



# Chegg

## Q4-23 Investor Presentation

Feb 5, 2024

# 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, Chegg’s 2024 priorities, including with respect to building Chegg’s renewal base, new account growth and the Chegg growth flywheel, strong margins and free cash flow, the rollout of artificial intelligence (AI) services, and Skills growth, the use of AI technology at Chegg, including creating new opportunities for Chegg, building Chegg’s personal learning assistant, the details around and efficacy of Chegg’s personal learning assistant, building Chegg’s own large language models (LLMs) and the expected features and outcomes thereof, the timing, functionality, features, and user experience of Chegg’s new generative experience, the expected iterations of the new Chegg experience from present to beyond 2025, the characteristics and features of Chegg’s proprietary solution flow technology (including the ability to route questions to different LLMs, computational engines, and AI tools, such as Chegg’s proprietary LLMs and OpenAI’s ChatGPT, among others), the characteristics and features of, and Chegg’s vision for, Chegg’s proprietary AI stack, the content of Chegg’s illustrative videos, Chegg’s belief that 100 million students could potentially benefit from Chegg, Chegg’s unique value and competitive advantages, Chegg’s ESG plans, improving learning and learning outcomes, improving learners’ overall return on investment in education, helping learners build essential life and job skills to accelerate their path from learning to earning, the non-GAAP presentations of Chegg’s results of operations, including Adjusted EBITDA, free cash flow, Adjusted EPS and expenses excluding Share Based Compensation, financial guidance and seasonality, the Required Materials transition, including annual future revenue and costs, Chegg’s ability to forecast Chegg’s 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 21, 2023 and Chegg’s Annual Report on Form 10-K for the year ended December 31, 2023 to be filed with the Securities and Exchange Commission, 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, Adjusted EPS, free cash flow and expenses excluding Share Based Compensation. 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 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.

Chegg's personal learning assistant leverages more than a hundred million pieces of proprietary content and the power of artificial intelligence as well as a decade of learning insights. Our platform also helps learners build essential life and job skills to accelerate their path from learning to earning.



## Investment Highlights

- Leading Direct-To-Student Connected Learning Platform
- Large Addressable Markets in Early Stages of Growth including Personalized Artificial Intelligence-driven Academic Learning Tools, International, Skills, and Language Learning
- High Margin Model with Strong Free Cash Flow Generation; Focus on Expense Management
- History of Capital Returns through Equity and Convertible Debt Repurchases
- Competitive Moat Given Brand, Data, Proprietary Content, and Proprietary Subject-Specific Large Language Models (LLMs)

# 2024 Priorities

We are seeing green shoots in subscriber engagement, acquisitions, and retention, but it will take time to build our renewal base before we see a positive impact on total subscribers and revenue. In the meantime, we will continue to be prudent with expense management and prioritization, while continuing to drive strong profitability and cash flows.

## New Account Growth

### Reignite the flywheel

- More students engaging more frequently as automated answering and conversational experiences encourage deeper interaction
- More questions get indexed into search and other platforms, driving more customers
- Optimized user experiences drive improved retention

## Strong Margins and FCF

### Prudent expense management

- Continue to invest for future growth while focusing on reallocation of resources
- Leverage AI to create efficiencies, such as quicker and cheaper content creation across academics and skills
  - Cost to answer a question using our AI models is 75% less expensive
  - Time to launch new Skills programs has decreased by ~40%, significantly reducing the cost

## Roll out AI services

### Build, Test, Launch, Improve

- Conversational chat introduces more personalization and interactivity for learners
- We plan to integrate personalized learning tools within the conversational learning experience, such as practice questions, flashcards, and study guides
- Enhanced sharing tools

## Skills Growth

### Leverage momentum for continued growth

- Scale B2B infrastructure to support growth
- Refine B2B product strategy that aligns with employer needs and learner outcomes
- Deliver category-leading outcomes for learners (KPIs such as program graduation rates)
- Scale direct to consumer revenue, creating leverage and enhancing overall skills profitability

# AI at Chegg – Personal Learning Assistant

**The advances in artificial intelligence have created opportunities for Chegg.**

We pivoted the company to harness AI to better serve learners around the world. We are building a personalized, interactive, on-demand learning companion backed by proprietary data, generative AI large language models, human subject matter experts, and a decade+ of experience.

## What is a personalized learning assistant (PLA)?

We are building a learning experience that anticipates student needs, adapts to their strengths and weaknesses, and supports them academically, professionally, and personally.

Much more than just solutions, PLA aims to deliver accurate conversational support with personalized prompts and learning tools built right in.

## Why are we building our own LLMs?

### Quality and Accuracy

We expect a significantly enhanced learning experience over generic AI models as we leverage our proprietary data and more than a decade of learning support expertise

### Proprietary Data

Our LLMs have been trained on our billions of pieces of proprietary content and were created specifically for education

### Cost

Owning our own LLMs reduces the variable costs associated with offering AI-driven solutions and experiences relative to relying on third parties

### Speed

Automated answering, with the help of AI and computational engines, reduces the time for solutions from hours to seconds

# Rolling out the new Chegg Experience

The process of embedding AI into every facet of Chegg's platform is ongoing and iterative as we build a truly personalized learning assistant

## 2023

In September we started to show users updated capabilities, with a new simple interface and a unified asking experience

Automated answering rollout was completed in December, which leverages our proprietary database of content, AI tools, and computational engine, Mathway

## 2H24

We plan to layer more personalization into the experience

We are integrating AI-enhanced learning aids, such as practice questions, assessments, study guides, and flashcards,

Next Best Action prompts learners with helpful, relevant suggestions and integrated learning tools

Sharing functionality promotes referrals and network effects

## 1H24

We are already live with the first set of proprietary subject-specific LLMs

We expect our subject-specific large language models to be live by end of Q1-24

We are currently rolling out Multi-Turn Chat, which enables a conversational AI-powered experience

## 2025+

Personalized and iterative study plan

Deeper localization including language translation

Integrated skills pathways

Assessments

Non-Academic support

# Reigniting the Chegg Growth Flywheel

We are pulling multiple levers to help fuel the flywheel

## PRODUCT

- Since introducing automated answers, we've seen a significant increase in engagement. In January, Chegg delivered 2.2 million instant solutions (up 3X vs. last year)

## PRICING

- In 2H23, we introduced promotional pricing in international markets to compete more aggressively and introduce our service to more learners. We are seeing improvements in conversion, acquisition growth, and retention, which all fuels the flywheel
- The international success led us to begin promotional price tests in January in the U.S.

## MARKETING

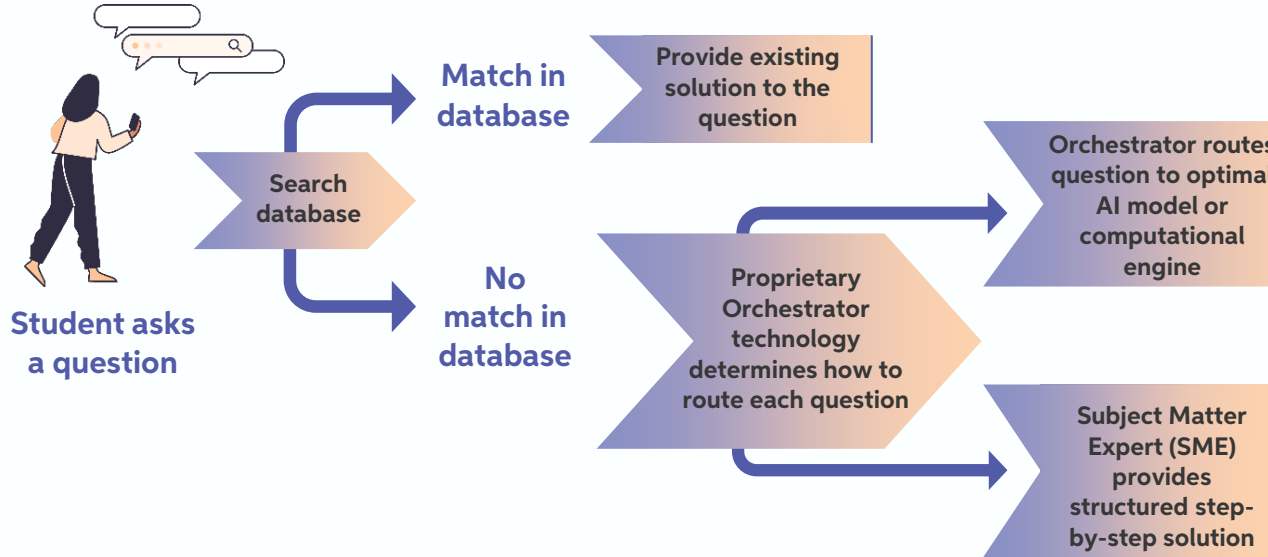
- We plan to aggressively market our new product experience, including reprioritization of resources. We are building sharing into our service to increase word of mouth, expanding our presence on TikTok, and enhancing our SEO with more questions from automated answers





# Proprietary Solution Flow Technology Incorporating Automated Answers

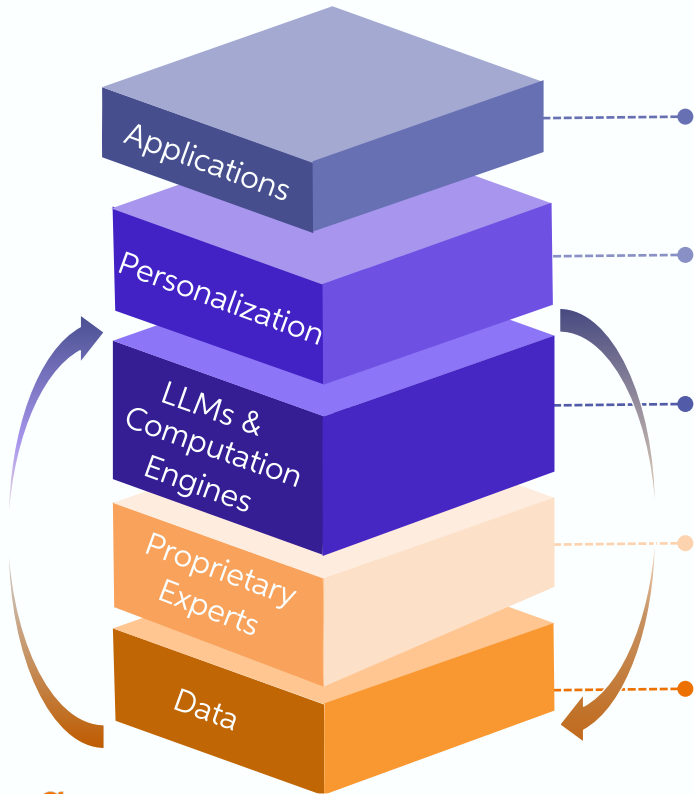
Chegg technology automatically routes questions to the best source that optimizes solution relevancy, speed, accuracy, and cost



## Proprietary question routing technology

- Orchestrator routes questions based on the type and format of the question, as well as the subject matter
- Orchestrator adapts to optimize question routing for relevancy, accuracy, and efficiency
- Questions are routed to either: Chegg's proprietary LLMs, computational engines such as Mathway, or third-party AI tools such as OpenAI's ChatGPT
- As models evolve and improve for certain types of content, we will leverage the best of what's available

# We Are Building An Industry-Leading Proprietary AI Stack That Will Deliver Personalized Learning at Scale



- **Integration** into Chegg Study and Chegg Skills
- **Conversational** and **guided** learning experience based on student needs
- **Questions automatically routed** to either (1) existing content database, (2) best of various AI models or computational engines, or (3) human-generated solution. Our proprietary Orchestrator tool helps the routing between AI tools and human experts.
- **Personalized learning outcomes** based on student proficiency and learning science models
- **Customer Data Profiles** capture and store rich demographic and behavioral information to further customize user experience
  
- **Proprietary subject-specific models** built with Scale AI
- **Computational Engines**, such as Mathway, optimized for education and STEM-B
- Additional **Machine Learning models** for **image transcription**, **question understanding**, and to help with Honor Code enforcement
  
- **Content moderation** by 150k+ vetted and trained subject matter experts, supporting high levels of accuracy
- **Quality Workbench** automates content quality evaluation
- **Content correction and feedback** to improve model performance and accuracy
  
- **Proprietary training assets**: 100M+ pieces of subject matter expert-generated content
- **Annotation system** to collect and synthesize additional data at scale
- **Content Taxonomy**: Chegg-owned framework that structures and organizes content to guide AI models and power Orchestrator

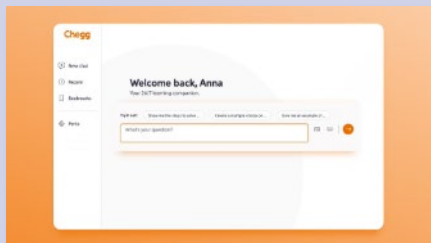


This concept visualization illustrates what Chegg envisions building for students in the future. Some technologies and functionalities featured are not yet available, may not be available upon the launch<sup>ed</sup> or upgrades to any products, and may not be an exact representation of Chegg products in the future.

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

To help illustrate Chegg's vision for AI, what we're building over the next several years, and how our user experience is changing, we created the following videos:

## Transforming the User Experience



[Click here to watch](#)



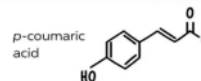
## Chegg's Vision, Powered by AI



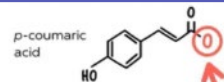
[Click here to watch](#)



Is this structure correct?



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



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

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



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

Nico's Spring Plan

Studying Finance

4 Classes



## Chegg at a Glance: Financial and KPI Highlights 2023

**\$716 Million**

TOTAL REVENUE

**\$222 Million**

ADJUSTED EBITDA

**\$597 Million**

CONVERTIBLE NOTE REPURCHASES  
AT \$92 MILLION DISCOUNT TO PAR

**7.7 Million**

SUBSCRIPTION SERVICES  
SUBSCRIBERS

**31%**

ADJUSTED EBITDA MARGIN

**>\$300 Million**

STOCK REPURCHASES

**\$100 Million**

INTERNATIONAL REVENUE

**\$173 Million**

FREE CASH FLOW

**19%**

REDUCTION IN SHARES OUTSTANDING  
VS. 2022

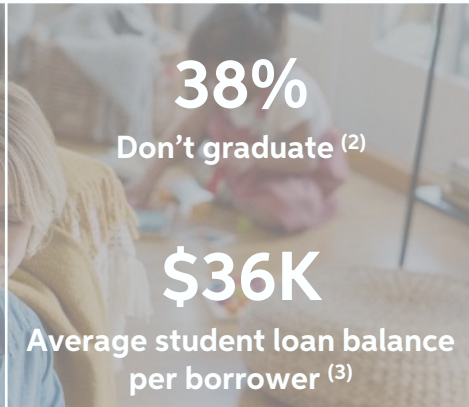
**VOTED AS ONE OF FORTUNE'S BEST WORKPLACES<sup>(3)</sup> AND 15 COMPARABLY AWARDS<sup>(4)</sup>**

# Today's Learners Face More Pressure Than Ever

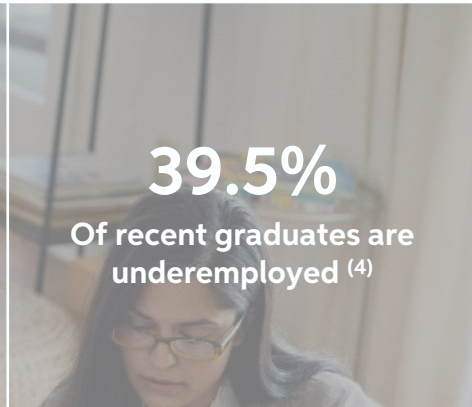
It's Harder to Be a Student



They're Faced with Mounting Costs



They Aren't Prepared for the Workplace



## Learners need a Platform to Support Them

# Chegg's Integrated Platform of Connected Services

## Subscription Services



### Chegg Study

Personalized step-by-step learning support powered by artificial intelligence, computational engines, and more than 100 million pieces of expert-generated learning content<sup>1</sup>



### 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



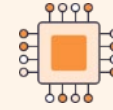
### Busuu

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 AI Prompt Engineering, Applying AI, Data Science, Data Analytics, UX/UI Design, and Cybersecurity are offered to professional learners via their employers and direct-to-student.



### Advertising

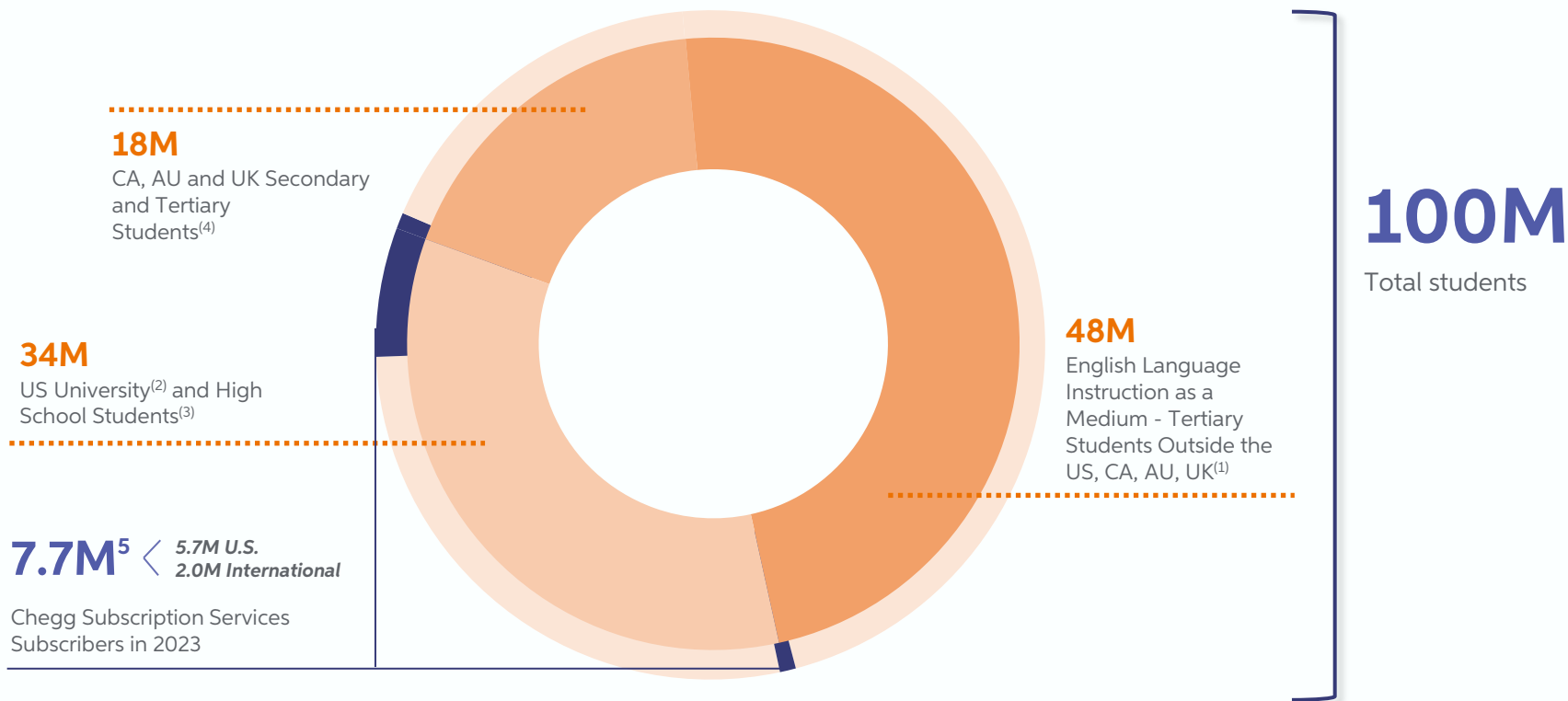
Programmatic advertising across our platform and unique brand partnerships allow brands to reach our valuable audience



### Required Materials

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

# Large Global Academic Market Opportunity



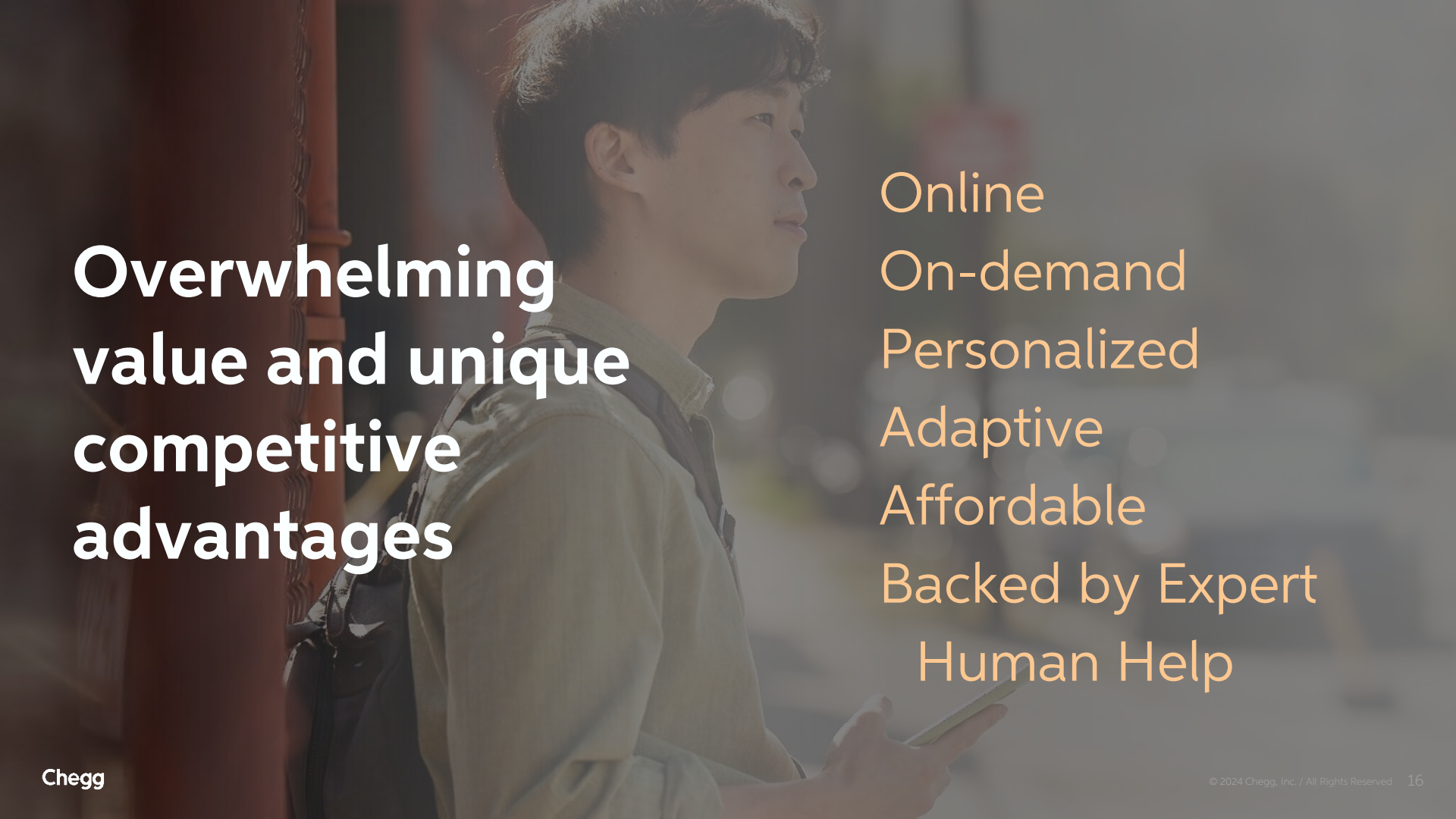
1. Based on internal Company estimates (includes India, Philippines, Mexico, Turkey, South Korea, South Africa, Japan, Malaysia, Saudi Arabia, Finland, New Zealand, Puerto Rico, Denmark, Netherlands, Hong Kong, Ireland, Singapore, Germany, UAE, Sweden)

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 shirt and a backpack, is shown in profile from the chest up. He is looking down at a smartphone held 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**

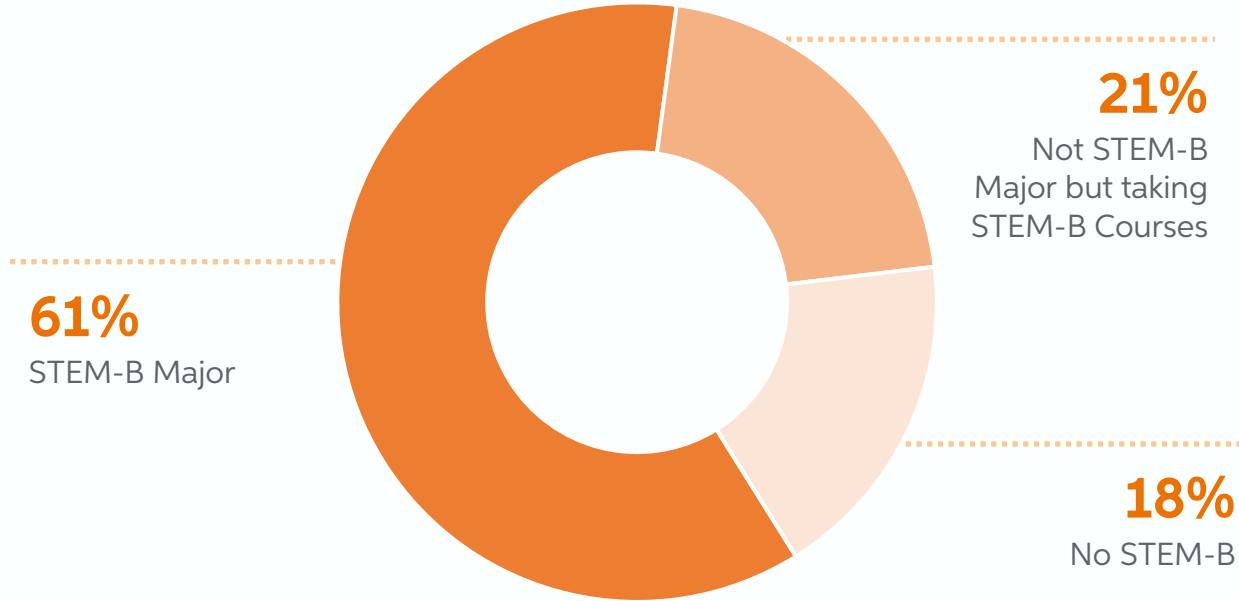
Online  
On-demand  
Personalized  
Adaptive  
Affordable  
Backed by Expert  
Human Help



# Chegg Serves Students of Diverse Backgrounds

- 28% First generation
- 23% Family income <\$20k
- 53% Minorities
- 61% Female
- 26% Over 25 years old
- 5% work Full-Time / 33% Part-Time

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



# Chegg Delivers Positive Learner Outcomes

## Learn & Understand

89%

Say that Chegg helps them **learn their coursework**. And 88% say Chegg helps them **better understand the concepts** they are studying in school.

## Better Grades

91%

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

## More Efficient

90%

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

## Help When You Need It

91%

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

## Build Confidence

83%

Say that Chegg helps **build confidence before an exam**.

# Chegg's Approach to ESG: Our Six Pillars



## Public Recognition

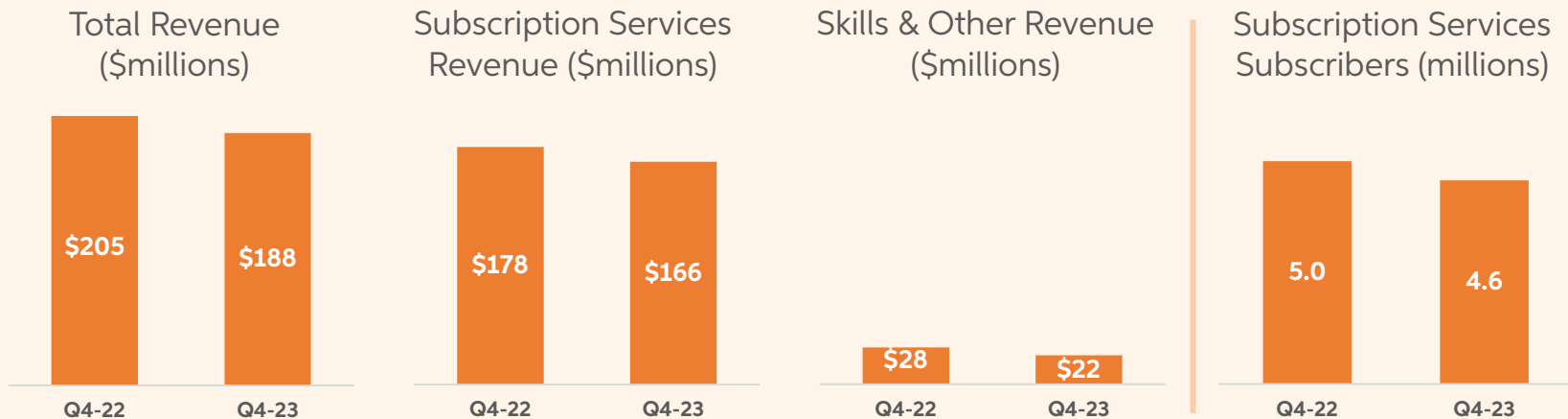
- Chegg is rated AAA for ESG by MSCI, their **highest ESG rating**
- We are pleased to share our recognition as a company committed to sustainability in our industry and we are honored to be included in this year's [S&P Global Sustainable Yearbook](#).

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

## Check out our second annual [ESG Report](#) !!

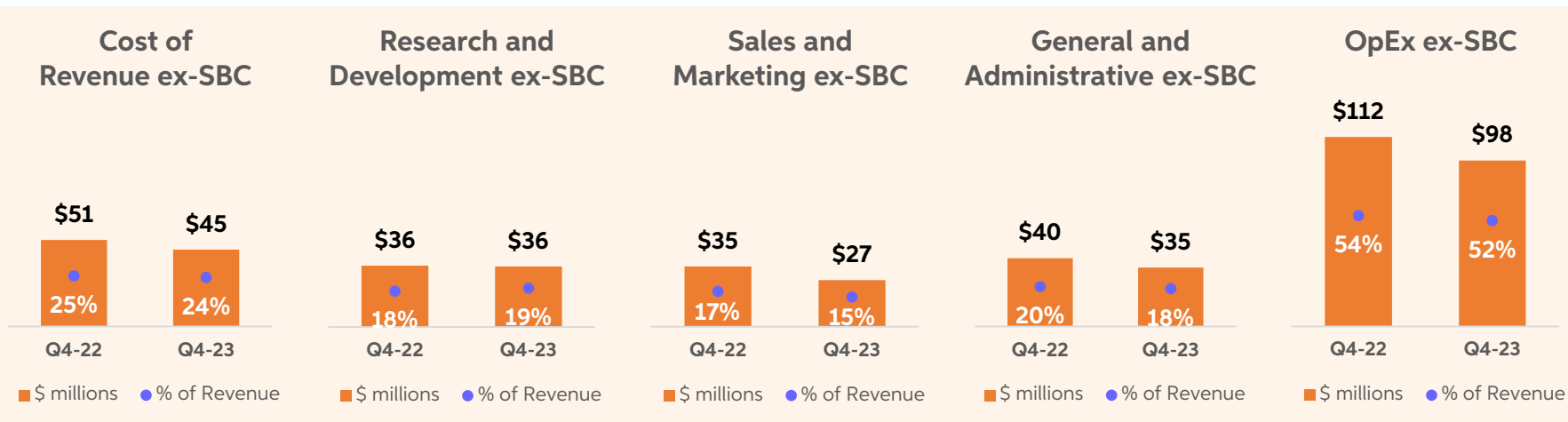
Please also see our [ESG website](#) for additional information and detailed disclosures

## Financial Highlights: Q4 2023 Revenue and Subscribers



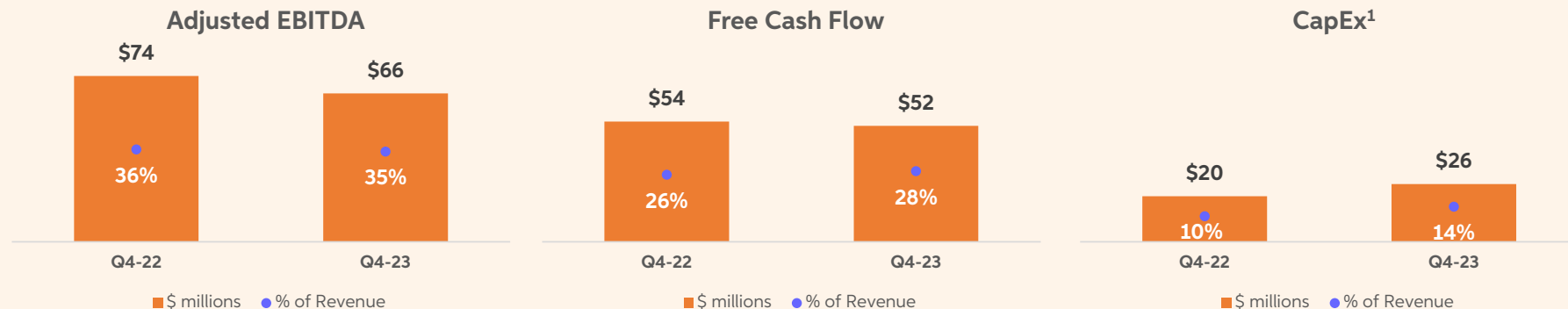
- The year-over-year decrease in Subscription Services Revenue was primarily due to a 9% decrease in Subscription Services Subscribers, partially offset by the increase in the take rate of the Chegg Study Pack and retention. We are encouraged by early results from promotional pricing and the AI product experience rollouts.
- While Skills grew 55% in 2023, this was more than offset by the impact from exiting the textbook business in 2022<sup>1</sup>.

## Financial Highlights: Q4 2023 Expenses ex-Stock Based Comp (SBC)



- We continued to take a prudent approach with expense management
- Cost of Revenue and Operating expenses declined year-over-year in 4Q-2023 on an absolute basis and as a percentage of revenue

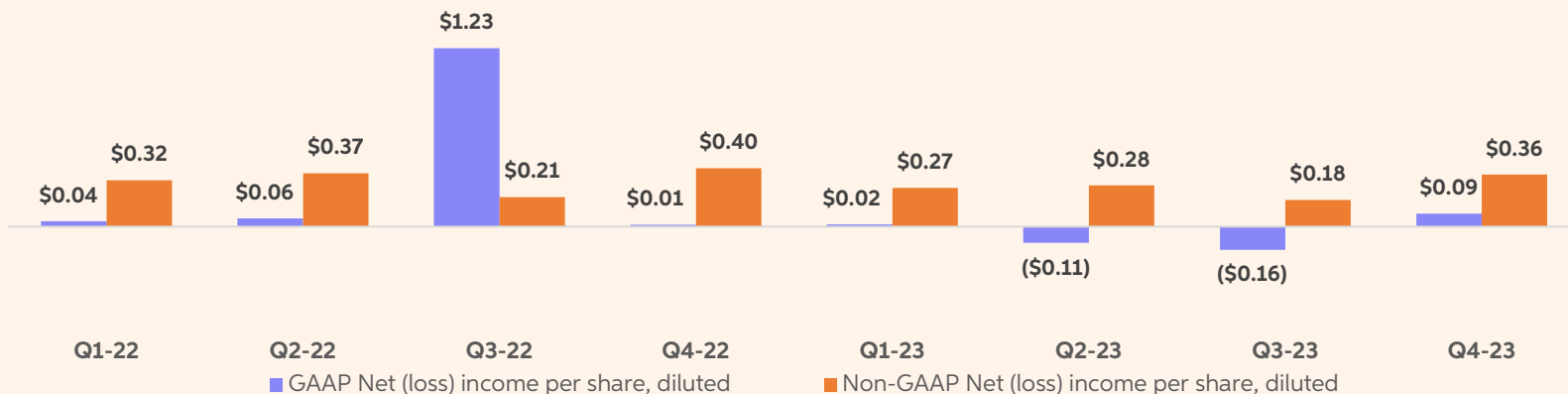
# Financial Highlights: Q4 2023 Adj. EBITDA Margin, Free Cash Flow, and CapEx



- For full year 2023, Free Cash Flow of \$173M increased 78% YoY, benefitting from higher interest income and lower capital expenditures

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

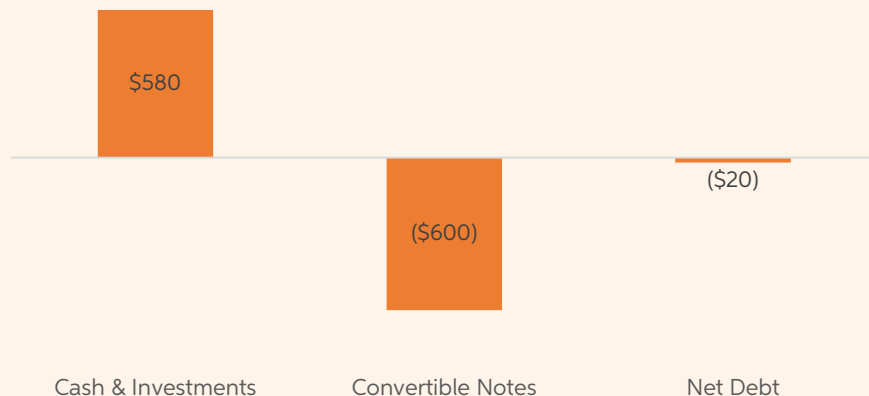
GAAP and Non-GAAP Net (loss) income per share, diluted





## Healthy Balance Sheet with History of Returning Capital to Shareholders

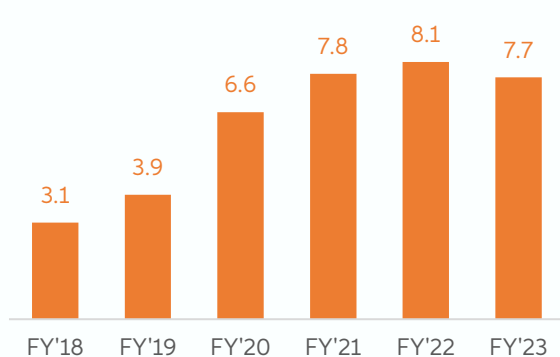
Cash and Debt (12/31/23)



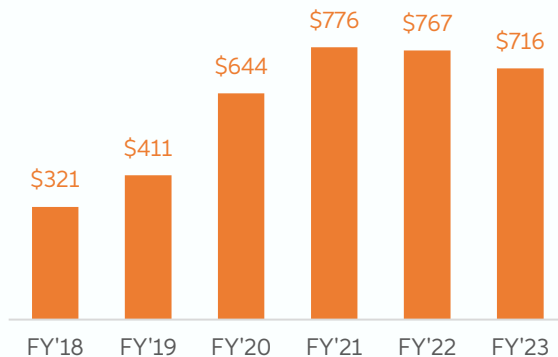
- We have opportunistically retired both convertible debt and equity, returning approximately \$1.2 billion and over \$950 million, respectively, to investors through repurchases over the last three-plus years
- Approximately \$600M of par value of the notes remain outstanding as of 12/31/23

# Chegg Subscribers, Revenue, and Adjusted EBITDA

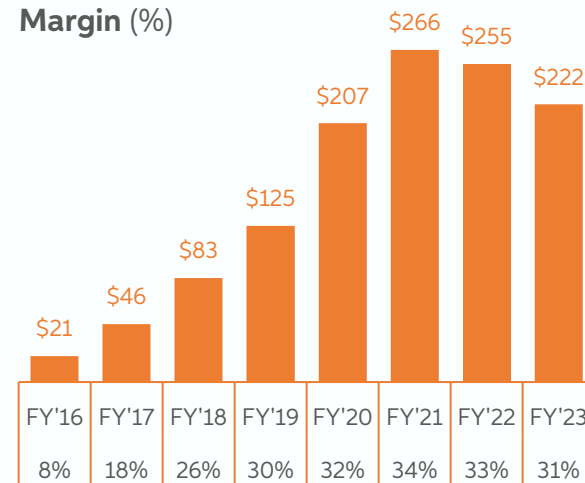
**Subscription Services Subscribers ( millions)**



**Total Revenue (\$ in millions)**



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



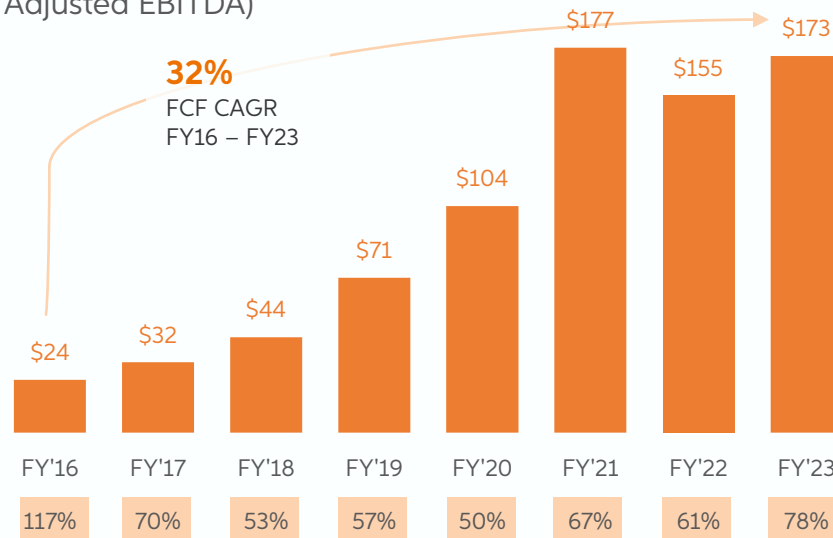
# Strong FCF Generation

## Chegg continues to deliver strong free cash flow and margins

- Strong free cash flow conversion from adjusted EBITDA (has been ~50%-80%)
- Free cash flow CAGR strong, >30%<sup>(1)</sup>
- Content remains the largest driver of CapEx

## Free Cash Flow

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



## Business Outlook

|                                      | Q4 2023 Results | Q1 2024 Guidance |
|--------------------------------------|-----------------|------------------|
| <b>Total Net Revenue</b>             | \$188m          | \$173m - \$175m  |
| <b>Subscription Services Revenue</b> | \$166m          | \$155m - \$157m  |
| <b>Gross Margin %</b>                | 76%             | 73%-74%          |
| <b>Adjusted EBTIDA<sup>1</sup></b>   | \$66m           | \$43m - \$45m    |
| <b>CapEx</b>                         | \$26m           |                  |
| <b>Free Cash Flow<sup>1</sup></b>    | \$52m           |                  |



(1) Non-GAAP financial measure.

See appendix for reconciliation of a) Net Income to EBITDA and Adjusted EBITDA, b) Forward-Looking Net Loss to EBITDA and Adjusted EBITDA, and c) Net Cash Provided by Operating Activities to Free Cash Flow. CapEx includes purchases of property and equipment and proceeds from dispositions of textbooks, when relevant.

## 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.

- GT<sup>1</sup> 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.<sup>2</sup>
- As a result of the partnership, we no longer incur significant textbook-related costs.<sup>3</sup>
- 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 December<br>31, |                  | Years Ended December 31, |                   |
|--|------------------------------------|------------------|--------------------------|-------------------|
|  | 2023                               | 2022             | 2023                     | 2022              |
| Net income   | \$ 9,665                           | \$ 1,858         | \$ 18,180                | \$ 266,638        |
| Interest expense, net                                      | 658                                | 1,302            | 3,773                    | 6,040             |
| Provision for (benefit from) income taxes                  | 8,103                              | 295              | 32,132                   | (162,692)         |
| Print textbook depreciation expense                        | —                                  | —                | —                        | 1,610             |
| Other depreciation and amortization expense <sup>(1)</sup> | 20,773                             | 25,702           | 129,718                  | 89,997            |
| EBITDA   | 39,199                             | 29,157           | 183,803                  | 201,593           |
| Print textbook depreciation expense                        | —                                  | —                | —                        | (1,610)           |
| Share-based compensation expense                           | 31,906                             | 35,115           | 133,502                  | 133,456           |
| Other (income) expense, net                                | (5,139)                            | 4,218            | (121,810)                | (101,029)         |
| Acquisition-related compensation costs                     | 204                                | 3,438            | 6,290                    | 14,427            |
| Content and related assets charge <sup>(1)</sup>           | —                                  | —                | 7,647                    | —                 |
| Restructuring charges                                      | —                                  | —                | 5,704                    | —                 |
| Loss contingency   | —                                  | —                | 7,000                    | —                 |
| Transitional logistics charges                             | —                                  | 266              | 253                      | 2,463             |
| Impairment of lease related assets                         | —                                  | 1,814            | —                        | 5,225             |
| Adjusted EBITDA  | <u>\$ 66,170</u>                   | <u>\$ 74,008</u> | <u>\$ 222,389</u>        | <u>\$ 254,525</u> |

<sup>(1)</sup> The total content and related assets charge during the year ended December 31, 2023 is \$41.8 million consisting of \$34.2 million of accelerated depreciation included within other depreciation and amortization expense and \$7.6 million of the remaining associated charges included within content and related assets charge.

# 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)**

|   | <u>Three Months<br/>Ending March<br/>31, 2024</u> |
|---|---|
| Net loss .....                                    | \$ (6,100)  |
| Interest expense, net .....                       | 500   |
| Provision for income taxes .....                  | 6,400   |
| Other depreciation and amortization expense ..... | 20,100  |
| EBITDA .....                                      | <u>20,900</u>                                     |
| Share-based compensation expense .....            | 30,000  |
| Other income, net .....                           | (7,100)   |
| Acquisition-related compensation costs .....      | 200   |
| Adjusted EBITDA* .....                            | <u><u>\$ 44,000</u></u>                           |

\* Adjusted EBITDA guidance for the three months ending March 31, 2024 represents the midpoint of the range of \$43 million to \$45 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 December<br>31, |                  | Years Ended December 31, |                   |
|---|------------------------------------|------------------|--------------------------|-------------------|
|   | 2023                               | 2022             | 2023                     | 2022              |
| Net cash provided by operating activities ..... | \$ 77,484                          | \$ 74,020        | \$ 246,198               | \$ 255,736        |
| Purchases of property and equipment .....       | (25,754)                           | (23,850)         | (83,052)                 | (103,092)         |
| Purchases of textbooks .....                    | —                                  | —                | —                        | (3,815)           |
| Proceeds from disposition of textbooks .....    | —                                  | 3,500            | 9,787                    | 6,003             |
| Free cash flow .....                            | <u>\$ 51,730</u>                   | <u>\$ 53,670</u> | <u>\$ 172,933</u>        | <u>\$ 154,832</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 GAAP Expenses to Expenses ex-SBC

**CHEGG, INC.**  
**RECONCILIATION OF GAAP EXPENSES TO EXPENSES EXCLUDING SHARE BASED  
 COMPENSATION**  
**(in thousands)**  
**(unaudited)**

|  | <b>Three Months Ended<br/>December 31,</b> |             |
|--|--|-------------|
|  | <b>2023</b>                                | <b>2022</b> |
| Cost of revenue.....                   | \$ 45,804                                  | \$ 51,424   |
| Share-based compensation expense.....  | (571)                                      | (539)       |
| Cost of revenue ex-SBC.....            | \$ 45,233                                  | \$ 50,885   |
| Research and development.....          | \$ 45,724                                  | \$ 46,316   |
| Share-based compensation expense.....  | (10,194)                                   | (10,381)    |
| Research and development ex-SBC.....   | \$ 35,530                                  | \$ 35,935   |
| Sales and marketing.....               | \$ 29,746                                  | \$ 38,080   |
| Share-based compensation expense.....  | (2,408)                                    | (2,681)     |
| Sales and marketing ex-SBC.....        | \$ 27,338                                  | \$ 35,399   |
| General and administrative.....        | \$ 53,426                                  | \$ 61,700   |
| Share-based compensation expense.....  | (18,733)                                   | (21,514)    |
| General and administrative ex-SBC..... | \$ 34,693                                  | \$ 40,186   |
| Operating expenses.....                | \$ 128,896                                 | \$ 146,096  |
| Share-based compensation expense.....  | (31,335)                                   | (34,576)    |
| Operating expenses ex-SBC.....         | \$ 97,561                                  | \$ 111,520  |

# 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,<br>2023  | June 30,<br>2023 | September<br>30, 2023 | December<br>31, 2023 |
| Net (loss) income per share, diluted   | \$ 0.02            | \$ (0.11)        | \$ (0.16)             | \$ 0.09              |
| Adjustments                            | 0.25               | 0.39             | 0.34                  | 0.27                 |
| Non-GAAP net income per share, diluted | <u>\$ 0.27</u>     | <u>\$ 0.28</u>   | <u>\$ 0.18</u>        | <u>\$ 0.36</u>       |

|  | Three Months Ended |                  |                       |                      |
|--|--------------------|------------------|-----------------------|----------------------|
|  | March 31,<br>2022  | June 30,<br>2022 | September<br>30, 2022 | December<br>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 | <u>\$ 0.32</u>     | <u>\$ 0.37</u>   | <u>\$ 0.21</u>        | <u>\$ 0.40</u>       |

|  | Three Months Ended |                  |                       |                      |
|--|--------------------|------------------|-----------------------|----------------------|
|  | March 31,<br>2021  | June 30,<br>2021 | September<br>30, 2021 | December<br>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 | <u>\$ 0.28</u>     | <u>\$ 0.43</u>   | <u>\$ 0.20</u>        | <u>\$ 0.38</u>       |