



Investor Relations Data Sheet

Unaudited

Last updated: 5/3/21

In thousands, except percentages and Chegg Services subscribers

	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020	Q1'21
REVENUE												
Total net revenues	\$ 321,084	\$ 97,409	\$ 93,862	\$ 94,151	\$ 125,504	\$ 410,926	\$ 131,590	\$ 153,009	\$ 154,018	\$ 205,721	\$ 644,338	\$ 198,378
Y/Y change	25.9%	26.6%	26.5%	26.8%	31.2%	28.0%	35.1%	63.0%	63.6%	63.9%	56.8%	50.8%
Required Materials	\$ 67,099	\$ 22,117	\$ 13,555	\$ 24,847	\$ 18,186	\$ 78,705	\$ 31,231	\$ 27,005	\$ 35,123	\$ 29,751	\$ 123,110	\$ 36,027
Y/Y change	-3.3%	7.0%	9.5%	24.0%	29.7%	17.3%	41.2%	99.2%	41.4%	63.6%	56.4%	15.4%
Chegg Services	\$ 253,985	\$ 75,291	\$ 80,307	\$ 69,304	\$ 107,318	\$ 332,221	\$ 100,359	\$ 126,004	\$ 118,895	\$ 175,970	\$ 521,228	\$ 162,351
Y/Y change	36.8%	33.8%	29.8%	27.9%	31.4%	30.8%	33.3%	56.9%	71.6%	64.0%	56.9%	61.8%
Subscribers												
Chegg Services subscribers	3,058,000	2,157,000	2,229,000	2,214,000	2,543,000	3,942,000	2,908,000	3,716,000	3,747,000	4,430,000	6,565,000	4,770,000
Y/Y change	38%	31%	30%	29%	32%	29%	35%	67%	69%	74%	67%	64%
EBITDA												
EBITDA	\$ 20,572	\$ 7,325	\$ 19,217	\$ 10,129	\$ 31,456	\$ 68,127	\$ 21,006	\$ 39,427	\$ (1,715)	\$ 69,133	\$ 127,851	\$ (41,823)
% of revenue	6.4%	7.5%	20.5%	10.8%	25.1%	16.6%	16.0%	25.8%	-1.1%	33.6%	19.8%	-21.1%
Y/Y change	n/m	131.7%	241.3%	n/m	109.2%	231.2%	186.8%	105.2%	n/m	119.8%	87.7%	n/m
Adjusted EBITDA	\$ 83,300	\$ 23,896	\$ 31,064	\$ 23,058	\$ 46,996	\$ 125,014	\$ 31,793	\$ 55,474	\$ 31,926	\$ 87,865	\$ 207,058	\$ 57,146
% of revenue	25.9%	24.5%	33.1%	24.5%	37.4%	30.4%	24.2%	36.3%	20.7%	42.7%	32.1%	28.8%
Y/Y change	79.5%	43.0%	61.4%	84.2%	35.0%	50.1%	33.0%	78.6%	38.5%	87.0%	65.6%	79.7%
RECONCILIATION OF NET (LOSS) INCOME TO EBITDA AND ADJUSTED EBITDA												
Net (loss) income:	\$ (14,888)	\$ (4,318)	\$ (2,029)	\$ (11,477)	\$ 8,219	\$ (9,605)	\$ (5,713)	\$ 10,589	\$ (37,140)	\$ 26,043	\$ (6,221)	\$ (65,179)
Interest expense, net	11,225	4,232	13,514	13,548	13,557	44,851	13,427	13,425	17,468	21,977	66,297	1,929
Provision for (benefit from) income taxes	1,430	626	583	623	802	2,634	522	1,287	1,066	2,485	5,360	2,821
Textbook library depreciation expense	-	-	-	-	-	-	3,527	3,535	3,637	4,698	15,397	3,760
Other depreciation and amortization	22,805	6,785	7,149	7,435	8,878	30,247	9,243	10,591	13,254	13,930	47,018	14,846
EBITDA	20,572	7,325	19,217	10,129	31,456	68,127	21,006	39,427	(1,715)	69,133	127,851	(41,823)
Textbook library depreciation expense	-	-	-	-	-	-	(3,527)	(3,535)	(3,637)	(4,698)	(15,397)	(3,760)
Share-based compensation expense	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055	23,100
Other expense (income), net	(3,987)	(1,567)	(5,253)	(7,751)	(5,492)	(20,063)	(4,960)	(3,240)	804	(1,287)	(8,683)	77,208
Restructuring (credits) charges	589	22	47	28	-	97	-	-	-	-	-	-
Acquisition related compensation costs	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232	2,421
Loss from impairment of strategic equity investment	-	-	-	-	-	-	-	-	10,000	-	-	-
Donation from Chegg Foundation	-	-	-	1,478	-	1,478	-	-	-	-	-	-
Adjusted EBITDA	\$ 83,300	\$ 23,896	\$ 31,064	\$ 23,058	\$ 46,996	\$ 125,014	\$ 31,793	\$ 55,474	\$ 31,926	\$ 87,865	\$ 197,058	\$ 57,146

Notes:

*Chegg Services revenue primarily includes Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway, and Thinkful

*Chegg Services subscribers include Chegg Study, Chegg Writing, Chegg Math Solver, Chegg Study Pack, Mathway, and Thinkful customers who have paid to access the service during the time period

*Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted to include textbook depreciation and to exclude share-based compensation expense, acquisition-related compensation costs, restructuring (credits) charges, donation from Chegg Foundation, loss from impairment of strategic equity investment and other (expense) income, net

*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.

*Please refer to the second page of this Investor Relations Data Sheet and our press release issued on May 3, 2021 under the header "Use of Non-GAAP Measures" for a more detailed description of our use of Non-GAAP measures and our reconciliation to GAAP.

*All information provided in this data sheet is as of the date hereof and Chegg undertakes no duty to update this information except as required by law.

*n/m is not meaningful

CHEGG, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except percentages and per share amounts)
(unaudited)

	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020	Q1'21
Operating expenses	\$ 247,308	\$ 75,101	\$ 66,529	\$ 77,044	\$ 82,253	\$ 300,927	\$ 85,924	\$ 87,424	\$ 109,450	\$ 99,370	\$ 382,168	\$ 110,215
Share-based compensation expense	(51,610)	(14,913)	(15,378)	(16,769)	(17,423)	(64,483)	(18,165)	(19,333)	(21,267)	(24,340)	(83,105)	(22,738)
Amortization of intangible assets	(6,511)	(1,790)	(1,713)	(1,490)	(2,489)	(7,482)	(2,467)	(3,000)	(4,408)	(4,403)	(14,278)	(2,335)
Restructuring credits (charges)	(589)	(22)	(47)	(28)	—	(97)	—	—	—	—	—	—
Acquisition related compensation costs	(14,096)	(3,078)	(1,601)	(2,309)	(3,478)	(10,466)	(940)	(3,276)	(4,945)	(71)	(9,232)	(2,421)
Loss from impairment of strategic equity investment	—	—	—	—	—	—	—	—	(10,000)	—	(10,000)	—
Donation from Chegg Foundation	—	—	—	(1,478)	—	(1,478)	—	—	—	—	—	—
Non-GAAP operating expenses	\$ 174,502	\$ 55,298	\$ 47,790	\$ 54,970	\$ 58,863	\$ 216,921	\$ 64,352	\$ 61,815	\$ 68,830	\$ 70,556	\$ 265,553	\$ 82,721
Operating income (loss)	\$ (6,220)	\$ (1,027)	\$ 6,815	\$ (5,057)	\$ 17,086	\$ 17,817	\$ 3,276	\$ 22,061	\$ (17,802)	\$ 49,218	\$ 56,753	\$ 16,779
Share-based compensation expense	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055	23,100
Amortization of intangible assets	6,511	1,790	1,713	1,490	2,489	7,482	2,467	3,000	4,408	4,403	14,278	4,449
Restructuring (credits) charges	589	22	47	28	—	97	—	—	—	—	—	—
Acquisition related compensation costs	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232	2,421
Loss from impairment of strategic equity investment	—	—	—	—	—	—	—	—	10,000	—	—	—
Donation from Chegg Foundation	—	—	—	1,478	—	1,478	—	—	—	—	—	—
Non-GAAP operating income (loss)	\$ 67,006	\$ 18,901	\$ 25,628	\$ 17,113	\$ 40,607	\$ 102,249	\$ 25,017	\$ 47,883	\$ 23,080	\$ 78,338	\$ 174,318	\$ 46,749
Net income (loss)	\$ (14,888)	\$ (4,318)	\$ (2,029)	\$ (11,477)	\$ 8,219	\$ (9,605)	\$ (5,713)	\$ 10,589	\$ (37,140)	\$ 26,043	\$ (6,221)	\$ (65,179)
Share-based compensation expense	52,030	15,038	15,452	16,865	17,554	64,909	18,334	19,546	21,529	24,646	84,055	23,100
Amortization of intangible assets	6,511	1,790	1,713	1,490	2,489	7,482	2,467	3,000	4,408	4,403	14,278	4,449
Restructuring (credits) charges	589	22	47	28	—	97	—	—	—	—	—	—
Acquisition related compensation costs	14,096	3,078	1,601	2,309	3,478	10,466	940	3,276	4,945	71	9,232	2,421
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	3,315	971	4,286	78,152
Loss from impairment of strategic equity investment	—	—	—	—	—	—	—	—	10,000	—	10,000	—
Donation from Chegg Foundation	—	—	—	1,478	—	1,478	—	—	—	—	—	—
Amortization of debt discount and issuance costs	10,494	4,005	13,020	13,089	13,088	43,202	12,946	12,946	17,018	21,663	64,573	1,626
Loss on change in fair value of derivative instruments, net	—	—	—	—	—	—	—	—	—	—	—	7,148
Gain on sale of strategic equity investment	—	—	—	—	—	—	—	—	—	—	—	(5,338)
Non-GAAP net income (loss)	\$ 68,832	\$ 19,615	\$ 29,804	\$ 23,782	\$ 44,828	\$ 118,029	\$ 28,974	\$ 49,357	\$ 24,075	\$ 77,797	\$ 180,203	\$ 46,379
Weighted average shares used to compute net income (loss) per share, basic	113,251	116,730	118,790	120,085	121,151	119,204	122,428	123,842	126,194	141,297	125,367	134,352
Effect of shares for stock plan activity	11,992	10,032	6,540	5,960	5,058	7,094	4,376	3,665	4,268	—	4,470	3,563
Effect of shares related to convertible senior notes	—	3,332	3,646	4,098	2,941	3,526	3,968	6,344	8,721	—	4,942	28,818
Weighted average shares used to compute Non-GAAP net income (loss) per share, diluted	125,243	130,094	128,976	130,143	129,150	129,824	130,772	133,851	139,183	141,297	134,779	166,733
Net income (loss) per share	\$ (0.13)	\$ (0.04)	\$ (0.02)	\$ (0.10)	\$ 0.06	\$ (0.08)	\$ (0.05)	\$ 0.08	\$ (0.29)	\$ 0.18	\$ (0.05)	\$ (0.49)
Adjustments	\$ 0.68	\$ 0.19	\$ 0.25	\$ 0.28	\$ 0.29	\$ 0.99	\$ 0.27	\$ 0.29	\$ 0.46	\$ 0.37	\$ 1.39	\$ 0.77
Non-GAAP net income (loss) per share	\$ 0.55	\$ 0.15	\$ 0.23	\$ 0.18	\$ 0.35	\$ 0.91	\$ 0.22	\$ 0.37	\$ 0.17	\$ 0.55	\$ 1.34	\$ 0.28

Notes:

*Non-GAAP net income as net loss excluding share-based compensation expense, amortization of intangible assets, acquisition-related compensation costs, amortization of debt discount and issuance costs, the loss on early extinguishment of debt, the loss on change in fair value of derivative instruments, net, and gain on sale of strategic equity investment

*Non-GAAP weighted average shares outstanding as weighted average shares outstanding adjusted for the effect of dilutive options, restricted stock units and warrants, and includes shares related to convertible senior notes

*Non-GAAP EPS as non-GAAP net loss divided by the non-GAAP weighted average number of shares of common stock outstanding during the period, less weighted-average unvested common stock subject to repurchase or forfeiture

*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.

*All information provided in this data sheet is as of the date hereof and Chegg undertakes no duty to update this information except as required by law.

*Stock plan activity includes options to purchase common stock, RSUs, PSUs, employee stock purchase plan and warrants to purchase common stock

*Beginning January 1, 2021, as a result of our adoption of ASU 2020-06, the effect of shares related to convertible senior notes represents the dilutive impact of outstanding convertible senior notes calculated under the if-converted method which assumes all outstanding convertible senior notes are converted at the beginning of the period resulting in a higher share count when calculating the dilutive impact. Prior to our adoption of ASU 2020-06, the effect of shares related to convertible senior notes represents the dilutive impact of outstanding convertible senior notes calculated under the treasury stock method.