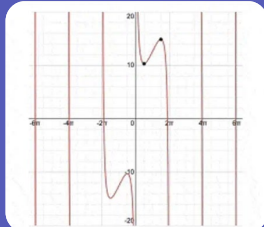
Atomic Structures	Atomic Properties	Lewis Structures	Acid & Bases
90% ●●●●●	90% ●●●●●	54% ●●●●●	16% ●●●●●



I've assessed your progress so far. Based on the midterm topics, let's work on these practice questions.



Great, try this one! Find the absolute minimum:



Let's jump back into your last quiz. How would you solve this?

$$f(t) = 6t + 8 \cot\left(\frac{t}{2}\right), \left[\frac{\pi}{6}, 9\frac{\pi}{4}\right]$$



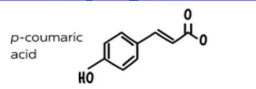
I have your personalized study plan for the semester ready to go.

Nico's Spring Plan

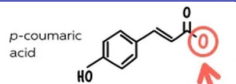
Studying Finance 4 Classes



Is this structure correct?



Good try. The highlighted section of the structure isn't right. Can you try it again?



Chegg's Vision, Powered by AI



To help illustrate Chegg's vision for AI, and what we are focused on building over the next several years, we have created a concept video¹

[Click here to watch](#)



Long-Term Strategic Focus

Grow Subscribers

Embrace AI to deliver a personalized, conversational learning companion and increase local product-market fit for new learners around the world



High Margin Model

Maintain best-in-class margins

Profitable Growth

Invest responsibly in scalable content, technology, and tools to support future growth



Drive Outcomes

Deliver positive learner outcomes by meeting students where they are

Extend Lifetime Value

Increase lifelong relevance by extending our breadth and depth, adding high-value content and services



Help Holistically

Help learners beyond academics, including mental health and wellness

Chegg at a Glance: Financial and KPI Highlights 2022⁽¹⁾

8.1 Million

CHEGG SUBSCRIPTION
SERVICES
SUBSCRIBERS

5%

CHEGG SUBSCRIPTION
SERVICES
SUBSCRIBERS Y/Y GROWTH

10%

CHEGG SERVICES REVENUE
Y/Y GROWTH

33%

ADJUSTED EBITDA
MARGIN⁽²⁾

2.1 Million

INTERNATIONAL CHEGG
SERVICES SUBSCRIBERS

15%

INTERNATIONAL REVENUE AS
% OF TOTAL

VOTED FORTUNE'S BEST
Workplaces⁽³⁾

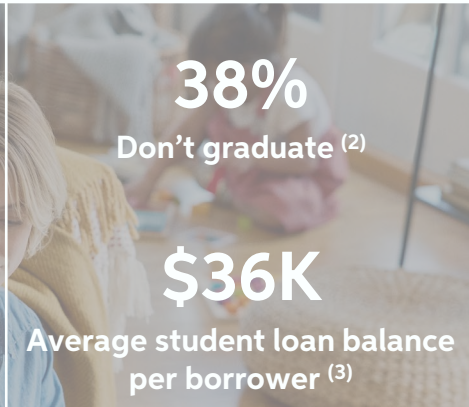
18 COMPARABLY AWARDS
Including Best Company
Outlook and Best Global Culture

Today's Learners Face More Pressure Than Ever

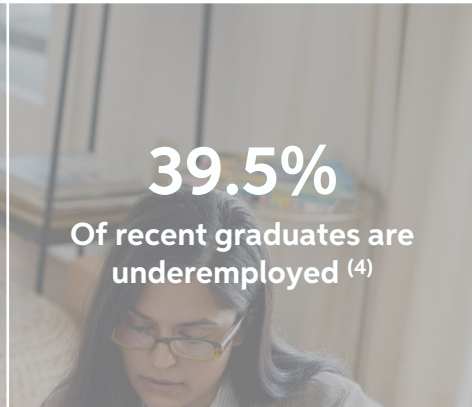
It's Harder to Be a Student



They're Faced with Mounting Costs



They Aren't Prepared for the Workplace



Need a Platform to Support Them

Delivering Services That Meet The Learning Needs of Students

Our years of experience and student engagement data help us understand how students learn. We then provide evidenced-based support to address students' specific needs and desired learning outcomes, meeting students where they are.

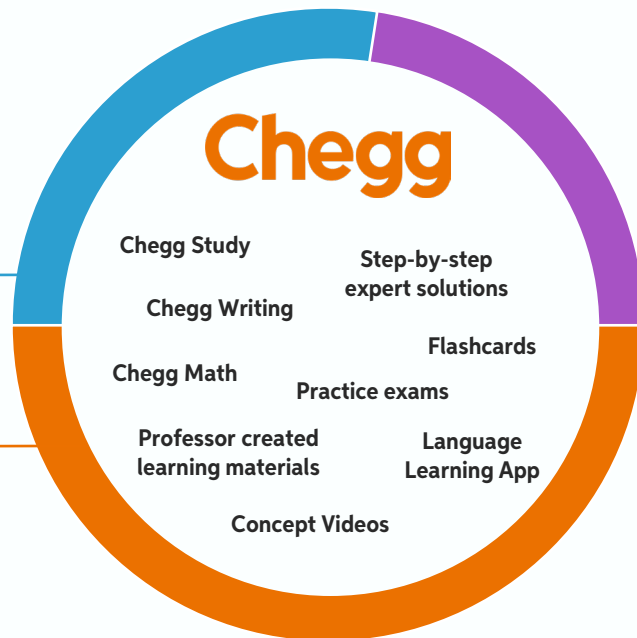
Students spend ~14 hours a week on schoolwork outside the classroom¹

CRAM for an exam

25%, 3.5 hrs/wk²

HELP with homework/writing

51%, 7.1 hrs/wk²



LEARN a new concept

24%, 3.4 hrs/wk²

Chegg's Integrated Platform of Connected Services

Subscription Services



Chegg Study

Learning service with 99 million pieces of expert-generated content¹



Chegg Writing

A leading provider of online writing tools. Creates bibliographies and checks for grammar errors, sentence structure, and plagiarism



Chegg Math

Step by step math problem solver



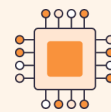
Busuu

A leading online language learning platform offering self-paced lessons, live classes with experts, and community support. Busuu is available direct-to-consumer as well as through B2B partners, such as Guild

Chegg Study Pack

Integrated academic support platform including Chegg Study, Writing, and Math.

Skills & Other



Skills / Thinkful

High quality online skills-based courses in areas such as Data Science, Data Analytics, UX/UI Design, Software Engineering, Technical Project Management, and Digital Marketing offered to professional learners via their employers and direct-to-student.



Advertising

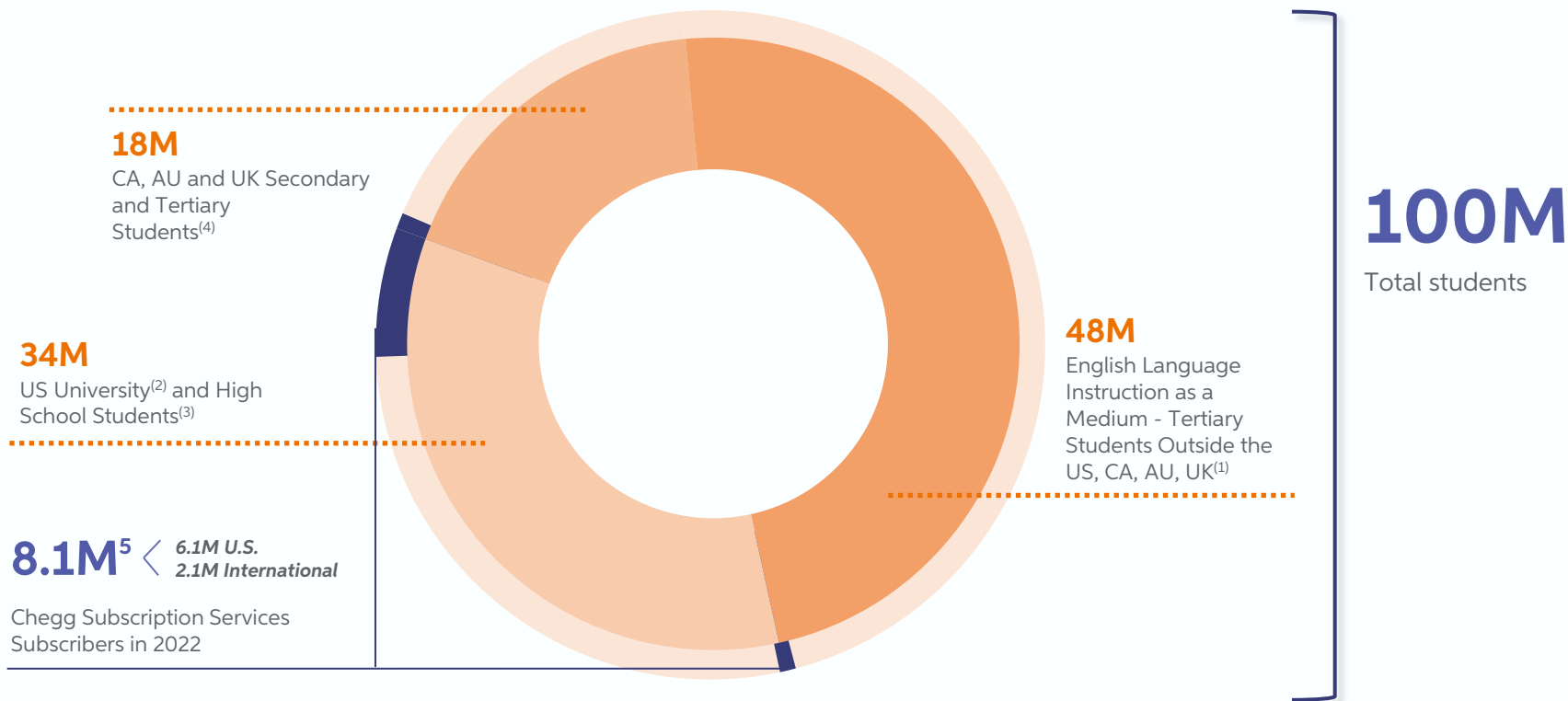
Programmatic advertising across our platform and unique brand partnerships allow brands to reach our valuable audience



Required Materials

Students can rent or buy print textbooks or eTextbooks, facilitated by our partner

Large Global Academic Market Opportunity



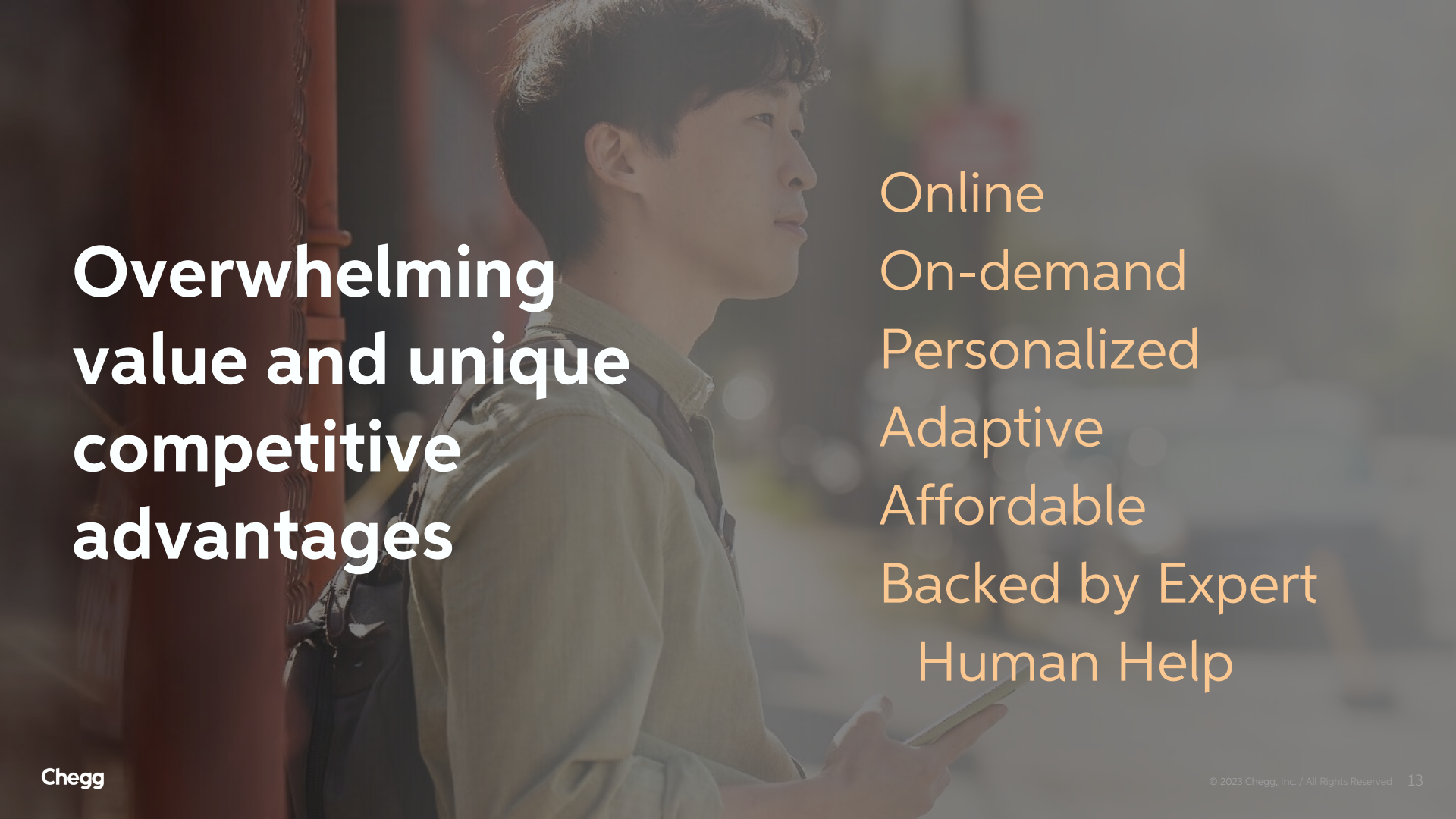
1. Based on internal Company estimates (includes India, Philippines, Mexico, Turkey, South Korea, South Africa, Japan, Malaysia, Saudi Arabia, Finland, New Zealand, Puerto Rico, Denmark, Netherlands, Hong Kong, Ireland, Singapore, Germany, UAE, Sweden)

2. National Student Clearinghouse Research Center preliminary findings Fall 2022: 16.9M Undergraduate & Graduate

3. Think Impact, 2021: 15.5M Public High School Students 2020, + 1.5M in private school

4. UNESCO Institute for Statistics, 2020.

5. Based on Company internal data, US + Int'l subscribers do not equal global total due to rounding

A young man with dark hair, wearing a light-colored jacket and a backpack, is shown in profile from the chest up. He is looking towards the right and holding a smartphone in his hands. The background is a blurred outdoor setting with a wooden post on the left. The overall image has a soft, slightly desaturated color palette.

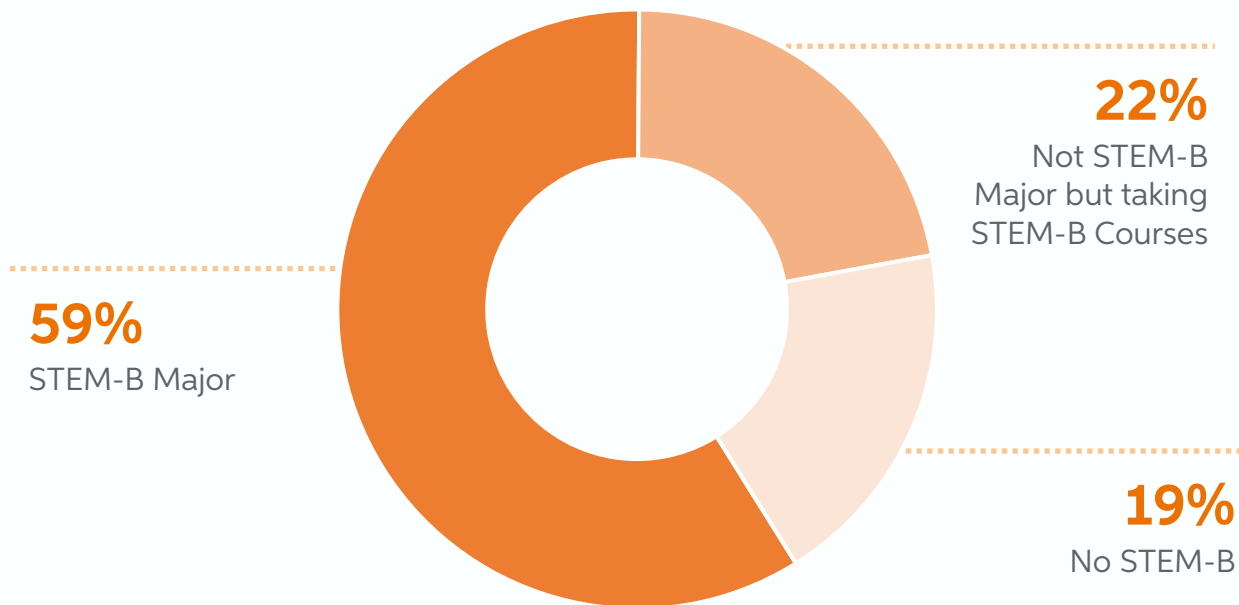
**Overwhelming
value and unique
competitive
advantages**

Online
On-demand
Personalized
Adaptive
Affordable
Backed by Expert
Human Help

Chegg Serves Students of Diverse Backgrounds

- 27% First generation
- 15% Family income <\$20k
- 56% Minorities
- 59% Female
- 25% Over 25 years old
- 11% work Full-Time / 32% Part-Time

Majority of U.S. College Students are taking STEM-B Courses



Chegg Delivers Positive Learner Outcomes

Learn &
Understand

90%

Say that Chegg helps them **better understand** the concepts they are studying in school. And 90% also say Chegg helps them **learn** their coursework.

Better Grades

91%

Say they **get better grades** when they use Chegg to understand coursework.

More Efficient

91%

Say that they **work more efficiently** when they use Chegg to understand their coursework.

Help When You
Need It

92%

Say that Chegg helps them figure it out if they get stuck or **have a question when their instructor is not available**.

Chegg's Approach to ESG: Our Six Pillars



Public Recognition

- Chegg was upgraded by MSCI to their **highest ESG rating, AAA**
- We are pleased to share our recognition as a company committed to sustainability in our industry and we are honored to be included in this year's [S&P Global Sustainable Yearbook](#).

More details & recognition on our [ESG site](#)

We are proud to announce we published our second annual [ESG Report](#) for 2022!!

Please also see our [ESG website](#) for additional information and detailed disclosures

Chegg helps lighten students' heavy mental load

Over half of US College students say their emotional and mental health has negatively impacted their performance in school more than it has in the past.¹

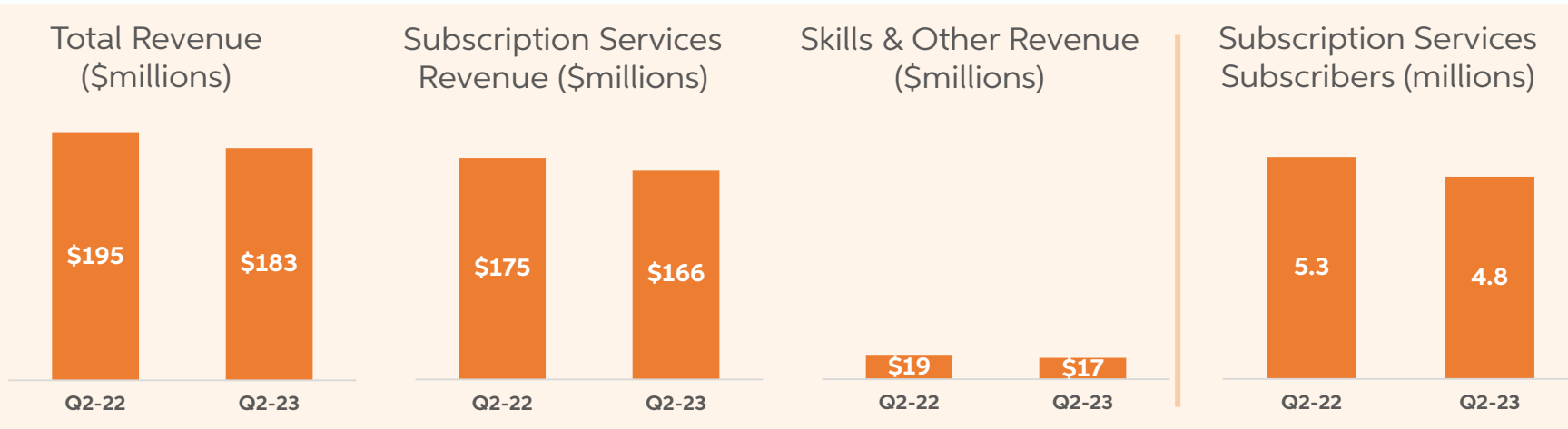
Chegg is proud to support students' mental health in a variety of ways

Academic Support	Chegg Study helps students learn and understand, building confidence and reducing stress ²
Awareness & Partnerships	Launched inaugural Student Mental Health Week with esteemed non-profits to destigmatize mental health, educate, and raise awareness
Wellness Resources	Study Pack subscribers receive access to Calm Premium, the #1 app for sleep, meditation, and relaxation
Corporate Giving	Chegg financially supports organizations focused on mental health. Since 2020, we've given nearly \$1 million to such groups. ³

92% “Chegg helps me get my homework done with less stress²”

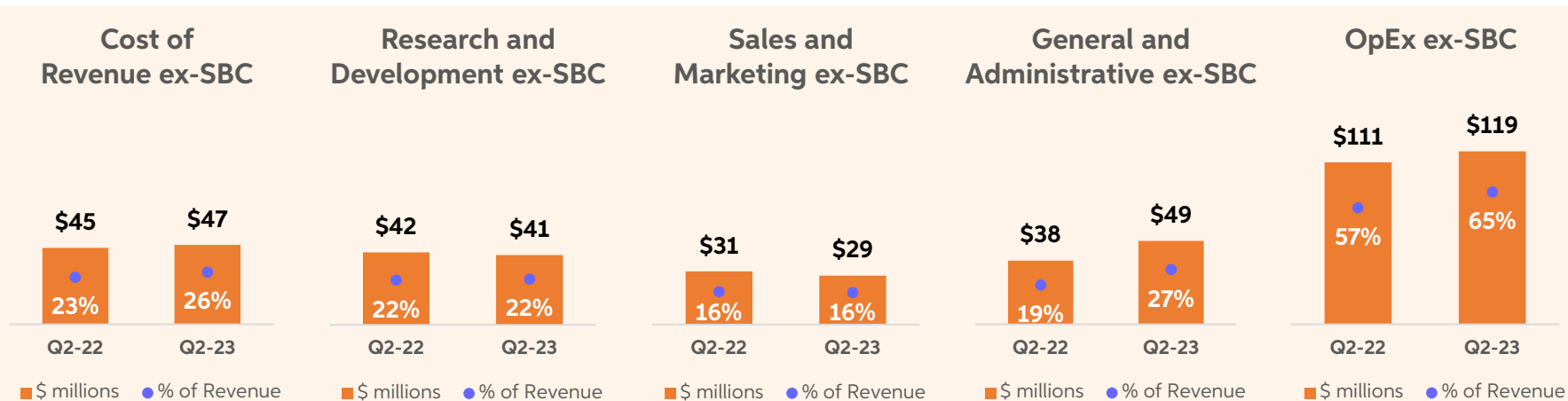
“Chegg builds confidence before an exam²” **86%**

Financial Highlights: Q2 2023 Revenue and Subscribers



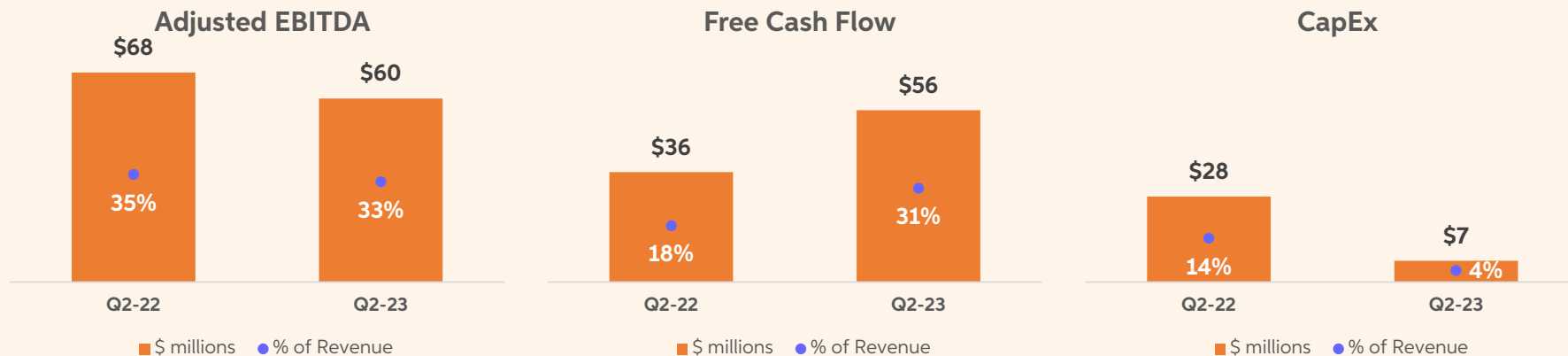
- The year-over-year decrease in Subscription Services Revenue was primarily due to a 9% decrease in Subscription Services Subscribers
- The year-over-year decrease in Skills & Other Revenue is primarily driven by the transition in Required Materials which is now a revenue share¹, which more than offset the year-over-year strong increase in Skills Revenue

Financial Highlights: Q2 2023 Expenses ex-Stock Based Comp (SBC)



- The year-over-year increase in Cost of Revenue was primarily attributable to higher content depreciation from the recently acquired professor-led materials
- The year-over-year increase in General & Administrative expenses was primarily attributable to higher employee-related expenses, a loss contingency accrual, and restructuring charges related to the reduction in headcount we announced in June

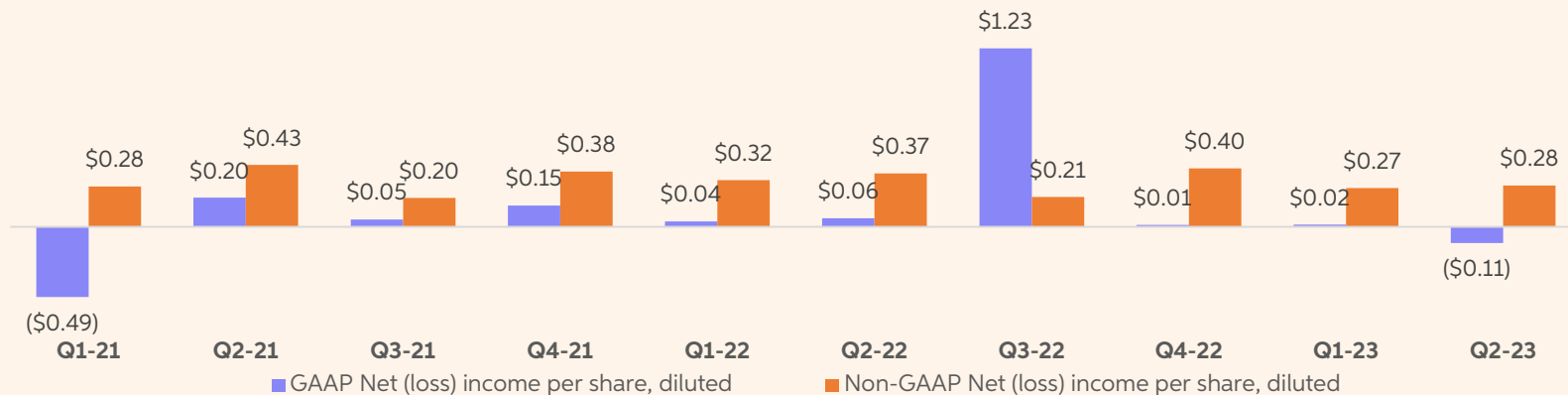
Financial Highlights: Q2 2023 Adj. EBITDA Margin, Free Cash Flow, and CapEx



- Free cash flow benefitted from higher interest income, which was \$9M higher year-over-year, as well as lower capital expenses
- The year-over-year decline in CapEx was primarily driven by lower purchases of PP&E, which is predominantly content purchases

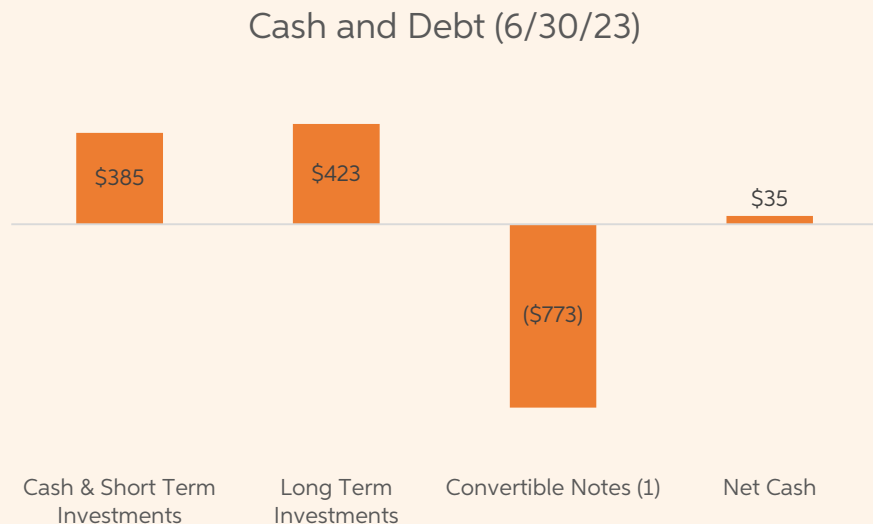
Financial Highlights: Net (loss) income per share, diluted

GAAP and Non-GAAP Net (loss) income per share, diluted



- Items that impacted Q2-23 net income: gain of \$53.8 million from the repurchase of some of our outstanding convertible debt, restructuring charge of \$5.7 million, and a loss contingency of \$7.0 million we accrued related to a previous gain taken on an equity investment.
- Q2-23 GAAP net loss per share excludes \$39.4 million related to the gain, net of tax, of the repurchase of some of our outstanding convertible debt.

Healthy Balance Sheet with History of Returning Capital to Shareholders



- In Q2-2023, Chegg repurchased \$427M of our outstanding convertible debt for \$369M, and used some of the net savings to retire 3.4 million shares of stock for approximately \$35 million
- Approximately \$773M of par value of the notes remain outstanding as of 6/30/23¹
- With the Q2-2023 repurchases, we have cumulatively repurchased nearly \$850M of our common stock and \$1.1B of our convertible debt.

New Revenue Disaggregation

In 2023, we changed the way we disaggregate revenue to better represent Chegg's current business. We believe this new revenue breakout allows our investors to better monitor and evaluate our business trends.

Subscription Services

Chegg Study & Study Pack



Math



Writing



Busuu



Skills & Other

Skills



Advertising

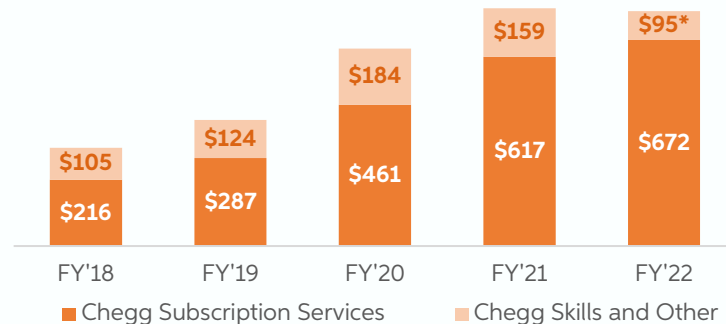


Required Materials



Chegg Revenue

Chegg Subscription Services & Skills and Other*
(\$ in millions)



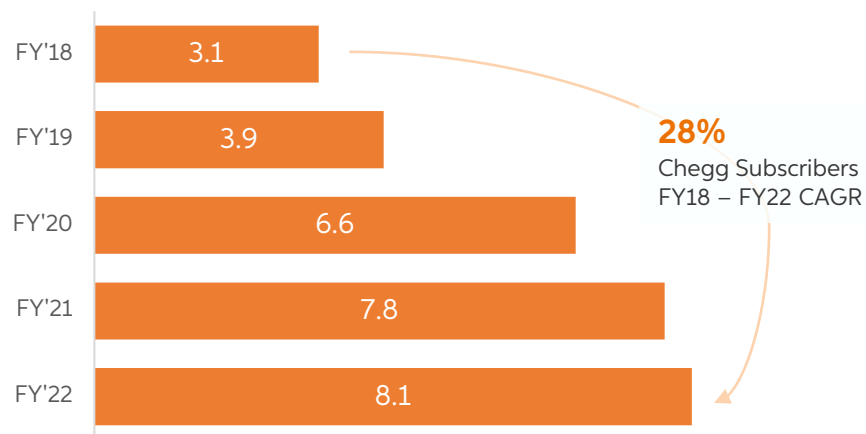
*In 2022, we transitioned our Required Materials ownership model to a partnership revenue-share model. Under the ownership model, we recognized print and eTextbook revenue equal to the total transaction amount, and under the partnership model, we recognize revenue as a percentage of the total.

Historical revenue breakouts are available in the IR Data Sheet found on our [Investor Relations site](#)

Growth of Chegg Subscription Services

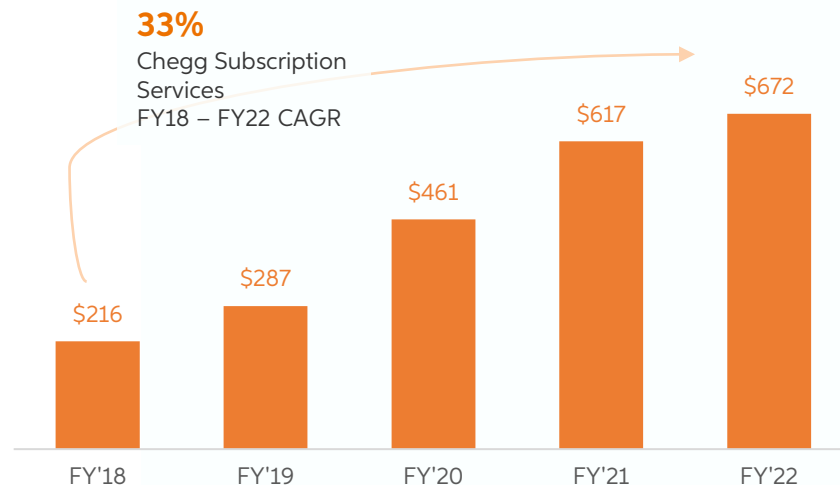
Chegg Subscription Services Subscribers

Annual Subscription Services Subscribers (in millions)



Chegg Subscription Services Revenue

(\$ in millions)



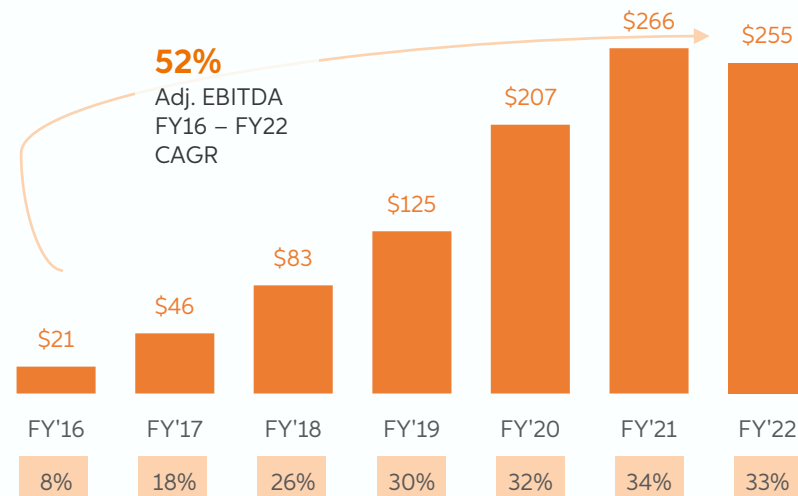
Industry-leading Margin and Profit

Chegg's business model supports operating leverage

- Majority of subscribers are acquired through unpaid channels
- Create content once, used by learners many times
- Much of the content is relevant globally

Adjusted EBITDA

Chegg Adj. EBITDA (\$million) and **Margin (%)**



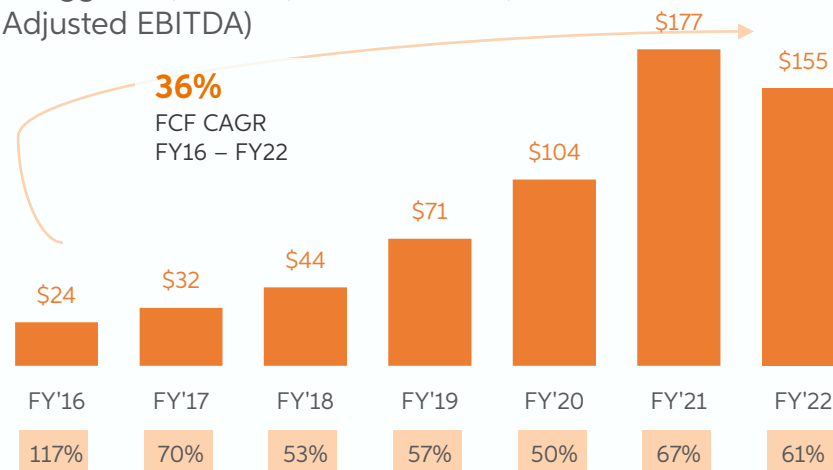
Strong FCF Generation

Chegg continues to deliver strong free cash flow and margins

- Strong free cash flow conversion from adjusted EBITDA (has been ~50%-70%)
- Free cash flow CAGR strong, >30%⁽¹⁾
- Content remains the largest driver of CapEx

Free Cash Flow

Chegg FCF (\$million) & Conversion (from Adjusted EBITDA)



Business Outlook

	Q2 2023 Results	Q3 2023 Guidance
Total Net Revenue	\$183m	\$151m - \$153m
Subscription Services Revenue	\$166m	\$135m - \$137m
Gross Margin %	74%	68%-69%
Adjusted EBTIDA¹	\$60m	\$34m - \$36m
CapEx	\$7m	
Free Cash Flow¹	\$56m	

Context for Q3-2023 Guidance

- We typically experience seasonally lower revenue and margins in Q3.
- We also have an elevated level of content depreciation from recently acquired professor-led material, which is impacting gross margins
- We expect the impact of this to moderate in Q4 and margins to improve

Required Materials Transition

In April 2022, we entered into a partnership with an independent book reseller. This partnership allowed us to transition out of our textbook library and fulfillment logistics responsibilities while still offering print and eTextbooks to students.

- GT¹ purchased our print textbook library in April 2022 for ~\$14M, assuming responsibility for print textbook library investments and fulfillment logistics, and by the end of 2022, we completed the transition for eTextbooks.²
- As a result of the partnership, we no longer incur significant textbook-related costs.³
- We now expect to recognize less than \$5 million in annual print and eTextbook revenue, driven by a single-digit percentage revenue share.

Appendix



Reconciliation of Net Income to EBITDA and Adjusted EBITDA

CHEGG, INC.
RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 24,612	\$ 7,476	\$ 26,798	\$ 13,218
Interest expense, net	1,114	1,616	2,382	3,213
Provision for income taxes	19,681	60	23,857	4,277
Print textbook depreciation expense	—	89	—	1,610
Other depreciation and amortization expense	26,484	21,636	52,027	41,921
EBITDA	71,891	30,877	105,064	64,239
Print textbook depreciation expense	—	(89)	—	(1,610)
Share-based compensation expense	35,920	31,087	69,666	64,171
Other income, net	(64,103)	(1,809)	(76,179)	(7,989)
Acquisition-related compensation costs	3,417	3,628	5,877	6,707
Restructuring charges	5,704	—	5,704	—
Loss contingency	7,000	—	7,000	—
Transitional logistics charges	—	1,221	253	1,569
Impairment of lease related assets	—	3,411	—	3,411
Adjusted EBITDA	\$ 59,829	\$ 68,326	\$ 117,385	\$ 130,498

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

CHEGG, INC.
RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA
(in thousands)
(unaudited)

	Years Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
Net income (loss)	\$ 266,638	\$ (1,458)	\$ (6,221)	\$ (9,605)	\$ (14,888)	\$ (20,283)	\$ (42,245)
Interest expense, net	6,040	6,896	66,297	44,851	11,225	74	171
(Benefit from) provision for income taxes	(162,692)	7,197	5,360	2,634	1,430	1,802	1,707
Print textbook depreciation expense	1,610	10,859	15,397	—	—	—	9,267
Other depreciation and amortization expense	89,997	63,274	47,018	30,247	22,805	19,337	14,520
EBITDA	201,593	86,768	127,851	68,127	20,572	930	(16,580)
Print textbook depreciation expense	(1,610)	(10,859)	(15,397)	—	—	—	(9,267)
Share-based compensation expense	133,456	108,846	84,055	64,909	52,030	38,359	41,785
Other (income) expense, net	(101,029)	65,472	(8,683)	(20,063)	(3,987)	(560)	297
Acquisition-related compensation costs	14,427	6,378	9,232	10,466	14,096	6,623	4,988
Transitional logistics charges	2,463	7,332	—	—	—	—	—
Impairment of lease related assets	5,225	—	—	—	—	—	—
Restructuring charges	—	1,922	—	97	589	1,047	(423)
Loss from impairment of strategic equity investment	—	—	10,000	—	—	—	—
Donation from Chegg Foundation	—	—	—	1,478	—	—	—
Adjusted EBITDA	<u>\$ 254,525</u>	<u>\$ 265,859</u>	<u>\$ 207,058</u>	<u>\$ 125,014</u>	<u>\$ 83,300</u>	<u>\$ 46,399</u>	<u>\$ 20,800</u>

Reconciliation of Forward-Looking Net Loss to EBITDA and Adjusted EBITDA

CHEGG, INC.
RECONCILIATION OF FORWARD-LOOKING NET LOSS TO EBITDA AND ADJUSTED EBITDA
(in thousands)
(unaudited)

	Three Months Ending September 30, 2023
Net loss	\$ (11,800)
Interest expense, net	700
Provision for income taxes	(1,300)
Depreciation and amortization expense	26,200
EBITDA	13,800
Share-based compensation expense	31,000
Other income, net	(10,000)
Acquisition-related compensation costs	200
Adjusted EBITDA*	<u>\$ 35,000</u>

* Adjusted EBITDA guidance for the three months ending September 30, 2023 represent the midpoint of the range of \$34 million to \$36 million.

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

CHEGG, INC.
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 62,747	\$ 63,720	\$ 135,907	\$ 143,755
Purchases of property and equipment	(16,698)	(27,753)	(33,864)	(57,286)
Purchases of textbooks	—	(123)	—	(3,815)
Proceeds from disposition of textbooks	9,787	(5)	9,787	2,494
Free cash flow	<u>\$ 55,836</u>	<u>\$ 35,839</u>	<u>\$ 111,830</u>	<u>\$ 85,148</u>

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

CHEGG, INC.
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(in thousands)
(unaudited)

	Years Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
Net cash provided by operating activities	\$ 255,736	\$ 273,224	\$ 236,442	\$ 113,403	\$ 75,113	\$ 51,550	\$ 24,262
Purchases of property and equipment	(103,092)	(94,180)	(81,317)	(42,326)	(31,223)	(26,142)	(24,689)
Purchases of textbooks	(3,815)	(10,931)	(58,567)	—	—	—	(886)
Proceeds from disposition of textbooks	6,003	8,714	7,569	—	—	6,943	25,646
Free cash flow	<u>\$ 154,832</u>	<u>\$ 176,827</u>	<u>\$ 104,127</u>	<u>\$ 71,077</u>	<u>\$ 43,890</u>	<u>\$ 32,351</u>	<u>\$ 24,333</u>

Reconciliation of Net (Loss) Income per Share, Diluted to Non-GAAP Net Income per Share, Diluted

CHEGG, INC.
RECONCILIATION OF NET (LOSS) INCOME PER SHARE, DILUTED TO NON-GAAP NET INCOME PER SHARE, DILUTED
(unaudited)

	Three Months Ended	
	March 31, 2023	June 30, 2023
Net (loss) income per share, diluted	\$ 0.02	\$ (0.11)
Adjustments	0.25	0.39
Non-GAAP net income per share, diluted	\$ 0.27	\$ 0.28

	Three Months Ended			
	March 31, 2022	June 30, 2022	September 31, 2022	December 31, 2022
Net (loss) income per share, diluted	\$ 0.04	\$ 0.06	\$ 1.23	\$ 0.01
Adjustments	0.28	0.31	(1.02)	0.39
Non-GAAP net income per share, diluted	\$ 0.32	\$ 0.37	\$ 0.21	\$ 0.40

	Three Months Ended			
	March 31, 2021	June 30, 2021	September 31, 2021	December 31, 2021
Net (loss) income per share, diluted	\$ (0.49)	\$ 0.20	\$ 0.05	\$ 0.15
Adjustments	0.77	0.23	0.15	0.23
Non-GAAP net income per share, diluted	\$ 0.28	\$ 0.43	\$ 0.20	\$ 0.38